

**REWARD AND ORGANIZATIONAL PERFORMANCE IN NATIONAL  
ORTHOPAEDIC HOSPITAL ENUGU**

**BY**

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**REWARD AND ORGANIZATIONAL PERFORMANCE IN NATIONAL  
ORTHOPAEDIC HOSPITAL ENUGU**

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Masters of Science (M.Sc.) Degree in Sociology and Anthropology (Industrial Relations)**

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## **DEDICATION**

This work is dedicated to the Almighty God, for his infinite mercies and grace.

And to My Lord, Mr. Favour Biodun Inyere; My Answer, Samuel O. Favour; My Mother, Mrs. Lucy Eboh; US and Family and Late. Engr. Eddy Onugha.

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## ABSTRACT

Reward system can be seen as a means of actively engaging and the renewing the employee's sense of community and mission of an organization. In this view, an effectively administered system of rewards can provide incentive for quality workmanship and performance. Reward system and management are very key for attracting and retaining high quality employee as well as facilitating them to improve performance. The study is on "Reward and Organizational Performance in National Orthopaedic Hospital, Enugu". The target population comprised of 1,083 member of staff including cleaning staff, nurses, pharmacists, contracts staff and medical consultants of National Orthopaedic Hospital Enugu. Ball and Gall Percentage suggestion for sample size was used to determine the sample size of 542 respondents. Structured questionnaire and Focus Group Discussion (FGD) were used to generate data. Data were analyzed using descriptive statistics (Frequencies, percentages, inferential statistics (T-test). The general objective of the study was to determine the influence of reward system on organizational performance in National Orthopaedic Hospital Enugu. Five research questions were formulated to guide the study. Respondents are of both sexes. Questionnaires were administered to 542 of the respondents. It was discovered among other things following the testing of five hypotheses at 0.05 levels of significance that: the reward system (salary, time of payment of salary, opportunity for career growth, Health Insurance, Leave and Award) at the National Orthopaedic Hospital Enugu is not satisfactory. Also, the impact of the reward system on the performance of the employees is poor. The recommendations based on the findings were that: the salaries of the employees should be reviewed to reflect their performance, promotions should be given as at when due and capacity building should be sponsored by the organization.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Every organization exists for the purpose of performing a function which is a means of satisfying societal needs. The organization needs competent manpower to fulfill its mission. The organization must employ various reward systems to enhance its employees' performance. Consequently, there are several reward techniques. But the questions are: Do they affect employee performance positively? Why are some workers interested and satisfied with their work and others are not? Why are there some variations in employee performance?

The management of people at work is an integral part of the management process. To understand the critical importance of people in the organization is to recognize that the human element and the organization are synonymous. A large number of scientific studies have pointed out that employees, referred to as the 'Human Capital' of a company, play a fundamental role in the survival and success of an organization by providing a competitive advantage (Jin, Hopkins & Wittmer, 2010; Hatch & Dyer, 2004; Luthans & Youssef, 2004; Barney, 1991). The Human Capital reflects the overall knowledge, experience and competencies the staff of an organization possesses. These assets are intangible and firm-specific, which make them not easily imitable by concurrent companies and therefore a source for potential long-term competitive advantages (Afiouni, 2007; Zahra & Nielsen, 2002). Motivation is a human psychological characteristic that contributes to a person's degree of commitment. It includes the factors that cause, channel and sustain human behaviour in a particular committed direction.



The concept of reward management activity has grown dramatically over decades, bringing with it major changes in the organization and performance of economic activity around the world. Yet, there is much about the reward management process that we do not fully understand, including the method of reward system used in an organization. Banjoko (1996) states that many managers use money to reward or punish workers. This is done through the process of rewarding employees for higher productivity by instilling fear of loss of job (e.g., premature retirement due to poor performance). The desire to be promoted and earn enhanced pay may also motivate employees. Stoke, in Adeyemo (1999) goes on to say that there are basic assumptions of motivation practices by managers which must be understood. First, that motivation is commonly assumed to be a good thing. One does not feel very good about himself if he is not motivated. Second, motivation is one among the factors that boost worker's performance. Factors such as ability, resources and conditions under which one performs are also important. Third, managers and researchers alike assume that motivation is in short supply and in need of periodic replenishment. Lastly, motivation is a tool which managers can use in organizations.

The turbulent crisis over continuous agitation for increased pay in the public services all over the world is challenging public sector organizations to utilize their employees more effectively to improve organizational performance. Employers and managers are pre-occupied by how to increase productivity and how to motivate workers in order to increase better performance.

In Nigeria, pay has become the driving force for seeking employment in the industry. It therefore becomes imperative that organizations establish and adopt a reward system that can motivate employees to work while at the same time not eating too deep into the organization's resources.

The management of employee reward is today more complex than it was some four decades ago; this is because many unanticipated legal, social, cultural and economic constraints have surfaced in recent time (Banjoko, 2006). The dynamic nature of the environment has altered the values and expectations of the workers, thus putting pressure on employers to review upwards the content of any compensation package. The economic situation of Nigeria has changed drastically in recent times such that cost of living has shot up drastically, cost of operation has increased and competition has become more intense. Workers are more sensitive to the value they create and the reward they get in form of wages and benefits. So, they make use of their union(s) to agitate for better pay and incentives.

According to McCormick and Tiffin cited in Abiola and Ajila, (2004), rewards can be either intrinsic or extrinsic. Intrinsic rewards stem from rewards that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals, while extrinsic rewards are those that are external to the task of the job, such as pay, work condition, fringe benefits, security, promotion, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organizational level, and may be largely outside the control of individual managers. Intrinsic rewards on the other hand are those rewards that can be termed ‘psychological rewards’ and examples are opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner.

Good enumeration has been found over the years to be one of the policies the organization can adopt to increase their workers’ performance and thereby increase the organizations productivity. Also, with the present global economic trend, most employers of labour have realized the fact that for their organizations to compete favourably, the performance of their employees goes a long way in determining the success of the organization. On the other hand,

performance of employees in any organization is vital not only for the growth of the organization but also for the growth of the individual employee. Eburajolo (2004) posits that organizations develop and manage a reward system that is fair, transparent, and projects merits that allows enough differentiation, tilting heavily in favour of performance. This is very crucial to stimulate the desired impetus for performance.

Despite the tendency in recent years to downgrade the importance of pay (monetary rewards) as an organizational reward, money can still be positively reinforcing for most people. Motivation and performance are very complex issues affected by many factors. No one factor can guarantee motivation or performance in the absence of other crucial factors. Thus, non-monetary rewards are important elements in the motivation of the workforce. Non-monetary rewards consist of all intrinsic motivators such as achievement, responsibility and opportunity to grow and other extrinsic motivators such as recognition, job enrichment, praise and status (Amstrong et al, 1994).

Cumming in Beer (2008) hold strongly to the opinion that good pay leads to improved performance. According him, there is always an economic motive behind work because people have to earn pay to meet their needs. It is job that provides the means of meeting these needs. Therefore, money has enormous motivational value, when administered as reward for good performance and it can also affect how the worker performs.

Maslow (1984) and Hertzberg (1999) also emphasize effect of reward on performance when they said there is no basis to accept that reward and motivation do not relate. These models fail to work in the Nigerian context because of empirical defects. Nigeria is a developing economy; the day to day requirement of the average Nigerian including the health workers is how to meet basic needs. Only a few can be said to have reached the level of self-actualization. Indeed most workers depend on government salaries to be able to meet their needs and reward is predicated

on availability of funds from government. Sometime reward is delayed for one reason or the other and the workers have nothing to fall upon.

There is an indication of insufficiency among the Public Health Sector which needs to be either erased or reduced by government authority through monetary reward. It is against this background that pay, among other service reward instruments, is important to the individual worker. There is sufficient evidence to demonstrate that workers (even those in the health sector) are likely to be more committed to their work if they are offered opportunities and responsibilities backed by positive managerial support.

In Nigeria, the performance of health institutions has been largely influenced by the reward system. Workers in the health sector have embarked on industrial strike actions so very many times owing to poorly implemented reward systems. Currently, health institutions are coping with severe staff shortages, low work motivation, high rate of absenteeism and an under-performance. And all these threaten the goals of the organization.

The National Orthopaedic Hospital Enugu is one of the federal government-owned orthopaedic hospitals in Nigeria. Its origin is traced back to the Nigerian Civil War (1967 - 1970), as it was established for maimed war victims. In 1972, the foundation plaque was unveiled by Emperor Haile Salassie of Ethiopia after whom it was named for his mediating role in the Nigerian Civil War. The hospital was opened to the public with the first intake of patients on 17th January, 1975. In July 1975, it was renamed State Orthopaedic Hospital by Col. Anthony Ochefu, the then Military Governor of East Central State. Then in 1975, the two sister hospitals in Dallah-Kano and Igbobi-Lagos were also established. The three hospitals acquired uniformity of name - National Orthopaedic Hospital in 1977 and subsequently, came under control of the Orthopaedic Hospitals Management Board.

Like other Federal Organizations in Nigeria, the National Orthopaedic Hospital has undergone various industrial disputes. The interest of this study is to investigate to what extent these industrial disputes have been caused by the reward system of the hospital among other factors.

## **1.2. Statement of the Problem**

Against the background of increasing global and local organization competitiveness, it is crucial for any organization and particularly for those in developing countries, such as Nigeria, with limited skills resources to ensure that it develops and retains a loyal, dedicated, committed and able workforce on a consistent basis. This workforce complement presupposes that employees are satisfied with their work and the reward system of the organization and also who are consequently motivated to continue their relationship with that organization.

Nigeria is reputed to be the sixth largest producer of oil in the world. Recent exploratory works have indicated that the country has an even larger reserve of natural gas than petroleum. The country has the potential of becoming a leading industrialized nation (if the potential is properly harnessed) in the not-too-distant future due to this natural endowment. The current state of affairs in the nation in general as relating to the workforce motivation makes it necessary to temper this optimism with caution.

These questions, comments and many similar ones are reported frequently in the dailies and commented on by watchers of development in various industries and service organizations. The questions often asked are; what do workers in general, particularly, want from their employers? Can there be an end to the clamour for increase in wages? Why do workers work and what would induce them to give their best?

In 2004, the Federal Government announced an upward review of the minimum wages in the civil service. Almost immediately after the announcement there was a nation-wide agitation by

workers in the states and local government bureaucracies to benefit from the largesse. Even resident doctors in public hospitals threatened to go on strike indefinitely if government failed to meet their demands on wages. They embarked on a two day “warning strike” to press home their point. It would appear as if money and more money, is what workers ever ask for, but the fact is that money is a motivator.

This raises many questions such as; are monetary rewards the best method to motivate employees or are there other cost-effective non-monetary incentives? If employees are requested to select between money in remuneration, work recognition, learning, training, and development on work life balance what would their preferences be? Do organizations understand employee’s preferences to rewards? With the frequent disputes existing between employers and their employees in relation to reward, the performance of many organization is threatened. This research therefore seeks to discover how reward system can be used effectively to motivate employees for the organization’s performance at the National Orthopaedic Hospital Enugu.

### **1.3. Research Questions**

The following questions will guide this study:

1. What is the rating of the reward systems for organizational performance of employees of National Orthopaedic Hospital Enugu?
2. What are the monetary rewards that influence the performance of employees of the National Orthopaedic Hospital Enugu?
3. What are the non-monetary rewards that influence the performance of employees of the National Orthopaedic Hospital Enugu?

4. What kinds of reward do the employees of National Orthopaedic Hospital Enugu consider as most beneficial?
5. What is the opinion of the staff of National Orthopaedic Hospital Enugu on the general reward for staff's performance?

#### **1.4. Objectives of the Study**

The general objective of the study is to determine the influence of reward systems on organizational performance in National Orthopaedic Hospital. The specific objectives of the study are as follows:

1. To determine the rating of the reward system for organizational performance of employees of National Orthopaedic Hospital Enugu.
2. To determine the monetary rewards that influence the performance of employees of National Orthopaedic Hospital Enugu.
3. To ascertain the non-monetary rewards that influence the performance of employees of National Orthopaedic Hospital Enugu.
4. To ascertain the kinds of reward that the employees of National Orthopaedic Hospital Enugu consider as most beneficial.
5. To determine the opinion of the staff of National Orthopaedic Hospital Enugu on the general reward for staff's performance.

#### **1.5. Significance of the Study**

The theoretical and practical significance of a study like this cannot be over emphasized, since reward as motivation and employee performance are very vital issues in industrial relations. The research findings will make an important contribution in theory and practice by adding to

the body of already existing knowledge on the subject and practice of reward and employee performance.

This study is significant on the ground that it will benefit future researchers as it sheds more light on theoretical framework based on the practice of reward and performance. Practically, the result of this study will help the management to understand why workers in National Orthopedic Hospital Enugu perform the way they do and the best way to actually improve workers' welfare via rewards system and management. It may further help in providing information for employers on ways of motivating employees for effectiveness. The result of the research will be handy for employers, management boards and policy makers to understand the motivational implications of reward on individual, team and organizational performance in the formulation of policies.

## **1.6. Operational Definition of Key Concepts**

**Benefits:** These are payments or entitlements, such as one made under an insurance policy or employment agreement, or public assistance programme. In general terms, it is something of value or usefulness.

**Compensation:** Pay provided by an employer to an employee for services rendered. It is a major means by which organizations induce employees to contribute to goal attainments.

**Employee:** An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. It is also called worker.

**Employee Performance:** It is the increased or decreased efforts of an employee which enables the employee to increase or reduce organizational output. It can equally be measured and helps an organization to attain its set goals and objectives.



**Extrinsic rewards:** These are outcomes supplied by the organization which include salary, status, job security and fringe benefits.

**Incentive:** Incentive is payment made to an employee or group of employees based on output or results achieved or payments made for the purpose of motivating employees' performance.

**Intrinsic rewards:** These are personally satisfying outcomes, including feelings of achievement and personal growth.

**Monetary Rewards:** These are financial rewards or direct cash payments which consist of performance pay, competency pay, gain sharing and profit sharing to workers for their performance or contribution to an organization

**Motivation:** It is defined as a general term applying to the entire class of drives, desires, needs, wishes and similar forces.

**Non-monetary rewards:** They are non- cash rewards such as achievement, responsibility, opportunity for growth, recognition, job enrichment and praise, e.t.c.

**Organization:** It is a place where planned coordination of the activities of a number of people towards the accomplishment of some common exploit, purpose or goal.

**Performance:** It involves the alignment of organizational, team and individual effort toward the achievement of business goals and organization success performance planning.

**Reward:** It is the appreciation of service provided in kind or material. It is something given or promised in recognition of service rendered or in requital for ill doing.

**Reward system:** This is any process within an organization that encourages, reinforces or compensates people for taking a particular set of actions.

**Salary:** This refers to a fixed weekly, monthly, or annual rate of pay. This is usually based on the grade level an employee has attained and an increment accrues annually.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0. Introduction**

Workers productivity and reward system are two issues that are central to the social and economic life of every purposeful organization. This is because an organization exists for the production of goods and services with profit maximization as one of its key objectives. And it has been observed that continuous improvement in the performance of workers is the cornerstone to organization's prosperity and attainment of its goals and objectives.

This chapter contains the conceptual, theoretical, empirical review from prior research and relevant literatures on the research variables, meaning and components of employee reward systems and the employees' organizational outcomes such as adaptive, counterproductive, contextual and task performance. It also presents the research hypotheses of the study.

#### **2.1. Conceptual Review**

This section of the chapter discusses the functional concepts of reward systems vis-à-vis its effect on the employee organizational outcomes under investigation in this study.

##### **2.1.1. The Concept of Reward**

Reward has been defined in various ways by different scholars. It has been defined as an external agent administered when a desired act or task is performed, that has controlling and informational properties. It has also been defined as anything that extrinsically or intrinsically reinforces, maintains and improves the employees' behavior in an organization (Goodale, Koerner and Roney 1997). Malhotra et al. (2007) define rewards as all forms of financial

return, tangible services and benefits an employee receives as part of an employment relationship. Zhou et al. (2009) define reward as compensation which an employee receives from an organization in exchange of the service offered by the employee or as the return for the work done. It is without doubt that every employee expects some level of reward after performing a function or task. Employers expect employees to deliver or execute designated duties to their satisfaction whilst employees expect their employers to assure them of adequate wages and salaries (rewards) after they dutifully deliver what is expected of them.

According to the Oxford Dictionary, performance, which originates from the word 'perform', is to carry out, accomplish or fulfill an action, task or a function. The reward for executing a task or a function is what is termed as motivation. Even though people work for salary or wages (rewards), there are numerous ways of rewarding (motivating) employees according to the task or function performed.

### **2.1.2. The Concept of Reward systems**

Reward system, according to Armstrong (2009), can be described as an envelope of interrelated processes and activities that when put together ensures that reward management is carried out effectively for the benefit of the organization and the people working there. According to him, reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. Pratheepkanth (2011) defines reward system to include all organizational components – including the people, process, rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization. In both definitions, the emphasis is on reward system as a means of stimulating positive employees' work behaviour towards the actualization of the organizational

goals and objectives. Danish and Usman (2010) emphasize this line of thought by arguing that reward systems play an important role in determining how significantly the employees are performing their job tasks and it also acts as a stimulant for employee motivation. Pratheepkanth (2011) described reward system is an important tool that can be used by the management in challenging positive employee morale to work and work output and in so doing help in achieving the desired organizational outcomes. Thus, reward systems can be seen as a tool for bringing to the employees' awareness of the measure of value that the organization attach to his or her work and the extent to which they are valued by the organization. This in turn is expected to boost the employees' morale which ultimately increases organizational productivity. Johnson et al. (2010) outlined the aims of reward system to include: attract, retain and motivate employees, to support the attainment of the organization's strategic and short-term objectives by helping to ensure that it has the skilled, competent, committed and well-motivated work force it needs to meet the expectations of employees that they will be treated equitably, fairly and consistently in relation to the work they do and their contribution.

According to Mehmood (2013), reward systems do not only play significant role in influencing and improving employees' morale but also assist in changing the negative attitude and behaviour which some workers have towards work and organizational processes. The opinion is that when employees perceive fairness in the established reward system, it builds up their level of satisfaction with the management and this in turn helps in stimulating productive behaviour. In addition, properly administered reward system is argued to help in improving other related employee processes such as legal compliances, labour cost control, perceived interest of management towards workers' wellbeing and other employee outcomes such as loyalty (Kerrin & Oliver, 2002). Furthermore, Carraher, Gibson and Buckley (2006) advocated the need for business organization to administer fair and effective reward systems, arguing that

it provides a leverage for attracting and retaining high performing and talent work staffs which is further argued to be the telling factor for increased organizational performance and productivity. From these scholarly viewpoints, it clear that administering effective reward system is a prerequisite for organizations aiming to successfully achieve their goal of increased productivity and so in so doing fulfil the individual needs of the employees – which are actually the facilitators of such success.

Schoeffler (2005) identified three major dimensions to effective reward systems: (i) immediate term rewards; (ii) short term rewards and (iii) long term rewards. Immediate- term reward refers to those rewards given to the employee instantaneously for a given outstanding performance. According to Schoeffler (2005) immediate rewards (which may come in form of praise from the immediate supervisor) are given to an employee to encourage others in engaging in such outstanding performance. Short term administered rewards on the other hand, refers to performance-based incentives (such as cash benefits or special recognition) administered that are provided on monthly or quarterly basis by the management to provoke improved employee performances. Short-term incentives given for exceptional performance are very important as they usually improve the relationship between employees and the management; because it induces on the part of employees the feeling of being valued and appreciated for extra efforts on the job and good work, leading to increased employee morale, better customer care as well as increased productivity (Schoeffler, 2005). Lastly, long term rewards refers to measures taken by the management to ensure employee commitment and loyalty are gained in the long term. This may take any form – from the management regarding the employee as a business partner to the provision of adequate retirement benefits.

## **Types of Reward Systems**

Various components and dimensions reward systems have been described in the literature. For instance, Pratheepkanth (2011) differentiated two main components of reward system to include: compensation and benefits. Compensation is described as base pay and or variable pay, where base pay is tied to the value of the job to the organization in relation to the market value and the expertise required to performing the job. While variable pay is based on the performance of the person in that role which include achieving set targets. Examples of variable pay are bonuses. Benefits are described as forms of value other than payment that are provided to employees for their contribution to the growth of the organization. Benefits can come in two forms tangible and intangible benefits. Tangible benefits include contribution to retirement plans, life insurance, vacation pay, holiday pay, employee stock ownership plans, profit sharing and bonuses, etc. Intangible benefits on the other hand include, appreciation from a boss, likelihood for promotion, office space.

Pratheepkanth (2011) further stressed that in considering the deployment of a robust reward system, the employer has to consider several options ranging from decisions on whether the reward would be periodic or instantaneous, cost savings or profit based individual or group based. Nevertheless, rewards have been generally broken down into two broad types: intrinsic (non-financial) and extrinsic (financial related) rewards (Hatice, 2012; Mahaney&Lederer, 2006). In this study, the reward systems are viewed under these two main categories (intrinsic and extrinsic) and they are discussed in the next two subsections.

### **Intrinsic Reward**

Intrinsic rewards is being argued to be derived from the content of the work itself and include improved performance oriented factors such as interesting and challenging work, self-direction

and responsibility, variety, creativity, opportunities to use one's skills and abilities and sufficient feedback regarding the effectiveness of one's effort (Hatice, 2012). Mahaney and Lederer (2006) describe intrinsic rewards to also include those performance related incentives such as praise from co-workers and immediate supervisors, management recognition for well performed job tasks, status in the organization, personal satisfaction and feelings of self-esteem. According to Chiang and Birtch (2008), intrinsic or non-financial rewards are very important for stimulating improved effort and performance as it deeply contributes toward creating a positive perception in the mind of the employee the extent to which he or she sees the organization as being supporting and caring. Mahaney and Lederer (2006) also emphasized the importance of intrinsic rewards to include the stimulation of employee motivation towards work; an action argued to be influenced by several factors such as the level of pride one attaches to their job, the level of fun or joy derived from work, the belief that one's effort contributed to the success of the group, department and organization in entirety, and the feeling that the job is challenging and rewarding.

### **Extrinsic Reward System**

Extrinsic rewards, on the other hand, are external to the job itself. They comprise of financial or tangible rewards such elements as pay, fringe benefits, job security, promotions, private office space, and the social climate (Hafiza, Shah, Jamsheed&Zaman, 2011; Hatice, 2012). Other examples include competitive salaries, pay raises, merit bonuses, and such indirect forms of payment as compensatory time off (Mahaney&Lederer, 2006). One of the oldest strategies adopted by business organizations for improving workers' productivity is by paying workers a wage premium- a wage that is above the wage paid by other firms for comparable labour.

A wage premium may enhance productivity by improving nutrition, boosting morale, encouraging greater commitment to firm goals, reducing quits and the disruption caused by



turnover, attracting higher quality workers and inspiring workers to put forth greater effort (Goldsmith, Veum & Darity, 2000). As a result, people are mostly attracted to well-paying jobs, extend extra effort to perform the activities that bring them more pay, and become agitated if their pay is threatened or decreased (Stajkovic & Luthans, 2001).

Extrinsic rewards are used to show that the company is serious about valuing team contributions to quality.

The monetary rewards consist of a cash bonus allocated to each team member (Hatice, 2012). Nevertheless, it has been reported that extrinsic rewards have detrimental effects when they are tightly linked to team performance which encourages team members to become money hungry and undermine their intrinsic interest in the work itself (Balkin & Dolan, 1997). In this study aspects of extrinsic rewards considered include salary, fringe benefits, promotional opportunities and job security.

Among the various aspects or dimensions, intrinsic reward is measured in terms of four elements: (i) sense of accomplishment, (ii) recognition and appreciation, (iii) job satisfaction and (iv) career development opportunity. Each of these dimensions is described briefly below.

### **2.1.3. Sense of Accomplishment**

This is a component of the intrinsic reward system that acts a building block that enables people to develop in their subconscious sense of being a success - with the achievements or accomplishment of jobs that are deemed challenging or difficult, creating the aura of being a special employee (Wambugu & Ombui, 2013). Motivational theorists mostly hold this opinion, arguing that employees will pursue goals that give them a self-esteem – which is both internal and external and by offering rewards that recognises this, they gain a sense of achievement that translates to improved performance (Armstrong, 2007; Carraher, Buchana&Puia, 2010;Deci&

Ryan, 2000; Hofer, Busch, Bond, Kartner, Kiessling & Law, 2010; Komarraju & Nadler, 2013; Weiner, 2010; ). Armstrong (2007) claims that people feel motivated to put in extra effort when they feel recognized for their achievement. In addition, it has been suggested through the evidence in the literature that achievement goals affect the way a person performs a task and denote a desire to show competence (Brunstein & Maier, 2005; Bryson, Forth & Stokes, 2014).

In addition, it has been reported that employees are motivated by different reasons and this varies from the pursuit of basic needs to satisfying creative desires associated with engaging in challenging work tasks or competitive ventures (Haticce, 2012; Hofer et al., 2010). These theorists propose that an individual's need for achievement goals influences the attitude and behavior, and with the argument that all human behaviours, actions, thoughts and beliefs are influenced by one's inner drive to succeed. Butler (1999) identifies two different types of achievement-related work attitudes: task-involvement and ego-involvement. Task-involvement refers to a motivational state where the individual's main goal is to acquire the necessary skills and understanding whereas the main goal in ego-involvement is to demonstrate superior abilities. Evidence from the study confirms that a task-involvement activity more often results in challenging attributions and increasing effort (typically in activities providing an opportunity to learn and develop competence) compared to ego-involvement attitude.

#### **2.1.4. Recognition and Appreciation**

These are integral components of intrinsic reward system. Recognition refers to the process of acknowledging an individual before his or her peers for a job task well performed beyond expectations, whereas appreciation is concerned on the showing of gratitude to the employee for his or her action (Alam, Saeed, Sahabuddin & Akter, 2013). Such rewards (recognition and appreciation) help employees to gauge their performance and know whether they are doing

good or bad. Previous research has revealed the positive impact of recognition and appreciation on employee engagement and performance. For instance, Hewitt and Associate (2004) found in their study that employee recognition is a key driver to employee engagement and performance which ultimately results in company growth.

Also important correlation has been reported between recognition/appreciation on employee satisfaction, work morale, and productivity; with the study also revealing that employees satisfied with their company's employee recognition and appreciation programs are significantly more satisfied with their jobs, feel more valued at work and are more likely to stay with the organization (Maritz, 2005). In a more recent study, Alam et al. (2013) reported a positive impact of recognition and appreciation on employee performance, arguing that the more the appreciation given to employees, the higher the employees' morale to work which inevitably leads to more productivity. Furthermore, it has been reported that employees who get recognised tend to have higher self-esteem, more confidence, more willingness and eagerness to take on new challenges and becoming innovative (Danish & Usman, 2010).

#### **2.1.5. Job Satisfaction**

This is another important component of intrinsic reward systems that has been judged to reflect the state of the work environment and the characteristics of a job task (Karsh, Booske & Sainfort, 2005). The concept job satisfaction was born out of the human relations movement that was initiated in the 1920s and is argued to be influenced by several factors such as communication with supervisors, autonomy at work, salary and supervision experience (Chen & Lin, 2002; McNeese-Smith, 1997; Morrison, Jones & Fuller, 1997). Raza, Akhtar, Husnain and Akhtar (2015) describes job satisfaction as the reactions and responses which the employees develop in reaction to the job conditions and the business environment. Job

satisfaction therefore represents the feelings one has about his or her job. It can also be seen as the force driving the employee to do something extra than the usual requirements. Hirschfeld, Field and Bedeian (2000) found in their study that job satisfaction is both a component of either intrinsic or extrinsic rewards, with job satisfaction reported to be more strongly aligned with intrinsic rewards and is used in influencing how employees feel about aspects of the work situation that is external to the job task. Therefore, in this current study, job satisfaction is seen as a component of intrinsic rewards and is concerned with the employee's inner state resulting from the value attached to his or her inventiveness at work, convenience of the job, the enrichment and evolvment resulting from accomplishing the job task.

#### **2.1.6. Career Development Opportunities**

This is the form of a managed program used traditionally in encouraging employees' growth and development. Evidence from previous studies strongly indicate that organisations that engage their employees in career development programs are likely to have workforce that are very productive and this leads to non-linear growth and long term sustainability of the organisations (Beer, 2008). Schutt (2007) describes career development as the total "constellation of psychological, sociological, educational, physical, economic and chance factors that combine to influence the nature and significance of work in the total lifespan of any given individual". In addition, the motivation theorists argue that self-fulfilment or self-actualization is the highest need and all is attained by developing the skills and potentials required to become whoever one desires of becoming (Bakker & Demerouti, 2008; Ryan & Federick, 1997; Schaufeli & Bakker 2004; Schaufeli & Salanova, 2007). Career development is a significant aspect of work life and must not be overlooked or underrated by supervisors and organization management (Schaufeli & Salanova, 2007). This is because career development boosts employees' performance because they have acquired the necessary tool

and skill to tackle any work challenges (Schaufeli & Bakker 2004; Schaufeli & Salanova, 2007).

Wambugu and Omgui (2013) added that although ambitious and determined employees always seek to find these opportunities (career development), it is imperative for the organizations through its managerial outline to clarify the scope for career growth and development in order to negate turnover intentions and turnover rates. It is therefore important for organisations to make sure that their employees at all levels participate fully in the available career development and skill upgrading programs available in the organization so as to realise continuous increase in productivity and retaining of talented staffs (Wambugu & Omgui2013). According to Bakker and Demerouti (2008) organisations are now coming to grasp the reality and importance of training and career development as a reward package for encouraging work dedication and a catalyst for increased organizational productivity. Evidence from research further suggest that workers who participate in career growth and development exercises them to last longer in their jobs and shown lower turnover rate (Wambugu & Omgui 2013).

### **2.1.7. Salary (or wages)**

Salary refers to the monetary incentive received by an employee for their time and effort towards work (World at Work, 2011). Adeoye and Elegunde (2014) differentiated between two forms of employment pay structures: wages and salary. Wages they argued is used for employees who are not regular or permanently employed by the organization and typically pertains to hourly rate of pay (that is, the more hours worked, the greater the pay), whereas salary is used when one is talking about individuals that are fully or permanently employed and have a fixed pay (either weekly, monthly or annual rate of pay). Pratheepkanth (2011) also differentiated two types of salary structures: base pay and variable pay. Base pay was described

as the “value of the job to the organization in relation to the market value and the expertise required to perform the job”, while variable pay (such as bonuses) was reported to be pay received for a set performance or target reached. Nonetheless, whether periodic or instantaneous, permanent or contractual, salary (or wages) in this study refers to any form of payment received for work done.

Evidence from the literature indicates that generally allocating payment to specific performance is essential for increased employee morale and overall organizational productivity (Pratheepkanth, 2011). However, according to Hellriegel, Slocum and Woodman (2001), the secret lies on the strategic implementation of the wage programs. They suggested four salary-based reward systems for instigating high performance in work environments and these include gain-sharing/profit sharing, flexibility benefits, banking time-off and skill based pay. All of which involve the strategic administration of cash incentives at various times in order to increase the performance rate. In addition, Newstrom and Davis (1999) reported that they have always been of great importance to employees especially for the following reasons: (i) because of the goods and services that will be purchased from the wage incentive; (ii) the wage incentive acts as statutory means of differentiating between people at different levels both at work and in the society; and (iii) it represents a yardstick for judging the level of importance among colleagues and growth in the organization.

### **2.1.8. Fringe Benefits**

Fringe benefits refer to the additional incentives administered by organisations for stimulating employee performance (Yousaf, Latif, Aslam & Saddiqui, 2014). These programs are designed to protect the employees from financial risk and include: pensions, sick pay, insurance cover, company cars and annual holidays. The major financial fringe benefits in many organizations

are the pension – a deferred income that workers gather during their working lives and that belongs to them after specific time duration (Yousaf et al., 2014). For most employees, opportunity to participate in the pension plan is a valued reward. In addition, it has been argued that fringe benefits can come in two forms tangible and intangible benefits (Chijioke & Chinedu, 2015). Tangible benefits include contribution to retirement plans, life insurance, vacation pay, holiday pay, employee stock ownership plans, profit sharing and bonuses, etc. Intangible benefits on the other hand include likelihood for promotion, office space, etc. Yousaf et al. (2014) claimed that the provision of fringe benefits creates an optimistic, motivating work environment and increases output and sales. The motivated workforce will lead to organizational excellence, prosperity, excellent quality and cost control. In fact, fringe benefit is reported to play significant role in motivating employees because it compels the workforce to put extra efforts as much as the incentive of money does. Thus it is important for management to establish appropriate fringe benefits program in order to enable employees give their very best at work.

### **2.1.9. Promotion Opportunities**

Promotion opportunities represent the simplest form of incentive pay (Savych, 2005). Promotion generally represents a change in organizational status; moving from a lower to a higher level (Lazear, 2000; Savych, 2005). McCausland, Pouliakas and Theodossiou (2005) define promotion has the “reassignment of an employee to a higher rank of job”. The movement of an employee upward in the hierarchy of the organization typically leads to the enhancement of responsibility and improved compensation package which motivates people to work harder (Lazear, 2000). Savych (2005) argued that promotion provides a means for junior workers to prove themselves which affords them the opportunity to move higher in the organisation’s hierarchy. He further argued that the prospects of gaining promotion provide reason to the

employee to continue with the organization and invest their energy into the scheduled work task. Likewise, McCausland et al. (2005) shared the opinion that promotion opportunities positively influence job satisfaction and overall employee performance. Phelan and Lin (2001) arguing from an economic perspective, share the view that promotion opportunities serves two main purposes in the organization. First it assists in selecting more able individual for positions of greater responsibility (the job assignment or matching function of the promotion system) and secondly, it motivates employees at one level to strive harder to reach another.

#### **2.1.10. Job Security**

Job security is defined as the assurance in an employee's job continuity (Lucky, Minai & Rahman, 2013). To Adebayo and Lucky (2012) it is concerned with the anticipation or chances that the employee will keep his/her job. In other words, it refers to the chances of an employee keeping their jobs in order not to be unemployed. Job security therefore relieves the employee of any sense of fear of losing his/her job. Evidence from research suggests that when management provides a viable assurance to employees that their future employment is secured they tend to get more involved with the activities of the organization and willing to put in extra efforts to ensure that the organization realises its long-term objectives (Adebayo & Lucky, 2012). Lucky, Minai and Rahman (2013) reported from their finding that job security is critical to the performances of employees and in addition it was reported that what mattered the most to 75% of the study was the security of their jobs.

#### **Employee Performance**

Employee performance is a core concept within work and organizational psychology (Sonntag & Frese, 2002). Despite the great importance of the individual employee performances and the widespread investigation into the correlation between job performance



and organizational outcomes, very little effort has been put into developing a comprehensive definition for the construct and providing clarification on the metrics for its measurements. Elger (2007,) for instance, defined the term performance as “the undertaking of complex series of actions that integrate skills and knowledge to produce a valuable result; and a performer as an individual or a group of people engaging in a collaborative effort”. From this definition, employee performance can therefore be defined as an activity engaged by the employee to produce a viable or valuable outcome. Shahzadi, Javed, Pirzada, Nasreen and Khanam (2014) describe employee performance to involve the quality and quantity of output, present at work, accommodative and helpful nature and timeliness of output.

Sonnentag and Frese (2002) reviewing the definitions of employee performance conceptualised two distinctive but interrelated dimensions to it: action (or behavioural aspect) and an outcome aspect. The action or behavioural pertains to what the individual does at work that is relevant towards achieving the organizational goals, while the outcome aspect relates to the consequences of result pertaining to active behaviour or action. The implication therefore is that organisations are in need of employees possessing both attributes – which involves the capacity to meet up with the job demands and tailoring their efforts towards in such a way as to deliver products and services that enable the organization to actualise its objectives as well as gaining competitive advantage. Performance is also important for the individual. In turn accomplishing the job tasks and performing at a high level can be a source of satisfaction to the employee, prompting the feelings of mastery and pride. On the other hand low performing employees will generally feel a sense of dissatisfaction which inevitably leads to low performance.

Furthermore, employee performance is gauged as a major although not the only prerequisite for future career development and success in the labour market (Sonnentag & Frese, 2002). On

the individual level, performance is critical as high performing employees are the ones that gain promotion and generally have better career opportunities than low performing employees (Cross, 2000). The high relevance of individual performance is also reflected in work and organizational psychological research. According to the results of the study conducted by Yang (2008) rewarding employees based on individual performance (whether through direct bonuses or other forms of reward initiatives such as supervisory or management acknowledgement or appreciation) has a positive connection with the overall performance of an organization). According to Ahmad, Wasay and Malik, (2012) most organization pursuing the satisfaction of their customers tend to pay less attention to the level of satisfaction of their workforce, forgetting that without the employees being satisfied, performance level will be generally low which will ultimately results in customers dissatisfaction.

Azar and Shafighi (2013) reiterated the importance of rewarding employee performance with the argument that when employees are less motivated, fail at their job biddings as they tend to put in less effort at work. Bhattia and Qureshi (2007) describe employee performance as a measure encompassing both efficiency and effectiveness. They further stressed that one straightforward means of measuring employee performance is through the unit output of the worker per unit time. Markos and Sridevi (2010) highlighted several reasons why employees may be performing poorly. For one, the employee may not see the job from a wide perspective and fails to realise how his/her individual performance contributes to the overall organizational proficiency or when the employees fail to fully grasp what is expected of him or her at work which results in them failing to appreciate the importance of the quality of their individual performances.

Other cited reasons for poor employee performance include: not being clearly told the specifics of the job, lack of adequate training such that the employee does not know how to do certain

things, the failure on the part of the employee to understand why the job tasks must be performed in certain ways, personal or emotional problems, boredom – so that little thought or energy is devoted to the work, resentment towards the management, general dissatisfaction and not caring about the job. Markos and Sridevi (2010) therefore concluded that desired performance can only be achieved, when the employee gets a sense of mutual gain when jobs are effectively complemented.

### **Measuring Employee Performance**

Measuring employee performance is of great importance towards developing an incentive/reward system as it communicates the level of importance of the management attached to high-level performance (Bohlander, Snell & Sherman, 2001; Markos & Sridevi, 2010). The management of individual performance within organizations has traditionally centred on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008). Human resource policies and practices indeed do affect organizational as well as individual performance. Within the human resource management discipline employee performance has been depicted as a multi-dimensional concept. On the most basic level, employee performance is divided into two categories: task and contextual performance (Sonnentag & Frese, 2002). Nevertheless, Koopmans, Bernaards, Hildebrandt, Schaufeli, de Vet and van der Beek, (2011) added two dimensions to measuring individual work performance: adaptive performance and counterproductive work behaviour.

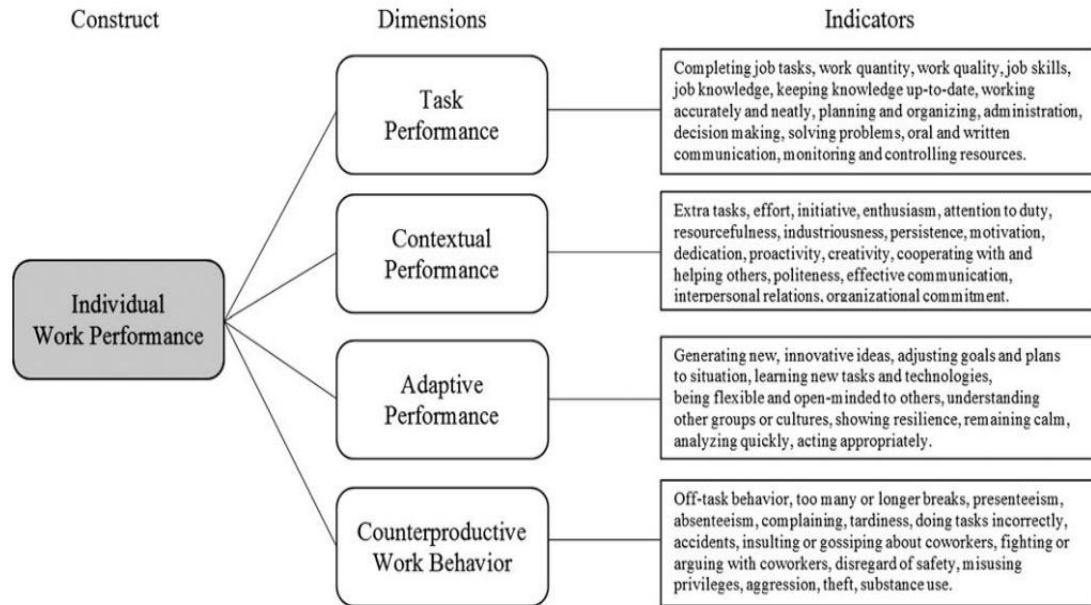


Figure 1: Heuristic Framework of Employee Performance (Source: Koopmans et al., 2011)

### 2.1.11. Task Performance

Almost all performance frameworks have mentioned task performance as an important dimension of individual work performance. Task performance can be defined as the proficiency (i.e., competency) with which one performs central job tasks (Campbell, Hanson & Oppler, 2001). According to the definition, task performance refers to an individual's proficiency with which he or she performs activities which contribute to the organization's 'technical core'. This contribution can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff). Task performance in itself is multi-dimensional. For example, among the eight performance components proposed by Campbell et al. (2001), there are five factors which refer to task performance (Campbell, Gasser & Oswald, 1996; Motowidlo & Schmit, 1999): (i) job-specific task proficiency, (ii) non-job-specific task proficiency, (iii) written and oral communication proficiency, (iv) supervision – in the case of a supervisory or

leadership position – and (v) management/administration. Each of these factors comprises a number of sub-factors which may vary between different jobs.

For example, the management/administration factor comprises sub dimensions such as (i) planning and organizing, (ii) guiding, directing, and motivating subordinates and providing feedback, (iii) training, coaching, and developing subordinates, (iv) communicating effectively and keeping others informed (Borman & Brush, 1993). Other labels sometimes used for task performance include: job –specific task proficiency (Griffin, Neal and Parker, 2007; Wisecarver, Carpenter & Kilcullen, 2007); technical proficiency (Campbell et al. 2001; Lance, Teachout & Donnelly, 1992) and in- role performance (Bakker, Demerouti & Verbeke 2004; Maxham, Netemeyer, & Lichtenstein, 2008). According to Campbell et al. (2001) task performance also include, work quantity, work quality and job knowledge. Other scholars have paid attention to specific aspects of task performance such as innovation and customer- oriented behavior (Anderson & King, 1993; Bowen & Waldman, 1999). Engelbrecht and Fischer (1995) divided task performance as it pertains to management/manager to include: action orientation (getting things done, decisiveness), task structuring ( leadership, planning), and probing, synthesis and judgement (problem resolution). Furthermore, Tett, Guterman, Bleier and Murphy (2000) distinguished task performance for managers into traditional functions (decision making, planning) and occupational acumen and concerns (job knowledge, concern for quantity and quality).

### **2.1.12.Contextual Performance**

Contextual performance refers to activities which do not contribute to the technical core but which support the organizational social and psychological environment in which organizational goals are pursued (Koopmans et al., 2011). Contextual performance includes not only

behaviours such as helping co-workers or being a reliable member of the organization, but also making suggestions about how to improve work procedures. Three basic assumptions are associated with the differentiation between task and contextual performance: (i) Activities relevant for task performance vary between jobs whereas contextual performance activities are relatively similar across jobs; (ii) task performance is related to ability, whereas contextual performance is related to personality and motivation; (iii) task performance is more prescribed and constitutes in-role behaviour, whereas contextual performance is more discretionary and extra- role (Sonnetag & Frese, 2002). Researchers have developed a number of contextual performance concepts. On a very general level, one can differentiate between two types of contextual performance: behaviours which aim primarily at the smooth functioning of the organization as it is at the present moment, and proactive behaviors which aim at changing and improving work procedures and organizational processes. The ‘stabilizing’ contextual performance behaviors include organizational citizenship behavior with its five components altruism, conscientiousness, civic virtue, courtesy, and sportsmanship (Organ, 1989), some aspects of organizational spontaneity (helping co-workers, protecting the organization and of prosocial organizational behaviour (Brief & Motowidlo, 1986). The more pro-active behaviours include personal initiative (Frese, Fay, Hilburger, Leng & Tag, 1997; Frese, Garst and Fay, 2007), voice (LePine & Van Dyne, 1998), and taking charge (Morrison & Phelps, 1999). Thus, contextual performance is not a single set of uniform behaviours, but is in itself a multidimensional concept (LePine & Van Dyne, 1998).

### **2.1.13 Counterproductive Work Behaviour**

Counterproductive Work Behaviour can be defined as behavior that harms the wellbeing of the organization and it includes behavior such as absenteeism, being late for work, engaging in off-task behavior, theft and substance abuse (Koopmans et al. 2011). Fox, Spector and Miles

(2001) described counterproductive work behaviour to include overt acts such as aggression and theft or more passive acts, such as purposely failing to follow instructions or doing work incorrectly. Additionally, Robinson and Bennett (1995) defined workplace deviance as behaviour that voluntarily violates organizational norms, thereby threatening the well-being of members and the organization itself. Thus, according to this framework workplace deviance is not defined in terms of any system of moral standards, rather such behaviour deviates from the formal and informal norms as prescribed by procedure, policy, and rules. Further, this approach asserts that to be considered deviant behaviour must have at least the potential to harm either the well-being of the organization or its members, thereby excluding breaches of decorum such as poor manners and other social blunders.

Counterproductive work behaviour has been conceptualised in a number of ways, including off-task behaviour, unruliness, theft, and drug misuse (Hunt, 1996); mobbing/bullying (Knorz & Zapf, 1996); antisocial behaviour (Giacalone & Greenberg, 1997); retaliation (Skarlicki & Folger, 1997); revenge (Bies, Tripp & Kramer, 1997); organizational aggression (Neuman & Baron, 1998; Fox & Spector, 1999); and absenteeism – not attending work and presenteeism – attending work while ill (Allen, 2008; Burton, Pransky, Conti, Chen, & Edington, 2004; Allen, 2008). The common theme is that these behaviours are harmful to the organization by directly affecting its functioning or property, or by hurting employees in a way that will reduce their effectiveness. Fox and Spector (1999) claimed that studying counterproductive work behaviour enables the possibility of distinguishing two categories of behaviours: those targeting the organization and those targeting other persons in the organization. Viswesvaran & Ones (2000) and Rotundo & Sackett (2002) concluded in their reviews that counterproductive work behaviour should be distinguished as a third broad dimension of individual work performance (in addition to task performance and organizational citizenship behaviour).

### **2.1.14 Adaptive Performance**

Adaptive performance is defined as the extent to which an individual adapts to changes in a work system or work roles (Griffin et al. 2007). It includes, for example, solving problems creatively, dealing with uncertain or unpredictable work situations, learning new tasks, technologies, and procedures, and adapting to other individuals, cultures, or physical surroundings. Several scholars (Allworth & Hesketh, 1999; Griffin et al. 2007; Pulakos, Arad, Donovan & Plamondon, 2000) have argued that adaptive performance should be distinguished as a separate dimension of employee performance. Sinclair and Tucker (2006) in their job-specific framework also regarded adaptive performance as a separate dimension of individual work performance, in addition to task performance, contextual performance and counterproductive work behaviour. Furthermore, numerous authors have referred to adaptive performance using different names.

Murphy and Jackson (1999) referred to it as role flexibility, and London & Mone (1999) wrote about the proficiency of integrating new learning experiences when discussing adaptive performance. Further, resulting from an extensive literature review and factor analyses, Pulakos et al. (2000) highlighted eight-dimensional taxonomy of adaptive performance: (i) handling emergencies or crisis situations; (ii) handling work stress; (iii) solving problems creatively; (iv) dealing with uncertain and unpredictable work situations; (v) learning work tasks, technologies and procedures; (vi) demonstrating interpersonal adaptability; (vii) demonstrating cultural adaptability; and (viii) demonstrating physically oriented adaptability. These dimensions of adaptive performance were shown to exist across many different types of jobs (Pulakos et al., 2000).



### 2.1.15. The Total Reward System

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment into the benefits package.

In the total reward system, both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments. The components of the total reward can be described as in the following figure given by Armstrong and Brown (2006).

<b>Transactional rewards</b>	<b>Base pay</b>	<b>Total remuneration</b>	<b>Total reward</b>
	Contingent pay		
	Employee benefits		
<b>Relational rewards</b>	Learning and development	Non Financial/	
	The work experience	Intrinsic rewards	

Figure 2: The components of total reward (Armstrong and Brown 2006)

The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies (Armstrong and Brown, 2006).

The benefits of a total reward system as described by Armstrong and Brown (2006) include:

Greater impact – when different types of rewards are combined, they will have a deep and long-lasting effect on the motivation, commitment and engagement of employees.

Enhancing the employment relationship – total reward appeal more to employees due to the fact that it makes the maximum use of relational as well as transactional rewards.

Enhancing cost-effectiveness – because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages.

Flexibility to meet individual needs – due to the variety of rewards, the total reward is able to answer the individual needs of the employees and hence bind them more strongly to the organization.

Winning the war for talent – because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract and retain talented employees by differentiating their recruitment process and hence becoming “a great place to work.”

## **2.2. Motivation**

Along with perception, personality, attitudes, and learning, motivation is a very important part of understanding behaviour. Luthan (1998) asserts that motivation should not be thought of as the only explanation of behaviour, since it interacts with and acts in conjunction with other

mediating processes and with the environment. Luthan stress that, like the other cognitive process, motivation cannot be seen. All that can be seen is behaviour, and this should not be equated with causes of behaviour. While recognizing the central role of motivation, Evans (1998) states that many recent theories of organizational behaviour find it important for the field to reemphasize behaviour. Definitions of motivation abound. One thing these definitions have in common is the inclusion of words such as "desire", "want", "wishes", "aim", "goals", "needs", and "incentives". Luthan (1998) defines motivation as, "a process that starts with a physiological deficiency or need that activates a behaviour or a drive that is aimed at a goal incentive". Therefore, the key to understanding the process of motivation lies in the meaning of, and relationship among, needs, drives, and incentives. Relative to this, Minner, Ebrahimi and Watchel (1995) stated that in a system sense, motivation consists of these three interacting and interdependent elements, i.e., needs, drives, and incentives.

Motivation is a human psychological characteristic that contributes to a person's degree of commitment (Stoke, 1999). It includes the factors that cause, channel and sustain human behaviour in a particular committed direction. Stoke (in Adeyemo 1999) went on to say that there are basic assumptions of motivation practices by employers which must be understood. First, that motivation is commonly assumed to be a good thing. One cannot feel very good about oneself if one is not motivated. Second, motivation is one of several factors that go into a person's performance. Factors such as ability, resources and conditions under which one performs are also important. Third, employers and researchers alike assume that motivation is in short supply and in need of periodic replenishment. Fourth, motivation is a tool which employers can use in organizations. If employers know what drives the workers working for them, they can tailor job assignments and rewards to what makes these workers "tick." Motivation can also be conceived of as whatever it takes to encourage workers to perform by

fulfilling or appealing to their needs. To Olajide (2000), it is goal-directed, and therefore cannot be outside the goals of any organization whether public, private, or nonprofit.

### **2.3. Relationship between reward system and organizational performance**

Reward system illustrates the exchange relationship between the organization and employees. It defines the contributions from employees and the responses an individual can expect to receive from the company as a return for performance (Kerr and Slocum, 2005).

The purpose of reward systems is to motivate and reward desirable behavior (Bartol and Srivastava, 2002). Rewarding the excellent and outstanding performance is to appreciate contributions of employees and acknowledge their efforts publicly (Whitaker, 2010).

The empirical research conducted by Azasu (2009), finds that organizations that introduce the total rewards strategy have better performance than companies that do not apply reward strategy. Moreover, Blackburn and Roden (1993), propose that there is a positive relationship between reward system, strategy and organization performance. This proposition is supported by Lawler and Worley (2006), because reward system is needed to motivate performance and encourage employees and organization to improve their skills and capabilities.

Reward systems can be developed to motivate and improve both short-term and long-term performance of organization (Stonich, 1984). The uses of total rewards bolster the extrinsic and intrinsic motivation of employees to behave innovatively and creatively (Blackburn and Roden, 1993). Measurement and reward systems communicate the performance achieved with employees and motivate them to take appropriate action to help an organization reach its strategic goals (Stonich, 1984).

Similarly, Luthans and Kreitner (1985) add that rewards like expressions of appreciation from top management will intrinsically motivate employees and influence their behaviour. This is

important to help the organization move towards reaching its strategic objectives. McClelland (1987) describes that motivation is a strong incentive for employees to achieve excellent performance achievement in their daily work so that they will get the predicated commendation. Hooi (2007) states that, in order to enhance morale and motivation of employees, rewards and recognition should be provided instantly when employees achieve the required performance. Orpen (1982) declares that no inherent relationship exists between employees' satisfaction and performance because their performance is usually influenced by particular reward contingencies that are in force. Lease (1973) states that the employee satisfaction is the magnitude of an employee's affective orientation toward their job in the organization when their needs are fulfilled.

Adams and Ferreira (2008) further added that the imbalance between employees' contributions and returned performance cause employees tendency to be unsatisfied with the workplace and not motivated. If the reward system is attractive and employees perceive they may get the rewards, they will change their behaviors and tend to exert more effort into their work in order to achieve the required performance. Motivated employees are more willing to contribute vigor and dynamism to the organization. This improves the quality and quantity of work performed and subsequently brings significant improvement to the productivity and competitive advantages of the organization (Hooi, 2007) Hooi (2007), suggested that organizations should recognize employees' satisfaction as a vital goal to achieve because it affects the organization's profitability, productivity, employee retention and customer satisfaction and subsequently bring positive impact to the organizational performance.

Several researchers express that improved customer satisfaction implies reduced marketing expenses, less price elasticity and enhanced customer loyalty, which in turn improve the financial performance of organizations (Reichheld and Sasser, 1990). In addition, enhanced

customer satisfaction encourages customers to buy more products from the organization. This will increase organizational profitability due to the positive impact on the sales amount and market share compared to competitor (Heskett et al., 1994).

The study of Gross and Friedman (2004), mentioned that many organizations do not realize the casual relationship between their lackluster performance and a misaligned reward strategy. In order to attract and retain the top performers at the affordable and sustainable costs, management needs to ensure their total rewards strategy is properly aligned with the organization strategy (Taylor, 2010). Therefore, Stewart (1996) and Gomez-Mejia and Balkin (1992), conclude that the implementation of reward system enables both the employees and the organization achieve a higher level of performance.

Previous researches provide strong evidences and empirically suggest that reward system will influence the employees' behaviour and encourage them achieve better performance. Individual performance improvement will subsequently boost the organization's performance. Hence, reward system must be linked to performance measurement system in order to motivate and maximize employees' performance.

#### **2.4. Review of Empirical Studies**

In the study carried out by Jibowo (1977), on the effect of motivators and hygiene on job performance among a group of 75 agricultural extension workers in Nigeria, the study basically adopted the same method as Herzberg et al. (1959), and it shows some supports for the influence of motivators on job performance. In another study carried out by Centres and Bugental (1970), based on Herzberg's two-factor theory of motivation, Centres and Bugental made use of a sample of 692 subjects to test the validity of the two-factor theory. They discovered that at higher occupational levels, "motivators" or intrinsic job factors were more

valued, while at lower occupational levels, “hygiene factors” or extrinsic job factors were more valued. From this work they concluded that an organization that satisfies both intrinsic and extrinsic factors of workers could get the best out of them. Bergun and Lehr’s (1964) study, which investigated the influence of monetary incentives and their removal on performance, showed that the subjects in the experimental group who received individual incentives performed better than those in the control group. Daniel and Caryl (1981) carried out a study designed to explore the ability of the investment model to predict job satisfaction and job commitment. The result showed that job satisfaction was best predicted by the reward and cost value of the job. And job commitment on the other hand was best predicted by a combination of rewards, cost values and investment size.

Egwuridi (1981) also investigated motivation among Nigerian workers using a sample of workers of high and low occupational levels. The hypothesis that low-income workers will be extrinsically motivated was not confirmed, and the expectation that higher income workers will place a greater value on intrinsic job-factors than low-income workers was also not confirmed. This shows clearly the extent of value placed on the extrinsic job factors. Akerele (1991) observed that poor remuneration is related to profits made by the organizations. Wage differentials between high and low income earners was related to the low morale, lack of commitment and low productivity. Nwachukwu (1994) blamed the productivity of Nigerian workers on several factors, among them is employer’s failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displayed their wealth, which is very demoralizing to the working class and consequently reduces their productivity.

In a study carried out by Probst and Brubaker (2001), it was concluded that the difference between job satisfaction and dissatisfaction lies in the amount and the type of rewards provided or given to the employees and the amount and type of reward that the employees expect.

Judging from all these empirical studies, and findings, one may generally conclude that a good remuneration package which ties financial reward to individual performance, can be expected to result in higher productivity.

Another study carried out, which is of relevance to this research work, is that of Wood (1974). He investigated the correlation between various workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly involved employees who were more intrinsically oriented towards their job did not manifest satisfaction commensurate with the company evaluation of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation.

Also in a related study, Kulkarni (1983) compared the relative importance of ten factors such as pay, security, etc. which are extrinsic to the job, and other intrinsic factors like recognition, self-esteem, responsibility etc. among 80 white collar employees. And it was hypothesized that higher value will be placed on intrinsic rather than extrinsic job factors, data obtained through personal interview in which individuals were asked to rank each factor according to importance. The result did not uphold the hypothesis and it shows two extrinsic factors; adequate earnings and job security as the most important. Also, it was found that there was no consistent trend between the findings of this study and similar studies using blue-collar workers, except in ranking of adequate earnings and job security.



### **2.4.1 Recognition & Appreciation and Contextual Performance**

The employees who are appreciated by intrinsic rewards within the organization not only perform well according to their job description but also get motivated positively for the welfare of organization and for them. Employees struggle when their organization appreciate their work, reward them, respect them and consider them as a vital part of the organization. The employees efficiently do their jobs, behave effectively in the organization, and remain loyal to their organization.

Reward management system and performance appraisal techniques can be improved by paying attention on human resource management approaches that improve the performance of the organization. Every organization's reward system should focus on these major areas; compensation, benefits, recognition and appreciation (Sarvadi, 2010). Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding and employees do note the types of benefit that their organization offers.

Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone for desired behaviour or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Sarvadi, 2010). In a Study conducted by (Allen & Helms, 2002) revealed that it is very important for employers to research regularly on expressing an appreciation to encourage behavior of employees to reach strategic goals. Studies in Malaysia, Canada, Finland and North America confirmed that IT companies globally have been perceived to have a high rate of employee turnover (Westlund & Hannon, 2008). Based on the exploration among Canadian employees, the study revealed what Canadian employees are looking for in a job, though

getting good pay, job security and benefits were an important area of the package deal, they are not among the set of what these employees were expecting. In other words, the study substantiated that the Canadian personnel create a higher worth for being treated with respect, doing interesting work, a feeling of fulfillment and good communication among co-workers (Sia, 2012; Finders & Keepers, 2003).

It was also revealed that the augmented interest of employee recognition programs in the working environment, to the point where more than 80 percent of organizations have some type of worker recognition, but at the same time work satisfaction has declined (Gallup, 2014; Globoforce, 2011). Conversely, employee engagement remains low with just 30 percent of the workforce being effectively engaged. However, the study encouraged on the need to viably help workers feel genuinely esteemed and increased in value by their particular organization.

#### **2.4.2. Salaries, Wages and Counterproductive Behaviour**

According to Zingheim (2010), having the right type of rewards programme will help workers to grow, mature and ultimately add value to your organization. Salaries and wages are key to ensuring you get the most value from your employees, especially high performers according to a report on salary surveys. Furthermore, Zingheim (2010) agreed that organisations that spread pay more evenly drive away high performers and encourage the same type of average performance throughout the organization. This report argued that financial remuneration should be based on the value you add to your organization. In the study of De Waal and Jansen (2011), they found salaries and wages related bonuses to be neither effectual nor ineffectual to an organizations performance. Also, they suggested certain types of performance related pay increases productivity and the twelve 'HPO' (high performance organization) characteristics discussed in the study, pay was the most dominant. However, it concluded that over the longer period, this does not have a positive or negative effect on organizational performance. Judge,

Cable and Higgs (2000) stated in their study that salaries and benefits will positively influence motivation and performance and will also lead to less absenteeism in their jobs.

Duberg and Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how salaries and benefits designed in health and geriatric care are and whether the current reward systems affect the care quality. The paper aimed to extend the knowledge of reward systems in health and geriatric care and know how these systems are designed and what their effects on quality of health and geriatric care are. The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care. Findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient. Results showed that conditions for working with rewards such a salaries and wages in the public sector are limited due to the lack of resources and complex large organization structures with old traditions. The study also showed that salaries and wages also contribute positively to the workers behavior and attitude to work effectively.

Axelsson and Bokedal (2009) did a study on rewards – motivating different generations at Volvo Car Corporation. Empirical data were based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that there exist generational differences. However, both generations considered salary as important and monetary rewards to be of great importance and can influence the behavior of the managers in a good way.

Garlick (2009) carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as salaries, cash bonuses, gift cards, award points, and travel awards, as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue in the study investigated was whether offering cash bonuses really influenced employee behavior and attitudes, as well as other business outcomes. The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, behavior and attitudes, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service, or in increased profitability.

### **2.4.3. Fringe Benefits and Adaptive Performance**

According to Lawler (2003), there is a strong relationship with fringe benefits & performance. Also fringe benefits are one of the key forces that drive organizational and employee performance. Rynes, Colbert and Brown (2012) stated that as organization provides employees with something of value, employee in return provides the organization with something of value (Labour). Thomson and Rampton (2003) stated that there is a positive relationship between fringe benefits and performance. This is because when benefits are given out often, employees tend to easily relate it to performance.

According to Torrington, Taylor and Hall (2006) when human beings are appreciated with benefits it will improve their performance. Santhapparaj and Alan (2005) examined the relationship between fringe benefit and performance among the academic staffs in private universities in Malaysia. The result showed that fringe benefit is positively related to performance. Sweet, Nelson and Moberg (2006) agreed that there is a positive influence of benefits on performance and it can be observed in every field of life.

Smith and Rupp (2003) in their research paper exploring the link among performance rating pay, benefits and motivational influences looked at the dangers of receiving the incorrect merit increase where performance related pay models are applied and the effects this can have on motivation. In a survey administered to five different companies, ranging from administrative support to supervisors and managers, they found that 58% of those surveyed received a merit increase that did not correspond to their actual performance rating. They found out that the concept of performance rating and reward were a common practice among companies surveyed. This highlights the importance for any merit based pay model to be fair and transparent in order for it to be successful in the long term in increasing motivation and performance. The majority of respondents did not feel their increased reward was based on their performance but rather influenced by organizational budget constraints.

Ahmed and Ali (2008) carried out a research on the impact of reward, benefits and recognition on employee motivation, satisfaction and performance. Research design used was exploratory. Sample chosen for the study was 80 employees of Unilever companies and data collection instrument used was a questionnaire. Pearson's correlation was used to analyze data to determine the degree of relationship between reward, benefits and satisfaction and performance. Major findings indicated a positive relationship between rewards and work satisfaction as well as performance. Factors affecting satisfaction were identified; payment

86%, promotion 74%, work conditions 61%, personal 37%. Analysis showed support for a positive relationship between benefits and employee satisfaction and performance.

#### **2.4.4 Combined Reward System Variables on Employee Performance**

According to Mullins (2005) reward systems have become a prominent means with which organizations have been able to enhance their employees' performance towards achieving organizational goals. Wang (2004) agreed that in many organizations' rewards play many roles in sustaining and creating commitment among employees for good performance and that better performance leads to job satisfaction. Also, the debate on the effectiveness of financial or non-financial remuneration on performance goes on as researchers try to establish the organizational and cultural fit for such a practice.

Rayner and Adam-Smith (2005) stated that both performance and motivation are affected by many factors and performance related pay (or any other intervention) cannot be linked in a casual manner. They argue that although it may be relatively easy to provide answers to individual aspects of the effectiveness of performance related pay, when all variables related to this concept as it is applied are taken into consideration, connecting rewards systems to performance levels becomes more difficult.

Similarly, San, Then and Heng (2012), highlighted the prevalence of performance appraisal distortion and its effects on performance and motivation. Although this distortion is inevitable in most organizations, managers should also look at reviewing the appraisals and how we communicate the success or failure as well the reward attached. Armstrong (2009) claimed it is better to separate performance management and pay, "decoupling" both, so as to make a distinction between developmental potential and the impact of your performance on incremental pay rises. He describes the difficulty in paying for performance where it needs to

be measurable on different levels, thus evidence based and this evidence needs to be seen to be fair and transparent and not conducted behind closed doors. In an interview with Michael Armstrong, Norton (2010) argue that HR departments for some time have not evaluated their reward policies to validate their relevance. In a Chartered Institute of Personnel Development (CIPD) survey in 2009, they found that the “remarkably low proportion of 12 per cent of respondents had evaluated their performance-related pay schemes” (CIPD, 2009). This indifference to the current relevance of their reward systems contrasted starkly to the attention and funding given to training schemes for employees and considering how much is spent on pay and rewards, more attention should be given to this rather than training programmes considering the consequences those poor rewards systems can have on an organization.

Messah and Kamencu (2011) stated tha high performance organization has been non-hierarchical and moving away from central management control to a more team based form of working with responsibilities spread more evenly and based on high levels of trust and communication. This raises some interesting points on how to reward these teams, either collectively or individually, and how reward systems work in the team based environment. This will be further discussed later in the chapter. To enhance this point, employee motivation can be driven more by intrinsic rewards (doing work you enjoy) than by extrinsic rewards (pay, bonuses). In their study on employee and change initiatives, Stump, Tymon, Favorito and Smith (2013) focused on two intrinsic rewards - meaningfulness and choice. They argue that these are essential to employee satisfaction and retaining employees in times of organizational uncertainty and change. So, in this case, intrinsic rewards were more effective than monetary rewards. This is in the context of organizational change, so it is interesting to note that job satisfaction and intention to stay within your role during times of organizational change, rely

of the correct blend of non-financial rewards. Job satisfaction is an important factor in an employee's performance and intrinsic rewards play an important part in this.

Similarly, in their study of the effect of cash bonuses on employee performance in the Kenya Power and Lighting Company Ltd, Njanja, Maina, Kibet and Njagi (2013) found that although the majority of staff surveyed had a perception that cash bonuses motivate performance, the study concluded that these cash bonuses had no effect on employee performance. Those who had received a bonus and those who had not, perceived it to affect their performance the same; hence it did not have a significant effect on performance. However, conversely in their study of reward structures within the British construction industry. Druker & White (1997) showed that due to the project nature of that industry and the clear distinction in its work force between the manual and white collar workforce, pay related performance systems may yield results among professional and senior managers in that industry. It suggests that pay related performance systems model could be developed in the context of improving performance in a project team, and around a competency or skill based pay system.

Similarly, Bart, Bratsberg, Haegel and Raaum (2008), in their wide range study on who pays for performance and based on Norwegian establishment surveys from 1997 to 2003, found that the success or failure of performance related pay will very much depend on the setting that it is introduced into and the "prediction is that output-based incentive pay schemes are more likely to be observed when there is considerable employee discretion over work tasks". So, they found that performance related pay is more widespread in bigger organisations and less common in more unionized organisations. They found a link between the educational qualification of employees and the use of individual based performance pay and also a clear link between performance positively affected by pay related performance and the level of autonomy the work has. In this sense, the more discretion a worker has over his/her tasks, the



more successful the reward system will be. Although there is a lot of evidence to suggest both type of rewards affect organizational performance, evidence in the literature suggest that focusing on intrinsic rewards shows that the role itself is enough to foster within the employee, a sense of worth, enjoyment and empowerment. These intrinsic rewards can be particularly affective in times of change within an organizational structure. However, the allocation of these rewards in a systematic and fair manner is crucial to their success. And of course, the issue of individualistic need can directly affect the positive performance outcome of the reward systems.

In their study on organizational rewards: considering employee need in allocation, Day, Holladay, Johnson & Barron (2014) discussed how using a pay-for-performance model in a western organization can have positive results on performance. By focusing not just on the pay, but also on the individual's specific needs for this pay, it found that not only can you achieve positive performance outcomes, but it helps the organization to respond better to employee expectations. It also found that through communication of need to your manager, employees with higher needs were more likely to receive larger rewards. Similarly, when rewarding knowledge workers or those tasked with innovating as part of their role, a motivated employee is more productive and thus a higher performer. Intrinsic motivation is more important for productivity and performance when relating to creative or innovative workers (Markova & Ford, 2011). This study focused on employees in over 30 large companies and through a scaling system rated by supervisors, found that neither monetary nor non-monetary rewards had any direct effect on performance. However, they did have an effect on motivation and the more motivated the employees were, the more time they spent on job tasks and therefore positively affect performance in the long term.

This in turn is important for organizational competitiveness. It also shows how non pay based rewards and performance and innovation can intertwine with positive outcomes. So, in affect money is not the panacea and does not lead to a longer working time or improved cooperation and behaviours among workers. Intrinsic rewards can be equally effective, but less costly. Bratton and Gold (2012) highlighted the fact that performance-based pay systems tie pay to employees outputs. These outputs might contain positive contributions from the individual or team, thus providing the basis for different types of pay systems. However, reward systems are not without its pitfalls, specifically if not managed or implemented correctly. Lewis (2006) argues employees and managers can lose faith in the concept due to: (i) poor design or communications; (ii) excessive focus on financial results, (iii) inadequate salary differentiation (a problem in times of low inflation and across different geographic locations) and (iv) too much emphasis on individual performance. According to Armstrong (2007) there has been a backlash against PRP in the 1990's and this has led modern day organisations to introduce second generation schemes, in order to avoid earlier mistakes. There is room for more research in this area in relation to trying the concept with more competence-related or contribution-related pay.

So, depending on the scheme of pay related performance chosen, it can be effective when a 'participative system' is used inclusive of an employee's overall performance objectives or ineffective where the reward system is 'highly selective' (Schmidt, Trittel & Muller, 2011). In the study on performance related pay in German public services, the researchers looked at how pay related performance systems influence functionality, or how people work. This, by extension, can determine performance. They looked at the impact of introducing reward programs in a decentralised way and if local factors influence its effectiveness, which is an interesting concept when evaluating reward systems in a multinational organization. Their

findings pointed firmly to the introduction of reward systems causing problems to a greater or lesser extent depending on the method of performance assessment applied. Within the context of a public service body, the effectiveness of reward system has weakened because of the small financial budget available for reward. However, in their research involving six different case studies from Italian central government, Azzone and Palermo (2011) found serious flaws in the reward structure where no link could be found between performance appraisal and rewards. In this case performance was found to suffer adversely, and it was recommended to use existing reliable performance measures to overcome this especially when the organization is going through change.

It is important that aspects of pay and other complementary reward programmes be seen to be fair. This is a key factor if you are to achieve genuine buy in from participating employees. Reward preferences can differ throughout an organization. So, having a good mix is beneficial to the overall company. Adequate or attractive pension schemes are becoming more important in managing talent as employees not fearful of 'outliving their savings' put less pressure on healthcare plans, make way for newer talent and are generally more productive. Taylor (2011) reported retirement plans along with more customized healthcare packages are becoming more important in retaining and motivating employees. However, evidence suggests that a mix of both intrinsic and extrinsic rewards lead to overall satisfaction and to achieve this one cannot be directly substituted for the other. Its success or failure will depend on who influences or controls this, so management participation is vital (Newman, 2009).

As mentioned earlier, there is no one-size-fits-all solution to adapting a total rewards system that will achieve a high level of organizational effectiveness. Once the organization defines the performance and behaviour expected, it needs to design the correct blend of 'financial versus non-financial and extrinsic versus intrinsic rewards'. These can range from recognition,

opportunities to succeed and skills development to the various types of pay rewards, whether team based or individual (Yiannis, Ioannis & Kikolaos, 2009). Deciding on the type of reward which will be most effective for your organization is therefore essential if you wish to drive performance with this type of approach. Similarly, Yousaf et al. (2014) in their research in a non-western culture found that employees with different work motivations had different levels of work performance. They looked at the effects of intrinsic and extrinsic motivation on different types of performance (task and contextual) and found a stronger relationship between intrinsic motivation and task performance compared to extrinsic motivation and contextual performance. In other words, a total rewards approach can have a very positive effect on activities related to the social and inner core of the organization.

According to Kramar and Syed (2012), the fact that there is debate over extrinsic and intrinsic rewards as drivers of motivation shows us the importance of adopting a critical approach to reward management and highlights the importance of implementing the right system in your organization. If your mix of rewards or reward system is not thought out properly, it can have the opposite effect so not only will it adversely affect performance it could also lead to dysfunctional behaviour. Therefore, a critical approach to reward management may help in avoiding this dysfunctional behaviour. It is widely identified that behaviour is closely linked with motivation. Ankli and Palliam (2012) in their study on exploring the sources of motivation in the workplace, found that using, for instance, a self-determination theory (SDT) of motivation, as a way of predicting performance, showed positive results. This theory focuses on the perception of one's self and how you fit into the overall organization and its culture. Making work and play indistinguishable through the use of intrinsic motivation and the rewards associated with this, may well be the 'defining characteristics of work in the future', they argue.

As such, organizations should consider issues associated with ‘autonomous motivation, controlled motivation, and motivation as a predictor to performance’.

In this regard, a comprehensive rewards strategy should be well incorporated into the organizational design of your company and the elements most important to an employee’s performance are described by White & Druker (2009) as the nature of reward is drawn widely, in this account, to encompass five separate elements – pay, benefits, work-life balance, performance review/feedback/recognition and employee/career development. While there is evidence of employer initiatives in all these areas there is less evidence of strategic coherence. Similarly, Kaplan (2007) stressed that commitment from the leaders and their teams, as well as proper education and communication are all needed to align business strategy and people strategy with the total rewards approach. In their study on the links between learning, performance and reward using data from over 700 managers, Rowland & Hall (2014) found that little progress has been made in aligning competitive advantage through learning with the right performance and reward systems. Many organizations do not formally measure or reward learning. So, if performance appraisals are to contribute to organizational success, they must adequately acknowledge and reward learning, which has a proven theoretical link to improving motivation.

So as performance management and the rewards supporting it need to be strategically positioned within an organizations design, reward for learning needs to be incorporated into these appraisals. It also found that financial rewards are often seen solely as compensation and can be divisive. A wider interpretation of rewards needs to be considered in order to fully understand and capitalize of what makes people thrive. So, rewards do not always have to be expensive, but for these low cost rewards to be successful, they need to fit in with the overall goals and management style of the company. One of the many reasons organizations establish

operations across international boundaries is to take advantage of the differences in human resource management practices. According to Gunkel, Lusk and Wolf (2009) in their study of a German multinational corporation at locations in China, Japan, Germany and the US, they found that employees in different countries have different preferences, both managerial and from a rewards point of view. This theory fits well with a total rewards approach for international managers as it allows them to vary the organizations reward system and tailor it to the specific country or culture they need to.

Transplanting a managerial or HRM system from one country to another can have the opposite effect of what is desired in terms of performance and motivation. It also found that diminishing marginal utility exists over reward structures, where employees in one country can compare them to reward systems in other countries, and where this existed there was no increase in performance due to the rewards linked to this performance. It is important also to make your total rewards system distinctive from your normal compensation and benefits, otherwise it will not be seen anything more than the conventional rewards concept repackaged. An effective rewards approach is also a proven model in retaining top talent in all economic climates and enhancing their performance. Even in tough economic times, good people retain career mobility and you cannot afford to lose these, especially if you are to retain competitive advantage when market conditions improve. So, retaining your best people through your reward structure becomes the first step in driving performance through this total rewards approach. A tailored or total rewards approach coupled with a coherent business-to-business (B2B) strategy will help in the retention of talented employees during a recession (Ferguson & Brohaugh, 2009).

In a study on retaining and rewarding top talent during a recession, Ferguson & Brohaugh (2009), found that good people retain career mobility even in tough times. Retaining top

performers in the organization in both the short and long term, through avoiding any short term organizational or operational problems and maintaining their expertise and existing professional relationships, will mostly be in the strategic interest of the organization. But it also found the traditional HR practices were still not aligned with the overall business goal of the organizations in question and these two parallel tracks have yet to converge. Just as consumer loyalty is important during a recession, so is staff loyalty but particularly the loyalty of talented staff and high performers. It is always important to link direct incentives to performance measurement. If you do not incentivise changed performance you run the risk of it becoming irrelevant (Kasdins, 2010). This is particularly true of public sector organizations. Although the total reward concept was previously associated with executive reward, the value of it across the organization is now been acknowledged and it is proven to work best when integrated into overall work and HR/management practices (Wright, 2004). This is particularly true of the non-financial elements of any total reward system such as career development, training and relaxed work environment.

It is also important to note the restrictions a company may have on the allocation of their rewards across different departments or geographical boundaries. In a UK study on the centralized nature of remuneration policy, Top Pay Research Group (2003) found that decentralized divisional units with compensation authority were better at attracting ambitious managers. Although they do not suggest the complete break up of a centralized financial control, it found that as divisional management is normally much younger than a holding company managers, mistakes were made by older board members on approving the types of compensation required by divisional managers. The financial challenges faced by them may be very different to the challenges faced by your staff members who may be more interested in balancing their personal budgets. It also found that divisional resistance to remuneration

schemes not paid in cash can be significant. This is further supported by Kominis & Emmanuel (2005) in their comprehensive study on exploring the reward preferences of 225 middle level managers. Their findings suggest that different reward preferences for managers at different stages of their career, expecting managers in the early career stage to exhibit a greater proclivity for intrinsic rewards, managers in the middle stage a preference for extrinsic rewards, and managers in the late career stage to generally place less importance on both kinds of rewards (Kominis & Emmanuel, 2005).

These findings also suggested that although intrinsic rewards can be highly valued by employees, for some managers a combination of extrinsic and intrinsic rewards can have a positive effect on performance and motivation. But deciding on the reward package for an individual manager can sometimes prove difficult. In her study of over 40 years of motivation surveys, Wiley (1997), found that the strongest motivators are what employee's value but lack, and the top 5 factors were: (i) good wages, (ii) full appreciation of work done, (iii) job security, (iv) promotion and growth within the organization and (v) interesting work. These motivators were directly linked to performance and the study found that the regular use of surveys within the workplace was useful to gain insights into employee motivation preferences. Also, employee responses to these surveys in general directly related back to the content theories such as Maslow's Hierarchy of Needs theory and the Reinforcement Theory. However, Nicholson, Schuler, Van De Ven, Cooper, and Argyris. (1995) argue that motivation affects behaviour rather than performance and that motivation and performance are not necessarily mutually exclusive, as they argue there is a link between employee performance and employee effort. And in some cases, the effort of the employee can be weak.

The above are empirical works carried out by researchers in the area of reward and employee performance.



## **2.5. Review of Relevant Theories**

The following theories are reviewed:

Scientific management theory

Equity theory

Human relations model

Action theory

System theory

Maslow's hierarchy of needs theory

Expectancy theory

### **2.5.1. The Scientific Management Theory**

The proponent of this theory was Frederick Taylor (1911). He concentrated on just one secondary need - money - which appears to be the main reason why people work. Taylor saw the scientific management principles as the answer to various organizational problems which would increase the quality and quantity of products and eliminate conflicts between employers and employees. This suggests that while the employers are bothered about higher wages, they ultimately have common interest of raising productivity. He believes that scientific planning of work tasks, the selection and systematic training of suitable workers for the performance of these tasks plus a carrot and stick system of financial incentive would maximize output (Haralambos and Herald, 1980). Many scholars have observed that the desire for increased efficiency and productivity will normally encourage employers to pay high wages.

Taylor saw scientific management as the solution to many of industry's problems. First, it would increase both the quantity and quality of the product; secondly, it promises to end conflict between employer and employee. The assumption was that since the employer is concerned with high wages, they share an interest in raising productivity. Increased productivity reduces labour costs and results in higher profits which in turn allow for higher wages (Arinze, 2002). A fair day's work and a just system of payment can be established in accordance with the principle of scientific management (Haralambos, 1980).

The weakness of this theory is that Taylor assumed that primary motivation for work was economic and that man will respond positively to financial incentive. This view of motivation based on "economic man" has been rejected as over-simplistic. He failed to consider the influence of informal work group on the behaviour of the individual workers.

### **2.5.2. Equity Theory**

Equity theory was put forward by Jacques and Adam (1960) and it suggests that it is not the absolute value of a reward that motivates but the individual view of how fair (equitable) that reward is.

This theory deals strongly with the aspects of organizational justice, whether the individuals feel that they are treated fairly at work or not. The felt equity or inequity will impact their level of effort given in the work environment (Arnold et al., 2010). Ramlall (2004) states that an individual (on employee - employer relationship) evaluates not only the benefits and rewards he or she receives and whether the input given to the organization is in balance with the output but also the relevance of inputs given and outputs received by other employees inside or outside the employing organization.

Individual inputs can be education, effort, experience, and competence in comparison to outputs such as salary, recognition and salary increases. If an individual notices an imbalance on the input - outcome ratio according to his or her own experiences and in comparison to the others, tension is accumulated.

The imbalance of equity is called equity tension and being under-rewarded results in feelings of anger and being over rewarded creates feelings of guilt. The tension resulting from these feelings make individuals to seek for fairness and equity. According to Adams (1965), the attempt to correct the equity tensions is the source of one's motivation according to this theory (Robbins 2003).

Equity theory reinforces the need for reward structures which are clearly related to the demands of the job and the efforts of the individual (Hackett 1985).

The implications for employee performance include the likelihood that if individual employees are not satisfied with their level of incomes, (e.g. salary, opportunity for promotion, e.t.c.) they can reduce the quality and quantity of their output and absenteeism may increase. It is therefore expected that organizations management should formulate organizational objectives that will give the employees a sense of fairness or equilibrium. This will go a long way in the actualization of the objectives of the organization.

One of the criticisms of this theory is that it has failed to recognize the fact that people may over estimate their own contributions and the rewards others receive.

### **2.5.3. The Human Relations Model**

The human relations model places more emphasis on human behaviours and less on mechanical efficiency of the productivity unit. Elton Mayo, the proponent of this thought maintains that

the economic function of an industrial organization is to produce enough goods in order to maximize profits while on the other hand, it is the duty of the organization to protect the 'man' (the worker) that produces the goods. Using the Hawthorne experiments, it was discovered that the need of the workers transcend that of economic or monetary needs. The workers also have social needs which include support, friendship, recognition, acceptance, approval and self actualization.

More so, it is stated that financial incentives alone are insufficient to motivate workers and ensure their cooperation. It is when these social needs are combined with monetary needs that the worker would be able to put in his best, which also means the best for the organization in terms of productivity.

This model neglected or ignored the importance of economic motive at the workplace. It therefore, does not see the economic rationale, which sometimes may spur work place behaviour and labour itself. Neither does it see the inherent conflict of interest between management and workers. It assumes that when conflict arises, it is due largely to the fact that workers' needs have not been satisfied.

#### **2.5.4. Action Theory**

Action theory adopts a task-oriented view of human behaviours. The main purpose of this theory is to describe how a person completes a task. The action of individuals is motivated by a process of interpretation of the action of others which influences such individual's behaviours. This is further explained that each action is imbued with meaning; hence social actors do not just act but with meanings of motives to achieve certain ends (Anugwom, 2012).

The action theory of work organization anchors on understanding rather than observing behaviour. It emphasizes the meaning, which the worker attached to his behaviour in the

workplace. In fact, it emphasizes the way social reality or work place reality is interpreted by the actors (workers) involved.

There is a sort of unofficial and informal bargaining process instituted at the work place. Superiors try to call upon the subjective understanding of the workers in a bid to see that work is done. This now allows some measure of independence or discretions for the workers who finally perform these tasks spelt out by their supervisors. However, it is worth mentioning that work place interaction is very crucial in the effective performance of tasks. Hence, interaction at the work place between workers themselves or between supervisors and subordinates is crucial to the achievements of the goals of the organization.

However, the laid down rules and regulations are combined with the interpretative understanding of the entire work process by the worker. Either of them may not independently explain work place realities. When workers perceive the laid down rules or procedures of the organization as infringement of their rights, they may engage in subtle action to derail the organization and its goals. Likewise, where there are no rules or procedures, or where they are largely neglected, co-ordination and coherence become impossible and the organization is faced with imminent failure. Therefore, the action theory sees the "positive" interpretative understanding of the rules and personnel in the organization by the workers as relevant to the survival of the organization.

Action theory can be thought of as explanatory and generative. It explains the systematic ways a person works in order to realize certain goals. Yet, it is not predictive, it has no guidance on how different designs of operation can improve performance directly.

### 2.5.5. System Theory

System theory was proposed in the 1940s by the biologist Ludwig Von Bertalanfy and expounded by Ross Ashby. A system has been defined by Kast and Rosenzweig (1979) as "an organized, unitary whole composed of two or more interdependent parts, components, or subsystems and delineated by identifiable boundaries from its environmental supra system". In this sense, system implies a whole made of interdependent and co-operating parts which even though identifiable on its own right exists within the context of a larger environment (Anugwom, 2010).

Systems, particularly in the behavioural (management) and social sciences have many common assumptions of which the following are worth outlining:

- a) All institutions, organizations or systems are composed of a set of inter-dependent parts.  
They have needs for survival and behave and take actions
- b) They comprise of elements or parts and basic structures (structures here refer to a legitimate and persistent pattern of human interaction which has internal and external order).
- c) Each part or element of a system has an optimum value.
- d) Every system seeks goals and tends towards stability.

In a nutshell, system theory emphasizes integration and equilibrium. The system theory apart from seeing the organization as made up of constituent and interrelated parts also sees the organization as an open system which engages in a continuous and mutual exchange with its environment. (Anugwom, 2002).

In spite of the foregoing points listed, system theory has attracted some criticism and some of them are; system theory assumes that organizations can only change when factors in their

environment make it necessary. This sort of postulation overlooks the fact that organizations can internally generate needed changes and can as well influence change in the environment, it sees organizations as usually very stable entities. This does not usually hold because the organization may sometimes move towards turbulence than stability.

### **2.5.6. Maslow's hierarchy of needs theory**

Maslow's hierarchy of needs is a theory of personality that identifies five basic need categories:

- a) Physiological needs are basic human needs that are vital for survival. Examples of these needs are food, water, air and comfort. The organization provides a financial reward by paying a salary and this way helps to satisfy employees' physiological needs
- b) Safety needs reflect a desire for security and stability. Examples of these needs include desire for steady employment, health insurance and safe neighborhoods.
- c) Social needs are the desire for affiliation. They reflect the person's desire for love, affection and belonging. These needs can be fulfilled by the organization through sport teams, parties and celebrations.
- d) Esteem needs include the need for things that reflect on personal worth, self-respect and social recognition. The organization can help to satisfy employees' esteem needs by showing workers that their work is appreciated and recognized.
- e) Self-actualization needs are the individuals desire for self-fulfillment and the realization of doing what he or she has the potential of doing. Assigning tasks that challenge employees' minds and encouraging their aptitude and training are examples on how the organization can help fulfill self-actualization needs. (Beardwell and Claydon, 2007)

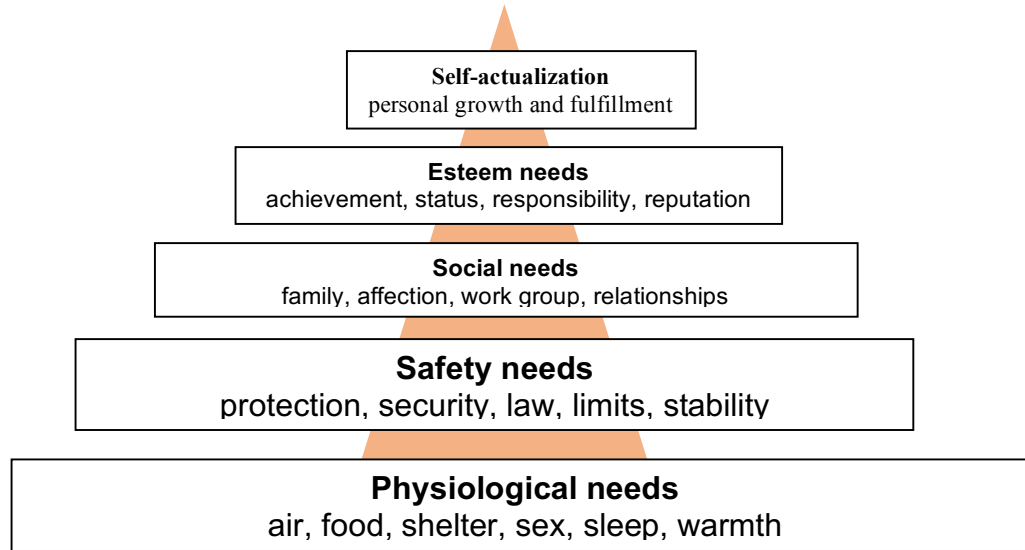


Figure 3: Maslow's hierarchy of needs (Beardwell and Claydon)

The basic needs are arranged in a hierarchy where the most basic need emerges first and the most sophisticated need last. In other words, the higher-order needs including belonging, esteem, and self-actualization were not seen as important until the lower-order needs which are safety and physiological are satisfied (Beardwell and Claydon, 2007).

Maslow's hierarchy of needs has been criticized because there is little evidence that support its strict hierarchy and the fact that people satisfy only one motivating need at a time. The theory also fails to prove any clear relationship between needs and behavior, and is therefore unable to predict when a specific need will be manifested (Beardwell and Claydon, 2007). In spite of the criticisms, Maslow's work is important in terms of recognizing the needs being pursued by employees and shedding some light on the social and psychological needs of individuals in addition to material needs.

### 2.5.7. Expectancy theory

This theory resulted from Vroom's (1964) work into motivation. According to this theory, motivation depends on individuals' expectations about their ability to perform tasks and receive



desired rewards. In other words, people are motivated to work when they have the expectancy that effort leads to performance and that performance results in reward. According to Vroom (1964) there are three factors directing human behavior which are valence, instrumentality and expectancy.

Expectancy is the probability that putting effort into a task will lead to high performance. It is also called E – P expectancy. In order for this expectancy to be high, the individual must possess the ability, previous experience and necessary machinery, tools and opportunity to perform (Samson and Daft, 2002). Instrumentality (P – O expectancy) refers to whether the performance will result in the desired outcome. Valence is the value or attraction of outcomes for the individual. If the outcomes that can be reached as a result of high effort and performance are not appreciated by employees, motivation will be low. Similarly, if an employee values a reward that is offered for a special effort, he/she will be more motivated to exert effort.

Robbins (2003) explains that there are three relationships; effort – performance, performance – reward and rewards – personal goals which will direct one's behavior. According to him, Vroom's expectancy theory refers to the strength and attractiveness of individual's expectation of the outcome produced by performance. The attractiveness of expected reward for given input will determine one's motivational soundness according to this theory and whether that reward responds to individual's personal goals (Robbins 2003).

In conclusion, according to the expectancy theory what motivates employees is the relatedness of the expected outcome. One's motivation can be influenced by providing rewards which are in accordance with individual's personal goals so that they will create valence. In condition to the aforementioned is that an effective evaluation system where the effort-performance relationship is well evaluated, visible and measurable is created

## 2.6. Theoretical Framework

The expectancy theory will form the theoretical framework of the study. Expectancy theory is a contemporary theory which possesses a direct relationship between performance and reward. It was proposed by Victor Vroom in the 60s. He states that an employee will be motivated to work hard when he/she believes efforts will produce a performance which, when recognized, will lead to having rewards that have value (Vroom and Kenneth, 1968). According to him, motivation depends not just on the outcome desired by the worker, but also on the instrumentality of effort, that is the relationship perceived by the worker between his and others' previous efforts and the desired outcome.

According to Idemobi (2010), the Expectancy Theory is a process theory developed which basically concentrates on the outcomes. What Vroom explained in his theory is the fact that in order to motivate employees or people the effort put in by the employees, the performance generated and motivation must be linked to one another. According to Vroom, employee expectations can affect an individual's motivation. Therefore, the amount of effort employees exert on a specific task depends on their expectations of the outcome. Vroom contends that employees ask three basic questions committing maximum effort to a task: (1) Can I accomplish the task? (2) If I do accomplish it, what's my reward? (3) Is the reward worth the effort?

Building on the Vroom model, Ejiofor (1987) identifies four critical variables in worker motivation. They are the ability of the worker (A), attractiveness of the rewards of working (Valence), causal relationship between effort and rewards (instrumentality) and the existence of infrastructural support (Tools). He argues that when holding workers' ability, attractiveness of the reward and infrastructural support constant, only a reward system based strictly on perfect instrumentality can keep worker motivation at optimum. He submitted that perfect

instrumentality is a missing link in Nigerian organizations. It is only a reward system based strictly on perfect instrumentality that can keep worker motivation at optimum. In other words, Vroom basically proposed three variables which in turn were vital to motivate employees. They are expectancy, instrumentality and valence.

Vroom developed a multiplicative model between the three variables: Valence, Instrumentality and Expectancy. According to him, what motivates a person to make a decision is a product of these three variables: how much a person desires a reward (valence); his/her estimate of the probability that effort will result in successful performance (expectancy); and his/her estimate that that performance will be a means to get the reward (instrumentality).

By any chance if employees happen to believe that any one of the three is not available, then Vroom states that the employees are unlikely to be motivated. Thus, workers will reduce their efforts if believed that the required performance will not be achieved, or if believed that it is impossible to achieve the rewards or that the reward is undesirable. According to Vroom, achieving rewards to which a large value is assigned leads a person to making more intensive efforts. In other words, as Vroom sees it, it is right to say that in order to motivate the employees and achieve optimum performance all of above three have to be achieved by the organization. Expectancy theory does note that expectation varies from individual to individual. Employees therefore establish their own views in terms of task difficulty and the value of the reward.

## **2.7. Research Hypotheses**

The following hypotheses will be tested in line with the objectives of the study. They include;

1. There is significant difference in the mean opinions of senior and junior staff on the rating of the reward systems for organizational performance of employees of NOHE.

2. There is significant difference in the mean ratings of senior and junior staff of NOHE on the effect of monetary reward on the performance.
3. There is significant difference in the mean ratings of senior and junior staff of NOHE on the effect of non-monetary reward on the performance.
4. There is significant difference in the mean ratings of senior and junior staff of NOHE on the kinds of reward that employees consider most beneficial.
5. There is significant difference in the mean ratings of senior and junior staff of NOHE on the level of reward for staff's performance in the hospital.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1. Research Design

This study adopts a cross sectional survey design. This research design covers a broad area of observation at a single point in time which implies using a selected sample to analyze a large population at a given point in time (Horton and Hunt, 1984). The researcher used this method because it enables the use of the sample drawn to represent the various elements of the population under study.

#### 3.2 Area of Study

This study was carried out in the National Orthopedic Hospital, Enugu, Enugu State. The history of the National Orthopaedic Hospital, Enugu dates back to the Nigerian civil war (1967-70). The then East Central State government of Nigeria led by Mr. Ukpabi Asika established a hospital for maimed victims of the war. This hospital was to offer services in orthopaedic, plastic and ophthalmic surgery. The foundation plaque of the hospital was unveiled on 21st January 1972 by Emperor Haile Selassie of Ethiopia after whom it was named, for his mediating role in the Nigerian civil war. The Eastern Nigeria Governor's Lodge was converted to The Haile Salassie I Institute for Orthopaedic, Plastic and Ophthalmic Surgery which is today referred to as National Orthopaedic Hospital Enugu. The hospital was opened to the public with the first intake of patients on 17th January 1975, in Enugu state. Enugu State is one of the states in the eastern part of Nigeria. The state shares borders with Abia and Imo States to the south, Ebonyi State to the east, Benue State to the northeast, Kogi State to the northwest and Anambra State to the west.

Enugu state has seventeen local government areas, and it had a population of 3,267,837 people at the Census held in 2006 (estimated at over 3.8 million in 2012). Enugu, the capital city of Enugu State, is approximately 2½ driving hours away from Port Harcourt, where coal shipments exited Nigeria. Enugu is also located within an hour's drive from Onitsha, one of the biggest commercial cities in Africa and 2 hours' drive from Aba, another very large commercial city, both of which are trading centers in Nigeria. The average temperature in this city is cooler to mild (60 degrees Fahrenheit) in its cooler months and gets warmer to hot in its warmer months (upper 80 degrees Fahrenheit) and it is very good for outdoor activities with family and friends or just for personal leisure.

### **3.3 Study Population**

The National Orthopaedic Hospital Enugu has total population of one thousand and eighty-three members of staff including cleaning staff, nurses, pharmacists, contracts staff and medical consultants among others. The organization has a total number of twenty-six departments, with the department of the medical director's office at the top of the list. The affairs of the hospital are managed by the medical director's office which is headed by the chief medical director.

### **3.5. Sample Size**

The sample size for the study consists of 542 staff of National Orthopaedic Hospital, Enugu. This sample comprised of both junior and senior staff from all the 26 departments. According to Ball and Gall (in Uzoagulu, 2011), the sample size of a study whose population is less 2,000 but greater than 1,000 should not be less 20% of the entire population understudied. Following the recommendation of Ball and Gall, this study used 50% (542 respondents) of the population (1,082) to ensure that optimum number of respondents react to the instruments of the study generalization of findings.

### 3.6. Sampling Procedure

The sampling method that was used is the stratified random sampling method. The sample size comprises of 542 members of staff of National Orthopaedic, Hospital Enugu from different departments, both of junior and senior cadre. The National Orthopaedic Hospital nominal role was used as the sample frame for this study.

*Table 1 Sample Frame for National Orthopedic Hospital Enugu*

Category	Confirmed		Not conformed		Total
	Less than 5yrs	5yrs and above	Less than 5yrs	5yrs and above	
<b>Total Number of workers</b>	198	692	146	47	1,083

*Table 2 Sample Frame according to Stratum*

Stratum	% in staff population	% sample contribution	Sample drawn
<b>Junior staff</b>	38	38	206
<b>Senior staff</b>	62	62	336
<b>Total</b>	100	100	542

### 3.7. Instruments for Data Collection

The questionnaire and the Focus Group Discussion (FGD) guide were the instruments used for collecting data. The questions in both research instruments were simplified to make for easy comprehension by the respondents. The instruments contained the background information of the respondents such as educational qualification, level/tenure of services, present grade level, marital status and others. The questionnaire also contained close and open-ended questions.

The close-ended questions facilitated easy coding while the open-ended questions afforded the respondents the opportunity to state their opinion fully.

### **3.8. Administration of Data Collection**

The study made use of primary methods of data collection. Exactly 542 copies of the questionnaire were administered. However, only 473 copies (representing 87% return rate) were successfully retrieved and duly completed to be included for analysis. The researcher worked with two research assistants with a minimum qualification of a diploma certificate. They assisted in distributing and collecting the completed copies of the questionnaire.

All the 542 respondents were administered the questionnaire for responses while the FGD session was comprised of 13 persons made up of 6 senior staff (including 2 heads of departments) and 7 junior staff. The composition was to balance responses from both categories of staff.

### **3.9. Methods of Data Analysis**

Data from the questionnaire were analyzed quantitatively while data from the FGD analyzed qualitatively to provide further insight on the responses of the respondents on the questions answered in the questionnaire. In data analysis and presentation, different tables were drawn to show the various responses on different questions asked in the questionnaire. Such tables included: educational level, years of experience in organization, sex and others. Data yielded by the questionnaire were keyed into SPSS (v24) and analyzed. Percentages, mean and standard deviation were used to describe the main characteristics of the study population and to achieve the study objectives. Data were also presented in graphical illustrations. Independents sample t-test was adopted to test the hypotheses at 0.05 level of significance. The independent sample t-test was used because the study tested the opinion of two independent groups (junior and senior staff) on the same issue.



## CHAPTER FOUR

### DATA ANALYSIS AND PRESENTATION

This chapter presents the analysis of data collected from the field by means of the research instruments. The proceeding report is thus based on the analysis of 473 copies of validly completed and returned questionnaire out of 542 distributed. This number amounts to 87% of the sample for the questionnaire study. It is adequate therefore for the statistical computations planned for the study. The whole analysis is hence divided into two major sections namely, demographics in section A and substantive research issues in B.

#### 4.1 Demographics

##### i. Sex

*Table 3: Distribution of Respondents by Sex*

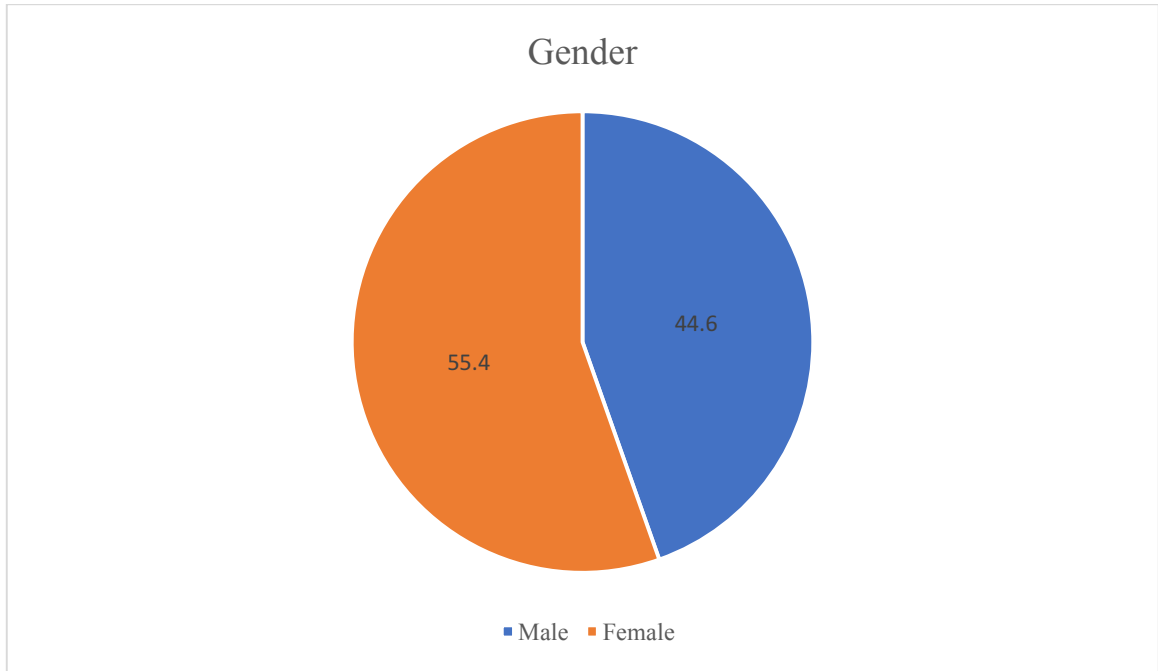
Sex	Frequency	Percent
Male	211	44.6
Female	262	55.4
Total	473	100.0

In Table 3 above, 44.6% of the respondents are males while 55.4% are females. This shows that in the National Orthopaedic Hospital, Enugu, Enugu state there are more female staff than males.

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This is likely because in most hospitals, majority of the nurses, medical care givers and assistants are usually female, who are believed to be more patient and compassionate than men. The data in the table above are captured graphically below:

*Figure 4: Sex Distribution of Respondents*



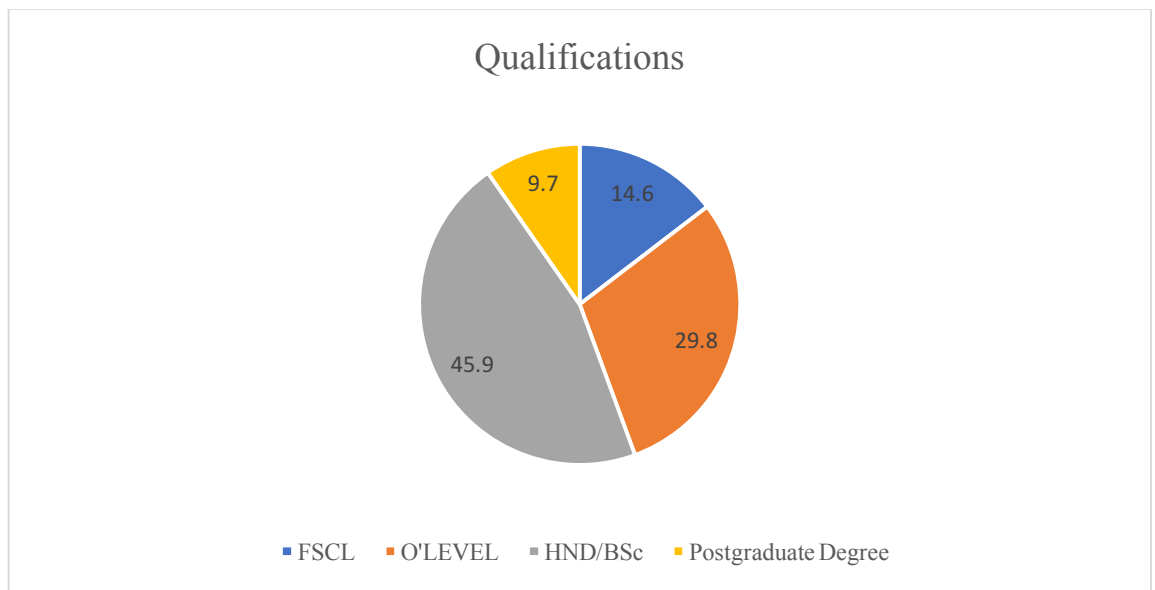
## **ii. Education**

*Table 4 Distribution of Respondents by Level of Education*

Educational Qualification	Frequency	Percent
First School Leaving Certificate	69	14.6
GCE/O'Level	141	29.8
HND/BSc	217	45.9
Postgraduate Degree	46	9.7
Total	473	100.0

From Table 4 the number of respondents with First School Leaving Certificate are 14.6%, O'Level is 29.8%, HND/BSc is 45.9% while respondents with postgraduate degree are 9.7%. The indications are that more than half 55.6% of the staff of NOHE possess qualification from tertiary institutions. The data are graphically presented below:

*Figure 5: Pie Chart for Level of Education*



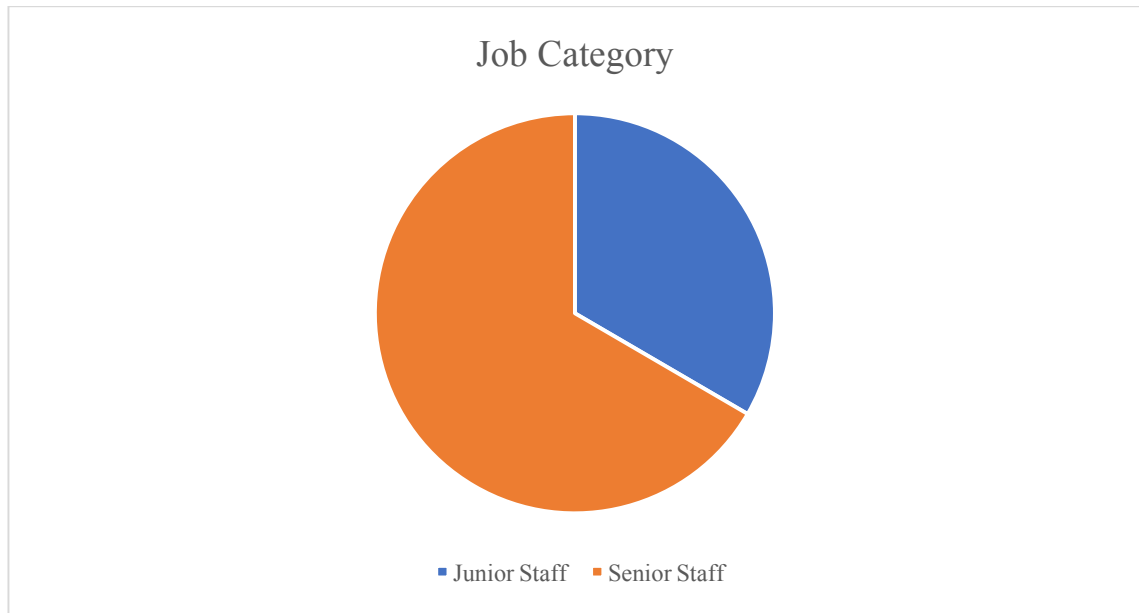
### **iii. Job Category**

*Table 5: Distribution of Respondents by Job Category (Completed and returned instrument)*

Job Category	Frequency	Percent
Junior staff	158	33.4
Senior Staff	315	66.6
Total	473	100.0

In Table 5, data showed that the number of junior staff working at NOHE are 33.4% which are less than the number of senior staff which are 66.6%. The data is graphically presented below for a better glance:

*Figure 6: Job Category*



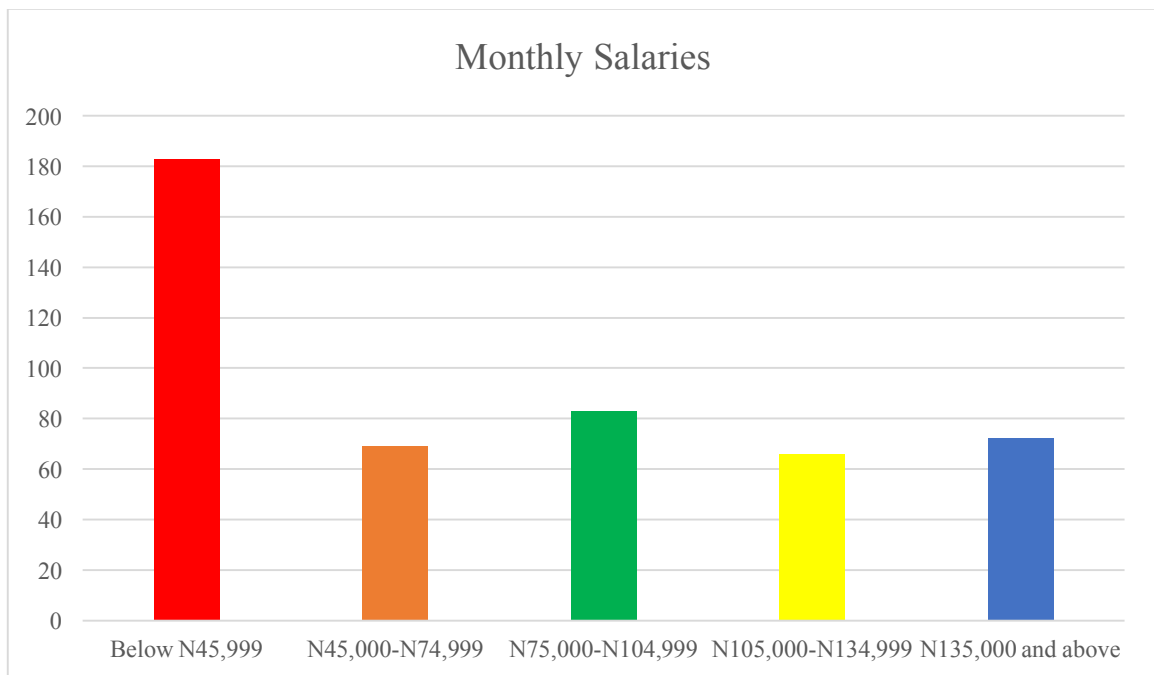
#### **iv. Monthly Salaries**

*Table 6: Distribution of Respondents by Monthly Salaries*

Monthly Salary	Frequency	Percent
Below N45,999	183	38.7
N45,000- N74,999	69	14.6
N75,000- N104,999	83	17.5
N105,000- N134,999	66	14.0
N135,000 and above	72	15.2
Total	473	100.0

In Table 6, the number of respondents with monthly salary below N45,999 is 38.7% while 14.6% receives between N45,000 and N74,999. From the data presented, 17.5%, 14.0% and 15.2% respondents receive monthly salaries of N75,000 - N104,999, N105,000 - N134,999, N135,000 and above, respectively. The data is graphically presented below:

*Figure 7: Chart for Monthly Salaries*



## Section B

### 4.2. General Description

Table 7: Distribution of Respondents based on the Rating of the Reward Systems for Organizational Performance of Employees in NOHE

Response questions	Response categories	Frequency Response count by monthly salary					Total (473)	%
		Below ₦45,999 (n=183)	₦45,000- ₦74,999 (n=69)	₦75,000- ₦104,999 (n=83)	#105,00- ₦134,999 (n=66)	₦135,000 and above (n=72)		
How would you rate the reward system of your organization	Satisfactory	0	25	0	21	0	46	9.7
	Unsatisfactory	183	44	83	45	72	427	90.3
How do you consider your salary	Satisfactory	0	25	0	0	0	25	5.3
	Unsatisfactory	183	44	83	66	72	448	94.7
Are you paid promptly	Yes	48	25	31	12	27	143	30.2
	No	135	44	52	54	45	330	69.8
What is the impact of the reward system on the performance of the employees	Outstanding	0	4	0	0	2	6	1.3
	Satisfactory	0	22	0	0	17	39	8.2
	Poor	183	43	83	66	53	428	90.5

Data available on the above table show that 90.3% of the respondents rated the reward system of NOHE as unsatisfactory while only 9.7% indicated that the reward system is satisfactory. A look at the monthly salaries categories revealed that 38.7% of the respondents that earn below N45,999 rated the reward system at NOHE as unsatisfactory. The same response was indicated by 17.5% and 15.2% of the respondents that earn N75,000- N104,999 and N105,000-N134,999 respectively. Out of the 9.3% of respondents that earn N45,000-N74,999 only 5.2% of the respondents rated the reward systems to be satisfactory. For the 9.5% respondents that earn N105,000-N134,999 only 4.4% indicated to be satisfied with the reward system.

When asked how they consider their salary, only 5.3% respondents out of 473 total respondents rated the salary as satisfactory. Among the 94.7% respondents that rated the salary at NOHE as unsatisfactory, all the 38.7% respondents who are paid below N45,999 indicated so; 5.3% out of 9.3% respondents who are paid N45,000-N74,999 indicated so; all the 17.5%, 14% and 15.2% respondents who are paid N75,000-N104,999, N105,000-N134,999 and >N135,000 indicated so.

Data on the table also revealed that 70% out of 473 respondents indicated that their salaries are not promptly paid while the remaining 30% revealed that their salaries are paid promptly.

Among the 473 respondents, only 1.3% rated the impact of the reward system for the performance of the employees to be outstanding while 8.2% indicated that it is satisfactory. The remaining 90.5% rated the impact of the reward system on the performance of the employees as poor.

From the available data on Table 7, it can be concluded that the reward system for organizational performance in NOHE were rated to be poor. The respondents indicated that the reward system, the salary, payment time and the impact of the reward system on the performance of the employees is poor thus not encouraging.

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*Table 8: Response of the Respondents on the Monetary Rewards that influence the performance of employees of National Orthopaedic Hospital Enugu*

<b>No.</b>	<b>Item statement</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Remark</b>
1.	Your current salary package encourages you to work to achieve the organizational goal	1.49	0.50	Disagreed
2.	The current monetary reward system motivates employees to give in their best	1.47	0.50	Disagreed
3.	You will perform better if there is an upward review of your current salary package	4.17	0.71	Agreed
4.	You receive allowances on intervals apart from your basic salary	1.84	1.06	Disagreed
5.	You receive bonuses as extra to salary	1.09	1.87	Disagreed
6.	The level of your performance is influenced by bonuses/allowances given to you	2.89	1.60	Agreed
7.	Monetary reward alone can motivate employees to perform better	3.34	1.50	Disagreed
8.	Receiving monetary reward for a job well done is an encouraging reward	2.86	1.09	Agreed
9.	The satisfaction with your job is as a result of the monetary reward system of your organization	2.26	1.36	Disagreed
10.	There is a relationship between the monetary benefits and the performance of employees at NOHE	2.89	1.63	Agreed
11.	Cluster Value	2.43	1.18	Disagreed

Agreed = mean  $\geq$  2.50; Disagreed = mean < 2.50

Data presented on Table 8 revealed that the respondents disagreed with six items as the monetary rewards that influence the performance of employees of National Orthopaedic Hospital Enugu. The indications from the response of the respondents are that the practice of NOHE on some monetary rewards do not encourage them to perform better, hence their disagreement on those items (No. 1, 2, 4, 5, 7 and 9). The mean value of these items is less than the criterion mean value of 2.50 for decision making. The respondents agreed that the practice of four monetary rewards



influence performance of employees at NOHE, as the mean values of the items are greater than the criterion mean value of 2.5 for decision making. At the cluster level, the mean value of 2.43 is less than 2.5 meaning that the current practices of monetary rewards at NOHE is not influencing the performance of employees.

*Table 9: Response of the Respondents on Non-Monetary Rewards that influence the performance of employees of National Orthopaedic Hospital Enugu*

No.	Item statement	Mean	Std. Deviation	Remark
1.	Flexible office hours encourage you to perform better	2.91	1.37	Agreed
2.	Free medical service will boost your performance	3.34	1.36	Agreed
3.	Housing benefit will boost your performance	3.18	1.57	Agreed
4.	Opportunities for promotion will boost your performance	3.23	1.51	Agreed
5.	Possibility for training, seminar and further education, supported by the company encourage you to perform better	2.64	1.30	Agreed
6.	You are motivated to perform better when you are recognized accordingly	3.01	1.54	Agreed
7.	Fringe Benefits encourage you to perform better	2.44	1.70	Disagreed
8.	Offering you opportunities for career advancement boosts your performance	2.90	1.71	Agreed
9.	Non-monetary rewards motivate you to work harder	2.82	1.23	Agreed
10.	The non-monetary rewards given to staff at NOHE has an effect on their performance	3.22	1.67	Agreed
11.	Cluster Value	2.97	1.50	Agreed

Agreed = mean  $\geq$  2.50; Disagreed = mean  $<$  2.50

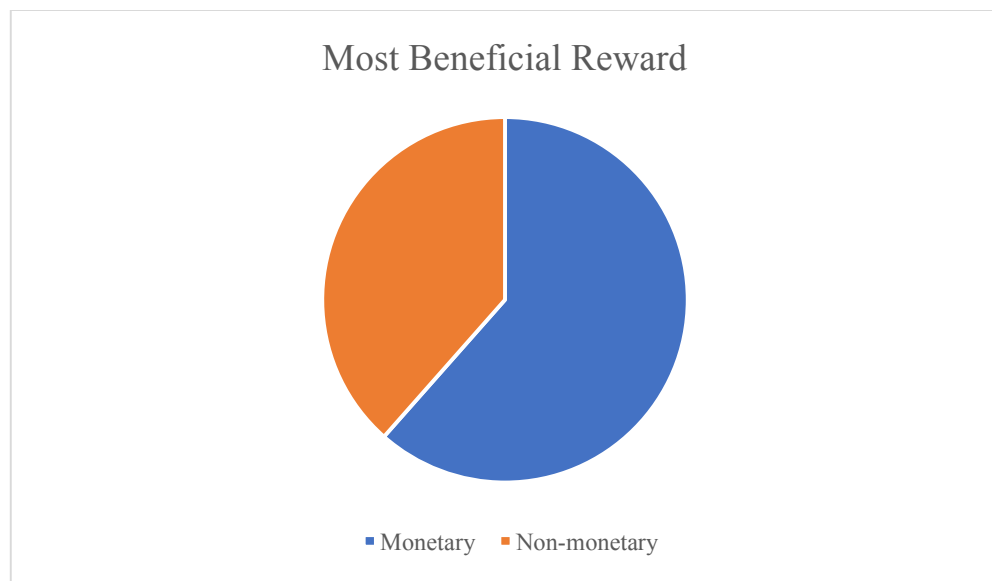
In Table 9, the respondents agreed to nine out of ten non-monetary rewards in NOHE. The nine items have mean values greater than the criterion mean of 2.50 indicating that the respondents agreed to the items as the non-monetary practices at NOHE that influence their performance. The respondent disagreed with one (1) non-monetary practice as an influence on their performance. The cluster value of 2.97 is higher than 2.5 criterion mean value thus indicating that the non-monetary rewards are influencing employees' organizational performance. The indications of the responses of the respondents are that the suggested items are the non-monetary rewards that influence the performance of employees at NOHE. Although the suggested non-monetary rewards would positively influence employees' performance, through the FGD, it was realized that employees were not satisfied with the monetary reward system as it is not being effectively implemented. They lamented that there was no sponsorship for trainings, promotions do not come as at when due, promotion increment is usually delayed and the working environment is very poor as they lack adequate tools for work.

*Table 10: Distribution of the Respondents on Kinds of Reward that the Employees of National Orthopaedic Hospital Enugu consider as most Beneficial*

No.	Item state	Frequency	Percentage
	What kinds of reward do you find most beneficial:		
	Monetary	291	61.5
	Non-monetary	182	38.5
	<b>Total</b>	<b>473</b>	<b>100</b>

From Table 10, it is revealed that 61.5% of the respondents indicated that the most beneficial kind of reward is monetary reward. Only 38.5% indicated that non-monetary reward is more beneficial. Also, while probing further during the FGD, the employees stated that due to the laxity in implementation of the non-monetary rewards, the monetary rewards are of more benefit to them. Thus, it can be deduced that the most beneficial kind of reward preferred in NOHE is monetary reward. The graphical presentation below explains more:

*Figure 8: Pie Chart for most Beneficial Kind of Reward in NOHE*



*Table 11: Distribution of the Respondents on the general reward for staff's performance NOHE*

No.	Item statement	Frequency	Percent
	Satisfactory	78	16.5
	Fairly Satisfactory	243	51.4
	Unsatisfactory	152	32.1
Total		473	100.0

In Table 11., only 16.5% of 473 respondents indicated that the general rewards for staff performance in NOHE is satisfactory. More than half of the respondents revealed that the general reward for staff's performance in NOHE is fairly satisfactory. The remain 32.1% indicated that the general reward for staff performance in NOHE is unsatisfactory.

From the response of the respondents, the number of employees who indicated that the general reward for staff performance in NOHE is satisfactory is less than those who reported that the reward for staff performance is unsatisfactory. However, the number of respondents who revealed that the reward for staff performance in NOHE is fairly satisfactory is higher than those who reported satisfactory and unsatisfactory. Therefore, the general reward for staff performance at NOHE is fairly satisfactory as indicated by the employees who were the respondents.

### **4.3 Test of Hypothesis**

The following hypothesis from the basis of the research were tested

1. There is significant difference in the mean opinions of senior and junior staff of NOHE on the rating of the reward systems for organizational performance.
  2. There is significant difference in the mean ratings of senior and junior staff of NOHE on the monetary rewards that influence the performance of employees.
  3. There is significant difference in the mean ratings of senior and junior staff of NOHE on the non-monetary rewards that influence the performance of employees.
  4. There is significant difference in the mean ratings of senior and junior staff of NOHE on the kinds of reward that the employees consider as most beneficial.
  5. There is significant difference in the mean ratings of senior and junior staff of NOHE on the general reward for staff's performance.
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### Hypothesis One

Ha: There is significant difference in the mean opinions of senior and junior staff of NOHE on the ratings of the reward systems for organizational performance.

Ho: There is no significant difference in the mean opinions of senior and junior staff of NOHE on the rating of the reward system for organizational performance.

*Table 12: Independent Sample T-Test for Hypothesis One*

Independent samples	Mean	Standard Deviation	Degree of freedom	t-value	Significant value
Junior	2.12	0.27	471	1.38	0.06
senior	2.10	0.39			

From the Table 12, t-test for independent samples show that significant value is 0.06. This value is greater than 0.05 level of significance at which the hypothesis was tested. Therefore, the null hypothesis (Ho) was upheld and alternative hypothesis (Ha) was rejected. This implies that the junior and senior staff of NOHE had different opinion on the rating of the reward system for organizational performance.

### Hypothesis Two

Ha: There is significant difference in the mean ratings of senior and junior staff of NOHE on the monetary rewards that influence the performance of employees

Ho: There is no significant difference in the mean ratings of senior and junior staff of NOHE on the monetary rewards that influence the performance of employees

*Table 13: Independent Sample T-Test for Hypothesis Two*

<b>Independent samples</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Degree of freedom</b>	<b>t-value</b>	<b>Significant value</b>
Junior	2.77	1.22	471	1.95	0.19
senior	2.66	1.13			

Table 13, shows that the t-test for independent samples has a significant value of 0.19. This value is greater than 0.05 levels of significant at which the hypothesis was tested. Therefore, the null hypothesis (Ho) was upheld while the alternative hypothesis (Ha) was rejected. This implies that the junior and senior staff of NOHE had varying opinion on the monetary rewards that influence the performance of employees.

### **Hypothesis Three**

Ha: There is significant difference in the mean ratings of senior and junior staff of NOHE on the non-monetary rewards that influence the performance of employees.

Ho: There is no significant difference in the mean ratings of senior and junior staff of NOHE on the non-monetary rewards that influence the performance of employees.

*Table 14: Independent Sample T-Test for Hypothesis Three*

<b>Independent samples</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Degree of freedom</b>	<b>t-value</b>	<b>Significant value</b>
Junior	2.42	1.37	471	-4.32	0.04
senior	3.02	1.47			

In Table 14, the t-test for independent samples has a significant value of 0.04 and it is less than the 0.05 level of significance at which the hypothesis was tested. Therefore, the null hypothesis (Ho) was rejected while the alternative hypothesis (Ha) was upheld. This implies that the junior and senior staff of NOHE had similar opinion on the non-monetary rewards that influence the performance of employees.

#### **Hypothesis Four**

Ha: There is significant difference in the mean ratings of senior and junior staff of NOHE on the kinds of reward that the employees consider as most beneficial.

Ho: There is no significant difference in the mean ratings of senior and junior staff of NOHE on the kinds of reward that the employees consider as most beneficial.

*Table 15: Independent Sample T-Test for Hypothesis Four*

Independent samples	Mean	Standard Deviation	Degree of freedom	t-value	Significant value
Junior	2.20	0.98	471	7.15	0.00
senior	1.61	0.78			

In Table 15, the t-test for independent samples has a significant value of 0.00. This value is less than the 0.05 level of significance at which the hypothesis was tested. Therefore, the null hypothesis (Ho) was rejected while the alternative hypothesis (Ha) was upheld. This implies that the junior and senior staff of NOHE had similar opinion on the kinds of reward that the employees consider as most beneficial.

### **Hypothesis Five**

Ha: There is significant difference in the mean ratings of senior and junior staff of NOHE on the general reward for staff's performance.

Ho: There is no significant difference in the mean ratings of senior and junior staff of NOHE on the general reward for staff's performance.

*Table 16: Independent Sample T-Test for Hypothesis Five*

Independent samples	Mean	Standard Deviation	Degree of freedom	t-value	Significant value
Junior	2.70	1.74	471	-1.86	0.06
senior	3.00	1.56			



Table 16, shows that the t-test for independent samples has a significant value of 0.06. This value is greater than 0.05 levels of significant at which the hypothesis was tested. Therefore, the null hypothesis (Ho) was upheld while the alternative hypothesis (Ha) was rejected. This implies that the junior and senior staff of NOHE had varying opinion on the general reward for staff's performance.

#### **4.4. Discussion of Findings**

Strike actions have become very consistent in recent times in Nigeria and the reason for these constant agitations have been linked to dissatisfaction of employees with the reward system. The challenges of reward have become a part of public sector organizations of which National Orthopedic Hospital, Enugu is a part of.

Findings from this study revealed that greater percentage (90.3%) of the respondents rated the reward system of NOHE as unsatisfactory. Also, all respondents earning below N45,999 rated the reward system unsatisfactory. From the FGD conducted with some senior and junior staff of NOHE, it was highlighted that due to the rating of the reward system of NOHE, performance of employees is not at its best. This is consistent with the findings of Azasu (2009) that indicated that organizations that introduce the total reward strategy have better performance that organizations that do not apply total reward strategy.

Findings from this study also revealed that the majority (94.7%) of the respondents indicated that monetary reward which they consider as their salary influences the performance of the employees at NOHE. This majority rated the salary of employees at NOHE as unsatisfactory. This finding is consistent with that of Pratheepkanth (2011) which indicated that generally allocating payment to

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specific performance is essential for increased employee morale and overall organizational productivity.

According to the qualitative and quantitative analysis it was deduced that the current monetary reward system of NOHE does not motivate employees to give in their best to achieve the organizational goal. From the FGD conducted with some senior and junior staff of NOHE, it was highlighted that their salary alone does not motivate them to give in their best. Also, they indicated that bonuses and allowances if given will motivate them to do their job better. This is consistent with the finding of Duberg and Mollen (2010) on the study on reward systems within the health and geriatric care sector. Their findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers that motivate employees to be more efficient.

Findings from this study revealed that with the cluster value of 2.97 over 2.5 criterion mean, majority of the respondents indicated that non-monetary rewards influences performance. From the FGD conducted with the employees of NOHE, it was highlighted that there are some non-monetary rewards that have a high level of influence on employees to work better; sponsorship for training, effective promotion practice, good working environment and availability of working tools. They also indicated that there are currently no sponsorship for trainings, promotion increment are usually delayed and the work environment is not conducive to work effectively and finally there is insufficient work tools.

Also, the findings from the study revealed majority (61.5%) of the respondents indicated that the most beneficial kind of reward is monetary reward. From the FGD conducted, the respondents indicated that the monetary reward is of more benefit to employees in NOHE because of the non-

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implementation of the non-monetary rewards. This is consistent with the findings of Wiley who indicated in his study that the strongest motivators are what employees value but lack and the top 5 are i) good wages, ii) full appreciation of work done iii) job security iv) promotion and growth within the organization and v) interesting work.

From the finding of this study, it was revealed that majority (51.4%) of the respondents indicated that the general reward in NOHE was fairly satisfactory. Thirty-two percent indicated that the general reward was unsatisfactory while sixteen percent indicated that the general reward was satisfactory. From the FGD, it was highlighted that the reward system needed to be reviewed. It was also indicated that some non-monetary rewards; award and recognitions, needed to be monetized. This is consistent to the findings of Kominis and Emmanuel who in their study indicated that a total reward approach can have a very positive effect on activities related to performance and effectiveness of the organization.

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## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1. Summary of Findings

The findings are presented below:

- 1) The employees of NOHE indicated that the reward system, the salary, payment time and the impact of the reward system on the performance of the employees are poor. The implication of this finding is that the reward systems in place at NOHE will not encourage the employees to work at optimum for the actualization of organizational goals.
  - 2) The monetary reward system in NOHE is not influencing the performance of the employees to work better. This could mean that the take home pay of the members of the staff of NOHE is below the expectations of the employees and is likely not commensurate to the efforts they put in. Thus, the monetary reward is not encouraging them to put in more effort to increase performance.
  - 3) The non-monetary rewards as practiced in NOHE has influence on the performance of employees. This implies that the NOHE employees like the non-monetary rewards as they favour them thus are positively influencing their performance.
  - 4) The most beneficial kind of reward in NOHE is monetary rewards. The employees at NOHE revealed that they preferred monetary rewards to non-monetary ones. This might be because money helps them to meet some other basic and pressing necessities of life which non-monetary rewards from a place work, no matter abundant they are, cannot solve.
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- 5) The general reward systems for staff performance at NOHE is fairly satisfactory as indicated by the employees.

## **5.2. Relationship between findings and theoretical framework**

Poor performance of employees in an organization has been largely attributed to the reward system of the organization. In the Nigerian public sector, there has been constant agitations from labour and it seems like the dialogue between the government and labour are unending. The researcher studied reward and organizational performance in National Orthopedic Hospital Enugu. National Orthopedic Hospital Enugu is an organization that is part of the public health sector and employees here are faced with the same travails of labour nationwide. This study adopted the expectancy theory as its theoretical framework. The expectancy theory is a contemporary theory which possesses a direct relationship between performance and reward. It was proposed by Victor Vroom in the 60s and he stated that an employee will be motivated to work hard when he/she believes that efforts will produce a performance which, when recognized, will lead to having rewards that are of value (Vroom and Kenneth, 1968). This may explain the reason why majority (90.3%) of the respondents rated the reward system of NOHE as unsatisfactory. Also, the results from the qualitative analysis showed that there is a delay in the implementation of reward packages by the organization, and this hinders employees from performing effectively.

The expectancy theory also postulates that employees ask three basic questions in committing maximum effort to task: i). Can I accomplish a task? ii). If I do accomplish it, what is my reward? iii). Is the reward worth the effort? From this study, it was observed that majority (94.7%) of the respondents were not satisfied with their salary and so rated their salary as unsatisfactory. It was

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also observed that 38.7% of the respondents who rated the salary as unsatisfactory were those who are paid below N45,999.

The expectancy theory addresses employee motivation to be related to three critical variables; attractiveness of the rewards of working (Valence), causal relationship between effort and rewards (instrumentality) and the existence of infrastructural support (Tools). The respondents were asked what is the impact of the reward system on the performance of the employees, the findings revealed that 90.5% of the respondents indicated that it was unsatisfactory which 1.3% indicated that it was outstanding and 8.2% commented that it was satisfactory.

### **5.3. Conclusion**

The objective of this study was to determine the influence of rewards on the organizational performance of employees at National Orthopaedic Hospital, Enugu. The study sought the opinion of employees of NOHE on the rating of the reward systems, the monetary and non-monetary rewards that influence their performance, the most beneficial kind of reward and the general reward systems for staff performance.

Majority of the employees rated the reward system of the organization unsatisfactory and also considered their salaries unsatisfactorily not reflective of their performance. The employees also indicated that their salaries are not usually paid on time. The employees further revealed that the impact of the reward system on performance is poor. The number of monetary reward systems being practiced at NOHE that influences the performance of employees is less than those that does not influence the employees to perform better. However, the non-monetary rewards at NOHE which include; award, health insurance, leave, trainings are well accepted by the employees. Although, from all indications the level of practices of this kind of reward encouraged the

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employees to perform better. Though these non-monetary rewards are clearly stated and meant to be effectively deployed to encourage employees at NOHE to perform well, the employees noted that the non-monetary rewards are not effectively deployed and they still consider monetary rewards to be more beneficial to them. In this case, it can be deduced that the employees would rather have some of the non-monetary rewards monetized. For example, they considered the award giving which is done annually not to be beneficial as there is no monetary value attached to it. Maybe the employees would prefer to seek out how best to access some or all of the non-monetary rewards on their own terms.

The opinions of the junior and senior staff members of NOHE on ratings of the reward systems; monetary rewards that influence the performance of employees and on the general rewards for organizational performance are similar but differ for non-monetary rewards that influence the performance of employees and on the kinds of rewards that the employees consider as most beneficial to them.

### **5.3. Recommendations**

Following the above findings, recommendations were made below:

1. The salaries of the employees should be reviewed to reflect their performance. In this case, a high performing staff should be encouraged to sustain the performance. This review should not be delayed.
  2. The sustenance or enhancement of the non-monetary rewards in place at NOHE since the employees indicated that it is favourable to them.
  3. The increment of monetary rewards to encourage the employees to perform better
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4. Promotional exams should be written as at when due and the implementation should begin immediately.
  5. Awards should be monetized to encourage better performance
  6. Upgrading the general reward systems and practices at NOHE. This can be done by creating more means of recognizing and rewarding employees with improved performance.
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## APPENDIX 1: QUESTIONNAIRE SCHEDULE

Department of Sociology and Anthropology

University of Nigeria, Nsukka

Enugu State

Date: .....

Dear Respondent,

I am a postgraduate student of the above mentioned university. Currently, I am conducting a research on Reward and Organizational Performance: a study of the National Orthopedic Hospital Enugu. The research is a partial fulfillment of the requirement for the award of M.Sc. degree of the University.

You have been selected for this research as a worker in this organization. The research is strictly for academic purposes and will be used for that. Any information you give will be treated with outmost confidentiality. Your participation in this research will contribute much to the success of the research. You are kindly requested to cordially and appropriately respond to all the questions presented below.

Thanks for your anticipated co-operation.

Yours, sincerely

Eboh, Gloria Oyiyechukwu

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Junior Staff  c) Human Resource Management

Senior Staff

Indicate your monthly salary income level

Below N45, 000  d) N105, 000 – N134, 000

N45, 000 – N74, 000  e) N 135, 000 and above

N75, 000 – N104, 000

## SECTION 2: ISSUES ON THE STUDY

Please tick where appropriate

How would you rate the reward system of your organization?

Satisfactory  b) Unsatisfactory

Do you consider your salary as

Satisfactory  b) Unsatisfactory

Are you paid promptly?

Yes  b) No

What is the impact of the reward system on the performance of the employees?

Outstanding  c) Poor

---

Satisfactory [ ]

Please tick in the table where appropriate. SD = Strongly disagree, D = Disagree,

U = Undecided, A = Agree, SA = Strongly agree

S/N	Statement	SS	D	U	SA	A
11.	Your current salary package encourage you to work to achieve the organizational goal					
12.	The current reward system motivates employees to give in their best					
13.	You will perform better if there is an upward review of your current salary package					
14.	You receive bonuses on intervals apart from your basic salary					
15.	The level of your performance influenced by these bonuses					
16.	Monetary reward alone can motivate employees to perform better					
17.	You receive recognition for a job well done					
18.	You are motivated to perform better when you are recognized accordingly					
19.	Your organization offers you opportunities for career					

S/N	Statement	SS	D	U	SA	A
	advancement					
20.	Non monetary rewards motivate you to work harder					
21.	The non monetary rewards given to staff at NOHE has an effect on their performance					
22.	You derive satisfaction from working in your organization					
23.	This satisfaction with your job is as a result of the reward system of your organization					
24.	The working environment conducive for you to do your job					
25.	There is a relationship between the working environment and the performance of employees at the Hospital					
26.	There is a relationship between employee satisfaction and performance at NOHE					

Please rate the following reward on a scale 1-5 and cross the corresponding box, considering how motivating these are for you.

(1 = no motivational effect, 2 = low motivational effect, 3 = average motivational effect, 4 = good motivational effect, 5 = high motivational effect)

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Rewards	1	2	3	4	5
Flexible office hours					
Free medical service					
Housing benefit					
Opportunities for promotion					
Possibility for training, seminar and further education, supported by the company					
Challenging tasks					
Bonuses					
Recognition and appreciation					
Company Benefit programmes					
Salary (Monthly Salary Package)					
Fringe Benefits					

What kinds of reward do you find most beneficial (Please list)

.....

.....

What would you rather wish you had as part of your total reward package

.....

What in your view on the level of reward for staff's performance in the hospital?

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Satisfactory [ ]

c) Unsatisfactory [ ]

Fair [ ]

What are the reasons for this?

.....

.....

## APPENDIX 11: FOCUS GROUP DISCUSSION GUIDE

1. How do you rate the reward system of the National Orthopaedic Hospital? (Probe for rewarding procedures, effectiveness of the reward system, frequency of its review, e.t.c)
  2. How has the reward system affected the performance of the organization in achieving its goals and objectives (Probe for more information on the effect and the relationship between the hospital's reward system and the performance of the employees and the overall performance of the organization)
  3. Have there been any lapses on the reward system in the past? If yes, what was it? (Probe for more information on whether there has been an industrial action as a result of inconsistency in the reward system and the effect on the organization)
  4. What is the monetary and non-monetary rewards employees benefit at your organization? And the effects on their performance?
  5. What is the difference between monetary and non-monetary reward in their effect on employee performance in N.O.H.E?
  6. What kinds of rewards does employee consider most beneficial?
  7. In your opinion will you say staffs at N.O.H.E are satisfied with their jobs? If yes, please explain why and if no, why? Does this affect their performance?
  8. How is the working environment of the Hospital? Does it have a positive or negative effect on the performance of staffs?
  9. What do you suggest or recommend to be done to help improve the reward system? And the performance of the employees and the organization?
-