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**AN INVESTIGATION INTO THE RELATIONSHIP BETWEEN REWARD  
MANAGEMENT STRATEGIES AND ORGANIZATIONAL PERFORMANCE IN  
ZIMBABWEAN LOCAL AUTHORITIES (LA): A CASE STUDY OF MUTARE TOWN  
COUNCIL**

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**ABSTRACT**

The importance of aligning an organisation's Reward Management system to the overall business strategy cannot be overemphasized. Tshukudu (2022) in his latest article acknowledges that, Reward system is a vital tool for driving business growth and boosting staff morale. The increasingly volatile business environment have seen most Company executives constantly demanding evidence that reward systems produce changes in performance. Therefore, this research paper sought to examine the relationship between reward systems and performance using Mutare City Council as a case understudy. The study focused on administrative and low-level employees. The sample size chosen was (20). Simple random sampling technique was used to draw participants from different departments. The research utilised the pragmatic approach where both the quantitative and qualitative research methods were used to obtain an in-depth understanding of the problem under study. The data was presented and analysed using tables and graphs as well as the thematic approach for qualitative findings. The study findings revealed that there is a positive relationship between Reward systems and performance in local authorities. It further revealed that a well -managed reward system is advantageous because it improves employee engagement, employee participation and overall improved performance. The paper recommends that Local Authorities must use Total Reward management systems which takes into account both monetary and non- monetary benefits when rewarding employees.

**KEYWORDS:** Local Authorities, Total Reward, Employee Engagement



## **1.0 INTRODUCTION**

It is arguably true that proper Reward Management Strategies results in increased employee performance and ultimately organizational performance. Cecevic and Trklja (2014), postulates that, complex and altering business conditions in the new business environment require robust flexible approaches in order for businesses to meet their goals. However, most organizations in Zimbabwe, particularly Local Authorities are finding it difficult to measure the direct the extent to which reward management strategies are linked to employee performance. Hence, this paper sought to investigate the relationship between the two.

## **1.1 BACKGROUND OF THE STUDY**

Most companies use different rewards to motivate their employees to perform better and to achieve organisational objectives. Kapur (2020) defines reward management as a process of designing, implementing and maintaining the pay systems, which goes a long way in improving organisational performance. Payne (2010) asserts that, rewards are monetary or non-monetary systems used to acknowledge employee performance in intrinsic and extrinsic ways. This definition points that reward systems imposed by management should be able to accommodate different types of employees in different sectors. Payne (2010) further posits that, both formal and informal work environments use rewards as a catalyst for performance and on both intrinsically motivated employees and extrinsically motivated employees.

Mutare Town Council is a Local Authority (LA) statutory body which was established in terms of the Constitution of the Republic of Zimbabwe (Amendment 20 of 2013). It has nineteen (19) wards and it aims to deliver service to the communities in Mutare. In order to achieve this mandate and obligation, Mutare Town Council must be adequately staffed with qualified and experienced human capital which is properly motivated, (Maibheki et al, 2022). It is contended that service delivery is the core function of developmental local authorities (source). The provision of services such as waste management, water and health services is closely associated with the well-being of communities. Maibheki et al, (2021), further reiterated that in the period leading to the adoption of Zimbabwe's 2013 Constitution, many people supported the devolution of services and functions to local government. It was a major victory when local government was elevated and given constitutional protection. This brought great expectation from the residents that service delivery would improve in cities, towns and smaller urban centres but seven years later that expectation appears not to have been realised but rather there are indications that service delivery is experiencing a down spiral.

The current situation of Town Councils in Zimbabwe is disheartening, organizations are directly affected by the macro-economic variables which have negatively affected business operations for decades. This simply means the local authorities depend on government funding. According to McCarthy (2018) the average consumption in Zimbabwe is 35cents per capita/ individual meaning



most Zimbabweans are living far beyond the poverty datum line which is USD \$500. This poses a challenge to most Local Authorities as they struggle to reward and motivate their workforce in such Volatile, uncertain and unambiguous environment.

According to Mubako (2017), the hyperinflation which Zimbabwe continues to face, have resulted in the loss of a nation's currency, de-industrialization led to record unemployment and severe rationing of cash. This situation has made the worsened the way Central bank officials operate and it has continuously forced them to change their policies every now and then. Webb et al (2014) posits that, although there is overwhelming evidence to conclude that intrinsic and extrinsic type of rewards affect organizational performance, the researchers suggest that organizations should mainly focus on intrinsic rewards as a way of fostering employee commitment, engagement and empowerment.

The state of performance by LA has direct impact on the livelihoods of residents and further affects the development of a nation. In Zimbabwe, the year 2013 witnessed the devolution of services and functions to LAs. However, there have been widespread complaints over the performance of local authorities by residents in different parts of the country. Many head of councils, administration and senior officials of council have been dismissed. Many studies, discussions and debates have suggested that maladministration, abuse of authority or power by the minister of local government to undermine service delivery in opposition-controlled cities and towns, abuse of public funds and corrupt tendencies as the causes of poor performance. All this have been done as a measure to curb poor service delivery but little attention has been given to the reason why employees are failing to perform hence the researcher will look into rewards as a major factor that can motivate or demotivate an individual to work.

## **1.2 STATEMENT OF THE PROBLEM**

There is growing evidence that employees at Mutare Town Council are showing signs of dissatisfaction with their employer. The Human Resources Management Report of 2022, highlighted that employees were taking sick leave than normal, employees were also absenting themselves from work. Furthermore, residents have been complaining of delays in accessing routine services and bemoaned lack of efficient service delivery. In addition, less attention has been given towards the reward system within Local Authorities as a factor that can influence their performance visa v their counterparts in government employment. The workers are still earning in local currency, despite the government moving towards USD salaries from 2020. According to a report by the Minister of Finance, Professor Mthuli Ncube unhappy workers who perform poorly cost about 450 to 500 thousand dollars annually to lost productivity. (Department of Finance and Economic Development [DFED] 2022). The cited above situation at Mutare Town Council has prompted the author to investigate the relationship between reward system and performance of local authorities.



### **1.3 THE OBJECTIVES OF THE STUDY**

The objectives of the study are as follows:

- To assess the relationship between reward systems and employee performance at Mutare Town Council.
- To determine the reward systems currently being used at Mutare Town Council.
- To recommend solutions for the successful implementation of reward management strategies at Mutare Town Council.

### **2.1 EMPLOYEE REWARD SYSTEM**

Arukobha (2021) defines rewards as encompassing all financial returns and tangible services which an employee receives as part of payment for an employment relationship. This definition is similar to Armstrong (1995) who defines an employee reward system as a motivation approach or method organizations use to assist their workforce to feel encouraged and exert maximum effort towards their work. Rewards according to Waruni (2014) rewards are the compensation or payment which employees receive for work done. Nowadays, the human resource is considered as the greatest asset an organization can have. It therefore means, this crucial resource needs to be rewarded consistently and equitably in line with changing macro-environmental factors.

### **2.2 ORGANISATIONAL PERFORMANCE**

Organizational performance is the actual output or results of an organization which can be attributed to the amount of resources the organization would have inputted. Richard et al (2009) argues that organizational performance can be measured in terms of three important outcomes namely, financial performance, product market performance and shareholder Return On Investment (ROI). It is therefore, the most crucial variable of measuring an organization's ultimate performance. Traditionally, organizations used to look at the financial aspect only when measuring organizational performance, (Warren et al, 2008). However, emerging researchers have put forward several ways of measuring organizational performance. The accounting method uses the income based statements versus the operating expenses. Taljaard (2003) postulates that performance can also be measured using performance appraisals where the actual performance will be measured against set standards. The shareholder approach on the other hand, maximizes the ROI on shareholder's funds.

### **2.3 THEORATICAL FRAMEWORK**

This research study is firmly anchored on Adam's Equity Theory. This theory was developed by J. Adam and it posits that employees are motivated when they perceive that there is a balance struck between their inputs and the organizational outcomes. According to Obisi (2005), the concept of equity stipulates that justice and fairness must be prioritized when rewarding employees. However,



the question about fairness remains difficult to answer. Obisi (2003) further opines that, Adam's Equity theory affirms that individuals in an organization are influenced by the extent to which they feel they are being treated in a fair and appropriate manner. The theory further asserts that employees input their knowledge, attitudes, qualifications, experience and expect a fair compensation in return. Furthermore, employees are likely to compare their input/output ratio with that of others in similar occupation and social context (Faems et al, 2005). If employees perceive a sense of inequity, Adam's equity theory argues that, such employees will adjust their effort until an equilibrium point is reached between inputs and outputs.

The researchers chose the Adam's Equity theory because it emphasizes on the importance of rewards and performance which are instrumental variables for this study. Boxall and Purcell (2008) in explaining the equity theory, cited that, employees always strive to achieve a balance between efforts and outcomes. This implies that in a Local Authority set up, employees are likely to compare their rewards with that of other Town councils and if they perceive inequity, institutional performance is likely to suffer.

#### **2.4 EMPIRICAL LITERATURE REVIEW**

Saira, Madiha, Sumaira and Anam (2014) examined the impact of financial and non-financial rewards on employee motivation. The researchers conducted a survey in Astro films (PVT) situated in Lahore City of Pakistan. The study utilized a questionnaire to gather and collect data on the opinions of employees who worked for these organizations. A semi-structured interview was conducted was also conducted in order to obtain deeper insights about employee motivation. The research findings revealed that there are different factors which affect the motivation of employees and these factors can be categorized under financial and non- financial rewards.

In the African context, Ngwa, Adekele, Aghaeze, Ghasi and Imhanrenialena (2019) investigated the effect of reward systems on employee performance among selected manufacturing firms in the Littoral Region. The study was aimed at ascertaining the extent to which profit sharing affects employee commitment. Five hundred and thirty-eight (538) participants were drawn from a population of 5146 employees and then selected manufacturing companies in Cameroon were sampled for the study. The data was analyzed using percentages and regression analysis. The study findings revealed that profit sharing had a strong positive relationship with employee performance. The study therefore concluded that, there is a positive link between reward systems and employee performance.

In Zimbabwe, Mtazu (2009) developed and conducted an empirical study at Lobels Bread Zimbabwe. The study was aimed at evaluating the relationship between remuneration and rewards system at Lobels Bread Zimbabwe. Data was collected using interviews and questionnaires from Lobels bread. The findings of the survey revealed that Lobels Bread uses traditional base pay system and benefits as a way of motivating and retaining its employees. The system seemed to be insufficient hence the need



for the organization to establish a total reward system which includes total pay system, investment in people, career enhancement, open communications, involvement and performance management (Ibid).

Shoko and Zinyemba (2014) further conducted a study on the impact of employee engagement on organizational commitment in national institutions of higher learning in Zimbabwe. Their findings revealed that in turbulent economic environment characterized by high staff turnover and brain drain, management’s major challenge is to source ways of luring and retaining innovative employees committed to the organization. Moreover, management has to determine which working conditions motivate employees to present their greatest capabilities to go beyond what expectations and thrive in the face of difficulties.

### 3.0 RESEARCH METHODOLOGY

This researcher paper adopted a qualitative research methodology. This study therefore utilized the qualitative research methodology to ascertain the relationship between reward systems and organizational performance at Mutare Town Council. Qualitative methods are advantageous because they allowed the researchers to make in-depth analysis and observations. An exploratory research design was chosen to unveil facts and arguments surrounding the different types of rewards and how they affect organizational performance at Mutare Town Council. The study also targeted two hundred (200) permanent employees at Mutare Town Council. These employees are in middle management ranks. A sample of twenty (20) employees was then used for the purposes of this study. The study did not discriminate the participants against race, ethnicity or gender but any qualified participants with relevant information to the topic under study. The study participants at were selected using simple random sampling technique. Data was collected using open ended questionnaires and interviews.

### 4.0 PRESENTATION AND DISCUSSION OF FINDINGS

**Table 4.1: Response Rate**

Target group	Mutare Town Council Officials
Questionnaires Sent	20
Questionnaires Returned	20
Response Rate	<b>100%</b>

**Source: Research Primary Data 2023**

The table above show the actual response rate versus the distributed questionnaires. A total of twenty



(20) questionnaires were sent and they were all returned and filled properly. The response rate was overwhelming and it showed that Mutare Town Council employees wanted to participate in this study.

#### **4.1 DATA THEMATIC ANALYSIS AND DISCUSSION**

Generally, the data collected from the participants indicated the following. The Researchers made use of the following themes to break down information and make it easier to understand. These include:

##### **4.1.1 UNDERSTANDING REWARDS SYSTEM**

The study findings revealed that most participants understood what rewards are and they had a fair appreciation of the reward system currently being used at Mutare Town Council. Participants showed a slight difference in what they refer to as rewards system. Respondent X cited that, *“Reward Management refers to all the monetary and psychological payments that an organization provides for its employees for the work they perform, these can be benefits or incentives given in return to their performance”*.

##### **4.1.2 THE REWARD SYSTEM CURRENTLY USED AT MUTARE TOWN COUNCIL**

All interviewed participants agreed that monetary rewards are being used at Mutare Town Council. However, the majority of respondents bemoaned the inadequacy of the salaries versus their input and what others in different Local Authorities are getting. Respondent R, argued that, *“the salaries are not in line with the cost of living. Some Local Authorities are already paying their employees in United States Dollars yet we are left with local currency which is difficult to budget and plan with*. Another respondent, V, illustrated certain occasions where praises and promotions are carried out at Mutare Town Council. These occasions include filling up vacant positions internally, where performance is weighed and the best experienced employee is promoted to the rank and also instances where some projects become successful, project managers and project workers are praised for their efforts and performance.

##### **4.1.3 IMPORTANCE OF REWARDS IN LOCAL AUTHORITIES**

The study revealed that most participants were familiar with the significance of rewards at Mutare Town Council as a Local Authority. The employees were quick to point out that rewards are closely linked to motivation and performance. Respondent Y, reiterated that, *rewards are important because they are the reason why I come to work daily, to be able to meet up my daily expenses and to grow in my career”*. Respondent, M emphasized that, *“Rewards are important for status and prestige, they will enable me to wear my uniform and badge with pride”*. Interestingly, respondent X opined that, *“Rewards are important since they motivate me to work harder and to be committed to this organization for life”*. These findings are supported by Ojoromi (2012) whose research findings revealed that, salaries and wages improve the performance of employees in an organization. The findings also tallies with Otalunji and Sarat (2014) whose findings revealed that wages and salaries



serves as a motivational tool and that wages and salaries have a significant relationship with employees' performance.

#### **4.1.4 EXISTING REWARD MANAGEMENT STRATEGIES AT MUTARE CITY COUNCIL**

This research objective sought to ascertain the existing Reward Management strategies currently being practiced at Mutare City Council. According to respondent 'O', there are a number of remuneration strategies being practiced at Mutare City Council which are aimed at motivating employees. He cited that, *'Our company is one of the best in terms of promoting experienced and qualified workers. However, we would appreciate it, if we were to receive groceries in addition to our local salaries since they are constantly being eroded by inflation.'* Respondent Y propounded that, *"Of course we are being rewarded consistently but the rewards are peanuts, visa v what the council is taking from ratepayers, this is a drop in the ocean"*. Respondent J brought an interesting perspective and opined that, *"Yes they are remunerating us fairly but we are a modern generation which is interested in a more flexible working approach, self enhancement, growth than merely financial incentives"*.

The above assertions are supported by Hatice (2012) whose research finding revealed that, intrinsic rewards are significant to the overall employee performance. The study's results further showed that, non-monetary benefits like promotions have a positive effect on employee performance.

#### **4.4.5 CHALLENGES HINDERING SUCCESSFUL IMPLEMENTATION OF PROPER REWARD MANAGEMENT SYSTEMS AT MUTARE CITY COUNCIL**

The research findings revealed that, there are a number of challenges facing most Local Authorities in Zimbabwe which are hindering the successful implementation or attractive Reward management Strategies. The goal in Reward management is to attract qualified and experienced employees with requisite knowledge, skills and attitudes as well as to motivate and retain them. Respondent X cited, Poor revenue collection strategies as the reason why Mutare Town Council fails to adequately remunerate its employees. The interviewee respondent that, *"More often than not we hear the council is failing to adjust our salaries accordingly because of lack of available funds. However, some informal businesses do not even pay rentals, some landowners do not even pay rates and these go unpunished. Hence council is losing a lot of money which can be channeled towards employee remuneration"*. Furthermore, respondent N bemoaned the council's lack of proper systems for revenue collection, the respondent argued that, *"there is lack of proper accountability systems in terms of recording income and expenses therefore this leads to frequent negative finances and ultimately poor service delivery. Incidents of double allocations, undercharging and lack of innovation emanate from these loopholes"*.

Respondent K, ushered in a different perspective, the respondent cited that, are not independent





leading to inefficiency. *There is constant political interference with how there are governed and this makes it difficult for councils to increase salaries without approval from the parent ministry (Ministry of Local Government).* Another respondent N, cited that, *“the current performance of local authorities is questionable because community and economic development services have been lying idle for quite a long time”*.

#### **4.4.6 RECOMMENDATIONS**

Respondents gave interesting remarks on recommendations for successful implementation of proper Reward management strategies. Responded O, suggested that, *“Mutare Town Council need to give its employees both financial and non- financial incentives for improved organizational performance”*. Another Respondent K, articulated that, *“Salaries must be constantly adjusted for inflation in this volatile and uncertain economic environment”*. Respondent Y suggested that *“Mutare City council should implement a total reward management system which is ideal in improving council management, performance and service delivery because with it employees are rewarded taking into consideration what exactly satisfies them”*.

#### **5.0 CONCLUSION AND RECOMMENDATIONS**

The research paper was aimed at investigating the relationship between reward management systems and organizational performance at Mutare City Council. The study sampled twenty middle level management employees. Data was generated using questionnaires and interviews. The study revealed that, there is a positive relationship between rewards and organizational performance. The study further revealed that both financial and non- financial rewards are important for improving organizational performance. Both intrinsic and extrinsic rewards affect performance but the researcher is of the view that extrinsic affect to a greater extent in the public sector maybe because of poverty and worker’s behavior is shaped by reality. Furthermore, Local Authorities should constantly review their Reward Management policies so that they are in line with economic and social changes. The study also suggests that Local Authorities should periodically carry out surveys in order to determine the right reward for their employees.

Rewarding employees in this volatile, uncertain and ambiguous economic environment is significant. The justification behind the adoption of a reward policy is that motivated employees are better drivers for organizational change and achievement of organizational objectives.

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