

### **EMPLOYEE REWARDS 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 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. The specific objectives guiding this study 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**

### **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. 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 "rubbed" 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 ( $\chi^2$ ) 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. The instrument contained 26 items, 10 each for measuring employee recognition and staff development while six questionnaire items for measuring the job performance. The instrument underwent both face and content validation. In determining the reliability of the instrument, test re-test method was used and it returned an average coefficient of 0.82 which is higher than the general average of 0.70. 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 Presentation and 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).

Keys:

EMPREC: Employee Recognition

PERF: Performance

Source: Field Survey, 2019

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 two**

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).

**Keys:**

**STADEV: Staff Development**

**Source: Field Survey, 2019**

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.

### Results and Discussion of Findings

The finding from the first hypothesis shows that there is a statistical significant relationship between employee recognition and performance in civil service in South East of Nigeria with a  $r$  of .819 and  $p$ -value of .000. This shows that when employees are recognized for a job well-done, they will be motivated to do more and this will have a positive impact on their performance. This signifies. The result from the second hypothesis indicates that the  $r$  is .586 and the  $p$ -value is .000, meaning that there is a statistical significant relationship between staff development and employee performance. The implication of this is that when organizations develop their workers through seminars or workshop, study leave or other forms of development, the employees would want to repay the organization and therefore result in better

performance. 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. These findings supports many findings in this area of study. One of such finding is made by 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. Also, Okereke and Igboke (2011) found 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 employee reward has significance performance implication for civil servants in particular and for the civil service in the region in general. This follows earlier findings of researchers such as Nuhu (2015) and Ejike (2013) who found that non financial rewards impacts on performance and motivation of employees.

### 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.

### References

- Abu-Abdissamad, A.M. (2013). Non-financial reward system in Nigeria public and private organizations. *International Journal of Research in Computer Application and Management*, 3(8), 32-36.
- Aremu, M. A., Bamituro, J. A., & Aremu, M. A. (2007). Impact assessment of employee benefits in work motivation: A path to high productivity in Nigeria. *Sahel Analyst*.
- Armstrong, M. (2006). *A handbook of human resource management and practice*. London: Kogan Page.
- Armstrong, M.A. (2013). *A Handbook of human resource management practice*. London: Kogan Page.
- Comeskey, D. (2010). Using non financial rewards to improve retention and engagement, Being Presentation at the 13<sup>th</sup> Annual Strategic Remuneration Conference, <http://www.brightstar.co.nz/whitepaper/using-Non-financial-rewardsimprove-retention-and-engagement>.
- Ejike (2013) implications of employee recognition in an organization. *International Journal of Finance*, 3(4), 12-19
- Haslinda, A. & Mahyuddin, M. (2009). The effectiveness of training in the public service. *American Journal of Scientific Research*, 6,39-51.
- Haslinda, A. & Mahyuddin, M. (2009). The effectiveness of training in the public service. *American Journal of Scientific Research*, 6, 39-51.
- Ismail, A., & Bongogoh, S. (2007). The supervisor's role in training programmes: An empirical study in one city based local authority in Sarawak, Malaysia, *Unitar e-Journal*, 3(2), 50-67
- Kamal, M.A., Norman, B., & Othman (2012). Training and development for library and media teachers in selected Malaysian school resource centers. *Journal of Education and Practice*, 3(6): 201-227.
- Kida, M.I., Mahmud, Z.U., & Nuhu, M.A. (2015). Financial and non-financial incentives as tools for motivating employees of libraries in tertiary institutions of Brno State, Nigeria. *SMJ*,1(1), 47-57.
- Lawal, T., & Oluwatoyin, A. (2011). The Civil Service and sustainable development in Nigeria. *Journal of sustainable development in Africa*, 13(4): 385-393



- Melohn, T.H. (1983). How to build employee trust and productivity” *Harvard Business Review*, 56-59.
- Mossbarger, M. , & Eddington, J. (2003). Methods for motivating employees.
- Ngwa, W. T.,. Adeleke, B. S., Agbaeze. E. K., Ghasi, N. C., & Imhanrenialena. B. O. (2019). Effect of reward system on employee performance among selected manufacturing firms in the Litoral region of Cameroon. *Academy of Strategic Management Journal*, 18(3), 1-16.
- Ohiwere, F.O. & Emeti, C.I. (2011). Motivation and job satisfaction in the Nigeria public service: problems, issues and strategies. *Journal of Business and Organizational Development*, 3(1), 22-46.
- Okereke, C. I., & Igboke, B. N. (2011). Training, manpower development and job performance: perception and relevance among civil servants in Ebonyi State, Nigeria. *Journal of Economic and International Finance*, 3(6), 399-406.
- Okwudili, B. E. (2015). Effects of non-monetary Rewards on Productivity of Employees Among selected government parastatals in Abia State, Nigeria. *Journal of Business and Management*, 17(2), 06-11.
- Rowley, J. (2011). Motivation of staff in libraries, *library Management*, 17(5), 31-35.
- Ryan, S. (2013). Rewards and recognition Retrieved 10<sup>th</sup> January 2018 from [http://edweb.sudsu.edu/people/ARossett/pie/interventions/incentivesrewards\)2.htm](http://edweb.sudsu.edu/people/ARossett/pie/interventions/incentivesrewards)2.htm)
- Ryan, S. (2009). Rewards and recognition Retrieved 10<sup>th</sup> January 2018 from [http://edweb.sudsu.edu/people/ARossett/pie/interventions/incentivesrewards\)2.htm](http://edweb.sudsu.edu/people/ARossett/pie/interventions/incentivesrewards)2.htm)
- Shumen, J. (2009). *Is organizational culture similar with HRM*. Nigeria: Northern Press.
- Suleiman, W. (2013). A study of causes of poor attitude to work among workers of both public and private sectors organizations in Bauchi State, Nigeria. *International Journal of Academic Research in Business and Social Sciences*, 3(7), 143-152.
- Thompson, P. (2002). Total Reward, London: (1 pd 2-115p).
- Truitt, D. L. (2012). The Effect of training and development on employee attitude as it relates to training and work productivity, Salisbury. University, HH 309, 1101 Camden Ave, Salisbury, MD21801-6860, USA.
- Vroom, V.H. (1964). *Work and motivation*. New York: John Wiley and Sons.