REWARDING EMPLOYEES FOR ORGANISATIONAL PERFORMANCE: DOES FINANCIAL INCENTIVES MATTER IN THE 21ST CENTURY FOR TANZANIAN EMPLOYEES?

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Abstract

This study sought to assess if rewarding employees using financial incentives can induce employees to exert their effort and ultimately enhance organizational performance. The study involved 160 respondents. Simple random sampling procedure was adopted in selecting respondents. Primary and secondary data were obtained using semi-structured interviews, questionnaires and documentary review and were analyzed through descriptive statistics and correlation analysis. The findings shows that there are variety of financial incentives used and the level of financial incentives provided to employees is adequate. In addition, some of the financial incentives provided to staff were found to have positive relationship with organizational performance whereas others seemed not to influence the performance. However, the estimated correlation coefficients were low to indicate that there might be other factors apart from financial incentives which influence organizational performance. The study recommends that the management should also consider other type of incentive which will increase individual's satisfaction and loyalty to his work, enhance more cooperation and enhance performance.

Key Words: *Rewards, Financial incentives, Non-financial incentives, Performance, Employees, 21st Century*

1. INTRODUCTION

Reward had been seen to be a vital instrument in employee performance. A well-rewarded employee feels that he/she is being valued by the company that he/she is working for (Sajuyigbe, *et al.*, 2013). They are also stimulated to work beyond expectations when they believe their employer value their existence and contribution to organization. For employees to exert their effort over and beyond, the influence of reward cannot be underestimated. This is based on the assumptions that organization achieve its objectives through mental and physical efforts of employees. For example, productivity of Nigerian workers is affected by number of factors one of them is employer’s failure to provide satisfactory reward for best employees and the rowdiness of the fortunate cluster that superciliously indicate their prosperity. This is demotivating factor for the workers and eventually low output. According to Markova and Ford (2011) the genuine achievement of firms depends on workers readiness to utilize their real innovation, talent and know-how in a way that is ideal to the company and it is the responsibility of the company to nurture these potential workers inputs by introducing appropriate reward mechanism.

The substance of aggravated workforce in organizational context can be seen in different facets (Lotta, 2012). Motivated staff are extra creative, produce extra, cause less accident and more enthusiastically towards organizational goals than those who are less motivated. The highly aggravated workforce differentiate the organization that perform better and those which are not (Rizwan and Ali, 2010). Luthans, (2000) identified two types of rewards which are financial (extrinsic) and non-financial (intrinsic). The two can be applied confidently to augment personnel work outcomes. Financial incentives are reflected in monetary terms such as

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performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non-financial rewards are non-monetary/non cash like social recognition, praise and genuine appreciation.
Lotta (2012) purport that financial incentives are effective in inspiring employees. Ojokuku and Sajuyigbe (2009) found out that financial incentives leads to high level of outcomes. nevertheless Perry *et al*. (2006) found out that financial reward is not the supreme stimulating factor and indeed have demoralizing consequence to human resources (Srivastava, 2001). Nelson (2004) and Jensen *et al*. (2007 are of the opinion that intrinsic rewards such as commendation and appreciation are the most efficient in improving employees' performance.

The 21st employees are well educated, well informed and very complex and are differentiated. They are surrounded with many opportunities and the fact that they are the only resource which is not fixed to organization premises when they are not satisfied with their jobs and reward; they switch over to the next job. At the same time these employees want to get out of poverty so when they join a particular organization they have their own wants and desires they works to get fulfilled, Thus, employers have to find means to make them stay and have their wants satisfied. If they don't, they would be left with the ones whose knowledge and skills is not superior or they will be left with employees who are involved with embezzlement, fraud and corruption. The truth is firms are highly dependent on human thought and actions. It is the knowledge, skills, and abilities of the workers that gives organizations sources of competitive advantage. Thus, efforts must be incurred to attract, retain, develop and maintain employees. Recognizing that in Tanzania, Public Service Pay and Incentive Policy of 2010 was enacted as Government initiative to modify its pay and incentive system (URT, 2010). Likewise, in 1990's the Government take on Pay Reform as a vital part of Public Service Reform Programme (PSRP). This was due to the fact that lots of the troubles linked with low productivity of the public service were related inappropriate payment arrangement and flaws in the motivation administration (Mutahaba, 2005). It must be understood that pay and incentives troubles in the public service are not associated with salary alone.

Tanzania Revenue Authority is among public institution which is also subjected to public service reform programmes. TRA acts as semi-autonomous agency of the government and is responsible for collection and administration of central government tax and several non –tax revenue tasks. such as access, collect, and account for all central government revenue; administer efficiently and effectively all revenue laws of the central government; advice government in all matters concerning fiscal policy; promote voluntary tax compliance; improve quality of services to taxpayer; counteract frauds and other forms of tax evasion; produce trade statistics and publications (TRA,2015).

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To achieve these goals TRA has to introduce the mechanism to motivate its employees. In most cases monetary incentives frequently are suggested as a method for motivating and improving the performance of persons (Bonner *et al*., 2002). The question is do such incentives stimulate workers productivity in terms of worker's abilities to exert the right amount of effort. By looking at TRA performance reports, it shows that the performance has been increasing from year to year (TRA annual report, 2012). According to TRA Annual Report (2014/15), actual annual collection for the year 2014/15 for Tanzania Mainland amounted to TZS 9,918.8 billion net of refunds against the annual target of TZS 11,261.7 billion representing a performance of 88.1% and growth of 6.8% compared to actual collections of the same period in 2013/14 which was TZS 9,289.0 billion.

Of this performance, TRA Ilala regional office had been leading in revenue collection. Furthermore, the trends show that before the establishing of TRA in regions revenue collections was poor. However, statistics indicate that the establishment of TRA has led to a slight increase in revenue collection among the regions, Ilala being the leading one. For instance, in 2014/2015

TRA Ilala regional office collected Tanzanian Shillings billion 455,112 (which is 38% of revenue collected in all regions) compared to Tanzanian Shillings billion 588,899 (which is 34% of revenue collected in all regions) in 2016/2017. In absolute terms revenue collection has been increasing yearly.

There is wide agreement among researchers that incentives have a significant positive impact on performance of employees. That is to say they can foster the right behaviour to influence the amount of effort that employees will exert on behalf of the organization. However, the association is certainly a multifaceted one, and is fiercely deliberated in the systematic writing. This is to a degree because of inconsistent analysis between scholars on the character and determinants of employee motivation, this might be due to intricacies of assessing performance, and indeed, of deciding which of its dimensions are the critical ones.

The primary objective is to investigate how financial incentives affect employee productivity and ultimately organizational performance. In so doing study focused on the various components of the financial incentives and their correlation with labour productivity. The study sought to investigate whether an increase in different aspects of financial incentives can induce employees of the 21st century to exert their efforts and ultimately enhancing performance. In doing so, this study will help to add knowledge on ongoing deliberations if pecuniary enticement ought to be applied to induce staff ignoring non-monetary incentives or vice versa. Additionally, the study will throw more light to managers and employers on the techniques as well as how monetary and non- monetary incentives can induce employees of the 21st century to exert their efforts and ultimately enhancing performance of organization.

2.0 Theoretical and Empirical Debate on the Role of Financial Incentives on Performance

Herzbergy (1966) in his two-factor theory purported workers are induced by two kinds of rewards, motivators and hygiene factors. Motivators are inherent reward such as recognition, responsibility, achievement and the actual work while hygiene factors are external. These make less hostile than it otherwise would be good working condition and salary. Herzbegy contended that hygiene factors have slight force on rising exertion since they do not indorse emotional progression. Jacobson (1992) inferred that it would be extra constructive to attempt to improve the inherent incentive rather than extrinsic because they can enable employees devoting to their work. Freedman (1978) and Rizwan and Ali (2010) opined that when actual rewards and appreciation are applied in the firm, conducive working environment is formed which inspires employees to surpass in their performance.

On the other hand, Vroom (1964) states that potential incentive will provoke workers merely if they feel that they can perform more by increasing their efforts, that working per standard set there is a high likelihood they will be remunerated and if they are concerned by the thought of having more money. Mendonca, (2002) perceives reward and compensation system as suggested by expectancy theory is based on the fact that, workers, are more likely to exert their efforts if they sense there is a solid linkage between their performance and the reward they receive. Relating this theory to revenue collection, a number of intellectuals declare that the connection between financial incentives and performance in revenue collection is not straight forward that certain conditions such as unfair system of rating, favoritism and other working condition such as poor resources might prevent staff from attaining their predictable performance related rewards and thus be demotivated.

Agency theory (Eisenhardt, 1989) speculates the subsequent supposition: individuals are aggravated by selfishness, are lucid and tend to avoid risk. The facet of risk aversion creates the matter share risk which is unproductive. Though, the motivational benefits are expected to surpass this cost. So, when a task does not rise their economic welfare, an individual will exert no effort. Concurring to this theory, to balance the interests of the agent (employee) with the interests of the principal (employer), incentive-based schemes to compensate agents might be introduced or initiated to diminish agency loss and increasing the interest of the principal (Mohd-Rashid, *et al.,* 2019). Consequently, monetary rewards have to offer enthusiasm to induce workers to high level of performance. That is, the pecuniary enticements have to be sufficient to elicit the personnel to execute well on a task.

Superior have to inspire their subordinates to work over and above expectations as well as being devoted to organizational objectives (Charturvedi, *et al.,* 2019). One of the ways a leader can do that is through incentives. Incentives are regarded as payments beyond salary in return for work performed and output realized. Alternatively, are payments intended to induce workers to high level of performance (Banjoko, 2006). Unlike salary and wages this kind of payment is contingent to employees' attainment of some standard, like personal or team goals, or firm income (Martocchio, 2006). Financial Incentives is also called financial rewards; they are extrinsic (motivation) to work such as pay, allowances and cash rewards (Pattanayak, 2006). They are sometimes also known as reward. Mainly financial incentives can be explained in the form of pecuniary values or comparable items, such as pay raises, allowances, bonuses or housing. On the other hand, Performance is the result of work this is so as it align strategic goals of the organization, client contentment and financial gains, (Armstrong, 2006). Performance refers to the extent to which an organization as a social system can fulfil its objectives (Daft, 2004). For the purpose of this study, 'performance' implied the degree at which TRA can meet its establishment objectives including, among others, assessment, collection and accounting of all central government revenue.

Empirically, scholars found the influence of monetary and non- monetary incentives on labour productivity and overall organizational goals. Multiple studies proved that rewarding employees is key and essential when it comes to workforce motivation. It was further highlighted that the way motivation and recognition is aligned is strategically crucial for attaining good performance in the firm. Saqib's (2015) propose strategic fit between financial and non-financial so as to boost employeesjob satisfaction, motivation and organizational commitment. Referring Maslow's hierarchy of needs theory, managers once are certain that employees are satisfied with financial incentives, they can consider non-monetary.This is key because financial incentive though very powerful is very effective in the short run, to have long term and sustained effects non-financial incentives like recognition should be introduced. In the 21st century intangible motivation practices receive less recognition, because of the inappropriate financial compensation system. When rewarding employees, the first step is to examine how adequate the financial reward is, whether it works as motivator or demotivator, and then capitalize on the improvement of the weak points. Only then is it worth implementing non-financial incentives to motivate personnel.

Furthermore, studies examined the association between reward and organizational performance. Theargument is based on if or not cash can push employees to perform high. Some researchers (e.g. Wallace and Szilagyi, and Shaw *et al*) concluded that money is definitely a motivator. This is so since it can be seen by persons as a target in itself, is perceived to be useful means of providing satisfaction and as a sign of (internal) recognition or (external) status. Scholarly opinions match on the issue regarding the potential of monetary incentives across an extensive array of motivational levers, training, work design, etc. Guest, (2002) contented that reward is one of the solutions that induce workforces to accomplish as anticipated. There are many forms of rewards and they are expressed in forms of monetary value and commend or both.) Lotta, (2012) is of the opinion that individual to be extrinsically motivated if his or her needs are not directly met over the application of fiscal rewards. To them performance-based payments are extreme inducement for the outwardly motivated workers but accused it to miss sustained outcomes. They portrayed cash to be a target which delivers contentment autonomous of the definite activity itself.

In addition to the above assertions researchers managed to identify a affirmative tie among reward and performance, though the kind of incentive involved differ, Kruse (1993) shows an increase in productivity is interrelated to return allocation; while Kaufman (1992) and Banker *et al.* (1996) recognized the similar outcome via‘gain sharing. Chin-Ju, (2010) noticed that giving monetary payment facilitate realization of an established end. That is to say paying systems are formulated so that business performance are linked with workers concern as well as financial performance of their companies (Huselid, 1995).

Nonetheless, researchers reveal inconsistent opinions with regard to influences financial incentives on organizational performance and plugs to the reverse inference. Marsden and Richardson (1994) when analyzing influence of merit pay in the Inland Revenue found financial incentive had little to do with staff motivation, mainly due to the fact that employees observed the system as inequitable, with ratings not essentially representing the level of outcomes due to discrimination. Furthermore, staff response in the same study was that their motivation and so results did not improve in response to financial incentives. In addition to this it was reported that performance related pay had nothing to do with improvement in quality or quantity of their works, implying that majority replied negatively. Marsden and Richardson established that the positive motivational outcome of performance pay was at most very uncertain even bad, as there apparent confirmation that it demoralize staff. When contemplating the conclusions that personnel did not consider performance related pay had motivated them, however, it ought to be memorized the assertation that employees works more so as to gain extra cash is hard to construct as it includes confessing that one had work more earlier although prefer not so.

3. STUDY APPROACH

For the purpose of this study, a case study research design was adopted. The design was adopted because it offers an opportunity for an in-depth analysis of variables to be studied and it is less expensive compared to other methods (Babbie, 1990). The study was undertaken at TRA in Ilala regional office Dar es Salaam. The area was selected due to the fact it is the leading office in revenue collection in Tanzania (TRA, 2015). The sampling frame consisted of all employees of TRA in Ilala regional office. A sample of 160 respondents was drawn using simple random sampling technique. Primary data were obtained using semi-structured interviews and questionnaires while secondary data were collected through documentary review.

The data collected was analyzed quantitatively using descriptive statistics, correlation analysis and linear regression model. Qualitative information was then integrated with the quantitative information to provide a meaningful conclusion. In this study financial incentives such as bonus, piece rate, transport allowance, overtime with pay, loan, housing allowance and paid leave were measured by amount of money in Tsh. Correlation analysis was employed to study the causal relationships among all the variables. Kumburu *et al* (2014) used similar approach. The Pearson product-moment correlation index of the following form was used:

$$r_{XY} = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{\left[n(\sum x^2) - (\sum x)^2\right]\left[n(\sum y^2) - (\sum y)^2\right]}}$$

Where:

n = number of paired observation

$\sum xy$ =sum of cross products of X (say bonus) and Y (say performance). That is multiply the corresponding values of X (say bonus) and Y (say performance) and sum these products.

$\sum x$ and $\sum y$ = sums of the X (say bonus) and Y (say performance) scores respectively
$\sum x^2$ = sum of all the squared values of the X (saybonus) scores
$\sum y^2$ = sum of all the squared values of the Y (say performance) scores
$(\sum x)^2$ = sum of all X (say bonus) scores, this sum squared
$(\sum y)^2$ = sum of all Y (say performance) scores, this sum squared
This equation will be repeated to all financial incentives' variables.
subsequent to recognize the strength of the association between performance and financial incentive provided, linear regression analysis was used in describing the association recognized in the correlation analysis also to check the significance of each of the independent variables (financial incentives) in influencing the dependent variable (performance).
The OLS equation of the following form was estimated

$$\mathrm{Y} = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + .\beta_p x_P + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Where;
$\mathrm{Y} =$ Dependent variable (performance**)** measured as revenue collected in Tshs.
$x_1 - x_p =$ Independent variables which include, bonus, piece rate, transport allowance, overtime with pay, loans, housing allowance and paid leave $\beta_1 - \beta_P =$ Regression coefficients;
$\alpha =$ Intercept.
$\varepsilon_i =$ Error term.
The regression analysis is one of the statistical techniques that make a number of assumptions about the data, and has severe impact on the end results if they are violated (Bengesi, 2013, Kumburu, 2019). From this understanding, prior to multiple regression analysis, a test of assumptions was performed to ensure credibility of findings and the conclusions that will be drawn. In this case the following assumptions were tested. Normality of data was tested using the Shapiro-Wilk Test of Normality. At first some of the data (bonus, loans and housing allowance) were not normally distributed as the test produced p-values > 0.05. However, after transforming those data using the Lg10 function under the SPSS's transform variables command; the data produced a p-value < 0.05 which implied that the data in question were normally distributed. In order to determine the presence of multi-collinearity among independent variables. Tolerance test and Variance Inflation Factors (VIF) was employed (Kleinbaum*et al.,* 1988; Sivathaasan, 2013). In this study none of the Tolerance level is less than 0.01 and VIF value is well below 10. Therefore, independent variables used in this study do not suggest multi-collinearity problem.

4.0 FINDINGS AND DISCUSSION
4.1 Financial Incentives at TRA Ilala Regional Office
An analysis of financial incentives used at TRA is presented in table 1.

Table 1: Financial Incentives

Financial Incentives	**Not Offered**		**Offered**	
	Frequency	**Percent (%)**	**Frequency**	**Percent (%)**
Bonus	20	40	30	60
Paid leave	0	0	50	100
Health insurance	0	0	50	100
Housing allowance	20	40	30	60
Loan	35	70	15	30
Overtime with pay	15	30	35	70
Piece rate	45	90	5	10
Transport allowance	15	30	35	70

The findings revealed that there is a variety of financial incentives used at TRA Ilala regional office. Findings indicate that all employees admitted to be paid leave, and insurance allowances.

70% were given overtime with pay and transport allowance. In addition 10 % of respondents admitted to get piece rate allowance. This implies that TRA Ilala regional office has put in place a policy to award employees. One participant reported that:

> "What *I like more about this organization is the payment system which normally goes beyond what is stipulated in my salary. Imagine I get paid leave and overtime with pay".*

4.2 Trend of Performance of TRA Ilala Regional Office

The findings shown in Table 2 reveal that performance in TRA Ilala Regional Office had been increasing over the years. In absolute terms, for financial year 2014/15, percent increase in revenue collection reached 70% whereas customers' voluntary compliance in tax payment reached 96.5%.

Table 2: Trend of Performance in TRA Ilala Regional Office

Measures of Performance	Baseline 2012/13	Target 2013/14	Actual 2013/14	Target 2014/15	Actual 2014/15
% increase in revenue collection	71	73	73	74	70
% decrease in cost of revenue collection	2.8	3	2.4	2.2	2.5
% increase in voluntary compliance in tax payment	45	50		55	96.5

Source: TRA (2015).

4.3 Level of Financial Incentives and Organizational Performance

When asked on the level of financial incentives and workers performance, results (Table 3) show that the level of inducements given to employees in TRA Ilala regional office is adequate. The mean score for the acceptance is 3.02 with standard deviation of 1.25. Furthermore, when asked on the level of organizational performance, the results (Table 4) indicate that the level of performance in TRA Ilala regional office is high with mean of 4.01. One respondent during interview reported that "… *I am very happy and satisfied with amount of incentive give. When you have that amount it helps to solve problems but again knowing that your employer appreciates your work you get that satisfaction and all what you do is to work hard…"*

Table 3: Level of Financial Incentives Provided to Employees at TRA Ilala Regional Office

	N	Mean	Std. Deviation
Bonus are provided to hardworking workers	160	3.3541	1.40447
Financial incentive induce staff to work more	160	3.2394	1.13970
Efficiency is achieved when employee is motivated financially	160	3.0687	1.51265
Allowances are paid as and when due	160	3.1604	1.27691
N (listwise)	160	3.02	1.25

Table 4: Level of Performance at TRA Ilala Regional Office

	N	Mean	Std. Deviation
The use of financial incentives makes employees work harder in performing their task	160	3.5615	1.50313
Financial incentive triggers superior performance	160	4.3849	1.04624
Clients are satisfied with services offered	160	3.7736	0.8628
Revenue collection has increased over the years	160	4.4963	0.96445
Valid N (listwise)	160	4.011	1.02

4.4 Relationship between Financial Incentives and Workers Performance

To establish the magnitude to which financial incentives influence organizational performance correlation analysis was employed. This was predestined to show how variables are related.

Correlation analysis (Table 5) shows that bonus (r = 0.325) p<0.01), piece rate (r – 0.221, p<0.01), transport allowance (r = 0.418, p<0.01) and overtime with pay (r = 0.518, p<0.01) are positively correlated with organizational performance. This indicates that the variables have an influence on organizational performance though the relationship is not strong. This implies that monetary rewards have an effect on performance. However, it shows that there might be other variables which influence organizational performance. In addition, loan, housing allowance and paid leave are negatively correlated. Participants reported that: "*Loan is such is a liability as it is not yours and has to be repaid, since day one you take loan you start to think how and where you will get money to repay the loan rather than concentrating on work*". This suggests that the variables under study do not affect organizational performance. This implies that not all monetary rewards do have influence on employee performance. There might be unidentified variables to influence working condition and without inducing employee to a high-level performance. Al- Nsour (2012) found that pecuniary enticements isolated are not adequate except abetted by extra forms of enticements. Their effects are restricted to content the biotic desires of persons and have a minute influence once it reaches the limit of wants. Therefore, persons are not looking for to rise production for added monetarist increases. Also, research of Brase (2009) points out that pecuniary enticement which are grounded on performance leads to better results than using the flat-rate system.

Table 5: Correlation Results with Organizational Performance as Dependent Variable

Financial Incentives	Correlation Coefficient
Bonus	.325**
Piece rate	.221*
Transport allowance	.418**
Overtime with pay	.518**
Loan	-.271**
Housing allowance	-.134**
Paid leave	-.299**

**Correlation is significant at the 0.01 level (2-tailed).
*Correlation is significant at the 0.05 level (2-tailed).

4.5 Regression between financial incentives and organizational performance

The results of the regression analysis model summary show that R was 0.907, R square was 0.823 and adjusted R square is 0.787, meaning that 82% of the variance in performance could be predicted by the variables included in the model, while the remaining 18 are attributable to other factors not considered in the study as presented in table 6 below. Furthermore, the overall fit of the model (F-test = 23.218 and the p-value = 0.000), which was highly statistically significant. This means the model had enough explanatory power to predict variation in performance.

Furthermore table 6 results indicate the degree of relationship between each variable that represents the financial incentives. The constant is -.080 while the statistically significant variables were bonus (0.000), piece rate (0.001), transport (0.000) and overtime with pay positively (0.002). This implies that a unit increase in the amount bonus, piece rate, transport and overtime with pay will increase performance by 1.1%, 1.4% 0.9% and 0.8% respectively. This might be because when employees receives additional financial incentives, it boost their enthusiasm, morale and zeal towards their work and when morale towards work is high it lead to increase in work output and eventually lead to increased organizational performance.

Table 6: Coefficient of financial incentives and performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
constant	-.080	.587		-5.244	.000
Loan	-.051	.146	-.047	-.347	.730
Housing allowance	.151	.122	.164	1.233	.233
Paid leave	.010	.144	.007	.070	.944
Bonus	1.146	.296	.694	3.871	.000
Piece rate	-1.152	.312	-.804	-3.687	.001
Transport allowance	.951	.164	.675	5.814	.000
Overtime with pay	.858	.265	.669	3.240	.002
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	
1	**.907**	**.823**	**.787**	**.6619**	
Model	**Sum of square**	**df**	**Mean Square**	**F**	**Sig.**
Regression	101.728	7	10.173	23.218	.000
Residual	21.907	50	.438		
Total	123.635	57			

Dependent Variable: Organizational performance

The level of low coefficients mean that financial incentive though has an impact, is not all that matter. Managers have to find other means to complement financial one if they are to achieve maximum output from their employees. This supports findings of a study done by Achie and Kurah (2016) who concluded that apart from financial incentives and salaries there are other motivating factors that spur employees to put in their best in an organization. This is also in line with Herzberg's two factor theory that hygiene factors, money inclusive do not have potential to motivate employees to higher level of performance unless they are combined with motivators factors which go beyond monetary value. On the other hand, housing allowance and Paid leave were found to be positively correlated but not significant.

5. CONCLUSIONS, MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

The objective of this research was to assess if rewarding employees using financial incentives can induce employees of the 21st century to exert their efforts and ultimately enhancing performance of organization. Research findings indicated that there are variety of financial incentives used at TRA Ilala regional office. The level of financial incentives provided by TRA is adequate. In addition, some of the financial incentives provided by TRA Ilala regional office were found to have positive relationship with organizational performance whereas others seemed not to influence the performance. However, the estimated correlation coefficients were low to indicate that there might be other factors apart from financial incentives which influence employee's productivity in the 21st century and eventually organizational performance. The study recommends that the TRA Ilala regional office management should also consider other type of incentive which will increase individual's satisfaction and loyalty to work, enhance more cooperation and enhance performance.

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