

## Contribution of Employee Compensation on Job Performance in Tanzania Airport Authority (TAA), Tanzania

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### ABSTRACT

*Employee compensation is very important to support job performance both in Public and private sectors. The aim of study is to investigate the contribution of employee compensation on job performance in Tanzania Airport Authority (TAA), Tanzania. Tanzania Airport Authority (TAA) sampled as one of public sectors in Tanzania. Expectancy theory used in this study. Both quantitative and qualitative research approach used. The case study research design was used. Employees data from TAA obtained by questionnaires, while those with administrative jobs had their data collected through interviews. Descriptive statistics and a structural model were used to examine the qualitative data, and content analysis was also used to assess the data. The study found that employee compensation affects workers' performance in Tanzania's public sectors. As a result, the report suggests that TAA management should monitor employee job performance. The study's concluded that there is relationship between job performance and compensation types, frequency of compensation and compensation policy. It was observed that there was increase in job performance compensation forms. The study recommended that the improvement in work performance for every unit increase in compensation frequency. Similarly, there is rise in job performance with each unit increase in the remuneration scheme.*

**Keywords:** Employee, Compensation, Job Performance, Public Sectors, Tanzania

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### I. INTRODUCTION

Globally, motivation is one of the essential assets that are used by human resource management to increase job satisfaction (Albogast, 2023; Ali and Anwar, 2021). That is the essence behind the attempt by International Labour Organization (ILO) to advocate employee motivation since 1919 with particular emphasis on advancing and creating good economic and working conditions for the workers around the world. That is the case due to its reproof on unfriendly labour situations such as unfairness, injustice, inequity, poor working conditions and poor payment systems. Conversely, it is a way to advocate and promote labour rights at work by ensuring that employees around the world are motivated (Ali and Anwar, 2021).

In Africa countries, shows that there is relationship between job performance and motivation has been the center of attention for many researchers since 1960's (Alonso & Lewis, 2001). Studies done by Orpen (1999) point out that, high productivity, effectiveness and efficiency at work place indicate how well the organization motivate its employees. This means, good performance in organizations commonly is attributed by motivation. Furthermore, Albogast (2023), argue that extrinsic motivation such as compensation and reward alone are not enough to motivate employees. This is also supported by Ali and Anwar (2021), who points out that employees are motivated by both extrinsic and intrinsic motivation. These standing points are also supported by Frederick Herzberg theory (Two Factor) that achievement, recognition and advancement increase satisfaction of the employees and motivate them to perform better, while compensation, fringe benefits and promotion prevent employee's dissatisfaction (Herzberg, 1959). Therefore, it can be concluded that, there is a relationship between motivation and job performance.

In East Africa countries, employees working in public offices are dissatisfied and demotivated with their jobs. The situation has affected not only low morale, but also level of efforts and contribution among employees. The combination of these situations has further affected their general performance, hence, performance of organizations. That is the case since employee voluntary increase of effort on the job as opposed to managerial imposed performance is the most important determinant of organization

Tanzania Airport Authority (TAA) is responsible for controlling the airports operation in Tanzania. In order to facilitate the airports activities, the government of Tanzania establish the authority responsible for airports in order to stimulate effective and efficiency operation. Tanzania Airport Authority (TAA) is public sector that serve the interest of government in providing social services like good infrastructure (Albogast, 2023). Employee compensation can be broadly classified as the result of either intrinsic or extrinsic variables (Albogast, 2023). Extrinsic elements serve as stimulants for an action to be taken, whilst intrinsic motivating aspects function as drivers (Ali and Anwar, 2021). Therefore, intrinsic factors came directly from the work itself. In particular, elements like challenge, significance of the

work, degree of responsibility, and feedback are sources of extrinsic motivation (Ali and Anwar, 2021). On the other hand, extrinsic motivation drives someone to act in order to receive a reward, avoid punishment, boost their sense of worth, or accomplish a predetermined objective. Extrinsic motivational elements include prizes, compensation, remuneration schemes, professional development systems, and recognition from peers and the public, according to Bulińska-Stangrecka and Bagińska (2021).

A key idea in psychology is employee compensation, which is also important for managers who help junior employees achieve meaningful goals. In the past, managers of organizations have prioritized assessing the mechanical and technological capabilities of the company, often overlooking the enormous untapped resource of human capital. Research indicates that workers who operate in a neglected environment experience low morale. Their degree of effort and contribution at work are indicative of this. In situations like these, companies could use forced performance rather than employee choice to meet their goals. However, organizational success that is achieved at the expense of employees' own attempts to raise performance is probably not going to last.

The size, policy, objective, and strategy of a particular company are just a few of the variables that affect how well employees accomplish their jobs. It typically relates to repeated or normal tasks that are pertinent to an employee's job obligations and responsibilities. On the other hand, several writers describe performance from various angles. For example, it is seen as an ongoing process of raising the bar for what workers can accomplish by coordinating desired and actual performance (Chiwanga, 2021). Consequently, Darmawan et al. (2020) defines job performance as an employee's contribution to the achievement of corporate goals.

### 1.1 Statement of the Problem

Tanzania has undertaken a number of studies in an effort to address concerns about employee performance and compensation. Previous research has focused on several common themes, such as how salary arrears affect employees' performance in Tanzania's public sectors, how to motivate teachers in public schools and the difficulties they face, and motivational techniques for Tanzanian health care workers (Heimerl et al., 2020). Prior research only looked at one type of motivation, namely extrinsic motivation, despite its significance for employee performance and compensation. Consequently, there is a dearth of research on the state of the public sector that integrates extrinsic and intrinsic motivational elements (Hermawan et al., 2020). Comprehending the combined impact of extrinsic and intrinsic motivation components is crucial for offering managers a comprehensive perspective of the phenomenon, enabling them to make better educated decisions. Thus, this research the study evaluated how much an employee's compensation influences their performance on the job in the public sector.

### 1.2 Research Objectives

- i. To assess the contribution of form compensation on job performance in Tanzania Airport Authority (TAA), Tanzania
- ii. To assess the contribution of frequency compensation on job performance in Tanzania Airport Authority (TAA), Tanzania
- iii. To assess the contribution of compensation policy on job performance in Tanzania Airport Authority (TAA), Tanzania

## II. LITERATURE REVIEW

### 2.1 Theoretical Review

In this section, one theory, namely, Expectancy theory has been briefly discussed because they describe how compensation influence job performance.

#### 2.1.1 Equity Theory

According to the equity theory, people compare their employment outcomes such as compensation levels, recognition, and accolades and job inputs such as effort, experience, education, and competence against those of others (Kollmann et al., 2020). It makes the case that workers are likely to put in less effort a lower level of input when they sense injustice, which will ultimately result in worse job performance. Therefore, less inequality and any departure from justice may weaken the link between performance and promotions, pay, and recognition (Koo et al., 2020). According to research by Kollmann et al., (2020), motivating aspects include providing incentives that are suitable, communicating clearly, inspiring the work experience, and treating people with the respect and dignity they deserve. As a result, direct cash payments and indirect forms of compensation like benefits encourage employees to reach higher production levels, per a study by Kollmann et al., (2020), This is an essential part of the working relationship.

## **2.2 Empirical Review**

### **2.1 Contribution of form compensation on job performance**

According to Manzoor et al. (2021), performance ought to be connected to productivity and the reward system ought to be designed with the goal of keeping top performers within the company. Policies and procedures inside the organization must be able to create a system of rewards that will maximize worker performance by raising motivation and satisfaction levels. However, Prasetyo et al. (2021) showed that although most survey participants believed that money motivates them, cash bonuses did not significantly increase performance in their investigation of the impact of bonuses on employee performance in Kenya. Therefore, it was observed that there was no performance difference between the individuals who received bonuses and the those who did not.

According to Saban et al. (2020) research, employer motivation is a significant factor in keeping employees happy and engaged inside the company. Employees are frequently encouraged when they receive praise, awards, promotions, and recognition for their ideas or work. According to Rasheed et al. (2020) findings, those who receive recognition inside an organization are more motivated to fulfill their duties effectively than those who do not.

### **2.2 Contribution of frequency compensation on job performance**

Prior research indicates that worker satisfaction and retention in all kinds of firms are significantly influenced by employee motivation. Based on this premise, prior research has linked employee motivation to their effectiveness and efficiency. In relation to that, the body of research to date indicates that public office workers receive inadequate compensation or recognition. The employee's morale has been damaged by this. Additionally, the study conducted by Riyanto et al. (2021) shows that among the problems faced by Tanzanian public sector employees were unclear promotion procedures, delayed promotions, and failure to promote employees on time. Not enough research has been done on the impact of intrinsic and extrinsic motivators on job performance in air navigation services in the URT.

Salary and related benefits, improved working conditions, and promotions are additional extrinsic motivators (Vizano et al., 2021).

### **2.3 Contribution of compensation policy on job performance**

Each organization has a structured model that governs the process of employee promotions. These models take into account a variety of factors, including overall performance, skills demonstrated within a specific timeframe, experience gained, and other significant working relationship factors (Vizano et al., 2021). In light of this, Riyanto et al. (2021) contends that promotions within companies give workers the chance to transition between roles by evaluating their aptitude and expertise in carrying out their responsibilities. Employees that perform well can be readily identified and given to jobs and duties based on their abilities through promotion. According to research by Riyanto et al. (2021), companies should conduct fair promotion processes in order to increase employee motivation and performance. In addition, Prasetyo et al. (2021) characterize compensation as a reward granted to an individual for completing a specific task. According to Prasetyo et al. (2021), when workers receive fair compensation, they feel more appreciated and integrated into the company, which boosts employee morale. Based on this, Riyanto et al. (2021) contend that money is an essential instrument for meeting employees' basic requirements.

## **III. METHODOLOGY**

### **3.1 Research Design**

This study used explanatory cross-sectional design. Because it is easy to triangulate different information from different groups.

### **3.2 Study Area, Targeted Population and Sample**

Tanzania Airports Authority (TAA) selected as study area because is special organization that need special tension in order to reduce the rise of flight accidents. The study's population consisted of 247 Tanzania Airports Authority (TAA) personnel, with a sample size of 152 employees based on the Yamane's Formula.

### **3.3 Validity and Reliability**

Pilot study was used to in this study before distributing the whole questionnaires. In this study Cronbach's alpha was computed to examine internal consistency or reliability of our instrument. It measures how well a set of variables or items measures a single, one-dimensional latent aspect of individuals.



### 3.4 Data Collection Procedure

The researcher constructed the data collection instruments before data collection. Then he thought permission to collect data from the appropriate authorities. Subsequently, the researcher refined the data collections instruments by consulting experts and experience employees in the relevant field.

### 3.5 Data Analysis Procedure

Employees without administrative responsibilities had their data obtained by questionnaires, while those with administrative jobs had their data collected through interviews. Descriptive statistics and the Structuring Model were used to assess the qualitative data; content analysis was then used to analyze the data.

### Model Specification

The impact of independent variables on the dependent variable was ascertained using the Structuring Model. Since the dependent variables were continuous, the model was used.

$$Y = a + \beta_1FRE_1 + \beta_2FOR_2 + \beta_3RP_3 + \epsilon_{it} \dots \dots \dots (1)$$

Whereby:

Y= Employee Performance

a= a constant, the value of employee performance when the independent variables are at zero

$\beta_1 - \beta_3$  = Coefficients of Parameters

$FRE_1$ = Frequency of compensation;  $FOR_2$ = Forms of compensation;  $RP_3$  = compensation policy;  $\epsilon_{it}$  = error term.

## IV. FINDINGS & DISCUSSION

### 4.1 Demographic Characteristics of the Respondents

The respondents' characteristics were included in this study since Riyanto et al. (2021) found that they may have an impact on the study's findings. The study took into account education level, sex, and age. Table 2 provides a summary of these attributes. These features were chosen for this study because Riyanto et al. (2021) found that they are likely to have an impact on the majority of employees' sentiments, ideas, and views about their jobs and work environments. This is true because they allude to the social roles that employees play as well as their social experience and investment. As a result, independent of the explanatory variables, these traits may have an impact on changes in the dependent variable.

**Table 1**

*Demographic Characteristics of the Respondents*

Response rate		Frequency	Percent (%)
Responded		141	93
Not Responded		11	7
<b>Total</b>		<b>152</b>	<b>100%</b>
Sex		Frequency	Percent
	Female	26	24.3
	Male	81	75.7
	<b>Total</b>	<b>107</b>	<b>100.0</b>
Age		Frequency	Percent
	20-30	11	10.3
	31-40	16	15.0
	41-50	52	48.6
	51 and above	28	26.2
	<b>Total</b>	<b>107</b>	<b>100.0</b>
Education level		Frequency	Percent
	Technical Education	47	43.9
	University Education	60	56.1
	<b>Total</b>	<b>107</b>	<b>100.0</b>

### 4.2 Reliability of the Variables

Cronbach's alpha was calculated in this study to assess the instrument's internal consistency and reliability. It gauges how well a collection of factors or items captures a single, one-dimensional latent characteristic of people. A satisfactory degree of internal dependability is indicated by values above 0.7 for the Cronbach's alpha scale, which runs

from 0 to 1. In 2021, Riyanto et al. The number of items joined for each factor and the Cronbach's alpha values are shown in Table 2. The one factor's Cronbach's alpha values were related to recognition. As can be shown in Table 2, there is a high degree of internal consistency for our scale because the values of Cronbach's alpha for recognition and promotion are higher than the suggested value (0.7). This implies that, the variables used in this study have internal consistency and hence reliable for the study.

**Table 2**  
*Overall Reliability Test for Composition Variables*

Construct	Number of items	Cronbach's alpha
Compensation's variables	5	0.880

#### 4.3 Contribution of Compensation on Job Performance

The final goal of the research project, to investigate how employee work performance in TAA is impacted by remuneration, is presented in this section. This was accomplished by making use of the research model, which includes compensation along with other variables related to compensation, such as compensation policy, frequency of compensation, and possibilities for compensation. Accordingly, the minimum, maximum, mean, standard deviation, skewness, and kurtosis of the compensation variables that is, the central measurement and dispersion tendencies were computed and displayed using Table 3's descriptive statistical parameters.

**Table 3**  
*Compensation Variables*

Compensation	N	Min	Max	Mean	Std. D	Skewness		Kurtosis	
	Stat	Stat	Stat	Stat	Stat	Stat	Std. E	Stat	Std. E
Incentives, overtime and Bonuses are a motivating factor	107	1	3	2.06	0.698	-0.077	0.234	-0.917	0.463
Compensation packages affect the morale to perform the job	107	1	3	2.27	0.759	-0.501	0.234	-1.099	0.463
The Management awards employees who achieve high performance	107	1	3	2.20	0.733	-0.325	0.234	-1.071	0.463
Incentives, overtime and Bonuses are very important in influencing the performance of the job	107	1	3	2.35	0.660	-0.513	0.234	-0.693	0.463
There is frequency provision of Incentives, overtime and Bonuses to the employees in the organization	107	1	3	2.22	0.793	-0.425	0.234	-1.282	0.463
There is frequency provision of extra duty allowances to the employees in the organization	107	1	3	2.18	0.856	-0.352	0.234	-1.551	0.463
Valid N (list wise)	107								

Table 3's descriptive results show that, with a minimum and maximum value of 1 and 3, incentives, overtime, and bonuses were recognized as motivating elements by an average of 2.06 respondents. Additionally, the results show that pay packages have an average effect on employee morale of 2.27, with minimum and highest values of 1 and 3. The study also shows that respondents stated that employees who perform well are given prizes by management, with a minimum and maximum value of 1 and 3 and an average of 2.20. Furthermore, the frequency with which the organization's employees receive bonuses, overtime, and incentives was scored with an average of 2.22 and a minimum and maximum value of 1 and 3.

The values of skewness and kurtosis of the compensation variables, based on the central and dispersion parameters, showed that all of the compensation variables fall within the normal distribution bounds. These statistical factors lead to the conclusion that employee performance is influenced by salary. Furthermore, these results align with the research conducted by Riyanto et al. (2021), which evaluated the influence of remuneration on job performance. They found in their research that pay has a big impact on how well employees perform at work. This finding supported by Darmawan et al. (2020) who said that demographic variables affect the study of contribution of compensation on job performance.



Furthermore, the data gathered from TAA administrators' interviews validates that pay has an impact on employees' job performance. During the interview, the key informant expounded that one of the reasons that encourages people to perform better is their salary. The source elaborated on this, saying:

*“Give the worker a sense of employment value when they are paid for their effort. Receiving payment is a wonderful thing. It motivates workers to deliver better work.”*

The aforementioned quotation demonstrates the connection between pay and job performance. Workers are motivated to increase their output in order to receive pay. One could argue that pay is the driving force behind employees' improved performance within the company.

The study went on to demonstrate that weather compensation had a significant impact on job performance using the comparable statistical approach (t-test). Table 4 presents the findings. It is found that there is a substantial correlation between job performance and the types of compensation ( $P < 0.0001$ ), frequency of compensation ( $P < 0.0001$ ), and compensation policy ( $P < 0.0001$ ). It was shown that work performance increased by .231 for every unit increase in compensation types. Additionally, it was found that a unit increase in compensation frequency will result in a 0.802 improvement in job performance. Similarly, Ali and Anwar (2021), improvement in work performance would result from a unit increase in the remuneration policy. It was also observed that the types of remuneration, frequency of payout, and compensation policy explained nearly 32% of the variance in work performance [ $R\text{-Square} = 0.320$ ] see Table 5].

**Table 4**  
*Influence of Employee Compensation on Job Performance*

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	7.067	0.774		9.134	0.000	5.533	8.602		
	Forms of compensation	0.231	0.235	0.118	0.985	0.327	-0.234	0.696	0.463	2.160
	Frequency of compensation	0.802	0.280	0.345	2.858	0.005	0.245	1.358	0.453	2.209
	Compensation policy	0.331	0.260	0.164	1.275	0.205	-0.184	0.846	0.398	2.514

Dependent Variable: INCIDENTS

**Table 5**  
*Model Summary for Job Compensation*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.566 <sup>a</sup>	0.320	0.300	1.88602

The aforementioned results suggest that there exists a noteworthy correlation between employee performance and salary. This is explained by the fact that well-paid workers are able to cover their essential expenses and show up for work in a cheerful manner. Their strong performance is attributable to their high morale and stress-free performance. This finding supported Ali and Anwar (2021) who said that demographic variables affect the study of contribution of compensation on job performance.

Money's impact on employee motivation can be used to gauge how compensation affects worker performance. This is true as almost all forms of recompense include money. In general, the financial aspect of a work is represented by money. Abraham et al. (2012) claim that money has symbolic meaning since it denotes social power and purchasing power.

**4.3.1 Contribution of form compensation on job performance**

The findings indicated that there is relationship between form compensation and job performance in Tanzania (Public sectors).

**4.3.2 Contribution of frequency compensation on job performance**

The findings indicated that there is relationship between frequency compensation and job performance in Tanzania (Public sectors).

### 4.3.3 Contribution of compensation policy on job performance

The findings indicated that there is relationship between compensation policy and job performance in Tanzania (Public sectors).

## V. CONCLUSION & RECOMMENDATIONS

### 5.1 Conclusions

The study's conclusions showed a significant relationship between job performance and compensation types, frequency of compensation and compensation policy ( $P < 0.0001$ ). It was observed that there was increase in job performance compensation forms.

### 5.2 Recommendations

It was noted that there was an improvement in work performance for every unit increase in compensation frequency. Similarly, there is rise in job performance with each unit increase in the remuneration scheme. It was observed that the types of compensation, frequency of compensation, and compensation policy accounted for over of the variance in job performance. According to the researcher, it will be very beneficial to look into how both internal and external factors affect how well employees are recognized for their work.

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