

## The Effect of Financial Motivation on Employee Performance in Local Government: The Kasama Municipal Council Perspective (Paper ID: CFP/1665/2020)

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### **ABSTRACT**

*The capacity of local government to motivate employees is a key component that directly affects council operational performance. As a force, motivation makes employees choose a particular job, stay with that job for longer period. One in particular is financial motivation which has over the years been a challenge for local councils in Zambia. For instance, workers union recently warned government about the negative effect of salary delays on service delivery and development. Thus, the objective of this study was to establish the effect of financial motivation on employee performance in local councils with special reference to delayed salaries, bonuses and available motivational packages.*

*The study adopted a descriptive research design and used both qualitative and quantitative approach. The target population for the study was employed staff working at Kasama Municipal Council and a sample size of 50 was used. Convenient sampling technique was applied in selecting the local council and paper-based questionnaire was used to collect data. Both Microsoft Excel and STATA software were used to analyze data and descriptive statistics were*

*summarized by the use of frequencies, graphs and tables.*

*A response rate of 100% was obtained of which 52% were female and 48% were male. The study found that 70% of the respondents had worked in local government for more than 3 years of which 30% of them had worked for more than 10 years. Respondents agreed that factors such as salary delays, little or no salary increment and financial packages available affected their performance.*

*The study concluded that motivational packages can lead to better service delivery in different institutions as it brings positive results on the employee's performance. The study also concluded that salary delays negatively affect the performance of employees as supported by Maslow's hierarchy of needs theory. Furthermore, employees prefer monetary bonuses to non-monetary bonuses as money is regarded as the most important external motivator and as a result, a key determinant of performance among employees.*

**Keywords:** Financial Motivation, Employee Performance,

## D) CHAPTER 1: INTRODUCTION

### 1.0 Overview

This chapter sets out to provide the background information of the research problem then the statement of the problem, purpose of the study, research objectives and hypothesis, and research variables. The significance and scope of the study will also be explained and the chapter will end by highlighting the operational definitions.

### 1.1 Background

Motivation is a topic that has been extensively researched and in the twentieth century there arose a number of important theories on motivation such as Maslow's hierarchy of needs (1943), Herzberg's two factor theory (1959) and Vroom's expectancy theory (1964). All the three theories were focused on motivation in general and employee motivation more specifically as it became evident on the importance of the role motivation plays in work places. Therefore, motivation has been connected to organizational performance and since it varies in degrees, dimensions and places of employment, motivation of staff is highly relative.

According to Patrick (2008) motivation is the driving force which allows an employee to take action on his/her desires or goals. And that motivation is not the behavior itself, and it certainly is not performance. As a force, motivation makes employees choose a particular job, stay with that job for longer period.

In today's world, the increasing in intensity of competition and constantly changing economic conditions have made organizations transform and renew the way they conduct their business. To be able to survive and remain competitive, besides working hard to implementing new business models that focus on customer's wants and needs, organizations also need to taking into account the important of employee's motivation and performance as their powerful tools to help organization to bring up the levels of productivity,

to gain sustainable development and achieve long term success.

The role of money as a motivator of work outcomes has long been a point of contention, especially between economists and organizational psychologists. While many researchers recognize that both monetary and non-monetary work environment factors play a part, labor economists typically emphasize money while organizational behavior researchers emphasize non-monetary factors (perks and irks).

The positive effect of monetary reward on job satisfaction is quite well established. Pay and benefits is a common component in measures of job satisfaction (e.g., Chalykoff and Kochan 1989). Thus, monetary reward should increase job satisfaction. Also, management in local government often contend that the sector cannot effectively compete against the private sector for talented staff because it cannot offer sufficiently competitive salaries (e.g., Morris 2009; Morris, Callaghan & Walker 2010).

Motivation and reward do not exempt the employees of the local governments. Furthermore, the successful execution of the functions of the local government would have to be measured in terms of staff commitment to duty which can be further linked to job performance or employee performance.

Local authorities have the mandate to deliver a range of services including: enhancing public health and sanitation, land development and town planning, as well as feeder road development and maintenance, among others. The communities have increasingly expressed dissatisfaction with the performance of local authorities in Zambia. The dissatisfaction was attributed to failure by the Councils to provide services as mandated by the Act of Parliament of 1991. Service delivery by the local authorities was visibly declining from 1973

onwards largely due to the poor performance of the Zambian economy, (MLGH, 2009).

In the wake of the economic collapse in the 90s and early 2000s, the Local Government sector had reported that most of the Councils delayed in paying employees and had arrears owed to the workers. In addition, employee's salaries were not competitive leading to significant levels of staff attrition. The Councils were not able to utilize their specialized departments such as housing construction, surveying, architectural designs and building planning among others to provide services to the public.

## 1.2 Statement of the Problem

Customer satisfaction is dependent on an organization's ability to employ, satisfy and retain competent employees who will deliver quality service for customers. Thus, motivation being a hallmark of productivity and job performance in every organization including local government.

Several measures have been taken by the government to improve performance and service delivery by providing her employees training opportunities, seminars, salary increment as well as incentives like housing and transport allowances. However, little improvement has been realized as some of these measures, especially the monetary measure, have not fully taken off. For instance, Manda (2016) observed that challenges in funding is contributing to the poor-quality service delivery of local government staff in Zambia. Recently, Phiri (2019) reported that the

It is for this reason among many others that this study aimed at establishing the extent to which financial motivation affects the performance of employees in Local councils.

## 1.3 Purpose of Study

The purpose of this study was to unveil the role of financial motivation on employee performance and service provision in Local councils in Zambia, Kasama Municipal Council in particular.

## 1.4 Research Objectives

### 1.4.1. General Objective

The general objective of this study was to establish the effect of financial motivation on employee performance at Kasama Municipal Council.

### 1.4.2. Specific Objectives

- To assess the effectiveness of the available motivational packages on employee's performance at Kasama Municipal Councils.
- To examine the effects of delay in salary payments on employee's performance at Kasama Municipal Council.
- To find out if monetary bonuses influence employee performance at Kasama Municipal Council more than non-monetary bonuses.

## 1.5 Research Questions

- What is the effect of the available motivational packages on employees' performance?
- How does employee performance delay in salary payments affect in local council?
- Do monetary bonuses influence employee performance in local council more than non-monetary bonus?

## 1.6 Significance of Study

This study will help the local government to understand the impact of financial motivation on employee performance. Furthermore, this study will help the LGSC to understand the needs of their employees and, hence maximize employee effectiveness and efficiency. Also, the study hopes to provide a concrete context for discussion on what can be done to ensure regeneration of employee's capability in delivering public services. Last but not the least, the study will contribute to the already existing body of knowledge on employee motivation which can be used in future studies.

## 1.7 Scope of Study

This study aimed at establishing the effect of motivation on employee performance with special reference to available motivational packages, salary delays and bonuses. The study was done at Kasama Municipal Council which is under the Local Government.

## 1.8 Operational Definitions

**Motivation:** willingness to exert high levels of effort towards organizational goals conditioned by the effort's ability to satisfy some individual needs.

**Organizational Performance:** accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.

**Job performance:** involves quality and quantity of output, presence at work, accommodative and helpful nature and timelines of output.

**Rewards:** refers to financial rewards. In particular, the term refers to salaries and other financial incentives paid to employees.

## II) CHAPTER 2: LITERATURE REVIEW

### 2.0 Overview

Chapter one presented the introduction and background of the study, this chapter presents the literature review.

### 2.1 Motivation

As performance of employees is significant for organizations, the management should consider improving performance of workers in their companies by encouraging them to do their tasks and duties as efficiently and effectively as possible. Therefore, motivation in firms is absolutely important and necessary because it could change the behavior of employees in positive ways. That is why many managers believe that when they establish motivated employees in the workplace, they can observe significant achievements in their organizations.

For better understanding of the role of motivation, we should know the meaning of motivation. Motivation is a Latin word and it means "To move" (Wade & Tavris, 2008). Psychologists believe that motivation is the process that drives individual towards achieving a goal. Moreover, motivation gives a person a purpose and the drive that he needs to achieve it. It helps people to push or pull from a bad situation, which are negative features in their lives. Nowadays, employers are interested to know about motivation and how to motivate their employees to improve productivity.

Research has shown that workers with few skills want such factors as job security, pay, benefits, less restrictive plant rule and more sympathetic and understanding supervisors. People like to feel that the managers are truly concerned with their welfare, they like feedback on their performance. According to Armstrong (1988), motivation is about what makes people act or behave in certain ways and take whatever steps required to ensure that they get satisfied.

Employees like to be appreciated and recognized for their work. People like to be involved, consulted and given an opportunity to offer

suggestions. In one aerospace missile plant, increased morale and productivity, as well as greatly reduced turnover and absenteeism resulted from the simple technique of having all employees' names on placards at their workstations and having each program group work in an area in which machines and equipment were painted a different color. According to Wancevick (1994), giving people recognition is key to motivation.

Motivation comes in form of extrinsic motivation, that is, what is done to make people act (external) and intrinsic, that is, self-generated factors, which influence people to behave in a particular way/move in a particular direction. Motivation answers the following questions. Why do people behave as they do (at work)? What conditions within people and the work situations are associated with effective job performance? Motivation refers to the psychological process that gives behavior purpose and direction.

Managers in business organizations face challenges of having to manage motivational factors of their employees by satisfying their personal and career needs in order to enhance their job performance (Alonso and Lewis, 2001). Indeed, most researchers found that many firms in the world focus on performance of the employees and incentives that can contribute toward their performance and their operations' productivity (Brewer and Selden, 2000).

Motivation of employees in the work place still remains one of the sensitive subjects that determine the level of input that employees will put in the organization to commit to good performance. This means that motivation either intrinsic or extrinsic contribute to employee satisfaction and thus enhances performance and productivity (Bhattacharyya, 2007) and it is expressed by Lawler (2003) that in the twenty-first century, treating people right is not an option but a necessity. This was emphasized by Dreher and Dougherty (2002) that, the way a company manages its workforce determines its ability to

establish and maintain a competitive advantage over other companies.

## 2.1.1. Importance of Motivation

Motivation is crucial for management and organization as it has a great impact on employee job performance and responsibilities. Resist Likert in his book while showing the important of motivation, has called motivation "the core of management", in which it indicates that every human being looks for a secure, friendly and supportive relationship that provides him/her a feeling of worthiness (DewakarGoel, 2012: 153). Similarly, Allen while emphasizing the need of motivation has noticed that "poorly motivated people can nullify the soundest organization" (Dr. R. K Singla, 2009: 52). Motivation helps to put human resources into action; this is because to be able to accomplish any goal; there are certain requirements of physical, financial and human resources.

## 2.1.2. Motivation Process and Strategies

Motivation is explained by various theorists as a process governing choice (Bhattacharyya, 2009). The motivation process may be internal or external to the individual that arouses enthusiasm, and persistence to pursue a certain course of action.

The motivation process starts with a physiological or psychological deficiency or need that activates behavior, or a drive that is aimed at a goal (Bhattacharyya, 2009). According to Arnold, Robertson and Cooper (1991), a needs-related model of the process of motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. The needs create wants, which are desires to achieve or obtain something. Goals are established which is believed will satisfy the needs and wants, and a behavior pathway is selected which is expected to achieve the goal (Armstrong, 2010).

A motivation strategy is necessary for conducting the daily tasks and motivating employees with common goals. It is not only a decision or simple

words used to describe the goal, but also using a set of skills to achieve it (Palmer, 2005). From the organizational point of view, the motivation process follows certain defined steps, which, as a continuum needs to be periodically reviewed and strategized to ensure its proper renewal (Green, 2000). This helps to maintain the motivation of employees.

### **2.1.3. The relationship between intrinsic and extrinsic motivation**

The distinction between intrinsic and extrinsic motivation is evident, however researchers argue that intrinsic and extrinsic motivation also have an effect on each other. Deci (1972) claims that in some cases extrinsic motivators can decrease intrinsic motivation. He argues that if money is administered contingently, it decreases intrinsic motivation. But this event will not occur if the money is non-contingently distributed. Amabile (1993) reacts to this discussion by stating that although extrinsic motivation can work in opposition to intrinsic motivation, it can also have a reinforcing effect: “once the scaffolding of extrinsic motivation is taken care of, intrinsic motivation can lead to high levels of satisfaction and performance”.

It can be stated that employees can be intrinsically and/or extrinsically motivated, to perform a certain task (Amabile, 1993). And that extrinsic and intrinsic motivation can reinforce each other, but in some cases extrinsic motivators can also decrease intrinsic motivation (Deci, 2008). Furthermore, researchers argue that not all people are equally motivated; some employees are more intrinsically and others more extrinsically motivated (Furnham et al., 1998).

### **2.1.4. Financial Motivation**

Whether in the form of wages, piecework, incentive, pay bonuses, stock options, or any other things that may be given to employees for performance. Money is a crucial factor. Money is more than monetary value; it can also mean status or power. Economists and most managers tend to

place money high on the side of motivators whereas behavioral scientists tend to place it low. Probably neither view is right (Mullins, 1996).

They may keep the individual from being dissatisfied and from looking for another job, but unless they are large enough to be felt, they are not likely to be a strong motivator.

However, the role of money as a motivator is controversial. Usually, productivity does not increase in proportion to the increase in the money provided. In some cases, people could actually work less and enjoy more leisure, if given more money. In addition, after a while they will be adjusted to the new higher pay and take it for granted and demand another pay rise (Lazear, 2000).

## **2.2 Performance in Organizations**

Performance in organizations can be separated in organizational performance and job performance (Otley, 1999). According to Otley, the performance of organizations is dependent upon the performance of employees (job performance) and other factors such as the environment of the organization. The distinction between organizational and job performance is evident; an organization that is performing well is one that is successfully attaining its objectives, in other words: one that is effectively implementing an appropriate strategy (Otley, 1999) and job performance is the single result of an employee’s work (Hunter, 1986).

Performance is an intricate concept that can be interpreted in different ways (Hutchinson 2013). It is the quantity and quality of work contributions from an employee or a group of employees doing a job. Reason for creating a specific job is a good performance, and it is a vital element of overall organizational productivity. Performance is also commonly known as “bottom line” for employees at work. According to Greene, the definition of performance can be referred to the results or behaviors or both. The measurement of results in a quantitative manner gives the company some

advantages as the subjectivity required is reduced. But it is crucial to pay attention to the fact that not all the jobs can be quantitatively measured. In some cases, what are countable may not hold any significant as those may be judged subjectively. In contrary, the behavioral measures are considered to be suitable for most of the jobs (Greene 2011). There are two forms of evaluating performance level which is Performance effectiveness and Performance efficiency (Schermerhorn et al, 1988).

Performance effectiveness is an evaluation of task output or goal accomplishment. For example, in manufacturing, performance effectiveness means reaching the daily quality and quantity product targets. However, the real productivity acquires more comprehensive performance as the targets might be met, but resources could be wasted unnecessarily throughout the process. Performance efficiency is an evaluation of the resource cost in correspondent to goal achievement.

### **2.2.1. Job Performance**

A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment (Ramlall, 2008). Good job performances and productivity growth are also important in stabilizing our economy; by means of improved living standards, higher wages, an increase in goods available for consumption, etc. (Griffin et al., 1981). Griffin et al. also argue that therefore research of individual employee performance is important to society in general.

Employee production and employee job performance seems to be related; e.g., in the U.S. performance is in some cases measured as the number and value of goods produced. However, in general productivity tends to be associated with production-oriented terms (e.g., profit and turnover) and performance is linked to efficiency or perception-oriented terms (e.g., supervisory ratings and goal accomplishments) (Pincus, 1986).

### **2.2.2. Measuring Job Performance**

According to Kostiuk and Follmann (1989) in most organizations' performance is measured by supervisory ratings, however these data are not very useful since they are highly subjective. Bishop (1989) adds to this that in most jobs an objective measure of productivity does not exist. Bishop (1989) also states that the consistency of worker performance is greatest when conditions of work are stable, but in practice work conditions never are stable. This makes it even harder to measure performances objectively. According to Perry and Porter (1982), the performance of many employees probably will be measured despite the lack of availability of generally accepted criteria.

It is stated before that some researchers argue that a person's personality plays a more specific role in job performance (Barrick& Mount, 1991). However, the effect personal characteristics and education have on performance is difficult to interpret, since those estimates are imprecise and the models who claimed that can interpret them are rejected as invalid (Kostiuk&Follmann, 1989). However, Kostiuk and Follmann (1989) do argue that personality differences seem to be important in the relationship with performance.

It can be stated that job performance contains a problem; the measurement of it. Job performances are commonly measured by supervisory ratings and those ratings are not perceived as objective. However, it seems that there are alternative options to measure job performance

### **2.3 Employee Motivation and Performance**

The viewpoint that motivation causes performance comes from human relations theory (Filley et al., 1976). The relationship between employee motivation and job performance has been studied for a long period. Brass (1981) argues that when certain job characteristics are present in an organization, employees are better motivated and an increase in performance is noticeable. Job characteristics refer to specific attributes or dimensions that can be used to describe different tasks (Griffin et al., 1981). Hackman and Oldham

(1976) conclude that employees can be motivated through the design of their work; they argue that by providing certain intrinsic and extrinsic factors an employee can be motivated to perform well.

The five job characteristics (skill variety, task identity, task significance, autonomy and feedback) can bring the employee to three “critical psychological states”, namely: (1) experienced meaningfulness of the work, (2) experienced responsibility for outcomes of the work and (3) knowledge of the actual results of the work activities (Hackman & Oldham, 1976). And according to Hackman and Oldham, the three critical psychological states will lead to high motivation, satisfaction and performance.

### **2.3.1 Financial Payment and Job Performance**

Employee’s performance can increase organizational productivity by varying the inputs needed to attain their expected outputs. However, there are many factors, which affect organizational productivity other than employee performance. Akerlof and Kranton (2010) reported that many organizations would be successful in their goals and purposes if they understand the identity economics.

Caruth and Handlogten (2002) also specified that reward systems most especially are considered as forerunners of employee motivation. Since employees’ knowledge, skills and abilities are the most important driving force to the success of any organization, continuing commitment and support to them could be realized through looking for effective ways to reward their contributions, loyalty, dedication and efforts.

### **2.4 Conceptual Framework**

Based on the review of literature and motivational theories presented above, a conceptual framework was developed to represent the relationship between financial motivation and job performance. The factors influencing job performance in this

study consists of salary delays, financial motivational packages available and bonuses. The dependent variable in this study is employee performance.

### **2.5 Establishment of Gap and Personal Critique summary**

Following the review of literature above, much work on effects of motivation on employee performance was done outside the borders of Zambia. Evidence from empirical and theoretical literature has been discussed, and it has been shown that there is significant connection between motivation and employee performance.

## **III) CHAPTER 3: METHODOLOGY**

### **3.0 Overview**

This chapter describes a research design and also presents the target population from which the sample will be drawn, sample size and the sampling technique used in the data collection. Subsequently, the chapter will describe the data collection techniques, procedures and analysis of the data. Finally, ethical considerations for the study will also be highlighted.

### **3.1 Research Design**

According to Cox and Hassars (2010) research design is a clearly defined structures within which a research study is implemented. This study adopted a descriptive research design, which involves direct exploration, analysis and description of phenomena as free as possible from unexplained presumptions, aiming at maximum intuitive presentations (Cooper & Schindler, 2014). According to Saunders, Lewis, and Thornhill (2009) descriptive design is used to document a study phenomenon in its real situation, without the interference of the researcher. Descriptive designs are used in preliminary and exploratory studies to allow the researcher to gather information, summarize, present and interpret for the purpose of classification (Orodho, 2002).

The study used both qualitative and quantitative approach. The mixed method approached has been preferred in order to take advantage of the differences between the two methods. Qualitative approach attempts to study the everyday life of different groups of people and communities in their natural settings.

### 3.2 Target population

According to Saunders (2007) Population refers to full set of groups from which a sample is taken. The target population for the study were employees working in the Local Government. The target population captured a variety of employees including supervisory and non-supervisory staff, full-time and part-time employees, and professional, clerical/administrative and blue-collar workers, as well as broad range of occupational groups. Collectively, there are about 225 employed staff working at Kasama Municipal Council.

### 3.3 Sample Size

A sample size comprises a group of respondents, consisting of part of the target population carefully selected to represent that population (Cooper & Schindler (2014). Ombath (2009) states that if researchers need to draw a conclusion valid for the whole study population, they should draw a sample in a way that it is representative of that population. The sample size for this study was 50 local government employees at Kasama Municipal Council. The sample size represents 22.22% of the entire workforce at Kasama Municipal Council.

### 3.4 Sampling Techniques

Sampling cannot be avoided because it is impracticable to survey the entire targeted population due to budget constraints and time (Saunders, Lewis and Thornhill, 2009). Convenient sampling technique was applied to select the Local Council which is Kasama Municipal Council. The researcher took on convenient sampling method because Kasama Municipal Council is the easiest and convenient location with target population. Moreover, the researcher has easier access to

Kasama Municipal Council because of its proximity.

### 3.5 Instruments of Data Collection

The major sources of data for this study were both primary and secondary data. Secondary source of data was used to establish the background of the problem, define the framework of motivation's effect on employee performance as well as provide previous literature on similar or same interest for review and establish the gap. Secondary data included academic books and journals, newspapers, publications in local government and other relevant materials relating to the subject matter. Primary sources of data were generated from municipal council employees through the use of self-administered paper-based questionnaires as an instrument of data collection distributed to them.

#### 3.5.1 Questionnaire method

A questionnaire is a formatted set of questions that is drawn up to meet the objectives of the study. Kothari, (2004). Questionnaire method was used to collect data. Data were collected from thirty (50) respondents. Questionnaires were distributed to respondents who are working within Kasama Municipal Council. Because the study was using questionnaire method to collect primary data, the researcher used administered technique to collect data.

#### 3.5.2 Secondary data methods

Secondary data refer the data collected by someone other than the researcher. Common sources of secondary data for social science include censuses, organizational records and data collected through qualitative methodologies or qualitative research. Primary data, by contrast, are collected by the investigator conducting the research (Kothari, 2003).

### 3.6 Procedure of Data collection Techniques

The data was be collected using a self-administered structured questionnaire which were distributed by the researcher to the participants at the council. A cover letter outlined the study aims and assurances of confidentiality. Participants were individually

directed through the questionnaires and given time to complete the questionnaire. Quality checks for errors, unanswered questions were carried out before embarking on the analysis process.

### 3.7 Data Analysis Techniques

Analysis of data is a process of inspecting, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. A computer package called Statistical Packages for Social Sciences (SPSS) version 16.0 and STATA software package were used to facilitate the process of analyzing of data. The intention for the use of the packages was because it is more valid in coming up with the findings and thus enhancing easy analysis easy interpretations of the results. Both descriptive and inferential statistics method were used in the study.

### 3.8 Ethical Considerations

Ethics as defined by (Strydom, 2000) are a set of moral principles suggested by an individual or group, is widely accepted and which offers rules and behavioral expectations towards respondents and other stakeholders in research. During the study, the researcher observed the ethical considerations by respecting the rights and views of the participants. White (2003) cites the relevance of the information to the participants' decision as one key element in informed consent. Permission to conduct research within the Kasama municipal council premises was sought for from appropriate authorities before the embarking on the collection of data. Furthermore, participants were given clear instructions prior to taking part in the study. Last but not the least, all forms of identification including names, addresses and telephone numbers of respondents were not included.

## IV) CHAPTER 4: RESULTS AND FINDINGS

### Introduction

This chapter presents discussion of the findings from the study. It is divided into two main parts. The first part presents socio-economic characteristics in two groups of respondents. The social characteristics are sex, age and number of years the respondents have spent in local government. The second part of the chapter, discusses the findings on the effect of financial motivation on employee performance. A total of 50 questionnaires were also administered to, and all 50 were completed and returned representing a 100 % response rate.

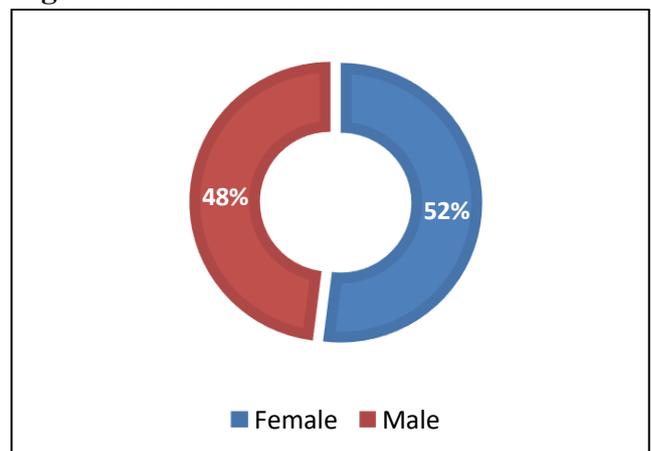
#### 4.1 General Characteristics of Respondents

The study assessed general characteristics of respondents by looking at different variables so as to understand the kind of respondents that participated in the study.

##### 4.2.1 Gender Distribution

Figure 1 below shows that, there is a greater number of women than men who took part in the study representing 52% and 48% respectively. This does not in any way indicate the actual staff ratios at Kasama Municipal Council. However, the gender distribution provides an opportunity for this research to get views from both men and women.

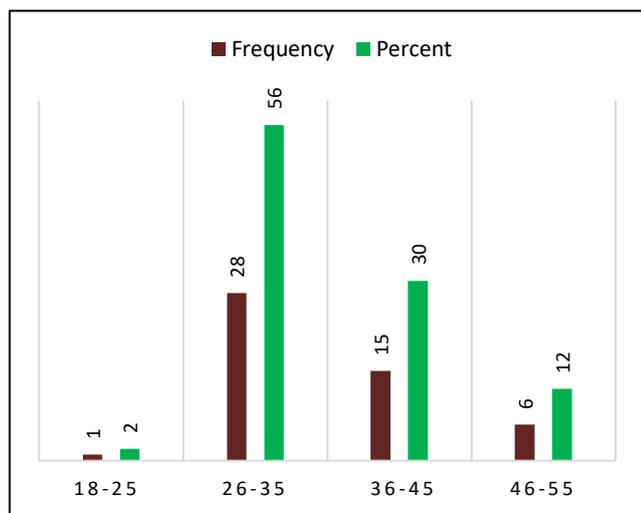
Figure 1: Gender Distribution



## 4.2.2 Age of respondents

The age of the respondents is quite important as is able to give an idea of the type of human resource that are to be found in local government. Figure 2 provides a summary of the age of the respondents at the Kasama Municipal Council.

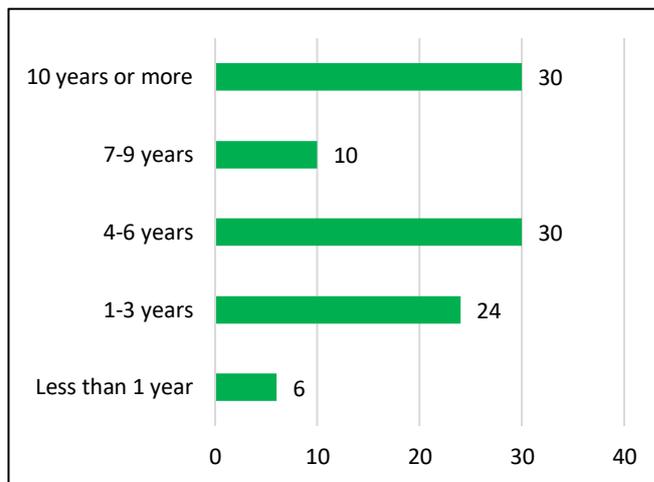
**Figure 2:** Age of respondents



The results from the Figure 1 indicate that 58 percent of the respondents were "below 36 years", and 42 percent "above 35 years. This may just point to the fact that Kasama Municipal Council has a balanced staff population in terms of age. However, detailed surveys may be necessary to verify this supposition

## 4.2.3 Years of service in local government

**Figure 3:** Years of service in local government



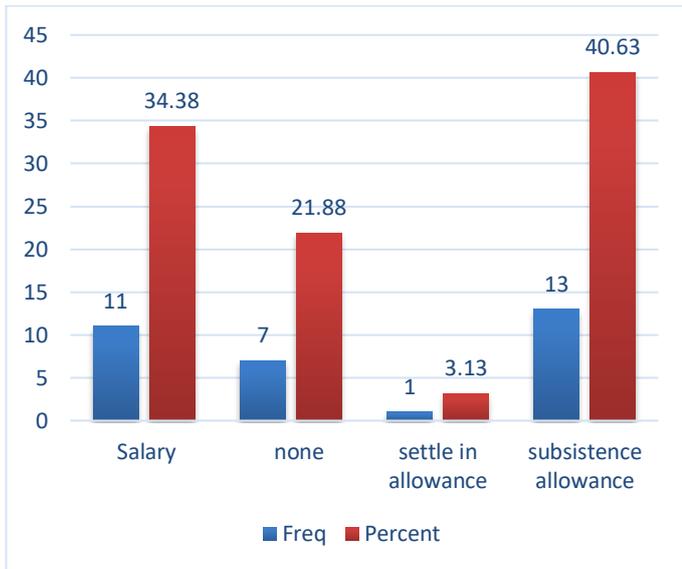
The study intended to see how long the respondents have served in the local government. According to the collected data, 30% have been working in local government for over 10 years and only 6% have worked in the local government for less than 1 year. 24% have worked between 1 and 3 years while 10% have worked between 7 and 9 years in local government. Overall, 70% of the respondents have worked in local government for more than 3 years while only 30% have worked for less than 4 years as shown in figure 3 above.

## 4.2 Motivational Packages

### 4.3.1 Financial motivational packages available

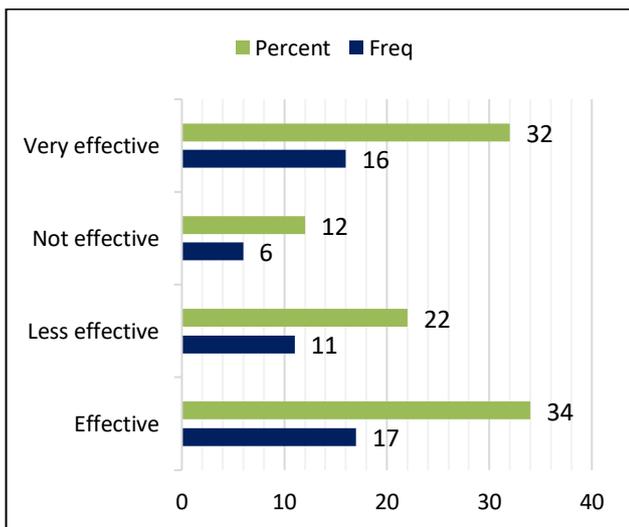
According to the study, 13 of the respondents mentioned subsistence allowance as one among the financial motivation packages offered by the council, while 11 of the respondents indicated monthly salary as motivation package as it enables them to fulfil their basic needs depending on their life style. 1 respondent mentioned settle in allowance as a financial motivational package especially for employees are transferred from one station to another. However, 7 respondents indicated that there are no financial motivational packages given at the council as shown in figure 4.

**Figure 4:** Financial Motivational Packages available



### 4.3.2 Influence of financial motivational packages on performance

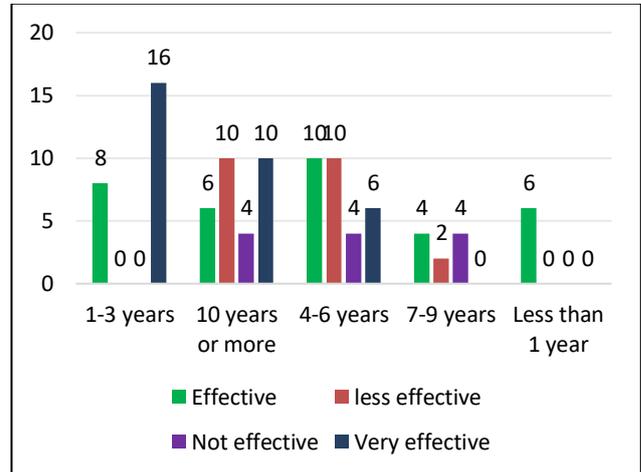
There is mixed feeling on the effectiveness of financial rewards such as salaries in stimulating good performance at the council. 34% indicated that financial rewards available are effective while 32% said they are very effective. On the other hand, 22% said the financial rewards are less effective while 12% said the financial rewards are not effective at all as shown in Figure 5.



**Figure 5:** Effectiveness of Financial Motivational Packages on Performance

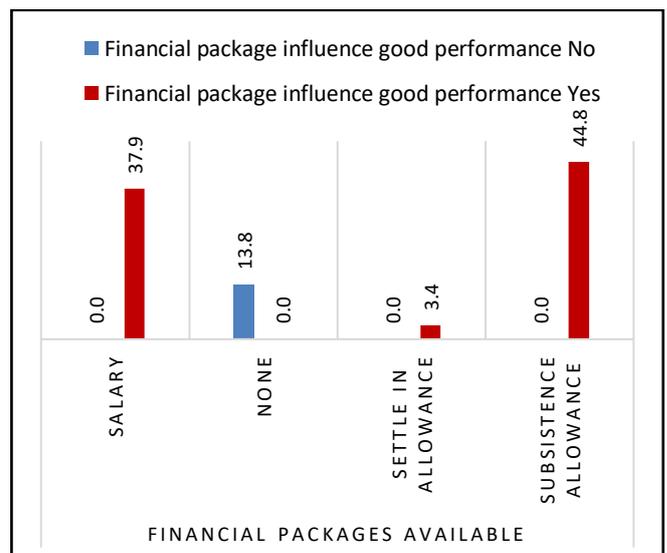
When compared to the number of years worked in local government, only respondents from the group of employees who have worked for more than 3

years said the motivational package is not effective while the majority of respondents who said the motivational package is very effective are from the group of employees who have worked for 3 years or less as shown in figure 6 below.



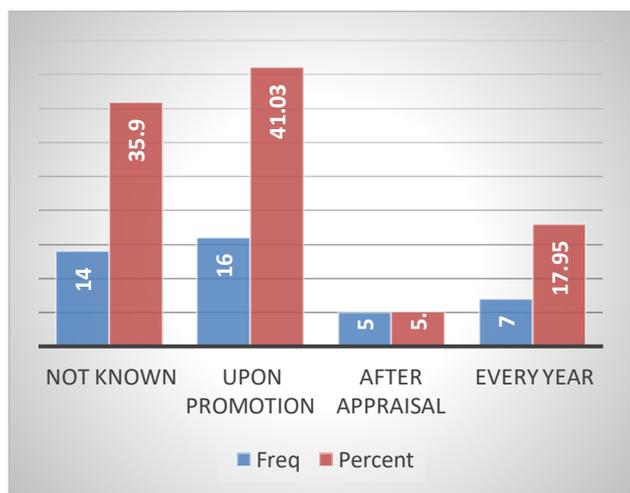
**Figure 6:** Effectiveness of financial rewards in stimulating good performance\*number of years worked in the local government

Notwithstanding the above results, all respondents who listed their most beneficial financial motivational package also agreed that their most beneficial financial motivational package influenced them to perform better as shown in figure 7.



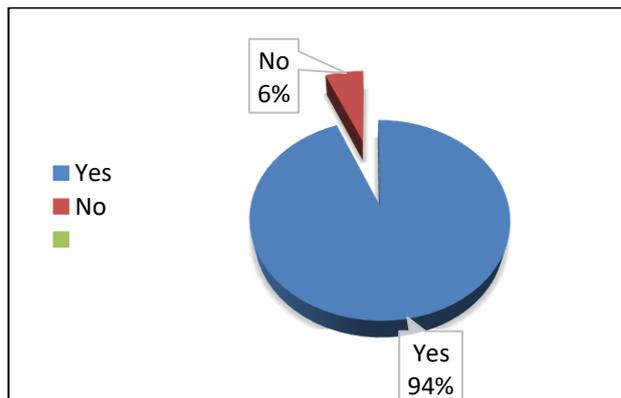
**Figure 7:** Employees responses on financial packages available and their influence on performance

With respect to having an attractive financial motivational package, respondents were asked how often they get salary increment. The four (4) most collected answers were “not known”, “upon promotion”. “After appraisal” and “every year”. Out of the 42 respondents who answered the question, 41.03% said salary increment is given upon getting promotion while 17.95% said it’s done every year and 5.13% said salary increment is given after appraisal. On the hand, 35% said period for salary increment is not known. The representation of the same is shown in figure 8.



**Figure 8:** When is salary increased

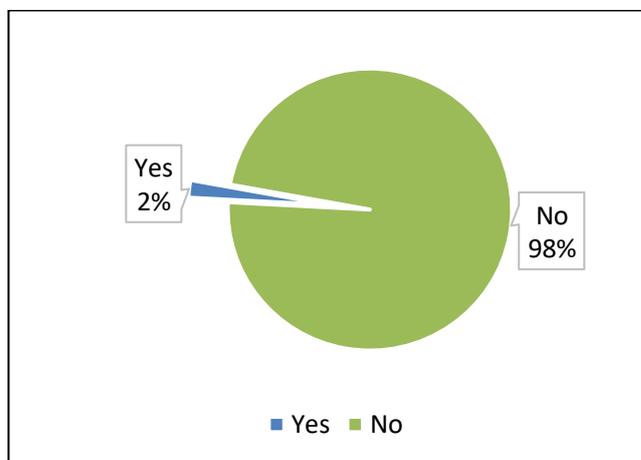
Besides promotion, the results above shows that the period for salary increment is not clear and other answers given can also be ways in which employees get salary increment. Consequently, when respondents were asked if little or no salary increment for a long period of time affect employee performance, 94% said yes while 6% said no. Figure 9 shows the representation of the same.



**Figure 9:** Little or no salary increment for a long period of time affect employee performance.

### 4.3 Salary Delays

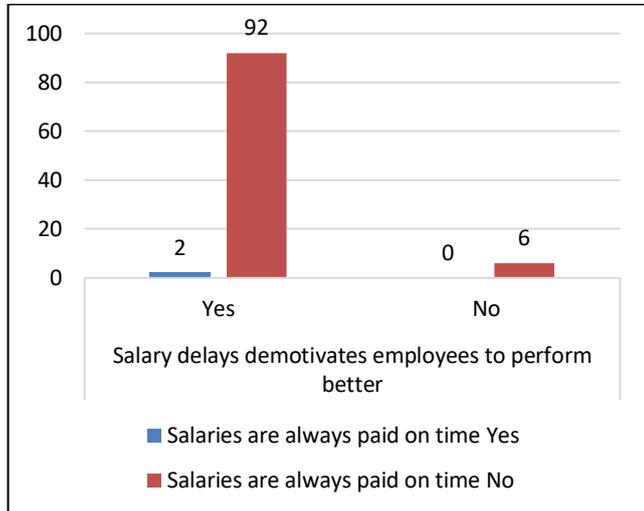
When asked whether salaries are paid on time, 49 respondents said no and only 1 said they are paid on time. The 1 respondent representing 2% of the respondents who said salaries are always paid on time is from a group of employees who have worked in the local government between 4 and 6 years as shown in figure10.



**Figure 10:** Salaries are always paid on time

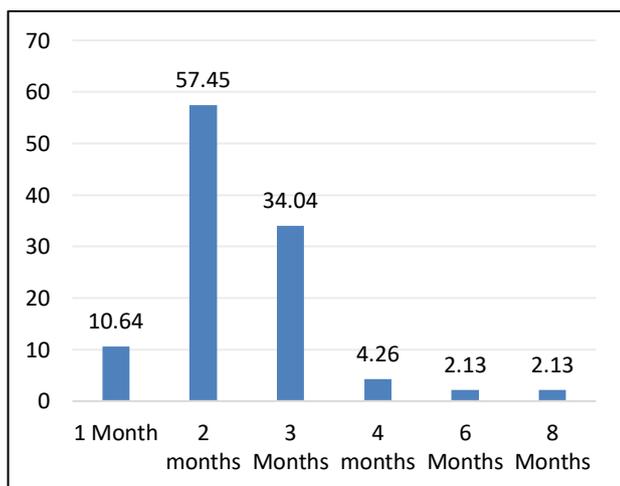
The study also shows that out of 98% of respondents who said they are not paid on time, 92% also agreed that salary delay demotivates employees to perform better at work while the other 6% disagreed. However, 2% of respondents who agreed that salaries are paid on time also agreed that salary delay demotivates employees to perform better at work as shown in figure 11 below. The majority of respondents explained that delayed

salaries affect their concentration on work as they would have to look elsewhere for money to take care of their families, thus giving divided attention to assigned work.



**Figure 11:** Salary delays demotivates employees to perform better \* Salaries are always paid on time

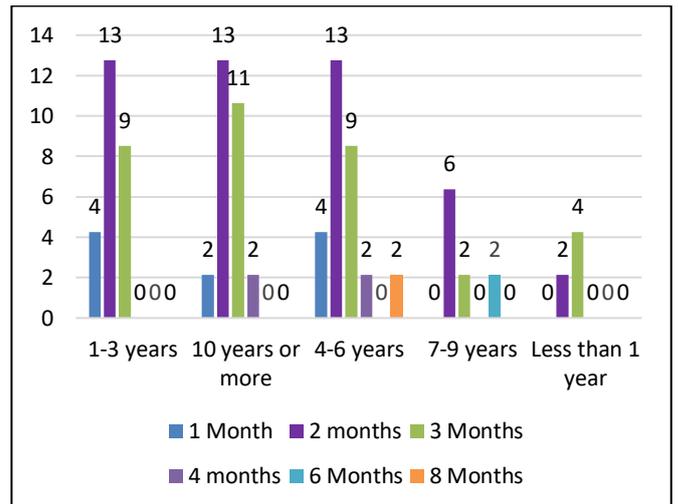
When asked the longest period of time their salaries were delayed, 46.81% of respondents said 2 months while 34.04% said 3 months, 10.64% said 1 month and 4.26% said 4 months. Only 2.13% said 6 months and 8 months. The details of the same is shown in figure 12.



**Figure 12:** Length of salary delay

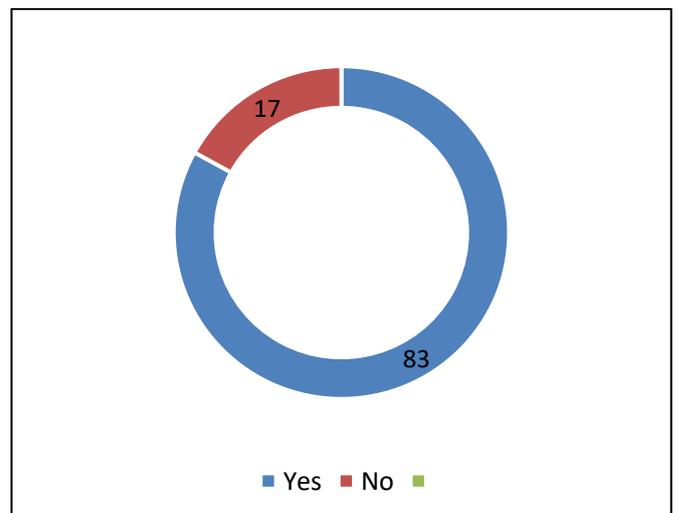
When salary delay responses were compared with the number of years worked in local government, respondents who said 2 months and have worked

for the local government more than 3 years were 15 representing 32% while those who said 2 months and have worked for the local government less or equal to 3 years were 7 representing 15%. Generally, 2 months delay recorded the highest in term delay period across all the different groups of experienced workers as shown in figure 13.



**Figure 13:** Period of delay\*Number of years worked in local government

Respondents were asked whether salary delay affected their performance and 83% agreed that their performance was affected as a result of the salary delay while 17% percent said they were not affected as shown in figure 14.



**Figure 14:** During the delay period my performance was affected

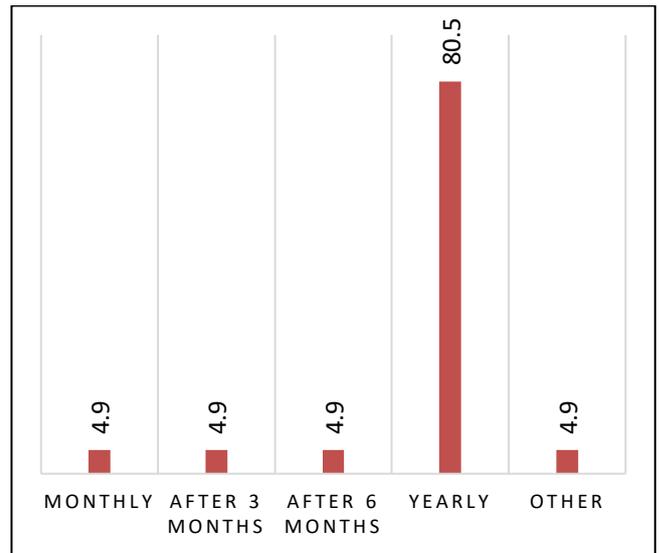
With respect to length of salary delay, 17 of the respondents who said 2 months was the longest salary delay also agreed that their performance was affected during the salary delay while 13 of the respondents who said 3 months was the longest salary delay also agreed that their performance was affected during salary delay while only a total of 8 respondents said salary delay did not affect their performance regardless of the length of the delay as shown below in table 1.

**Table 1:** Length of salary delay \* Salary delays affected performance better

	Length of salary delay	Salary delays affected performance		Total
		Yes	No	
	1 month	3	1	4
	2 months	17	4	21
	3 months	13	2	15
	4 months	1	1	2
	6 months	1	0	1
	8 months	1	0	1
	<b>Total</b>	<b>36</b>	<b>8</b>	<b>44</b>

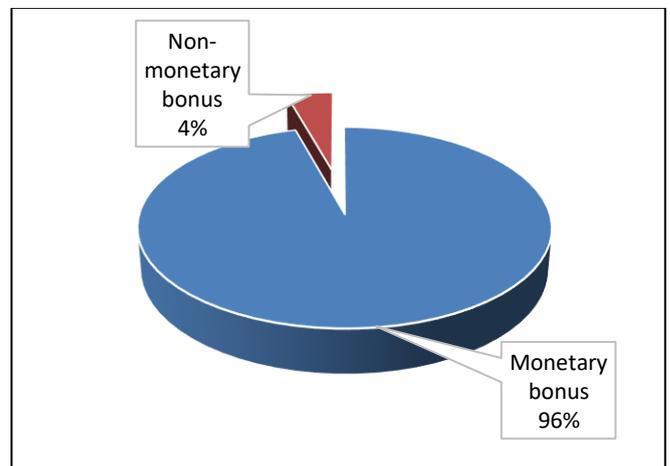
#### 4.4 Bonus

Respondents were asked when they think they should receive performance bonuses. 80.5% of the respondents said performance bonuses should be given on a yearly basis while 19.5% was equally divided among the respondents who said Monthly, after 3 months, after 6 months and “Other” which was 4.9%. Below is the figure showing graphical representation of the same



**Figure 15:** When should performance bonuses be given

When asked what they preferred between monetary bonus and non-monetary bonus, 95.7% of respondents said they prefer monetary bonuses to non-monetary bonuses and only 4.3% said otherwise as shown in figure 16.



**Figure 16:** Monetary bonus or non-monetary bonus

## V) CHAPTER 5: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Overview

This chapter presents discussions of the findings, draws conclusions and puts forward recommendations based on the research findings. The study assessed the effect of financial motivation on individual employee performance in local government with the perspective of Kasama Municipal council. The specific objectives were to assess the effectiveness of available motivational packages on individual employees' performance, find out how bonuses influence employee performance and examine the effects of salary delay on employee performance in local government.

### 5.2 Discussions of the findings

#### 5.2.1 Motivational Packages

Referring to the analysis of data in figure 4 collected, the study identified most beneficial motivation packages available at Kasama municipal council from 32 respondents who filled answered question on the financial motivational package available at the council representing 64% of the respondents. However, when it comes to the effectiveness of financial rewards such as salaries in stimulating good performance at the council, respondents had mixed feelings. 34% indicated that financial rewards available are effective while 32% said they are very effective. On the other hand, 22% said the financial rewards are less effective while 12% said the financial rewards are not effective. Notwithstanding, majority of respondents said that financial motivational packages influence them to perform better at their work. This finding supports Mc Gregors ideology that people have the potential to work but are encouraged to work when an organization acts in a way that their commitment is established and one of the ways to do that is to pay adequate salaries.

The findings are in line with Cole (2004) who suggests that steps must be taken to ensure that pay and incentives are sufficient to attract, retain and encourage workers. He emphasizes that key staff must be adequately remunerated to ensure that they are retained. In support of this, Locke and Latham (1990) also found that commitment among employees is measured to be higher when financial incentives are offered for partial success and when incentives are given to those who achieve high performance, they can become an important instrument to encourage the continuance of the desired behaviour.

Apart from promotions there was no clear cut on what constitutes salary increment for local government employees. However, 94% of respondents ascertain to the fact that little or no salary increment for a long period of time affect employee performance. Contrary to this, Lindner (1998) in his study found out that good working conditions cannot motivate the employees in themselves, but can determine the employees' performance and productivity. But the study also revealed that better salaries and good working conditions are considered to be the major motivational factors that can influence employees to have better job performance in the study area. In addition, Masalu (2015) revealed that when there is a good system of promotions, both the employee and the organization/company will benefit, not for the present but also for the future.

#### 5.2.2 Salary delays

Majority of the respondents said they are not always paid on time of which 92% agreed that salary delays demotivate them to perform better at the work. This is in line with a study carried out in Mali where health workers in Mali are mainly motivated by salary (Kohn, 1987). Kohn (1987) built his findings on a number of the theoretical perspectives that have been in existence. His finding views salary as a motivating factor which

is in line with Maslow's physiological need, which states that people are motivated if they are able to meet their physiological needs and in this case such needs can be met through payment of salaries. Locke and Latham (1990) add that when external rewards such as salary are given to those who achieve high performance, they can become an important instrument to encourage the continuance of the desired behaviour.

On length of salary delay, majority of the respondents said they have experienced salary delay for at least 2 months and as a result their performance was affected during the time of salary delay. The findings demonstrate the strong relation between salary delay and employee performance. These findings are in agreement with what previous scholarly works on local authorities in Zambia have reported. For example, Momba (2002) points out that it is very difficult for local authorities to attract qualified human resources because of the prevailing conditions of service including salaries. He further points out that local authorities in Zambia, including the Kasama Municipal Council have difficulties to adhere to critical statutory and recurrent obligations such as timely paying of adequate wages and salaries. Furthermore, the findings are comparable to the findings of Lolojih (2002). In his study, he argues that because of poor salaries, local authorities in Zambia are not able to attract qualified manpower.

### 5.2.3 Bonuses

The study revealed that over 95% of the respondents prefer monetary bonuses to non-monetary bonuses. The study further revealed that 58.3% of the respondents who prefer monetary bonuses also agreed that bonuses influence employee performance. This is in line with Morris (2013) study in Australia on motivating and retaining local government workers. The findings demonstrated that to more completely understand employee work outcomes, the differential roles of

the job, and interpersonal, organizational and monetary reward domains of the work environment need to be recognized.

In emphasis to the importance of monetary bonus, the study by the World Health Organization (WHO) (Awases et. al., 2004) further indicates that emigrated employees, when asked what would motivate them to return to their countries, responded that they would be motivated to stay or return to their countries if the public sector would offer competitive salaries and other incentives. According to Herselman (2001), the most important external motivator in the company is money. Not only does management define their motivational strategies with reference to financial pay-outs, but employees also frequently interpreted motivation in terms of monetary rewards. In addition, as a motivator, a good salary or wage package justifies a person's sense of self-esteem, indicates his/her value to the company and reflects his/her achievements.

### 5.3 Conclusion

On the basis of the findings of this study it can be concluded that motivational packages available at Kasama Municipal Council such as salary, settlement allowances and subsistence allowances are effective in influencing employees to perform better at the council. Therefore, these motivational packages can lead to better services delivery in different institutions as it brings positive results on the employee's performance while de-motivational packages bring negative impact of employee's job performance.

Also, in this study it was found out that promotions and growth for employees are good motivators towards better job performance whereby employees will be able to see the connections between good performance and promotions, and promotions must match the needs of the employees. Moreover, promotions are seen as a

way of getting salary increment. Consequently, little or no salary increment for long period of time is a de-motivator for employees. That is why when employees including local government employees want to change jobs or apply for higher positions within the company, the first factor they check is the salary package that the new job offers.

After examining the effects of delay in salary payments on employee performance, the study concludes that salary delays negatively affect the performance of employees. At the most basic level, an employee is motivated to work in order to satisfy basic physiological needs for survival, such as having enough money to purchase food which is met by receiving basic salary every month. But when the source that meets these needs is disrupted, it becomes difficult for an individual give full attention to secondary tasks such as responsibilities at work.

The study concluded that employees prefer monetary bonuses to non-monetary bonuses. The study also concludes that money as the most important external motivator in an organization like local government is a key determinant of performance among employees. Monetary bonuses, therefore, constitute standardized motivational factors for Kasama Municipal Council where many employees' needs are primarily for monetary rewards, which can be converted into goods and services to satisfy their and their dependents' physiological and security needs.

## 5.4 Recommendations

Employers should keep their employees motivated in order to lower the turnover rate and also create better performance. Employers should take into consideration to provide employees with better remuneration so as to render quality services and enhance customer satisfaction.

To be able to retain, attract and encourage a high level of performing employees, Local Government should be able to pay salaries to its employees on time or find alternative ways of helping employees meet their basic needs in the case of salary delay. In terms of giving rewards, the reward should be specific and prompt, supervisors should be able to recognize exceptional behaviour or efforts and reward this immediately, as rewarded behaviours are likely to be repeated.

Management of the local government should work towards increasing employees' pride in their work. Increasing worker pride and motivation are possible when recognition is developed, both internal to the local government and external with the community. Greater linkages and accountability to communities can be a good initiative for improving performance and increasing community feedback and thus workers' motivation.

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