

**EVALUATION OF EMPLOYEE PERCEPTIONS ON THE REWARD  
SYSTEM ADOPTED BY TELONE PVT LTD**

**BY**

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## **DEDICATION**

This research project is dedicated to my late parents, for being the greatest inspiration of my life. The work is also dedicated my lovely grandmother, my aunt and sister for their unwavering motivation and financial support during this difficult and important journey.

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I am extremely grateful the Almighty God for the gift of life and for the wisdom and strength that he provided me to complete this work. Without his blessings and protection nothing would have been possible .There are numerous individuals who have provided me with support and encouragement in the form of precious ideas and required guidelines without which the work would not have been materialized. I therefore, deem it necessary to express my profound gratitude to my dynamic and hardworking supervisor who provided me with scholarly guidance, expert opinion, encouragement and inspiration to complete this study. My appreciation also goes to my family members for their unwavering support .Special thanks goes to my friends for the invaluable support they showed me throughout the course of this study. Many thanks to the management and staff for Telone (Pvt) Ltd for allowance and support they gave during this study. To my sister, i appreciate everything you have done for me for this work to be a success, your prayers, inspiration and advise have brought me this far. May God richly bless you all and replenish whatever you lost just for me to make this work a success.

## **ABSTRACT**

The study aimed at evaluating employee perceptions on the reward system adopted by Telone Pvt Ltd. It was motivated by the continuous decrease in employee performance through poor revenue collection ,poor customer service and prolonged time in fixing faults even in the presence of a reward system . The study examined the effectiveness of the reward system, its effect on employee perceptions and the challenges of the current reward system. Literature put forward by different scholars and authors regarding the main elements of a reward system, factors affecting reward systems, effect of reward system on performance and the challenges of reward systems were critically reviewed. The research gathered data from two main sources namely secondary and primary sources. The two main techniques employed in gathering the primary data were questionnaire survey and interviews. The study applied descriptive research design to evaluate on how employees perceived the reward system adopted by Telone. Stratified random sampling technique was employed to adequately incorporate views from different angles since research subjects were drawn from different stratas (senior management, departmental supervisors, credit control employees, sales department employees and technical department employees). A sample size of 79% of the target population was obtained from a list of appropriate sample sizes that are good enough to produce credible findings calculated by Krejcie and Morgan (1970).The study findings revealed that there were different types of rewards offered to employees in the organization but some of the rewards were perceived as demotivating by the respondents. The results also indicated that the reward system affects the performance of employees either positively or negatively depending on how employees perceived the reward system. When employees have positive perceptions on the reward system their performance increases and when they have negative perceptions performance decreases. Majority of respondents indicated that reward stimulates them to work harder and they are prepared to work harder if they are given more incentives or paid more. It was also revealed from the study that the effectiveness of a reward system depends on the extent to which it can retain its employees and motivate them to perform at their best. In the case of Telone, the reward system was found to be ineffective. In light of the study findings it was recommended that employees should be involved in the formulation of the reward system through employee opinion surveys to help design a good reward system for the various job classes and departments in the organization. Telone’s reward system should be clear and easily understood, it should have bearing on organizational goals, be fairly administered and aim at ensuring equity among the total workforce.

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# CHAPTER 1

## INTRODUCTION

### **1.1 Introduction**

The highlights of this chapter includes the background of the study, research problem, objectives of the study ,research assumptions and limitations. The study focuses on the employee perceptions on the reward system adopted by Telone Pvt Ltd.

### **1.2 Background to the study**

Employees are the heart and soul of any business. In order for an organization to truly succeed, it is important that they are managed effectively. According to Apeyusi (2013) ,for a business to succeed in today's competitive global market place, it must have employees that perform at the top of their ability. This top performance can only be achieved when they are driven by enjoyment for the work itself. A company's success according to Cole (2010) hinges on the quality of staff it hires and their performance levels. It is therefore imperative to maintain and improve the performance of employees by motivating them accordingly. Most organizations try to boost employee willingness to work harder by incorporating various rewards in their compensation systems. Organizational reward systems play a critical role in enhancing employee satisfaction as the primary aim of the reward system according to Axeh et.al (2006) is to motivate employees to perform better. Parastatals in Zimbabwe such as Telone Pvt Ltd have adopted the use of a reward system so as to improve the performance of their employees.

According to the researcher's preliminary research, Telone Pvt Ltd introduced a reward system after the disintegration of PTC into three companies in 2000, namely Telone, Netone and Zimpost which caused turmoil and confusion among employees hence leading to an increase in employee turnover, failure to collect arrears from subscribers and poor service delivery at Telone Pvt Ltd. Following the introduction of the reward system whereby both extrinsic and intrinsic rewards were given to employees accordingly depending on their performance, an improvement in the company performance was seen in the subsequent year. The Telone Newsflash (2013) recorded the trends of the labour

turnover rate which showed a reduction in the trends of labor turnover rate of 28% from 2009 to 2013. There was an increase in the number of subscribers each year from 2009 to 2013 due to the improved service delivery from employees as stated by the Telone Newsflash (2013). Revenue collection also improved as a credit control department was formed and the employees were given rewards after attaining set targets which motivated them to work harder thus improving the revenue collection. However with the same rewards being offered the employees from the credit control and customers service department started performing poorly in revenue collection as evidenced by the decline recorded in the Telone Annual report (2015) of 12% from \$157million in 2014 to \$138million in the year ending December 2015. Most subscribers have since terminated their services with Telone and have opted for competitors' services due to the poor service delivery. According to the Telone Customer complains Portal (2014 -2016) customers were not happy with the time they took standing in queues the time taken from application of the services to the provision of the services, and the long time taken to fix faults. Employees were now no longer performing their best even in the presence of the rewards.

These trends clearly showed that there was need to evaluate the employee perceptions on the reward system used by Telone as the rewards were still the same but the employee performance declined even in the presence of these rewards. The trends showed that the reward system only motivated the employees in the first few years. According to Mandiwanzira (2014) what motivates employees changes over time. A good reward system should be well planned and should change from time to time to incorporate the different needs of customers. According to Laih (2011), the use of rewards may either encourage or diminish motivation, depending on the type of rewards and the context which they are given. Employees who make up an organization are all different thus are motivated by different things. When rewards are given therefore, they are perceived differently by employees. More often employers often reward employees in the same way not taking into consideration that employees are motivated by different rewards. Jagult (2005) states that a young worker is likely to be keener on development possibilities while an older one is more anxious about security and being able to use his experience. This clearly shows that employees are motivated differently and should be rewarded as such.

A number of empirical researches had focused much on the effects of rewards on employee performance (Mandiwanzira, 2014; Gohari, 2013; Emerole, 2015; Karami, 2013). However; too little attention had been given to employee perceptions on rewards. Given that the way the employees perceive the rewards they are given affects the final performance and the value attached to the reward, there is need to understand the relationship between employee perceptions and the reward system used by a company. This ensures that employers do not waste money time and resources in giving employees rewards which are of no value to them and which diminish motivation.

### **1.3 Problem statement**

The study aimed to find out how the reward system adopted by Telone was perceived by employees thus may have affected the company in attaining its goals. The area of the reward system adopted in companies and employee perceptions towards the reward system particularly in parastatals has not been explored much in Zimbabwe. Efficiency and productivity was continuously deteriorating in the companies due to the different perceptions towards the rewards they are given. Some of these perceptions being negative therefore leading to low productivity at Telone which in turn led to stakeholder dissatisfaction. If the reward system is not well planned to meet the different needs of employees rewards Telone might continue to face challenges in debt collection and service delivery therefore there was need to find out which rewards motivate employees to perform their best.

### **1.4 Research objectives**

- To identify the reward system adopted by Telone Pvt Ltd
- To examine the effectiveness of the current reward system adopted by Telone
- To analyze the effect of the current reward system on performance
- To determine the challenges of the current reward system adopted by Telone

### **1.5 Research questions**

- What constitutes the reward system adopted by Telone Pvt Ltd?
- How effective is the current reward system adopted by Telone Pvt Ltd?

- What effect does the current reward system adopted by Telone have on the performance of employees?
- What are the challenges of the current reward system?

## **1.6 Significance of the study**

- Theoretical importance

A considerable amount of literature in the field of Human Resources has focused much on measuring the effectiveness of the reward system on employee performance, with little focus on the perceptions of the employees to these rewards and also the evaluation of these rewards systems to make them motivate employees better. Therefore this study adds value to the current board of knowledge by evaluating the employee perceptions on the reward system.

- Practical Importance

Various stakeholders comprised of parastatals, government and the customers might benefit from this since it could help organizations to adopt reward systems which are designed to cater for different individuals accordingly in-order to make them perform at their best.

## **1.7 Delimitations to the study**

### **1.7.1 Time scope**

The period covered in this study is from 2009 to 2015. This allowed the researcher to critically evaluate the employee perceptions on the reward system adopted by Telone during that period of time.

### **1.7.2 Geographical scope**

The study focused on evaluating the employee perceptions on the reward system adopted by Telone in Gweru because it was within the reach of the researcher at very minimum costs.

### **1.7.3 Conceptual**

The research focused on evaluating employee perceptions on the reward system adopted by Telone. Organisations use intrinsic and extrinsic rewards therefore this study focused



on both rewards to find out which of these yielded positive output. The research mainly focused on extrinsic and intrinsic rewards as they are the ones used at Telone Pvt Ltd

#### **1.7.4 Population and research design**

The target population comprised of 3 senior managers, 3 department supervisors, 15 credit control employees, 20 employee from the sales department and 24 employees from the technical department .This is because they are affected differently by the reward system due to their different occupations and positions. The researcher employed descriptive design so as to discover the relationship between employee perceptions and the reward system and why these rewards are perceived in a certain way.

#### **1.8 Research assumptions**

- It was assumed that all respondents in the study had an appreciation of the challenges and opportunities brought about by the current reward system at TelOne in its current operations. The respondents were assumed to have at least some basic understanding of the reward system used at Telone.
- All respondents to the questionnaire had sufficient background information on the reward system at TelOne and were up-to-date with recent developments in strategy formulation and implementation in the organization in particular.
- It was assumed that all research subjects responded in utmost good faith by providing relevant information.
- The data sources were reliable and gave it accurate information that enabled the researcher to produce credible results.

#### **1.9 Limitations of the study**

The researcher encountered the limitation of data collection due to the respondents' busy work schedules. However most of the research subjects were in Gweru which were easily accessed by the researcher therefore data collection was done in different days. Another

limitations was unwillingness of the respondents to divulge sensitive information such as their satisfaction with the rewards they are given due to fear. To deal with that the researcher assured respondents in person that their information will be treated with confidentiality and used for academic purposes only. The researcher also produced a letter from Midlands State University to assure respondents that the data collection was for academic purposes.

### **1.10 Definition of key terms**

**Motivation** - those psychological processes that cause the arousal, direction, and persistence of voluntary activities that are goal oriented.

**Reward system** - refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees for the work they perform

**Perceptions** - refers to the mindset of employees about the values given by the organization in return for their hard work and extra effort for the benefit of the organization

**Extrinsic reward** - a tangible and visible reward given to an individual or an employee for achieving a set target and usually have monetary value such as a salary hike, bonus or award.

**Intrinsic reward** – an intangible reward that gives an individual personal satisfaction such as that derived from a job well done

### **1.11 Chapter summary**

This chapter revealed the background to the study by explaining what triggered the research. Objectives and questions which the study seeks to answer are also highlighted in this chapter. The importance of carrying out this study was stated to justify why the study was carried out and how various stakeholders would benefit out of it. Assumptions, limitation and delimitation with regards to evaluation of employee perceptions on the reward system adopted by Telone Pvt Ltd were laid out in this chapter.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The chapter seeks to extensively analyze the existing literature in regards to reward systems and how employees perceive the different types of rewards. It begins by laying out theoretical dimensions of reward systems, the components of a reward system and how effective are they on performance. The chapter also looks at empirical studies that were conducted about reward systems in line with their effectiveness on organizational performance and employee perceptions upon the rewards.

#### **2.1 Reward system overview**

According to Armstrong (2012) reward systems consist of the methods used by organizations to pay their employees and provide them with other types of rewards. They can be formal with defined grade and pay structures and ways of progressing pay. Or they can be informal, especially in smaller organizations, doing without any formal methods of valuing jobs, using individual rates (spot rates) rather than pay structures and involving ad hoc decisions on pay progression. (Purcell 2007)

Owais (2015) stated that rewards systems are often used within organizations as a key management tool that can affect a firm's effectiveness by influencing employees, behavior and motivating employees at their work place. In other words, reward systems mainly attract people to join the organization, keep them coming to work, and motivate the employees to perform at their best levels. Armstrong (2012) further explains that reward systems consists of the strategies, policies and processes required to ensure that the people's value and contributions they make to achieving organizational , developmental and team goals is recognized and rewarded. It can therefore be seen that rewards play an important role in motivating employees and driving them to perform at their best and also to retain top performers. Luthans (2002) observed that organizations provide rewards to their personnel in order to try to motivate their performance and encourage their loyalty and retention.

Generally, the reward system is accompanied by several actions both from the viewpoint of the corporation and the individual. It has led to tensions for the corporation. First under similar conditions people intend to refer to the corporations which provide the highest rewards. Therefore corporations can attract employees who have competency and qualification by offering rewards. Second, the reward that is given to employees in lieu of service compensation is a tool for receiving feedback from previous performance and third, rewards can be used as a motivational tool to improve future performance according to (Matteson 1990 cited in Apeyusi 2013)

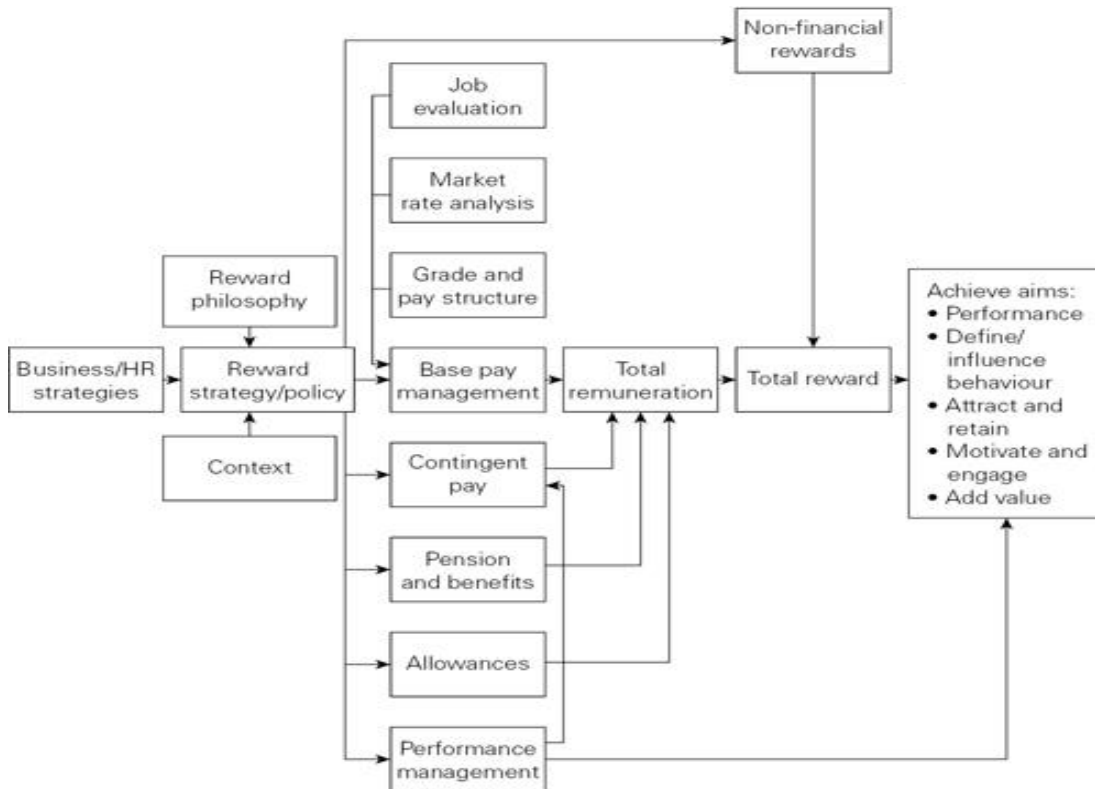
Hence, the reward system should be effective and efficient so that such actions are realized in the corporation and this system should be designed in a way that creates maximum return both for the corporation and the individual (Karami, 2004). Paying attention to the principal needs of the individual and enjoying fair reward distribution inside and outside of the corporation are among the major principles in any reward system (Laler et al., 2006). The reward system is one of the basic scopes of human resource management performance and service compensation management as one of the scopes of this task undertakes to design and execute employees' wage and benefits systems (Russell 1993 cited in Mandiwanzira 2014).

The six elements of reward systems according to Armstrong (2012) are:

- base pay management;
- contingent pay;
- employee benefits;
- non-financial rewards;
- performance management;
- total rewards.

In a formal reward system these elements are interconnected and contain various sub-elements as set out in Figure 1.1 They flow from the business and reward strategies as influenced by the organization's context and combine to achieve performance and reward objectives

**Fig 1.1 The reward system**



Adapted from Armstrong 2001

## 2.2 Main elements of a reward system

### 2.2.1 Business strategy

According to Brown (2001) the starting point of the reward system is the business strategy of the organization. The business strategy of an organization identifies the business drivers and sets out the business goals ( Mabey et.al 1998 cited in Lazear 2000). The drivers differ from one organization to another but will often include items such as high performance, profitability, productivity, innovation, customer service, quality, price, leadership and the need to satisfy shareholders and employees.

### 2.2.2 Reward strategy

Armstrong et.al (2006) stated that the reward strategy flows from an analysis of the business drivers. The question is: How can these drivers be supported by rewards in order to achieve the goals of the business? The strategy will define longer-term intentions in such

areas as pay structures, merit pay and other forms of contingent pay, employee benefits, steps to increase engagement and commitment and adopting a total rewards approach (Schuster 1992 cited in Frimpomaa 2014). The strategy will be influenced by the organization's internal culture, structure, operations and size, and the external economic and competitive environment.

### **2.2.3 Reward policy**

Reward policy deals with levels of pay and benefits, achieving equal pay, the use of job evaluation and market surveys (Legge 1995 cited in Yousaf et,al 2014) Furthermore Manzoor (2002) added that the reward policy should deal with how pay should progress covering the use of merit pay and other forms of contingent pay, transparency (the extent to which details of the reward system and how it affects people are released) and the adoption of an ethical approach to rewards management.

### **2.2.4 Base pay management**

Base pay is the rate for the job (Purcell 2007). Trevors (2012) further explained that it may be a fixed rate which is attached to a job. This form of base pay can be called a time rate with wages for manual or casual workers expressed as an hourly rate while staff salaries are paid on a weekly, monthly or annual basis. Alternatively as noted by Kalimullah et.al (2010) ,a job may be placed in a grade to which a range of pay is attached. However, this rate is not fixed pay can progress within the range according to the perceived merit of the individual (person-based pay) or time spent in the job (service-related pay).Base pay management is therefore the process of deciding on base pay levels and managing base pay with or without the help of formal grade and pay structures. It is concerned with deciding on levels of pay taking into account the various factors that affect those levels. It is also concerned with achieving equity, fairness and equal pay. (Farhad 2011)

### **2.2.5 Contingent pay**

Contingent pay is related to individual merit or length of service or team or business performance (Chowdury 2007). It takes the following forms:

**Merit pay**, which is linked to the performance, competence, contribution or skill of individuals and results in consolidated increases to base pay( Reena 2009)

**Service-related pay**, which provides for consolidated fixed increments on a pay scale or pay spine related to time in the job (Rizwan et.al 2010)

**Individual cash bonuses** , which are paid to recognize performance as an alternative or in addition to a merit or service-related increment (Shadare 2009). They are not consolidated into base pay.

**Team pay**, which gives team members a non-consolidated cash sum, related to team performance (Balent 2009)

**Pay related to business performance**, which takes the form of cash bonuses, profit sharing or company shares or share options ( Matthews et.al 2005)

### **2.2.6 Employee benefits**

According to Baldoni (2005) benefits are elements of remuneration additional to cash pay. These include pensions, sick pay, insurance cover, company cars and other provisions for employees that are not strictly remuneration such as annual holidays. Flexible benefit schemes allow employees to decide on what constitutes their benefits package within certain limits. (Adeynka 2007)

### **2.2.7 Allowances**

Allowances are paid in addition to basic pay for special circumstances or features of employment ( Hassan et.al 2010).They may be determined unilaterally by the organization but they are often the subject of negotiation if trade unions are recognized. The main types of allowances as observed from a research by Maurer (2001) are location allowances, overtime payments, shift payments, working conditions allowances and stand-by or call-out allowances (made to those who have to be available to come in to work when required).

### **2.2.8 Performance management**

According to McAdams( 1994) cited in Reena (2009) performance management processes define individual performance and contribution expectations, assess performance against those expectations, provide for regular constructive feedback, and result in agreed plans for performance improvement, learning and personal development. They are a means of providing non-financial motivation and may also inform contingent pay decisions.

### **2.2.9 Non-financial rewards**

According to Manzoor (2002) non-financial rewards do not involve any direct payments and often arise from the work itself. They comprise recognition, achievement, autonomy, scope to use and develop skills and training and career development opportunities.

### **2.2.10 Total remuneration**

Total remuneration is the value of all cash payments (base pay, contingent pay and allowances, ie total earnings) plus the pensions and benefits received by employees.(Kalimullah 2010)

### **2.2.11 Total rewards**

Total rewards are the combination of financial and non-financial rewards available to employees.(Armstrong 2001)

## **2.3 Factors affecting rewards systems**

### **Internal factors**

The characteristic features of the internal factors are as follows.

#### **2.3.1 The organization's culture**

Organizational culture consists of shared values, norms and assumptions which influence the way people act and the way things get done Perkins (2005). In reward management, the most important aspects of culture that need to be taken into account as stated by Armstrong (2001) are the core values of the organization which express beliefs about what sort of behavior is desirable. Reward practices should fit in with and support the culture and also help to reshape it.

#### **2.3.2 Organization type**

The degree to which the organization is bureaucratic will affect reward practice. As defined by Trevor (2011), the differences between reward system in a bureaucratic organization and a post-bureaucratic one are shown in Table 1.1



**Table 1. 1: Tendencies in reward practice in a bureaucratic and a post-bureaucratic organization**

Bureaucratic	Post-bureaucratic
<ul style="list-style-type: none"> <li>• Multi-graded pay structure or pay spine</li> <li>• Job content determines grading and pay</li> <li>• Pay progression strictly governed by performance ratings or service criteria</li> <li>• Fixed range of benefits</li> <li>• Tight centralized control of pay decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Broad-graded structure or spot rates</li> <li>• Grading and pay strongly related to personal skills and competencies</li> <li>• Flexible approach to pay progression</li> <li>• Flexible benefits</li> <li>• Maximum devolution of pay decisions to line managers</li> </ul>

**Adapted from** Trevor (2011)

### **2.3.3 The organization’s business or sector**

According to Salman et.al (2009) the business or sector of the organization will govern its ethos and therefore core values. For example manufacturing, financial services, retail services, transport, media, public sector services, non- profit making services or education affect the reward system differently. It will influence the type of people it employs and the degree to which it is subject to change. All these factors affect reward strategy and practice.

### **2.3.4 The work environment**

Nielsen (2002) stated that the ways in which work is managed and carried out will influence pay structure and the use of contingent pay. The introduction of new technology may result in considerable changes to systems and processes. Amin (2010) further noted that when different skills are required in an organization, new methods of working are introduced and therefore rewards are developed. A team-working environment according to John (2005) may encourage the introduction of team pay. Traditional piecework pay

systems in the manufacturing industry may be replaced by higher fixed pay and rewards focused on quality and employee teamwork.

### **2.3.5 Occupation**

People's occupations may affect their wants and needs. Bankers, entrepreneurial directors and sales representatives are more likely to be interested in financial incentives than people engaged in charitable work. Reward strategies and policies should take account of the different needs of people and this may mean segmenting rewards to meet those needs (Sadler 2001).

## **2.4 External factors**

The following aspects of the external context may affect reward management policies.

### **2.4.1 Globalization**

Matthews et.al (2005) globalization requires organizations to move people, ideas, products and information around the world to meet local needs. Traditionally, discussions of international reward strategies and practices have tended to focus on elite of expatriate workers, sourced from headquarters locations and rewarded in isolation from local country staff Reena (2009). A more diverse and complex pattern is now emerging, requiring a more strategic approach.

### **2.4.2 Rates of pay in the marketplace**

Schuster (2001) noted that the external environment exerts considerable influence on rates of pay and pay reviews within organizations. Market or on-going rates of pay have to be taken into account by organizations if they want their pay to be competitive. Most organizations are affected greatly by national agreements with trade unions.

### **2.4.3 The economy**

The economy, whether it is in a boom or recession mode, will inevitably affect reward policy and practice (Winstanley et.al: 2000). A recession increases the attention organizations pay to getting value for money and reduces the amounts that can be distributed in the form of base and contingent pay and the scale of benefits provision.

#### **2.4.5 The trade unions**

Roscoe 2002 noted that trade unions, especially in the public sector, influence reward practices at through pay negotiations, pronouncements on such issues as the pay of top executives and exerting pressure to achieve equal pay. They produce policies and advice for their members on job evaluation , pay structures and performance-related pay .Mcshane ( 2005)

### **2.6 Types of rewards**

#### **Extrinsic rewards**

Extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of incentives, bonuses, allowances, and fringe benefits (Nadia et.al 2011). According to Thomas (2009), extrinsic rewards are usually the tangible rewards given to employees by managers, such as pay raises, bonuses, and benefits. They are called extrinsic because they are external to the work itself and other people control their size and whether or not they are granted. .These can also be classified as financial rewards and include pay, bonuses ,fringe benefits ,transportation facility, health and life insurance benefits like vacation with pay meal facilities.

#### **2.6.1 Pay**

Employees are offered a financial reward for their services called pay which is a foremost stipulation in human resource management. Pay must be closely linked to the performance according to high achievers. Employees who do their best want a reasonable pay that suits their needs. An equitable pay makes them feel appreciated so they expect to be paid according to their efforts. According to Rynes (2004) money is ranked at the top for creating motivation because people require money to fulfil their basic needs of life so it motivates the employees more than any other incentive. This was supported by Bohlander et.al (2003)stating that money is viewed as a sign of personal triumph and accomplishment thus making it the most motivating and important of all rewards as perceived by most employees.

Pay is viewed as the most important of all extrinsic rewards by most workers as noted from an empirical study by Waqas (2014). However Thompson (1992) cited in (Maurer 2001) argued that unfair pay can be a strong de-motivator. Jagult (2005) further agreed that when employees feel that the pay they are given is not enough for them they feel demotivated. However, after people have taken a job and issues of unfairness have been settled, we find that extrinsic rewards are now less important as day-to-day motivation is more strongly driven by intrinsic rewards as noted in a study by Lucey (2007)

### **2.6.2 Bonuses**

When employees reach certain standards or complete certain project or task, they are given bonuses as rewards to motivate them (Watson 2002). Bonus programs have been used in business for some time. Individual accomplishment is usually rewarded through bonuses and these bonuses are also frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. Mandiwanzira (2004) further noted that bonuses can also be used to recognize group accomplishments. Indeed, increasing numbers of businesses have switched from individual bonus programs to one which rewards contributions to corporate performance at group, departmental, or company-wide levels.

### **2.6.3 Fringe Benefits**

According to Armstrong (2001) fringe benefits are benefits that a workforce is given in their job in addition to pay. Provision of fringe benefits creates an optimistic, motivating working environment and increases output and sales. The motivated workforce will lead to organizational excellency, prosperity excellent quality and cost control. Fringe benefits as stated by (Huges 2007) play a significant role to motivate employees because they compel employees to put extra efforts as much as the incentive of money does. Wiley (1997) disagrees and states that fringe benefits alone do not motivate employees unless accompanied by good working conditions.

According to a research by Apeyusi (2012) financial rewards motivate young workers who are new to the job and low line employees. However older employees who have been on the job for a longer time are less motivated by such rewards as they will now be expecting recognition for their work done in non-financial means. Jacques (1961) emphasized the

need for financial rewards to be perceived as being fair and equitable (felt-fair principle). In other words, the reward should be clearly related to effort or level of responsibility and people should not receive less money than they deserve compared with their fellow workers.

## **2.7 Intrinsic rewards**

Intrinsic rewards are rewards that focus on the needs people have to varying degrees for recognition, achievement, responsibility, autonomy, influence and personal growth as noted by Lawler (2001). They incorporate the notion of relational rewards, which are the intangible rewards concerned with the work environment, recognition, performance management, learning and development. Murphy (2006) further explained that extrinsic rewards can be non-financial rewards such as praise or recognition, or intrinsic, arising from the work itself associated with job challenge and interest that the work is worthwhile.

### **2.7.1 Non-financial recognition**

Recognition is a form of feedback that lets people know that they have done well and therefore provides positive reinforcement (Scott 2006). People need to know not only how well they have achieved their objectives or carried out their work but also that their achievements are appreciated. Recognition needs are linked to the esteem needs in Maslow's hierarchy of needs. They are defined by Maslow as the need to have a stable, firmly based, high evaluation of one self (self-esteem) and to have the respect of others (prestige). Belief in the motivational value of recognition is supported by Herzberg's (1966, 1987) research cited in Hamidi (2010), which identified recognition as an important satisfier. Although the methodology he used has been criticized, the proposition rings true that recognizing people for what they achieve makes them feel good and therefore helps to enlist their engagement.

Research by Brand *et al* (2002) found that a feedback program in a US government agency that involved public recognition brought about an increase in productivity of 26 to 149 per cent in different sections. A meta-analysis by DeNisi and Kluger (2000) of 131 empirical studies that had tested how well feedback interventions worked indicated a modest but positive effect of feedback on performance overall.

### **2.7.2 Fulfilling work**

Work can be fulfilling and therefore motivating when individuals feel that what they do is worthwhile and adds value (Rayton 2003). This implies that they should ideally work on a complete process or product, or a significant part of it that can be seen as a whole. Work is also fulfilling when it requires people to use abilities they value to perform it effectively and scope is provided for achievement, responsibility, autonomy and influence.

### **2.7.3 Achievement**

The need to achieve applies in varying degrees to all people in all jobs, although the level at which it operates will depend on the orientation of the individual and the scope provided by the work to fulfill a need for achievement (Daft 2003). People feel rewarded and motivated if they have the scope to achieve as well as being recognized for the achievement.

### **2.7.4 Responsibility**

Gray (2000) noted that individuals can be motivated by being given more responsibility for their work. People are in positions of responsibility when they are held to account for what they do. They are in charge of their work and the resources required doing it. Alireza (2007) further noted that being given more responsibility can satisfy needs for achievement and increase self-esteem. It is also a form of recognition.

### **2.7.5 Opportunity to grow**

Alderfer (1972) cited in Roeloelofsen (2002) emphasized the importance of providing people with opportunities for personal growth as a means of rewarding and therefore motivating them. He believed that satisfaction of growth needs takes place when individuals have the opportunity to be what they are most fully and to become what they can. Most learning and development opportunities take place in the course of everyday work, and the organization can encourage this through coaching, mentoring and support in the implementation of personal development plans created as part of the performance management process.

### **2.7.6 Quality of working life**

The quality of working life refers to the feelings of satisfaction and well-being arising from the work itself and the way people are treated. On the basis of their longitudinal research in 12 companies Purcell *et al* (2003) concluded that; successful firms are able to meet

people's needs in that they create good working environment were people's individual needs are met. These needs include a good job with prospects linked to training, appraisal and working with a good boss who listens and gives some autonomy but helps with coaching and guidance.

Therefore, the quality of working life depends on having a system of work that enables jobs to be designed that provide for intrinsic motivation, on good working conditions and on the leadership qualities of line managers and team leaders.

### **2.7.7 Core values**

The significance of the core values of an organization as a basis for creating a rewarding work environment was identified by the research conducted by Purcell (2007). The most successful companies had what the researchers called 'the big idea'. They had a clear vision and a set of integrated values that were embedded, enduring, collective, measured and managed. They were concerned with sustaining performance and flexibility. Clear connections existed between positive attitudes towards HR policies and practices, levels of satisfaction, motivation and commitment, and operational performance.

### **2.8 Creating an effective reward mix**

Latham and Locke (1979) noted that money is obviously the primary incentive but they went on to say that money alone is not enough to motivate high performance. Money may be an important factor in attracting and retaining people (the sorting effect). It can produce satisfaction, but this may be short-lived. If the principles of distributive and procedural justice are not followed, it can cause lasting dissatisfaction. Merchant (2014) argued that it can be said that money will motivate some of the people all of the time and, perhaps, all of the people some of the time but it cannot be relied on to motivate all of the people all of the time.

Kullven (2012) added that money has to be reinforced by non-financial rewards, especially those that provide intrinsic motivation. When motivation is achieved by intrinsic rewards it can have a more powerful and longer-lasting effect on people, and financial and non-financial rewards can be mutually reinforcing (Svensson 2012). To achieve

long-lasting motivation for the employees the organization must pay attention to both the financial and the non-financial motivators, in order to provide the best mix (Armstrong 2001). Reward systems should therefore be designed and managed in such a way as to provide the best mix of all kinds of motivators according to the needs of the organization and its members.

## **2.9 Empirical studies on the effect of extrinsic and intrinsic rewards on performance**

Lazear (2013) positively suggests that adding extrinsic rewards to the compensation of employee for the sake of motivation can attract more geared workers to the organization. From another point of view, Lazear(2013) also described that introduction of monetary rewards could gain extra efforts of the employee to such an extent where the marginal value added is equal to the marginal cost paid for that additional work. This shows that financial rewards are a paid value to employees in return for their extra efforts. Lazear(2013) showed a positive relationship between employee engagement and rewards and firm performance

According to Van Zyl (2000) despite having lots of evidence of the motivational impact of intrinsic rewards on employee job performance, many managers still count money as the main motivational tool for employees and focus on money. Furthermore, VanZyl (2000) concluded that a bonus or 13th check is a great consideration among employees and even it could remain as a great motivation for employees to be engaged with their jobs and remain with the firm. He argued that money is always a great motivational tool from the start of the job in any field.

Jeffery (2012), in his study, investigated non-monetary incentives and their ability to control the various psychological needs which help improve performance. The study explained that non-monetary incentives are highly visible and have greater value as a trophy. Non-monetary incentives bring a higher utility level. Jaffery (2012) also calculated the trophy value index of non-monetary incentives to support his argument. In his study, results showed that employees enjoyed the gifts, pride, respect and recognition for long term period. Employees enjoy telling their family and friends about their respect and gifts. Results showed a significantly higher trophy value of non-monetary gift. Jeffery (2012), states that cash incentives don't match the level of satisfaction which is gained by



non-monetary incentives (Trophy value). In his study, monetary rewards are mentioned as compensation, while non-monetary rewards represent the respect and recognition.

Kube et al. (2008) credited more output in non-monetary gift as compared to monetary gifts. Non-monetary gifts contribute a great deal to employee satisfaction and this satisfaction shows long-term results. Kube et al. (2008) also carries the social exchange phenomenon. In his study, results show the higher impact of non-monetary rewards on social exchange theory compared to monetary rewards. In another study Kube et al.(2006) describe that monetary rewards are beneficial in short-term period and ineffective for long-term period. He also states that non-monetary rewards have a significant and consistent effect on their satisfaction.

Due to the increasing importance of rewards in every field, Steensen (2010) conducted the study in IT field; he observed that the IT professionals are keen to gain the non-monetary incentives as compared to higher level positions within firms or the increment in pay. They prefer the non-monetary incentives and which also include the flexibility in working hours and take home work.

These studies clearly show that employees are different and are motivated differently. There is need to create an ideal reward mix which consists of both extrinsic and intrinsic rewards.

## **2.10 Effect of rewards on employee performance**

The expectancy model of motivation proposes that the level of performance determines the levels of intrinsic and extrinsic rewards received. This however, is not always the case in reality. Although extrinsic rewards such as pay may be linked to performance, intrinsic rewards would rarely be directly influenced by the level of performance. The level of performance may also have a direct effect on the worker's levels of satisfaction without altering the levels of rewards Sinclair et.al (2005). Workers may use their perceived level of performance to gauge their level of satisfaction with the rewards received. Workers who perceive their level of performance as being lower than their co-workers may be more satisfied with their rewards than a worker who perceives their performance as being higher

than their co-workers. Purcell (1992) cited in Lazear (2013) noted that financial rewards provided to employees individually have a tendency to improve culture that focuses on boosting the quality of performance.

Birtch (2009) stated that rewards that are non-financial in nature, such as the provision of an increase in holidays family benefits contribute towards the employee perceiving his/her workplace as a supporting and caring organization. By providing employees with as much rewards as possible (in proportion to their work efforts), employees are able to function more efficiently (Bohlander 2001). This idea is further supported by Eccles (1991) who stresses that when employees are able to see that their company really values and rewards certain service behaviors, then the employees would also want to embrace or welcome such values and they would be able to exhibit desirable behaviors based on such perceptions and the promise of rewards.

According to Babakus et.al, (2003), the perception that employees have with regards to their reward climate influences their attitudes towards their employees. Ezens (2013) added that , the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work as supported by Rirshnad( 2015).

The workforce will be better satisfied if management provides them with opportunities to fulfill their physiological and psychological needs as noted by Gream (2015). The workers will cooperate voluntarily with management and will contribute their maximum towards the goals of the enterprise. Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization. This will also result in increased productivity as well as the rate of labor turn over and absenteeism among the workforce will be reduced to the barest minimum (Chhabra, 2010).

Therefore this clearly shows that rewards generally influences performance by providing the means to recognize achievement, competence and merit. Specifically, rewards make an impact on performance by motivating people and by enhancing performance. However, extrinsic rewards are not necessarily effective as motivators and the links between reward and performance are not always precise as noted by Tindhshar (2006). However, rewards can make a major contribution to the creation and maintenance of a high-performance culture and can exert considerable influence over the attraction and retention of talented people as part of a talent management program.

## **2.11 Current reward system challenges (Contingency and team pay as the commonly used)**

### **2.11.1 Challenges of team pay**

When a group starts to appear more like each other for example values, attitudes and behavior it is called conformity (Lawler 2000). When this happens a so called “group think” can take place which will affect the team’s perspective and decision making. Group think leads to the perspective of the group becoming narrower, rising of a tunnel vision and the group finds it harder to take in a critical way of thinking and doing things. A group under the influence of group think can make bad decisions (Kaplan 2011). A pressure to conform, which is emphasized in team pay, could result the team to keep the output at lowest common denominator levels. The output will be only at sufficient level to get a reasonable reward and nothing more.

Team pay could be seen as unfair for individuals who feel that their own efforts are not being rewarded (Armstrong, 2005). The individual can lose his/her sense of personal responsibility and act in a way the individual normally would not do. According to Opatha (2014) the problem with team pay can be that the individual take on a more reserved role and let the team perform all tasks. When an individual rides on the teams’ performance this is called social loafing. Rainey (2009) further stated that if the team consists of more than six employees the risk of social loafing becomes immense. This is because the individual now risks disappearing in the team. Social loafing can as suggested by Nohria (2010) can best be resisted by setting up clear goals for the work and let the team members be a part of this goal setting. Another way of preventing social loafing is by clear delegation of tasks.

However, the individual must feel involved in the team and the goals that are set up, in order to contribute to a desired synergy effect (Hashmid 2015).

High performers may withdraw their group efforts because the group based plan does not recognize their individual accomplishments relative to the social loafers. Employees might also withdraw their efforts because they feel that their individual efforts will not affect the outcome of the entire group performance. According to Heneman( 2002) when the cost of contributing outweighs the benefits one could ask themselves why they should bother exerting much effort . It can be difficult to develop a performance measurement system to rate a team in a way that is seen as fair. The team pay might be based on random assumptions on what the rightfully link between effort and reward is. Individuals might also want to switch to a team that performs better and they are allowed to switch this could disrupt and stigmatize the other team. If they are refused that could leave them dissatisfied, which could result in even worse performance (Armstrong, 2005).

### **2.11.2 Challenges of contingent pay**

According to Stephens et.al (2005) since people act in different ways, money may not work as motivation for all people. If the contingents pay schemes are seen as unfair by the employees it can create more dissatisfaction than satisfaction. It can motivate those who receive the financial reward, but it can demotivate those that do not. The dissatisfied employees could exceed the number of satisfied ones. If the contingent pay is based on performance it could also counteract quality and team work Armstrong (2005). It has proved to be very difficult to implement contingent pay systems. It relies heavily of accuracy and reliability on measuring the performance, competence, contribution and skill of the employees. It depends much on the judgement on managers' ability to not be partial, prejudiced and inconsistent or badly informed (Stephens 2005).

When an employee feels neglected and mistreated, the cooperation can be affected negatively instead of a constructive atmosphere and worst performance and results can be seen instead of positive results .(Davesey 2003). The American quality guru Deming claims that relative performance measurement and other ways to create internal competition is a bad form of leadership. It worsens the motivation and creates both fear and

contempt for the management. The employees that are affected by these evaluations become bitter, devastated, dejected and have a lower self-esteem. Some even become depressed and incapable do perform the work effectively because they do not see why they are seen as worse than others (Nilsson 2005).

The sum of all contracts of individual employees shapes the organization (Fuhrmann 2009). A number of problems will come from this due to the inter-correlated nature of most work. According Minette (2004) a group of employees that work individually on own tasks and goals are inefficient in an organization that does not have a number of individual goals, but rather one common business objective. This will require cooperation amongst the employees, which an individual contingent pay might not promote (Berger 1999) cited in Maurer (2001). According to Ryman (2005) rewards can have serious negative effects on group learning and the open exchange of knowledge and information will risk declining .

#### **Other challenges:**

##### **2.11.3 Inappropriate reward mix**

According to Chowdhury (2007) companies need to properly blend competitive salaries with benefits and intrinsic rewards. Employers should take into consideration the differences in people and be able to balance both extrinsic and intrinsic rewards in their reward system. For example, employers must determine if employees prefer preferred provider organizations over health maintenance organizations for health benefits or prefer high deductible insurance combined with health spending accounts over flexible spending accounts. An appropriate mixture that satisfies employees goes a long way to supporting the company's human resource goals (Festz 2014). The wrong mixture can derail HR objectives.

##### **2.11.4 Employee Resentment**

In a perfect meritocracy, where the employees who work the hardest always reap the most rewards, incentives pose problems as noted in a study by Milcoviche (2009). However no companies operate in an ideal world according to Newman (2000) and thus incentives can breed resentment and discord among teams and employees. While it's easy to quantify a salesman's performance, it is harder to quantify a staff writer's contribution to the

department, even if the writer is adding just as much value to the company. That can lead those under an incentive scheme to feel unappreciated or the recipients of unfair treatment.

### **2.12 Knowledge gap**

Studies conducted on reward systems have been neglecting the issue of how employee perceptions and attitudes on the different types of rewards offered in companies affect the overall performance of the employees. Scholars such as Apeyusi (2013);Mandiwanzira (2014);Murphy (2015) and Frimpoma (2010) all ignored the issue of employee perceptions on the reward system. Researchers were only interested on the final performance due to the reward given, but what about the perceptions to these rewards which later on affect the performance? Given the costs companies incur in offering rewards which do not motivate the employees, there is need to evaluate the employee perceptions towards the reward system so as to be able to create an ideal reward mix which improves employee performance.

### **2.13. Chapter summary**

The chapter reviewed the literature used by other relevant authorities on the perceptions of employees on different rewards. Scholars have been critically assessed and compared on their view angles towards rewards systems and other factors which motivate employees to perform better such as performance management. The researcher also gave the insight of his research on the relationship reward system and organizational performance. Empirical studies regarding the concepts under study and knowledge gap have also been discussed.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

The chapter lays a detailed insight into the design of the research and research instrument used to collect data that will be analyzed and interpreted in chapter 4. It will also highlight sources of both primary and secondary data and the criteria used to select sample size from the target population. Sampling technique applied in arriving at the final sample is also covered in this chapter.

#### **3.1 Research Design**

This particular study followed the descriptive research design in order to get the true picture about employee perceptions on the reward system adopted by Telone and how they affect employee performance. It therefore enabled the researcher to come up with a framework on how the study is carried out to ensure that the deficiencies caused by reward systems at Telone are effectively addressed.

##### **3.1.1 Descriptive research design.**

The study employed descriptive research design to address the objectives of the study. Descriptive research is referred as technique used to provide the real situation that is taking place on a particular field (Burns et al, 2013). Descriptive research enabled the researcher to describe record, analyze and interpret different types of perceptions by employees to ensure that adequate explanation is given to address the effect of giving employees wrong rewards that negatively affect employee performance at Telone. The study made use of questionnaires and interviews to collect data which was then analyzed and interpreted to identify the different employee perceptions to rewards. Both closed questions and open-ended questions were used to gather data to ensure that accurate data is collected and analyzed so that the true picture of the situation is reflected.

Descriptive research was found appropriate because it enables the researcher to address the objectives of the research. This is because evaluation of employee perceptions on the reward system is done through describing and analyzing data provided by respondents.

### 3.2 Population and Target Population

The target population of this particular study comprised senior managers, department supervisors, credit control employees, sales department employees and technical department employees. A total of 75 research elements formed target population and the reason for targeting these different departments is because they are all motivated differently by the rewards offered. Table 2.1 shows the target population as per each department

**Table 3.1 Target population and sample sizes**

<b>Strata</b>	<b>Target population</b>	<b>Sample size</b>	<b>Percentage</b>
Senior managers	3	2	79%
Department supervisors	3	2	79%
Credit control employees	15	12	79%
Sales department employees	20	16	79%
Technical dept employees	34	27	79%
<b>Total</b>	<b>75</b>	<b>59</b>	<b>79%</b>

**Source: Human Resources Department 2017**

This study's target population is comprised of senior management and department supervisors of Telone Private Ltd because senior management are responsible for strategy formulation hence they have a deep knowledge of the reward system adopted by Telone. On the other hand the supervisors for different departments have a better understanding of the things that are happening on the ground and are responsible for strategy implementation at department level .Employees in the credit control, sales and technical departments were also part of the target population which enabled the researcher to analyze the different perceptions and effectiveness of the reward system in each department. This guarantees accurateness of the data that the researcher is interested on.



### **3.3 Sampling techniques**

After the establishment of target population, the study followed the two-stage sampling procedure to arrive on study sample size. In the first stage stratified sampling was used to assign sample to strata by making use of proportionate stratification. On the second stage, random sampling was used to select the final sample. This study applied stratified random sampling because the constituency of target population is heterogeneous comprising senior management, department supervisors, credit control employees, sales department employees and the technical department employees for Telone pvt ltd. The choice of heterogeneous target population that occupies different departments and positions was to incorporate views from different angles. Heterogeneity of the target population was on the basis of departments and positions occupied. Senior managers formulate reward strategies so they have their own views and perceptions regarding the reward system while supervisors are responsible for implementing these rewards systems at department level and tend to better understand impact of these rewards on the ground. Employees are the ones offered these rewards and also have different perceptions about these rewards and are also motivated differently from the management by these rewards.

#### **3.3.1 Stratified random sampling**

Stratified sampling is referred as a process whereby target population is divided into homogeneous groups called stratas (Charantimath, 2014). Research elements of this study are heterogeneous, made up of five groups that is senior management, departmental supervisors, credit control employees, marketing department employees and technical department employees of Telone pvt ltd. In the first sampling stage, the researcher assigned target population to stratas on the basis of departments because the roles and functions of the departments are totally different hence they view impacts of these rewards strategies from different perspectives, therefore stratified sampling was applied. The second sampling stage was random sampling where research subjects from each department were chosen from each stratum. Random sampling was applied using Microsoft excel where the researcher inputted the data of each strata namely senior managers, department supervisors ,credit control employees, sales department employees and technical department employees and commanded the computer program to pick the research subjects at random basis.

The constituency of this study's target population is made up of Telone employees that work in different departments and hold different positions. These research elements occupy different positions with different roles therefore it is important to ensure that all strata are well represented by striking a balance on the final sample. In addition, the random selection of senior managers and branch managers from strata ensures a high degree of objectivity which is very significant if the findings of the study are to reflect the true picture on the ground.

### **3.4 Sample size**

Sample is referred to as a subset of the entire target population selected to participate in a research study (Bajpai, 2010). The sample size of the research should be large enough to produce accurate findings otherwise a too small sample may result in garbage in garbage out.

The study is qualitative in nature; hence a sample size of 79% of the target population is good enough to produce reliable findings. This is in line with Scheaffer (2012)'s suggestion which states that a sample size of more than 30% is good enough for the researcher to generalize the results to the entire population. Furthermore, a sample of 79% of the target population is large enough that even if some research subjects failed to return questionnaires for whatever reasons, the sample will still be representative enough to produce accurate results that can be generalized to the entire study population.

### **3.5 Sources of data**

Data sources are referred to the origination of data that will be used in a particular study (Kachere, 2011). The researcher made use of both primary and secondary data in this study. Data collection is an organized way of gathering data for a particular purpose at a certain period of time.

#### **3.5.1 Primary data**

The researcher used primary data in this study for the reason that it gives reliable and recent information regarding the subject matter. This raw data concerning the reward system adopted by Telone, the perceptions of employees regarding the reward system and the effect of the reward system on employee performance will be collected from senior

managers, departmental supervisors, credit control employees, sales department employees and technical department employees at Telone pvt ltd. Kachere (2011) referred primary data as the data obtained by the researcher from the very source with no third parties in between. This particular study will make use of interviews and questionnaires to collect primary data that is so relevant and significant if findings of the research are to produce credible findings. Primary data regarding the employee perceptions on reward system adopted by Telone enhances a good data interpretation because the source of data is original and reliable

### **3.5.2 Secondary data**

Secondary data is described by Kothari (2004) as the data that have been collected, processed and analyzed by someone for other purposes different from the problem at hand. Because of its nature, secondary data is regarded as second hand information as it does not originate from the original source. This research used secondary data from selected Telone's income statements, statement of financial position and statement of changes in equity that were published. The researcher is interested in the changes in revenue, changes in profits, changes in the number of subscribers and expenditure regarding salaries, allowances, fringe benefits and purchase or improvement of office furniture. These are all useful in determining the changes in employee performance in regards to the implementation of the reward system.

## **3.6 Research Instruments**

These are the methods used to collect relevant data from the field in which when presented and analyzed will provide answers to the study. The researcher used questionnaires and interviews to collect data and this was done to ensure that validity and reliability is achieved.

### **3.6.1 Questionnaire**

Questionnaire refers to a document where questions are written and key informants complete the document. According to Webster, (2008) questionnaire is a printed document used to ask for information about a particular subject of interest. The researcher has made use of questionnaire to collect information about growth strategies adopted by institutions in the microfinance sector. The questionnaire used on this study was designed

by the researcher and it was crafted in a way that it included both open-ended and closed questions so as to allow respondents to air out their views concerning the subject under study.

### 3.6.2 Structure and design of the questionnaire

The researcher used both open-ended and closed questions. Open-ended questions are those that allow respondents to give answers in their own way. Closed questions on the other hand provide a number of alternative answers from which the respondent is instructed to choose from a given number of responses. The Likert scale format was also used for some closed questions where respondents were asked the extent to which they agree with the statements that were related to the reward system adopted by Telone. The scale used in the questionnaire is shown below.

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

The researcher constructed the questionnaire in a simple and straight language that could be understood by all respondents to ensure that respondents provide relevant, valid and reliable data. Bashir (2008) state that designs of questionnaire has either a positive or negative effects on response rate. Sections A of the questionnaire requires research subjects to provide their background information with regards to their age, sex, academic qualifications and for how long were they at Telone. It also included questions about the age and size of the institution. This allows the researcher to better understand the kind of respondents that provided the data in use. The second part which is section B requires respondents to provide the type of reward system that is being pursued by their organization. This enables the researcher to address the first objective of assessing the effectiveness of the current reward system. The second, third and fourth study objectives requires respondents' views about the reward system's effectiveness on employee performance and the challenges of this reward system.

### **3.6.3 Personal administered questionnaire.**

The researcher employed the personal administered approach in collecting data at Telone in Gweru. This is because the researcher is studying at Midlands State University and this study is being carried out in Gweru which made it easier for the researcher to visit respondents in Gweru at a very minimum cost. Questionnaires were dropped and picked on different days but within a week. Administering questionnaires personally gave the researcher an opportunity to have personal contact with research subjects, a move which usually results in high response rate and also encourages respondents to respond in good faith. This is because personal administered approach shows commitment and allows the researcher to assure research subjects that the information provided is strictly used for academic purposes.

Research subjects in Gweru were easily accessed by the researcher at a very minimum cost. By so doing, the researcher would drop questionnaires and pick them at a later day and this resulted in high response rate. At the same time, distributing questionnaire personally enables the researcher to have personal contact with respondents and a chance to verbally assure respondents that the information they provide is treated with highest level of confidentiality.

### **3.6.4 Electronically distributed questionnaire.**

Telone's Southern region head office is located in Bulawayo. This means that senior management which forms part of the research sample are also found Bulawayo yet they have valuable information about the reward system. Because of such scenario, the researcher had to resort to electronically distributed questionnaire through the use of emails. The researcher got emails address and phone number from their branch offices and emailed the questionnaire to them. After sending the questionnaire via email, the researcher had to make some phone calls and WhatsApp to make a follow up. This is because usually electronically distributed questionnaire has low response hence the need to intelligently push the respondents to complete and return it. The use of electronically distributed questionnaire was appropriate because some of the research subjects were in which made it difficult for the researcher to visit the offices in person because of limited

time and costs associated with it. Under such scenario, electronically distributed is appropriate and still yields credible results.

Some of the research subjects were in Bulawayo which made it difficult for the researcher to visit all these areas. Because of such a scenario where research subject with relevant information are scattered, electronically distributed questionnaire is the most appropriate considering that we are living in an information age. In addition, electronically distributed questionnaire is fast and less costly if the research subjects are geographically dispersed.

### **3.7.0 Interviews**

This particular study also made use of interviews as a data collection instrument to counter weakness of questionnaire and to ensure that data collected about growth strategies of MFIs and financial performance is reliable and valid. Kumar (2005) defined an interview as an occasion where one or two people ask a person questions that seek to find out about his or her opinion and ideas.

#### **3.7.1 Personal interviews.**

The researcher arranged interviews with research subjects by way of appointments so as to get a clear understanding of Telone's reward system and, how they perceive the rewards and how do they think it is affecting performance. On making appointments, the researcher did that in person for research subjects that are located in Gweru and phone calls for research subjects that are located Bulawayo. The researcher opted for personal interviews to have personal contact with research subjects because research subjects are within his reach and the fact that personal interviews are fast and shows commitment on the part of the researcher and this motivate research subjects to respond in good faith. In addition, sample size of this study is made up of people that held managerial positions who don't usually release sensitive information about their institutions hence personal interviews provides a platform for the researcher to fully assure them that the information will be strictly protected.

##### **3.7.1.1 Structured interview**

The interview guide that was used in this particular study was prepared in advance before interviews were conducted. This is because structured questions guide the respondents to

provide data that can be rated using the same scale. Structured interview is when the same questions are asked in all respondents in the same order so that the same rating scale is applied on data analysis (Kothari, 2004). Participants were asked the same questions relating to the reward system being used with their organizations and their views on how effective they are employee performance. The researcher recorded interviewees using a smart phone and also taking notes during the interviews so as have relevant information for data analysis. The interview guide included both closed and open ended questions to give room for participants to freely air out their views.

The study employed personal interviews because parts of research subjects are in Gweru which is within the reach of the researcher. Additionally, personal interviews have personal touch between both parties which shows researcher's commitment and also gives the researcher opportunity to clarify certain things in person if the need arise. A combination of personal and structured interviews helps in acquiring valid and reliable information on growth strategies and their effectiveness in the sense that there is personal contact between the researcher and interviewee and the process is guided by set of questions prepared in advance. Structured interviews direct participants to provide relevant and reliable information necessary for the purpose of this study and also avoid both the interviewer and interviewee from deviating from the core business hence it is more of objective.

### **3.8 Validity and Reliability**

This study focused on the reward system at Telone, a parastatal therefore validity and reliability is of paramount importance. Valid and reliable data produces a credible result that does not misinform the responsible authorities when making decisions. The researcher took all necessary steps to avoid situations where irrelevant information is provided which always results in garbage in garbage out.

#### **3.8.1 Validity**

In order to ensure that the information collected was relevant, meaning the data collection tool collected the information that it was supposed to collect; the researcher conducted pilot testing to some employees at Netone a parastatal too that possess the same characteristics possessed by the research subjects of this study. The researcher made

necessary adjustments on both questionnaire and interview guide so that valid and reliable data is collected. In addition, to that the researcher used simple and straight language to ensure that all respondents understand what was being asked. After the researcher was satisfied that data collections tool was now proper, the questionnaires for research subjects in Gweru were administered in person while for those that were in Bulawayo were electronically distributed and necessary follow up was made to receive back the questionnaire in time. In order to validate the results of the data collected, the study employed interviews. Data collected using these two instruments were similar meaning that the data collected was valid. In addition, to achieve external validity, the researcher collected data from research that constitutes 72% of the target population to make the findings of the study credible enough to be generalized to the entire population as supported by Scheaffer (2012).

### **3.8.2 Reliability**

The researcher made use of triangulation by conducting interviews to counter effect the weaknesses of questionnaire. Study interviews were held using interview guide at Telone Gweru. Personal interviews allowed the researcher to explain in person on areas that needed further explanation. This assured the researcher that the measurement tool was without bias and was being consistence in its measurement across time as long as conditions were the same. Response from both questionnaires and interviews were similar, an indication that data collected was reliable and valid. Interviews were held within one week but on different days. Triangulation helped the researcher to get reliable and valid information necessary to produce credible results that can be generalized to the study population.

## **3.9 Data Presentation and Analysis**

### **3.9.1 Data Presentation**

Akuezulo (1990) says at the end of the research a large quantity of data in both numerical and verbal form usually emerges and such information is not easy to comprehension or process. To resolve this, the researcher is going to make use of graphs, tables pie charts and narrations to make it possible for findings. This will make it possible for the reader to get a clear understanding of the findings as they will be clear and readable. Interpretation



of the findings will be made and this will enable the researcher to draw conclusions and to make recommendations depending on the conclusions drawn from the research finding

### **3.9.2 Data analysis**

Data analysis is the process of turning data into information, Pierce (2005). After data has been checked, edited and coded then analysis begins. For this study the researcher used descriptive analysis making use of tables, graphs and pie charts to carry out data analysis. Data was converted into percentages then data was then put on tables, bar graphs, histograms and pie chart.

### **3.10 Ethical considerations**

The researcher conducted the research in a socially acceptable manner; this did not violate the rights of the respondents. According to Chalenvong (2009) when carrying out a research, the researcher must avoid causing any emotional or physical impairment to the participants. The researcher was ethical and avoided asking sensitive questions to the respondents. Respondents were not asked questions which needed private information. The respondents were also informed about the reason for the research and they were also informed to answer any questions that made them feel uncomfortable. Respondents were also informed that they can pull out of the interview when they felt uncomfortable. Lastly the names of the respondents were not revealed even to the researcher to allow confidentiality.

### **3.11 Chapter Summary**

A clear outline of methods and tools used to collect data were outlined in this chapter. Also included in the chapter is sampling techniques and the sample size used in the research. The succeeding chapter will present and analyse research findings.

## CHAPTER 4

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

This chapter outlined the qualitative discussion, the quantitative analysis and overall interpretation of the research findings relating to the research objectives stated in the first chapter and the method of analysis also stated in the third chapter. Graphs and charts were presented in this chapter to enhance a deeper understanding of the findings which will also be analysed in a logical manner on the employee perceptions on the reward system adopted by Telone. Some literature from the second chapter and other additional literature were used to support some findings. Data was collected using self-administered questionnaires and semi-structured interviews.

#### 4.1 Response Rate

The researcher delivered 59 questionnaires to senior management, department supervisors, credit control employees, sales department employees and technical department employees at Telone Pvt Ltd .Table 4.1 below shows response rate.

**Table 4.1-Summary of response rate**

<b>Respondents</b>	<b>Expected Response</b>	<b>Actual Response</b>	<b>Response rate</b>
Senior management	2	2	100%
Department Supervisors	2	2	100%
Credit control employees	12	10	83%
Sales Department employees	16	16	100%
Technical department employees	27	24	88%
<b>Total</b>	<b>59</b>	<b>54</b>	<b>92%</b>

**Source: Survey data, 2017**

As shown in table 4.1, out of 59 research subjects, 54 completed and returned the questionnaires while a total of 5 research subjects failed to return the questionnaires. The overall response rate is 92% which is good enough for the researcher to make generalization of the findings to the entire population from which research sample has been drawn. This is supported by Wilson (2010) who suggested that any response rate that is above 75% is sufficient to make accurate conclusions to a particular research area under study.

The researcher further conducted interviews with 2 senior managers, 2 departmental supervisors and 6 employees from each department senior management and 5 branch gain a deeper understanding on how employees perceive the reward system at Telone. The researcher managed to get 100% response as all interviews were conducted and the reasons behind such response rate was because research subjects were within researcher's reach at very minimum costs. Interviews were conducted on different days at Telone Gweru.

## 4.2 Gender of respondents

**Table 4.2 Gender of respondents**

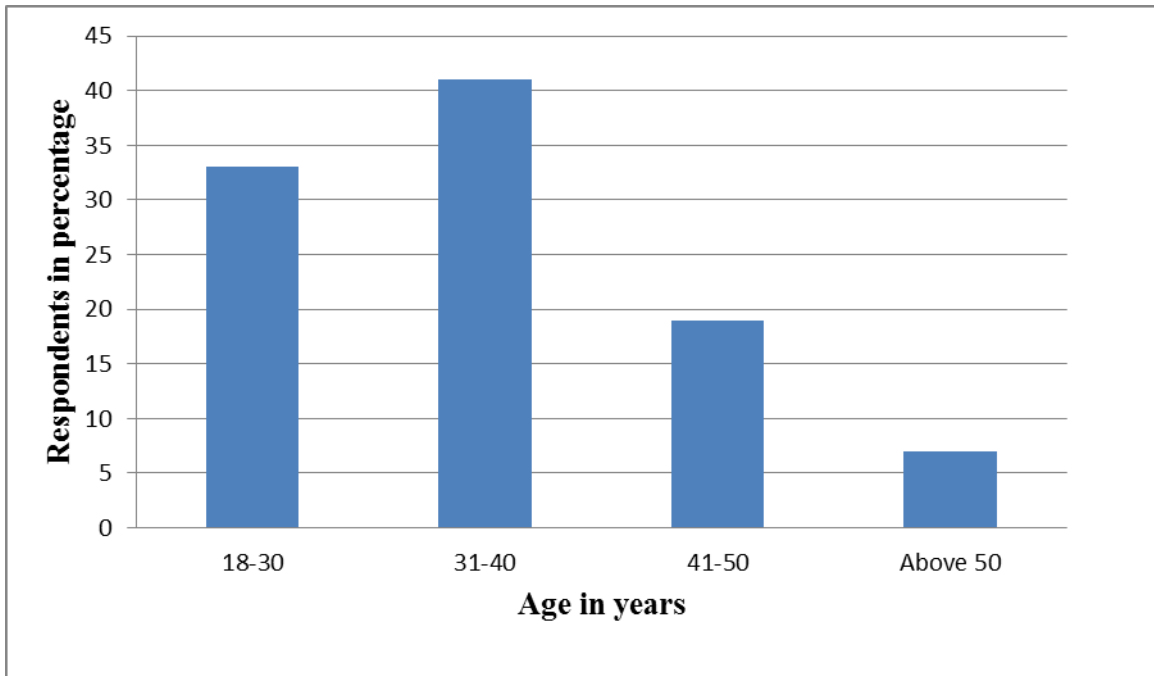
<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	30	56%
Female	24	45%
<b>Total</b>	<b>54</b>	<b>100%</b>

**Source: Survey data, 2017**

The results indicate that 55% of the respondents were male while 45% of the respondents were female. The respondents were made up of more male than female. The findings indicate that there were more male respondents in the technical department as compared to other departments due to the nature of work done there. According to a study by Lewins (2012) males are highly motivated through financial rewards such as pay and allowances whilst females are mostly satisfied with being recognized for the work done, a good working space holiday trips and vacations with pay.

### 4.3 Age of respondents

Fig 4.1 Age of respondents



Source: Survey data, 2017

The majority of the respondents which is 41% are of the age between 31 and 40 years and 33% are between 18-30 years followed by 19% aged between 41-50 years and then those above 50 years constitute 7%. This generally suggests that Telone recruits candidates who are young and talented to improve vibrancy and viability in all its strategic business units (SBUs). This idea was also supported by Larson (2000:48) when he states that employees below the age of 45 are productive and innovative as compared to those above this age. The also results indicate that all ages were represented although majority of the employees were between 31-40 years which is the age were most employees have a lot of responsibilities to take care of such as families and rentals thus needing more reward.(Wilshire 2002

### 4.4 Educational level of respondents

The information collected from returned questionnaires shows that all the respondents have formal education as shown on table 4.2 above. Most respondents are holders of university degree constituting 44%. Holders of college diplomas were 37% of the respondents while 19% were secondary level graduates. This indicates that most employees are occupied by people who have acquired tertiary level education and this

means that the information they provided was accurate. This is because, given their level of education, they understand the concept rewards systems and employee perceptions better. Most respondents are holders of university degrees thus implying that they expect more rewards as supported by Mian (2010) who stated that employees with higher education qualifications expect to be rewarded more in the organization as they add more value to the organization. The results are shown in the table below:

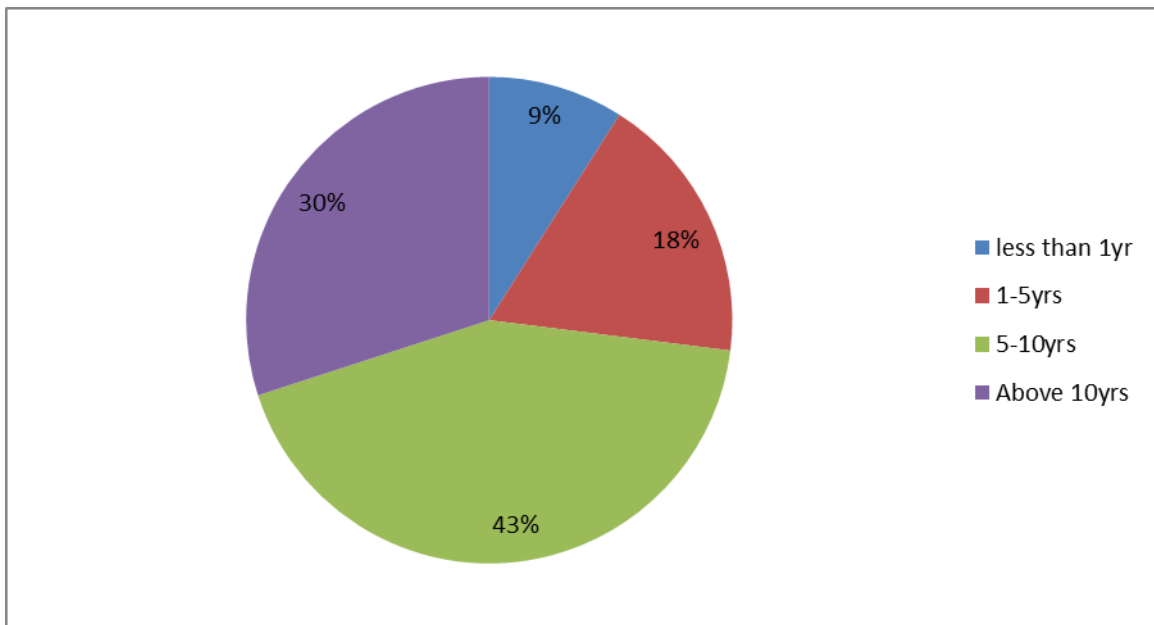
**Table 4.3-Education level of respondents**

<b>Academic qualifications</b>	<b>Frequency</b>	<b>Percentage</b>
No formal education	0	0%
Primary level	0	0%
Secondary level	10	19%
College diploma level	20	37%
University degree level	24	44%
<b>Total</b>	<b>54</b>	<b>100%</b>

**Source: Survey data, 2017**

#### 4.5 Working experience

**Figure 4.2: Working experience**



**Source: Survey data, 2017**

The results from the respondents are shown in fig 4.2 above. Responses showed that a large number of the respondents at Telone are between 5 to 10 years ,that is 44%.32% of the respondents have worked at Telone for more than 10 years ,which is a greater percentage as compared to 16% for those who have been employed between 1 to 5 years and 8% those less than a year. The results indicate that a great number of respondents have worked in the company for five years or more and therefore they have a better understanding of the reward system adopted by Telone .This also indicates that the employees who have stayed longer in the company also expect more rewards such as long service awards as supported by Jaffrey(2012)

#### 4.6 Rewards offered at Telone

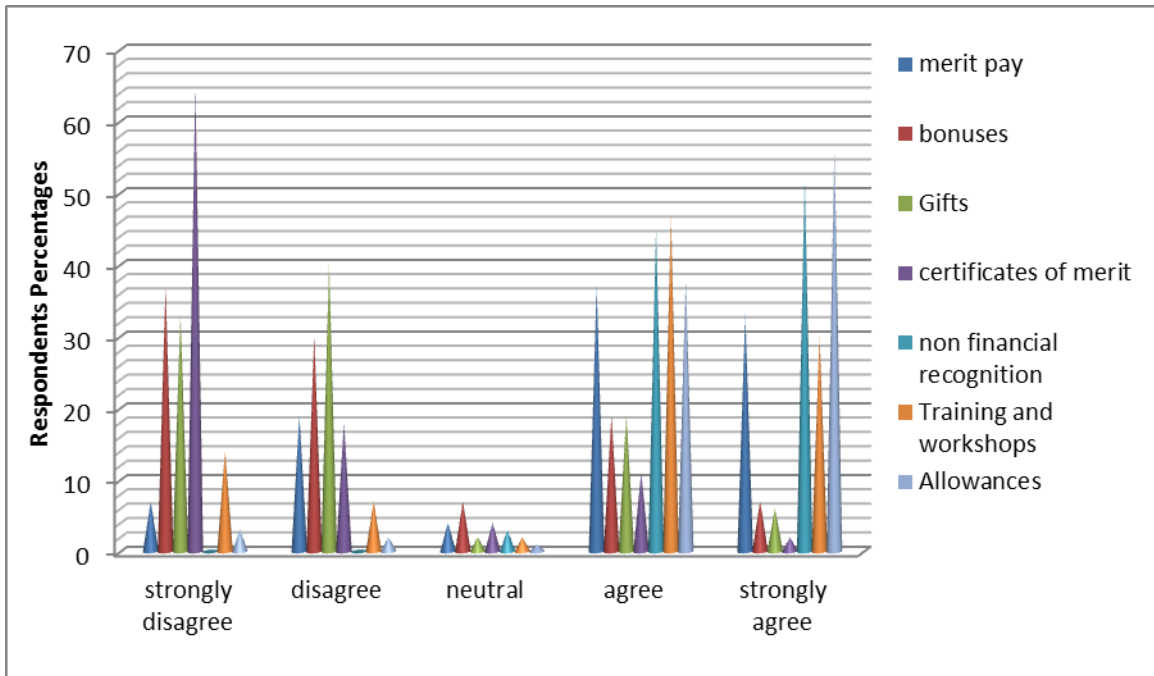
All the respondents affirmed that they are offered different kind of rewards on basis of their performance individually or as a team. The employees all stated that they were rewarded in form of bonuses , merit pay, promotion, training and workshops, gifts such as computers, certificates of merit , allowances and a few times non-financial recognition. They stated that they were also given allowances such as transport and food allowances to motivate them to keep coming to work and non-financial recognition for the good work done. The researcher went on to ask the respondents to what extend they agreed to each of these rewards they were offered and the results were as follows:

**Table 4.4: The extent to which employees agree on the rewards offered at Telone**

	Merit Pay	Bonuses	Gifts	Merit Certificat	Recognition	Training	Allowance
Strongly disagree	7%	37%	33%	65%	0%	14%	3%
Disagree	19%	30%	40%	18%	0%	7%	2%
Neutral	4%	7%	2%	4%	3%	2%	1%
Agree	37%	19%	19%	11%	45%	47%	38%
Strongly Agree	33%	7%	6%	2%	52%	50%	56%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The above results are illustrated in fig 4.3 below:

**Fig 4.3 The extent to which employees agree on the rewards offered at Telone**



**Source:Survey data,2017**

The above results show that 56% of the respondents strongly agreed on allowances as a motivating reward followed by 52% who strongly agree on non-financial recognition then 33% who strongly agree on merit pay and finally 30% who strongly agree on merit pay. This shows that the respondents are mainly motivated and happy with being offered allowances, non-financial recognition, merit pay and training and workshops with allowances being the top priority that is, food and transport allowances. According to a study by Hassan et.al (2010) allowances highly motivated most employees because they are paid in addition to basic pay.

From the above results the researcher noted that bonuses do not equally motivate Telone employees as most employees from the interviews claimed that the bonus was too little and it was given to employees to share as a team even if some of the employees performed better than others thus evidenced by 37% of the employees strongly disagreeing on the issue of bonuses as a reward. This was also the same as in the study done by Tohis (2013) in a parastatal in Kenya where 80% of the employees disagreed on bonuses saying that employers usually issue a very little amount as bonus which does not even motivate employees. Watson (2012) also discovered that most employees regarded bonuses as a right or mandate rather than a motivating reward thus decreasing the value of offering bonuses as a reward.

The most unwanted rewarded as shown in the results above were the merit certificates. This was indicated by 65% strongly disagreeing on being offered certificates of merit as a reward. The reason the respondents gave in the interviews were that ,a certificate does not improve anything as it can get lost and some employees were saying that they cannot expect to get a certificate after performing at their level best. This was almost the same as to the rewarding of gifts after an employee does well at work.33% of the respondents strongly disagreed and 40% disagreed on the use of rewards as a motivator. Most respondents claimed that the gifts were too small compared to the effort they would have put in their work thus demotivating them.

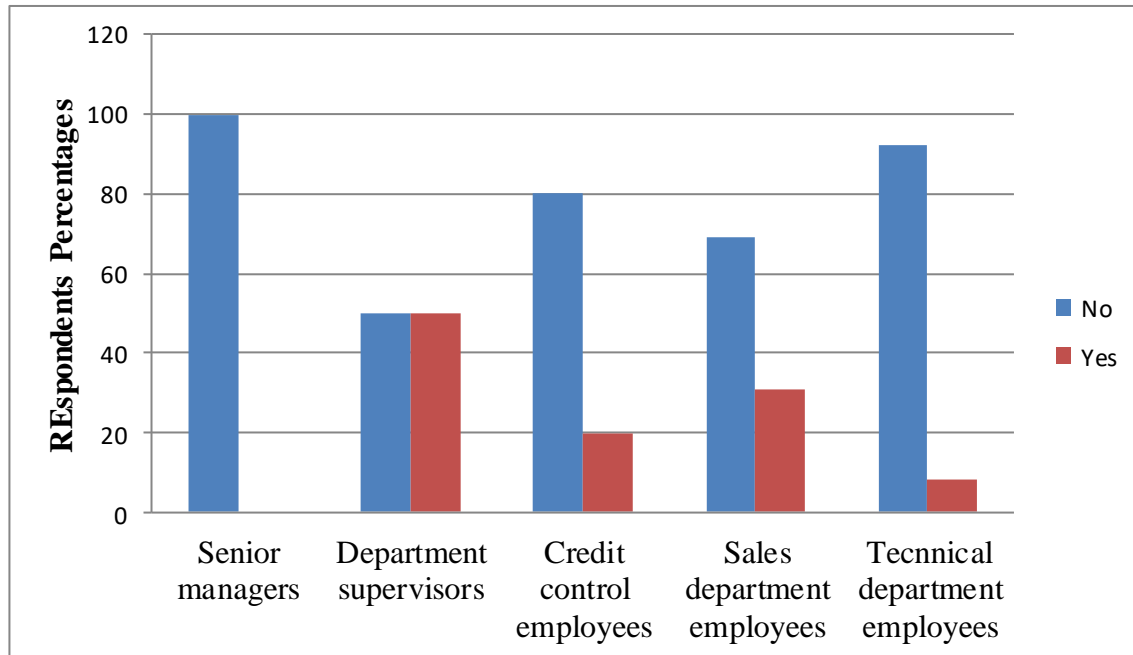
From the results, the researcher noted that employees were mostly happy and motivated by allowances, non-financial recognition, and merit pay and to a lesser extent training and workshops. Employees did not enjoy being given gifts, certificates of merits and team bonuses. This implies that some of the rewards being used by Telone are not motivating the employees thus causing them to decrease their performance through poor customer service, a prolonged time in fixing faults and decrease in revenue collection as highlighted in Chapter 1 of the study.

#### **4.7 Effectiveness of the current reward system adopted by Telone**

According to the responses obtained from senior managers, department supervisors managers and employees from the credit control, sales and technical department, the reward system used by Telone was ineffective since only 22% of respondents agreed that the system was effective and 78% disagreed to the reward system being effective. The ineffectiveness of a reward system could be attributed to internal issues such as bias in the issuing of rewards and a poor reward mix which did not motivate employees as. The breakdown of the respondents is shown below in fig 4.4:



**Fig 4.4 Effectiveness of the reward system adopted by Telone Pvt Ltd**



**Source: Survey data ,2017**

All senior managers were of the view that the current reward system was not effective. The reason they gave was that employees were not performing at their best even after being given rewards.50% of the department supervisors were of the view that the reward system was effective because other employees showed through their performance and love for their work that they are satisfied with the current reward system while the other 50% said that it was ineffective because many employees complained about not being happy with the current reward system.80% of the employees in the credit control department responded that the reward system was not effective as they argued that the rewards they were given did not equally match their hard work while 20% of the credit control employees who though the reward system was effective stated that the rewards motivate them reach their set targets.

From the sale department 69% said that they find the reward system ineffective because they are rewarded in the same way as any other employee in other departments yet they claim to be the ones who bring the customers hence they argue that they should be

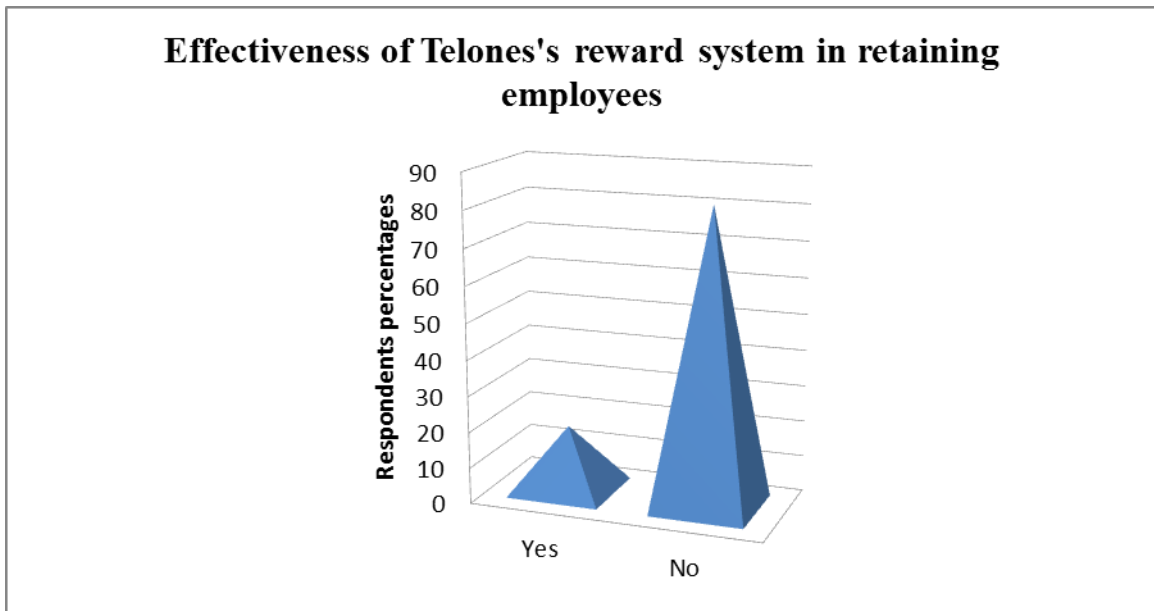
rewarded more. The other 31% responded that they had no problem with the reward system.92% of the employees in the technical department were of the view that the reward system is not effective. Most of them stated that they needed more rewards as they usually do all the hard work. They brought out the fact that they are not satisfied with the current reward package as most rewards are favorable to those in offices and since they work at the exchanges and call centers were they work even at night but still they get the same rewards as everyone else.

These responses clearly showed that Telone’s current reward system was ineffective and employees are not satisfied with the reward system. More questions were asked to the respondents to ascertain the effectiveness of the reward system so that the researcher could get accurate results. The results of the questions are shown below:

#### **4.7.1 Responses on whether the reward system motivated employees to keep working for Telone**

The results from the respondents are illustrated in fig 4.5 below:

**Fig 4.5 Responses on whether the reward system motivates employees to continue working for Telone**



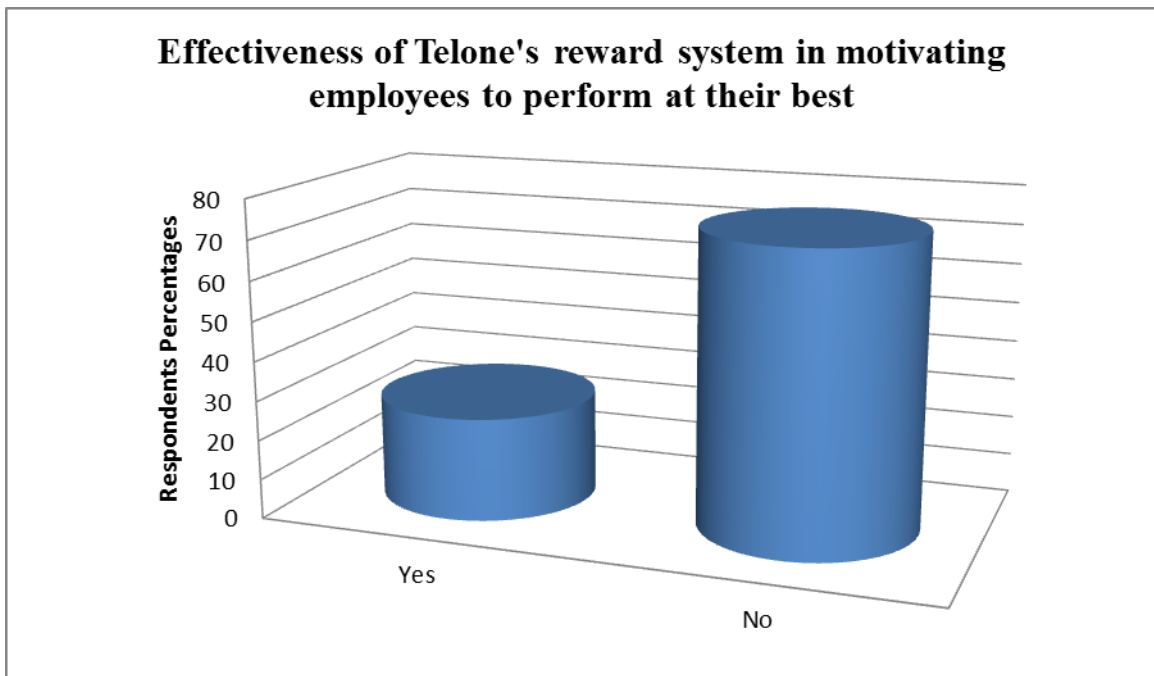
Source: Survey data,2017

The results showed that 82% of the employees were not motivated by the reward system to keep working for Telone. Only 18% of the employees are motivated by the rewards to keep working for Telone. The results seemed to contradict with Armstrong (2001) 's view that an effective reward system should retain employees and keep them motivated.

#### **4.7.2 Responses on whether the reward system motivates Telone employees to perform at their best**

The results show that only 26% of the respondents are happy with the reward system and perform at their best due to the current reward system while the other 74% is not at all motivated to perform at their best. This shows that the reward system at Telone was not effective as Apeyusi (2013) stated that effective reward systems should motivate employees to give their best in their work. The results are illustrated in fig 4.6 below.

**Fig 4.6 Responses on whether the reward system motivates Telone employees to perform at their best**

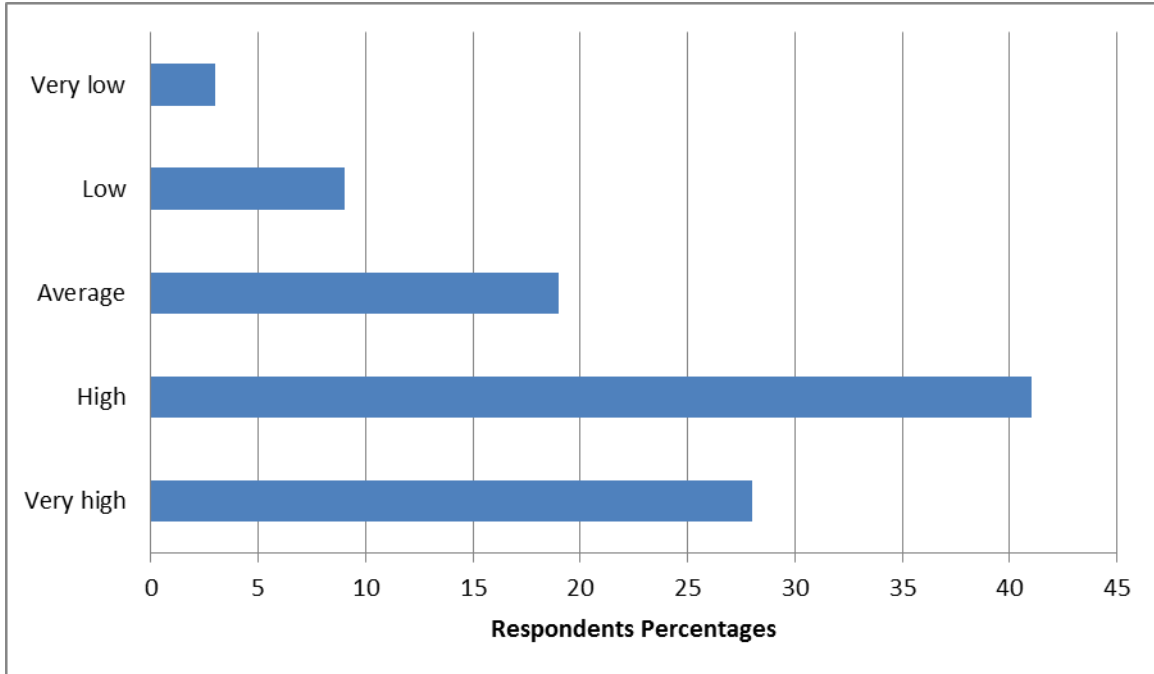


Source: Survey 2017

#### **4.8 Effect of the current reward system on performance**

The respondents were asked how highly rewards motivated them to perform better and their responses are shown in fig 4.6 below:

**Fig 4.7 Effect of the current reward system on performance**



**Source: Survey, data 2017**

From the figure above, it can be inferred that 28% of the employees from various departments at Telone Pvt Ltd view the extent of rewards influencing their ability to work better very high. The majority vote was in the high region thus 41%. The majority vote lied in the high region thus, 46% and 19% thought the extent was average. It could be deduced from this then that the employees are motivated to work better by the presence of rewards as supported by Noe et.al (2003) who stated that rewards motivate workers to work even harder. However the employees showed that they were not happy with the current reward system and thus the management pointed out that this was decreasing their performance. This shows that rewards have an impact on employee performance and employees are motivated to work harder by the rewards they are given.

#### **4.9 Challenges of the current reward system**

Employees were asked about what they think were the challenges of the current reward system. All the employees indicated that there were challenges in the current reward system. From the responses given in the interviews and questionnaires employees said that the reward system was not competitive. The study found out that Telone Pvt Ltd was using different kind of rewards in order to influence the performance of its employees.

The rewards were found however to have different influence on performance of employees. The rewards that are used by the company were found to be noncompetitive as the company has not embraces new compensation trends in the market and thus not comparable with the market offers as stated by most of the respondents. Respondents stated that Telone was not to rewarding exceptional performance by its employees and giving them freedom to take decisions and this affects their performance and perception towards the company. Telone Pvt Ltd employees stated that their jobs were not challenging and interesting as they do the same thing every day especially those at the call center in the technical department and credit control employees.

Respondents pointed out that there was lack of delegation and job enrichment in the reward system to help in their development and to improve their skills. According to Smith et.al (2004) a reward system should include rewards which develop the skills of the worker as development of employees in an organization provides opportunities to employees to widen their knowledge and abilities for more efficient teamwork and achieve individual. . At the same time Telone Pvt Ltd employees pointed out that they needed promotion to be incorporated into their reward system as promotion at Telone is on the basis of educational level not performance.

The respondents pointed out that there was no payment for payment for extra time worked ,best performance awards, promotion on the basis of performance and job enrichment and this made the benefits to be noncompetitive in the market and this affects the morale of the employees as they view the company leaders as being inconsiderate. The study found out that rewards in Telone did not improve the performance of employees as the company was not consistent when administering the rewards. The rewards were given in some months but sometimes a month would pass and the best worker for that month would not have been rewarded. On the foregoing, it can be said that Telone needs to incorporate some new rewards in their reward system which other competitors are offering and they should be consistent in offering their rewards.

#### **4.9 Chapter Summary**

This chapter looked at the major findings and further to analyzed and discussed findings in relation to objectives and research questions. It commenced by looking at questionnaire response of customers and employees. The main findings of the research have been on the evaluation of employee perceptions on the reward system adopted by. Also discussed were the challenges in the reward system adopted by Telone. The next chapter concentrated on the summary, recommendations and conclusions of the study.

## **CHAPTER 5**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter lays a summary of the study, tying up research objectives that the research sought to achieve and the findings revealed after examination on the evaluation of employee perceptions on the reward system adopted by Telone Pvt Ltd. A summary of how the study was carried out and the implication of the research findings is also covered. This chapter will conclude by giving recommendations to deal with deficiencies caused by adopting a poor reward system in an organization. Areas of further research in connection with this study will also be recommended in this chapter.

#### **5.1 Summary of the findings**

This study aimed at evaluating employee perceptions on the reward system adopted by Telone. Literature relating to study objectives was critically analyzed to get views from different perspectives. The researcher used descriptive research design to assess the effectiveness of Telone's current reward system, to assess the effect of the reward system on employee performance and to find out the challenges with Telone's current reward system. Data in relation to the study was collected using questionnaires and interviews to ensure that reliability and validity is achieved. This enabled the researcher to achieve the study objectives and the summary of the findings as per objective is briefly explained below:

##### **5.1.1 The reward system adopted by Telone Pvt Ltd**

The researcher found out that Telone Pvt Ltd had a reward system where by the following rewards are offered: merit pay, bonuses, allowances, gifts, certificates of merits, non-financial recognition, training and workshops and bonuses. Employees were motivated by different rewards but of all these rewards employees at Telone were more satisfied and motivated by allowances, non-financial recognition, training and workshops and merit pay. Gifts certificates

of merit and bonuses did not satisfy and motivate the employees due to variety reasons named in chapter 4 of the study.

#### **5.1.2 Effectiveness of the current reward system adopted by Telone Pvt Ltd**

The findings from the study showed that effectiveness of the reward system depends on correctly implementing the main components of a reward system which are: base pay management, contingent pay, employee benefits allowances and non-financial rewards. The reward system adopted by Telone proved to be ineffective as some of the main components of a reward system are not included in the reward system such as performance management and employee benefits. According to Armstrong (2001) a reward the effectiveness of the reward system also depends on its ability to retain employees and motivate them to work harder. This was the opposite case as proved by the study as most employees at Telone denied the fact that they are motivated by the current reward system and claimed that more rewards needed to be added.

#### **5.1.2 Effect of the current reward system on employee performance**

Study findings discovered that rewards had an effect on the performance of employees. Most employees noted that they were motivated to work at their best levels with the type of reward they are given and if they do not like the reward they performance may decrease because they would be no motivation for hard work.

#### **5.1.3 Challenges of the current reward system adopted by Telone Pvt Ltd**

The findings from the study showed that Telone's reward system had deficiencies as it was not able to motivate all employees and to improve their performance as highlighted in Chapter 1 of the study were there is evidence of poor customer service, decrease in debt collection and prolonged time in fixing faults. The challenges included a non-competitive reward mix, lack of challenging jobs, inconsistency in provision of rewards and lack of employee input in the reward system.



## **5.2 Conclusions**

After the evaluation of the employee perceptions on the reward system adopted by Telone Pvt Ltd through the use of data analysis .Conclusions can be made basing on the findings revealed from the data analysis. The following are conclusions drawn from the results revealed.

### **5.2.1 The reward system adopted by Telone**

From the findings it can be concluded that Telone employees are well aware of their reward system but they are not satisfied by it. All the respondents identified correctly the rewards they are offered which includes merit pay, bonuses, allowances, gifts, merit certificates, non-financial recognition and provision of training and workshops. The reward system had a mix of both extrinsic and intrinsic rewards with more of extrinsic rewards being offered than intrinsic rewards. However some of the extrinsic rewards such as gifts and merit certificates were perceived to be of low value as most employees were not motivated them.

### **5.2.3 Effectiveness of the current reward system adopted by Telone Pvt Ltd**

It can be concluded from the findings that the current rewarded system was ineffective as it failed to motivate employees to perform their best and to continue working for Telone. The reward mix proved to have rewards which did not serve their intended purpose of motivating employees thus resulting in a waste of resources in implementing such results. Most of the employees perceived the reward system to be ineffective thus causing the poor customer service, decrease in debt collection and prolonged time in fixing faults as highlighted in chapter 1 of the study.

### **5.2.4 Effect of the current reward system adopted by Telone on employee performance**

From the findings it can be concluded that employees are motivated to work harder when they are given rewards which satisfy them. The more they are

rewarded, the better they perform. A great number of respondents indicated that the extent to which rewards influence their ability to work harder is high.

### **5.2.5 Challenges of the current reward system adopted by Telone Pvt Ltd**

From the findings of the study, Telone management was not happy at all with the reward system. More over Telone management does not take rewards seriously as employees pointed out in the interviews conducted that in some months of the year no one is rewarded and in some months people are given rewards. This clearly shows that there is inconsistency in the issuing of rewards which thus further demotivates employees. The reward system was being perceived as being ineffective by the employees thus posing as a greater challenge with thus affects negatively the performance of the employee.

## **5.3 Recommendations**

From the research findings of the study the recommendations are as follows:

### **5.3.1 The reward system adopted by Telone**

The reward system at Telone should comprise more of a non-monetary and less of monetary rewards. By this intrinsic motivation will be increased and workers will have the feeling that the employer is taking care their total needs. Dissatisfaction will be greatly reduced. Profit sharing method should be encouraged; by this, a feeling of ownership will be created amongst the employees which will urge them to give of their best. The reward system at Telone should be modified periodically as a response to the changing needs of the worker, organization concerned, the industry and the world as a whole.

### **5.3.2 Effectiveness of the current reward system adopted by Telone**

Telone management should be given rewards which satisfy them so that they can be able to motivate their employees when they also feel motivated. Reward systems at Telone should be designed and administered with the full participation of employees or their representatives. Consideration must be given to the different needs of employees. For this purpose Telone can design a cafeteria type of reward

or benefit package to allow individual employees to opt for their various mixes to meet their individual needs. There is a high probability that when the individual is happy he will work more efficiently and effectively and this will lead to higher performance at corporate level.

#### **5.3.3 Effect of the current reward system adopted by Telone on employee performance**

Rewards should be tied to performance; in other words there should be some level of viable pay input in the reward package composition. This will challenge employees to perform better. After recruitment and selection at Telone, employees should be made aware of the reward components in their employment contract. This will ensure that rewards are not taken for granted but as a component worth working for.

#### **5.4.4 Challenges of the current reward system adopted at Telone Pvt Ltd**

Telone management should consult its employees when formulating a reward system as communication is the wheel on which relations and good organizational relation thrive, to instill trust and create a good working atmosphere as stated by Noel (2010). Telone should link its reward system to employee satisfaction. Employee opinion surveys should be sought in designing a good reward system for the various job classes in the organization. Telone's reward system should be clear and easily understood, it should have bearing on organizational goals, be fairly administered and aim at ensuring equity among the total workforce.

### **5.5 Further research recommendations**

The study recommends that more broad studies should be done encompassing more organizations on the evaluation of employee perceptions on the reward system adopted by Parastatals in Zimbabwe.

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## LIST OF APPENDICES

### APPENDIX A

#### QUESTIONNAIRE

Please assist by answering all the questions in this questionnaire. Your information will be treated in strictest confidentiality and only used for academic purposes without any unfair treatment of any nature.

#### INSTRUCTIONS

i) Tick [] where applicable in the spaces provided.

ii) Do not write any names on the questionnaire.

#### Section A: Background Information

##### 1. Gender

Male [] Female []

##### 2. Age

18-30 [] 31-40 [] 41-50 [] above 50 []

##### 3. Department worked

Credit control []

Sales []

Technical []

##### 4. Position

Senior manager []

Department supervisor []

Non managerial staff []

##### 5. Level of education *(please tick where appropriate)*

No formal education	
Primary Level	
Secondary Level	
College level	
University degree level	

**SECTION B-REWARD SYSTEM**

1. Has your company adopted any reward system?

Yes [ ] No [ ]

2. What kind of rewards are you currently being offered apart from basic pay?(Write in the space provided)

.....  
 .....

3. To what extend do you agree on the following rewards being offered by Telone?Use the scale of 1-5 provided

**1 Strongly disagree 2disgree 3Neutral 4 Disagree 5 Strongly disagree**

	1	2	3	4	5
Merit Pay					
Bonuses					
Gifts					
Merit Certificates					

Non-financial Recognition					
Training and Workshops					
Allowances					

3. From you own point of view, is the current reward system adopted by company effective?

Yes [ ] No [ ]

a) Does the current reward system motivate you to perform at your best?

Yes [ ] No [ ]

b) Does the reward system motivate you to continue working for Telone?

Yes [ ] No [ ]

4. How highly do rewards motivate you to perform better?

Very low [ ] Low [ ] Average [ ]

High [ ] Very High [ ]

5. What are the challenges of the current reward system?

.....

.....

.....

**Thank you for your co-operation**

## **APPENDIX B**

### **INTEVIEW GUIDE**

#### **Introduction**

The interviewer introduces herself and the purpose of the interview.

#### **Participants Background**

- May you please introduce yourself?
- What position do you hold and for how long have you being on that position?
- Which department do you work in?

#### **Reward system**

- I understand like any other organization your company has a reward system to motivate employees, what kind of rewards are you currently being offered ?
- Do you enjoy each of these rewards and if not why?
- From your own point of view, do you think is the current reward system in your company effective and if not why?
- Do you think the reward system has an effect on performance, and if yes how?
- What are the challenges of the current reward system?

**Thank you for your participation ,stay blessed.**

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