

REWARD SYSTEMS AND ITS PERFORMANCE IMPLICATION: A SOUTH EASTERN NIGERIA EXPERIENCE

ABSTRACT

The seeming unending controversy between employers and employees in the workplace which have most often led to some sort of faceoff between both parties necessitated this study which looked at reward system and its component non-financial rewards and how it impacts on job performance of civil servants in South East of Nigeria. The work was anchored on Victor Vroom's Expectancy Theory. Descriptive survey design was adopted for the study. The population of the study was 26,741 civil servants from South Eastern States of Nigeria. A sample size of 5136 was arrived at through the application of Borg and Gall method. Data were collected using structured questionnaire and were analyzed using Pearson Product Moment Correlation Coefficient while hypotheses were tested at 0.05 (5%) significance level. The study revealed that there was a statistical significant relationship between employee recognition and performance in civil service in South East of Nigeria ($r = .819$, $p\text{-value} < 0.05$) and that there was a statistical significant relationship between staff development and employee performance in civil service in South East of Nigeria ($r = .586$, $p\text{-value} < 0.05$). Sequel to this, it was concluded that reward systems has significant performance implication for civil servants. Following this, it was recommended among other things that it is the duty of government to fashion out best methods of recognizing employees who distinguishes themselves while carrying out their assigned tasks and that government needs to always identify training needs of the workers through effective performance appraisal and staff development practices.

Keywords: Reward systems, non-financial rewards, employee recognition, staff development and employee job performance

1 INTRODUCTION

The issue of the rewards that employees receive for the performance of their jobs has continued to generate an unending controversy in organizations. Rewards which people receive for the performance of any duty assigned to them globally is of vital importance to the employees because it is one of the main reasons for acceptance of an offer of employment. The more attractive the rewards, the more easily the applicants consider accepting the offer of employment. The contract of employment therefore brings the employers and the employees in a relationship that is binding. This bond is strengthened by rewards which the employer

offers and which the employee in turn accepts. Any form of violation of this bond by any of the two parties to the contract spells doom for both parties.

Human Resource Management (HRM) is principally but not exclusively concerned with how to manage human beings to achieve effective and efficient performance in their organizations either in the public or private sectors. In Nigeria, the civil service harbours the largest size of unmotivated staff of all the public sector agencies. This is as a result of issues ranging from poor and irregular salaries to lack of empowerment by not providing opportunities for capacity

building and skills development. All these culminate in inefficiency, poor performance, redundancy and low productivity of the workers (Lawal & Oluwatoyin, 2011).

Reward management (RM) is a crucial aspect of HRM; it consists of essential elements such as people, processes, rules and regulations that are needed to achieve the objectives of any organization in the area of giving adequate reward for the contributions of employees in the organization. From this, it means that RM covers all the activities that are involved in determining what is to be given to an employee, who is to give it, how it is to be given and when it is to be given. As a result, it encompasses totality of all that is involved in recognizing the performance of an employee. RM from the above analogy can also be concerned with the formulation and implementation of strategies and policies geared towards rewarding people fairly, equitably and consistently in accordance with values of the organization (Armstrong, 2006). It consists of philosophies, strategies, policies, guiding principles, practices, structures and procedures which are advised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of reward.

The crucial roles RM play in employees' performance in organizations cannot be overemphasized. When employees are specially recognized for the performance of their duties, they tend to put in more effort to ensure that they constantly receive those recognitions. Employees can be rewarded in two main ways for the jobs they do. They can be rewarded financially and non-financially. Financial rewards are those rewards which are expressed in raw cash such as increase in salaries, wages and other financial incentives while non-financial reward include things such as recognition, training programmes in form of short

courses, seminars and workshops. Others include provision of medical facilities, recreational facilities, loan facilities, provision of conducive work environment where task can be performed more conveniently etc.

Effective RM is crucial in any organization, but unfortunately many organizations do not have an effective RM to ensure that all categories of employees are intrinsically and extrinsically motivated for improved performance. In Nigeria, the rewards which employees get for the performance of their duties have continued to generate unresolved controversies. The employees are always agitating for one upward review of their salaries or the other. Some of these controversies are part of the agreement between them and their employers while some are not. The government and the private sector as major employers are of the opinion that the changing situations in the environment especially the unstable nature of the economy do not allow them to fulfil their promises not to talk of meeting those demands from the employees that are not within the terms of employment. The employees on their part argue on the basis of instability in the economic environment which do not consider the terms of their employment. The consequences of these disagreements have led to strike actions, work to rule, indiscipline, and lack of commitment, poor productive efforts and general poor performance on both the employees and the organization.

Studies done in the past on RM and employee performance in Anambra State Civil Service confirmed that there is a lot of problem with the system. Many other authors/researchers have worked on RM generally and found that it is a way of motivating the employees. Most of the studies focused on financial reward thereby leaving a gap in non-financial reward and its

role in determining the performance of employees. It is against this backdrop that this study seeks to examine the influence of non-financial rewards on the performance of civil servants in southeast Nigeria.

Objective of the Study

The broad objective of this study is to examine the impact of non-financial rewards on job performance of civil servants in South East of Nigeria. However, the specific objectives are to:

- (i) Examine the impact of employee recognition on job performance of civil servants in South East of Nigeria.
- (ii) Appraise the impact of staff development on employee job performance of civil servants in South East of Nigeria.

2 REVIEW OF RELATED LITERATURE

Reward System

Organizations are now using reward system as a competitive strategy to lure and keep employees. This was the opinion of Ngwa, Adeleke, Agbaeze, Ghasi and Imhanrenialena (2019) when they posit that reward systems are fast becoming a competitive tool to many firms in the present globalized work environment. Rewards system refers to all the employer's available tools that may be used to attract, retain, motivate and satisfy employees (Armstrong, 2013). According to Thompson (2002), rewards could be seen as appreciation in cash or kind given to employees for their extra contributions to the organization.

Non-financial rewards, according to Mossbarger and Eddington (2003) are rewards that motivate employees for more creativeness and intellectual ability, they are rewards that express "goal setting, communication, autonomy, of delegation of

responsibility and flexibility "which are basic ingredients for productivity and improvement.

Employee Recognition and Job Performance

Employee recognition is part of non-financial rewards which are non-monetary/non-cash; it comes in the form of social recognition, praise and genuine appreciation, etc (Okwudili, 2015). Rowley (2011) observes that it is imperative for organizations to recognize achievements, assign important projects and provides status to make employee feel valued and appreciated. Recognizing employee's accomplishments is a way to making them satisfy their esteem needs. This could actually take the form of awards, prestige, plagues, participative management etc. Apart from recognition through all forms of appreciation, involving employee in decision making in an organization is one form of recognition that is more potent than any other. This is because such recognition gives the employee sense of belonging that arouses inner feeling of satisfaction that does not only make him perform at his/her best but also deeply loyal to the organizations.

Ryan (2013) asserts that non-financial rewards can make more substantial impact on employee satisfaction and motivation than traditional financial rewards. This claim is based on the outcome of a study carried out by the Hay Group. Some findings of the study were that many employees left their jobs because of "work climate", career development, recognition and other non-financial issues. In support of this finding, Comeskey (2010) argues that non-financial rewards bring back tangible link by making employees "feel involved" because financial rewards usually get eroded by mortgage, rent, utilities and other direct and automatic payments from their bank accounts.

Staff Development and Job Performance

Training and development programme is a strategic function of human capital management as well as a form of non-financial reward which focuses on developing employee competencies in order to overcome daily routine and short-term problems (Ismail & Bongogoh, 2007). In a research conducted on the effectiveness of training in public service by Haslinda and Mahyunddin (2009), it was found that public sector organizations had increased their concern with regard to the effectiveness of training and development since it is critical in enhancing on-the-job performance in order to achieve key performance indicators (KPI) for each employee. Ismail and Bongogoh (2007) further argue that adequate motivation comes from training because employees see it as a means of updating knowledge, skills, abilities and good conduct. With the transformation of knowledge society, training and development has been identified as a strategic tool for competitive positioning (Kamal, Normah & Othman, 2012). Hence, giving opportunities for workers to further learn about their required and expected task will increase individual worker's performance and expose them to believe that they are part and parcel of the organization. Poor performance due to lack of or inadequate training can produce employee dissatisfaction and conflict, and negative work attitude (Truitt, 2012).

Human resource management in civil service uses techniques that compel managers to specify their goals so that these goals on staff maintenance can be understood and undertaken by the workforce and managers can provide the resources needed for employees to successfully accomplish their assignments (Armstrong, 2006). Therefore, HRM is also seen by many to play a key role in risk reduction with organizations because staff needs are

always brought to fore by adequate rule enshrined in the civil service rule (Armstrong, 2006). Apart from using staff development to enhance employee satisfaction and compliance with employment-related laws, it also makes employees feel confident that they are competent and therefore qualified to be where they are in the organization (Shumen, 2009).

Theoretical Framework

This work is anchored on Victor Vroom's Expectancy Theory. Vroom (1964) points that the model is based on the assumption that man is a rational being and will always try to maximize his pay-off. He will choose an alternative that would give him the most benefit. Hence, according to the theory, motivation to work is strongly determined by an individual's perception that a certain type of behaviour will lead to certain type of outcome and his personal preference for that type of outcome (Chandan, 1987). Put differently, Vroom who attacked Herzberg's two-factor theory on the ground of being too dependent on the constant and context of his research, was of the opinion that a person's motivation towards an action is determined by his anticipated values of all positive and negative outcomes of the action multiplied by the person's expectancy that the outcome would yield the desired goals (Vroom, 1964).

The theory provides guide for understanding the conditions under which an economic incentive system (such as performance, contingent rewards) might be successful (Vroom, 1964). A key point of this theory is that an individual's behaviour is formed not on objective reality, but on his/her subjective perception of the reality. The core of the theory relates to how a person perceives the relationship between three things; effort, performance and rewards. Vroom also explained three factors which

stimulate an individual to put effort into things for work which is based on the individual perception of the situation. These include: expectancy, that is the extent of individual's perception or beliefs that a particular act will produce a particular outcome, instrumentality, that is, the extent to which the individual perceive that effective performance will lead to desired rewards and valence, that is, the strength of the belief that attractive reward is potentially available. Vroom also distinguished "valence" from value, by defining the former in terms of the anticipated satisfaction the individual hopes to get from the outcome or reward, and by defining "value" in terms of the actual satisfaction obtained by the individual.

The theory was found useful in explaining employee's satisfaction and effectiveness vis-à-vis the nature of their (employees) interaction with the employers. Employees expect humane and impartial treatment from the management and the management in return expects undivided loyalty and effective performance from the employees so that in the end, common objective of achieving organizational goal may be attained. Employees are committed to jobs they perceive to have a possibility of satisfying their needs through the reward they will receive for the work done (Ngwa, Adeleke, Agbaeze. Ghasi & Imhanrenialena, 2019). Hence, the model suggest that an employee will be a high performer when he or she perceives that personal efforts will lead to high performance, sees a high probability that high performance will lead to favourable outcomes, and views the outcomes to be positively attractive. The civil service is no exception as proper management of performance of the civil servants can lead to higher performance, especially when they believe that it can lead to attractive rewards. Every rational human being expects positive outcomes from their

actions and reward in their regard can serve as a positive motivator for improved performance.

Empirical Review

Abu-Abdissamad (2013) conducted a study on non-financial rewards and employee's performance in both the public and private sector organizations. The study covered banks, educational and health institutions as well as local government secretariats in Zaria. The study found that non-financial rewards motivate employees effectively. However, it was found that many of the popular non-financial rewards, such as free medical care, official cars and staff quarters have been "rubbished" with the monetization policy of the government. The interaction with some employees in government owned offices indicate that employees see the monetization policy as a renege on the part of the organization to provide medical care and official quarters for them.

Okwudili (2015) examined the effects of non-monetary rewards on productivity of employees among selected government parastatals in Abia state, Nigeria. It was revealed in the study that non-monetary rewards and productivity of the employees have positive relationship which was significant at 0.05 probability level (2-tailed) using Person's Correlation Coefficient. The study therefore concluded that higher exploitation of productivity and efficiency of employees in government parastatals is possible with the effective exploitation of human resources through non-monetary rewards such as recognition, conducive work environment, delegation of responsibilities and of course training and development of the staff.

In another development, Okereke and Igboke (2011) examined the perception and relevance of influence of training and

manpower development on employee performance of civil servants in Ebonyi state, Nigeria. Three hundred (300) civil servants were selected from the population. The result of the study using chi-square (χ^2) test of independence showed that training and manpower development are some of the motivational factors that employees need to perform as expected in their various organizations, especially civil service where this seem to be grossly lacking.

Also, in a study done by Kida, Mahmud and Nuhu (2015) on financials were tertiary institutions in Borno state, Nigeria were studied. The results of the study indicated that both financial and non-financial rewards and incentives motivate the employee to perform better. However, those motivational factors such as reciprocal benefits, knowledge, self-efficacy, are of general dissatisfaction. The study concluded that rewards, in particular non-financial rewards, are very potent in motivating the public servants to perform effectively.

Suleiman (2013) did a study on causes of poor attitude to work among workers of public and private sectors organization in Bauchi state, Nigeria. Using a sample of 308 respondents, the study found that poor attitude to work has negative impact on the productivity level of organization studied. The study revealed further that inadequate training programmes for the employees and the job insecurity are some of the causes of poor attitude to work.

In a related developments, Ejike (2013) carried out a study on the implications of employee recognition in an organization, using a sample of 272 respondents drawn from selected manufacturing firms in Anambra state. Findings from the study showed that recognition of employees in an organization enhance their performance. The study revealed further that employees are

likely to perform even better if the employers and managers can create work environment that is characterized by mutual trust, respect for employees' ideas and regard for self-feeling. Such an atmosphere would foster peaceful coexistence and serve as a model for effective management of employee's performance.

3. METHODOLOGY

The study adopted descriptive survey design. The study took place in the five (5) states of the South-East geo-political zone of Nigeria namely, Abia, Anambra, Ebonyi, Enugu and Imo States. The population for the study comprised senior civil servants from the states which is put at 26,741. Sample size was determined through the application of a method developed by Borg and Gall in 1973 and the figure arrived at is 5136. Proportionate allocation of the sample across the states as determined by the population of categories of civil servants in the study was undertaken. The research developed an item structured instrument for data analysis which underwent both face and content validation. In determining the reliability of the instrument, test re-test method was used. Direct questionnaire distribution approach was used due to its obvious advantages over other methods. Data were analyzed using Pearson Product Moment Correlation Coefficient at 0.05 (5%) significance level.

Data Analysis

Hypothesis one

There is no significant relationship between employee recognition and performance in civil service in South East of Nigeria.

Table 1a: Correlation analysis for hypothesis one

Correlations		EMPREC	PERF
EMPREC	Pearson Correlation	1	.819**
	Sig. (2-tailed)		.000
	N	4511	4511
PERF	Pearson Correlation	.819**	1
	Sig. (2-tailed)	.000	
	N	4511	4511

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

Source: Field Survey, 2019

Keys:

EMPREC: Employee Recognition

PERF: Performance

Table 1 shows the correlation analysis result for the relationship between employee recognition and performance in civil service in South East of Nigeria. From the result, the correlation coefficient (r) is .819 and the sig (p-value) is .000. This signifies that there is a statistical significant relationship between employee recognition and performance in civil service in South East of Nigeria. Hence, the null hypothesis is rejected in favour of the alternate hypothesis.

Hypothesis one

There is no significant relationship between staff development and employee performance in civil service in South East of Nigeria.

Table 2: Correlation analysis for hypothesis one

Correlations		STADEV	PERF
STADEV	Pearson Correlation	1	.586**
	Sig. (2-tailed)		.000
	N	4511	4511
PERF	Pearson Correlation	.586**	1
	Sig. (2-tailed)	.000	
	N	4511	4511

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

Source: Field Survey, 2019

Keys:

STADEV: Staff Development

Table 2 indicates the correlation analysis result for the relationship between staff development and employee performance in civil service in South East of Nigeria. As shown in the result, the r is .586 and the p-value is .000. This implies that there is a statistical significant relationship between staff development and employee performance in civil service in South East of Nigeria. Sequel to this, the null hypothesis is rejected in favour of the alternate hypothesis.

Discussion of Findings

The finding in this section is consistent with that of Ejike (2013) when he found from the study that recognition has implication on employees performance. This, according to him, is because recognition leaves the employee without any doubt that his/her contributions to the success of the organization are acknowledged. Furthermore, recognition for job well done is a motivation to do more and it is important that managers take note of this. In a related development, the study revealed that the most effective means of developing skills and acquiring knowledge is through training. As we have seen from the vast literature reviewed in the study, the issue of training and development is not taken very serious in civil service, yet it is a veritable means of achieving efficiency and desired level of productivity. The result of the test of hypothesis indicates that positive and significant relationship exists between employee performance and staff development in civil service. This finding supports many findings in this area of study. One of such finding is made by Okereke and Igboke (2011) when they found from the examination of the perception and relevance of influence of training and manpower development on performance of employees, using civil servants in Ebonyi State as case

study. The result of the study showed that training and manpower development positively influence employee performance. Apart from this, other literatures on relevance of training of organisational productivity states that any organization that does not take interest in the training and development of its employee is simply encouraging obsolescence and may also find it very difficult to innovate.

Conclusion

As could be seen from the analysis of the study, there is no independent variable that does not show substantial impact on the dependent variable. Therefore, it is concluded that reward systems has significance performance implication for civil servants in particular and for the civil service in the region in general.

Recommendations

Based on the findings and the conclusion made from this study, the following recommendations are made:

- a) It is the duty of government to fashion out best methods of recognizing employees who distinguishes themselves while carrying out their assigned tasks. This way, healthy competition can take place among the employees thereby increasing productivity level per individual worker.
- b) Government needs to always identify training needs of the workers through effective performance appraisal and staff development practices so that the workers can learn the modern methods of rendering service delivery to the people and at the same time learn or acquire skills that may be of use to them elsewhere outside their present engagement.

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