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# Financial Reward and Workers Harmony of Construction Firms in Port Harcourt

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**Abstract:** *The purpose of this study was to examine the relationship between the financial reward and workers harmony in construction firms in Port Harcourt. The study adopted cross-sectional survey research design. The target population of the study is 439 which constitute twelve (12) selected construction companies in Port Harcourt. Data for the study was collected through structured questionnaire. The Five (5) point Likert scale was used to measure responses from the respondents. Data was analyzed using mean and standard deviations with charts to displayed the study variables, while inferential statistics such as the Spearman rank order correlation coefficient statistics technique was used to test the hypotheses with the aid of statistical package for social science version 23.0 for the purposes of examining the nature and proposed associations. The results of the study showed that there was a positive and significant relationship between financial reward and workers harmony. Consequently, the study recommends the following: Structured process for financial reward increase should be collectively agreed and the terms and conditions under which it will be possible well spelt out. Employees' salaries should reflect the prevailing economic and market realities in the economy to avoid strike actions, grievances and other practices inimical to the business. Incentive programs should be based on individual performance and business/goal driven.*

**Keywords:** *Competitive Reward Strategies, Financial Reward, Non-Financial Reward, Workers Harmony, low Grievance, Absence of Strike*

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## INTRODUCTION

In modern and intense competitive environment, firms have focused attention to human resources as source for sustained competitive advantage. Firms tend to attract, employ, motivate and keep skilled and competent employees; this helps in achieving organizational objectives. In view of Armstrong (2006), the philosophy of treating employees as economic man is out of model, and does not have a serious recognition in the contemporary management orientation.

Every employee comes into an organization with a view to achieving personal objectives alongside that of the organization. He views organization as a platform that will give him the opportunity to showcase itself in terms of his contributions to the organization and to mankind. If such contributions are recognized and rewarded that he gets motivated to reinforce his effort. In order for employees to increased and maintained performance, organizational management should adequately motivate its workforce (Skinner, 1953). To achieve this, Management is to

evolve and deploy competitive reward strategies that are effective at motivating the organization's workforce. Organizations that pay competitive salary, high incentives and enhanced benefits may be adjudged as people oriented, in which case, the management perceives human elements as important factor to organizational goal achievements. However, resource availability is a key factor at determining what can be allocated as reward by organizations. Effective motivations of employees will serve as a panacea to elicit their commitment in securing industrial tranquillity which invariably will lead to the attainment of organizations overall performance. On the other hand, where there is no enabling environment for employees to achieve personal goals and objectives, they will set to cultivate and deploy attitudes that will mitigate their work or that of organizations they work for (Lunenburg, 2011).

Decisions on formulation and delivery of effective and sustainable financial reward have become important for organizations in view of the prevailing dynamic and competitive business environment. Developing and delivering reward programs that specifically align reward mechanisms with organizational goals/objectives are challenges facing many organizations. To this end, Armstrong (2009) stresses the importance of human resources plans and strategies to be developed within the context of the organizations objectives. In the same way, to develop and deploy reward programs that specifically bring sustainable peace between employees and the management is crucial to construction firms in Port Harcourt. This research work was undertaken to examine specifically how financial reward as Human Resources practice contribute to workers harmony amongst the construction firms in Port Harcourt.

**Conceptual Framework**

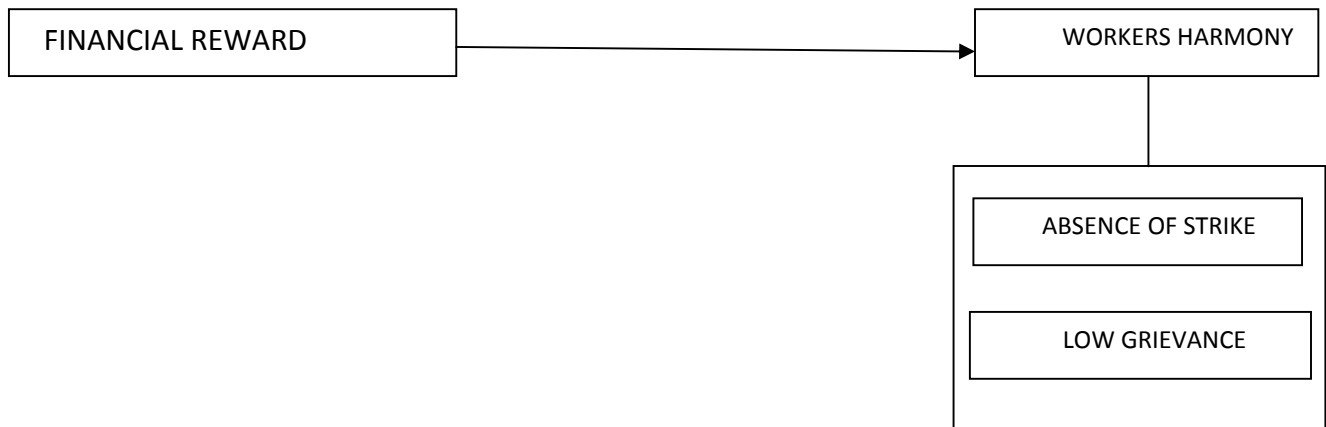


Fig.1: (Adopted from Payam Gohari (2013), Armstrong (2002), Serena Aktar (2012) and Nkiinebari, N.P. (2014)

The general objective of this study is to examine the extent to which Financial Reward influences workers harmony. While the specific purpose covers the following:

1. To examine the extent to which Financial Reward influence Absence of Strike in construction firms.

2. To examine the extent to which Financial Reward influence low grievance in construction firms.

Based on the statement of the problem and purpose of the study above, the following research questions were formulated:

1. What is the relationship between Financial Reward and Absence of Strike in construction firms in Port Harcourt?

2. What is the relationship between Financial Reward and Low Grievance in construction firms in Port Harcourt?

## **LITERATURE REVIEW**

### **Financial Reward**

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 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). Financial 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. The team bonus would be given separately from the salary. On the other hand, such rewards must be used in ways that avoid destroying employees' intrinsic motivation to do their job.

The need for continuous improvement requires employees to be innovators; devising novel solutions that improve a work process or that delight the customer. The use of extrinsic financial rewards that are tightly linked to performance may teach organizational members to become money hungry and undermine their intrinsic interest in the work itself (Balkin & Dolan 1997). It is usually a variable compensation separated from the salary. It is received as a consequence for extra ordinary performance or as an encouragement and it be either individually based or group based. The conditions to obtain this reward should be set in advance and the performance needs to be measurable. For a compensation system to be ideally motivational the reward should satisfy a number of criteria: It should have value, should be large enough to have some impact, should be understandable, be timely, the effect should be durable, and should also be cost efficient (Lawler, 2003).

### **Salary**

Salary is a fixed remuneration paid to non-manual employees which they receive on monthly bases for job performance. Salary is different from wage. Wage is payment to manual workers on hourly, daily or weekly bases contingent on their output. Salaries have secured and guaranteed tendencies and are actually calculated on annual lump sum but paid majorly on 12 month installment. Phillips and Gully (2012) declared the competitive salary over time has been adjudged as a means of attracting and retaining employees. Still on the importance of pay,

Mohlala Goldman and Goosen (2012) found out from their study on south African perspective, that monetary rewards in their system negatively affected their ability to retain high profile employee. On the other hand Cannel and Wood (1992) postulated a divergent option when he argued that things are changing in the recent times with regards to how workers are paid stressing that non-manual workers are increasingly being paid according to their performance-based pay or person –based pay. Performance- based pay system stipulates that employees’ progression and salary increase should be contingent upon individual performance. While person-related or seniority based pay system put to considerations things like age, qualifications, seniority knowledge etc. Williamson (1975) also discussed seniority based hinged on length of service amounting to improved knowledge and experience and consequently details involved in enumerating and measuring individual contracts on performance basis

### **Workers Harmony**

Industrial amicability alludes to a situation of peace in relative sense in any industrial organization, which includes; nonappearance of strikes, and doubt among work gatherings or unions, tranquil relationship amongst unions and administration of the organization, and additionally representative positive view of his or her commitment as member not as subject inside the organization. Industrial harmony is an exceptionally basic element of organizational profitability and execution. Industrial agreement in its optimal structure, presupposes an industry in a state of relative balance where relationship amongst people as well as gatherings are heartfelt and profitable. Sayles and Strauss (1981) noticed that with the unavoidable contrasts among gatherings inside an organization, struggle and varying destinations saturate cutting edge organizations. This kind of contention keeps the presence of industrial agreement which mirrors a condition of authoritative shakiness (Sayles and Strauss, 1981). Furthermore, as Hanson (1972) noted, industrial agreement speaks to nonappearance of conflict by industrial unions which will undoubtedly bring about viable and proficient organization.

### **Strike**

Ivancevich (2007) documented that strike is an effort by employee to withhold work so that the employer will make greater concessions at the bargaining table. It is opined that it is a major bargaining weapon used by the labour union. It is varied from economic strike where the employees stop work until the demand for better condition of employment is met to sit-down strike where employee strike but remain at work place. Armstrong (2004) asserted that strikes are most politically charged of all the features of industrial relation. “Strikes are too often a weapon of first rather than last resort. However, labour unions have recognized that a strike is a legitimate last resort if all else fails” Armstrong (2004). Shokan (1997) sees strike as a temporary stoppage of work aimed at forcing the employers to accept employees demand. Strike is seen as Collective organized, cessation or slowdown of work by employees, to force acceptance of their demands by the employer. The legality of the strike action requires: approval by the majority of employees by ballot; independent verification to ascertain the majority support the vote; the notice of impending strike must be given to employer in advance; the employer must be provided with the result of the ballot; final notice to embark on the strike must be issued to the employer (Business dictionary, 2015). International Labour Organisation (2011) posits that strike is the most visible and controversial form of collective action in the event of a labour dispute and is often seen as the last resort of workers’ organizations in pursuit of their demands. Section 2(q) of

the Industrial Dispute Act defines strike as cessation of work by a body of persons employed in any industry acting in combination; a concerted refusal or a refusal under a common understanding of any number of persons who are or have been so employed to continue to work or to accept employment (Saharay, 2013).

### **Grievance**

Grievance manifests in employment relations when employees or union perceive ill-treatment or violation of terms of contract agreement by employers (Bemmels & Foley, 1996). Grievance relates to a feeling that infringement has occurred in contract relationship. In such instance, three options are available for employees. These include: the worker may choose Not to report grievance officially, in which case, he wallows in his pains and frustration; or quit the job; or courageously report his grievance officially following an official laid down procedure in defiance of any consequence (Pettersen & Lewin, 2000). Hirschman (1970) postulated „exit, voice and loyalty“ theory. The crux of this theory is that the tendency for an employee who officially reported grievance to get positive response or management retaliation in terms of job relieve is predicated on his loyalty or importance and the criticality of his job to the organization. What this means is that an employee who feels his job is not critical to his employer may be constrained from initiating grievance filing even when unfair treatment is present. In a unionized workplace, grievance procedure serves as official platform for aggrieved employees to report perceived unfair treatment and seek redress. The procedure outlines steps and stages which should be followed in order to effectively manage conflicts (Colvin 2003; Lewin, 2005).

In line with the above theoretical assertions, the following hypotheses are put forward:

H<sub>o1</sub>. There is no significant relationship between financial reward and absence of strike in construction firms.

H<sub>o2</sub>. There is no significant relationship between financial reward and low grievance in construction firms.

## **METHODOLOGY**

The quasi-experimental design was adopted in this study. Quasi-experimental design were used because the variables which are the respondents are not under the control of the researcher. Cross-sectional surveys were used to facilitate the gathering of data considered appropriate for quantitative or statistical analysis. In this study, the target population consisted of employees from construction companies in Port Harcourt. The total population adopted for the study is 439 derived from the number of employees being represented by all the companies under survey.

The Total Number of Construction Companies in Port Harcourt was fifty -two (52) (Ministry of Works); out of this number only Twelve (12) are fully operational( that is delivering jobs independently) The sample size of the study is 209 drawn from the total population of 439 using the Taro Yemen formula for sample determination. Primary data was the focus in this study. A structured questionnaire was used to gather or collect the primary data for this study from the workers in the selected construction companies. The structured questionnaire was personally

administered to the target construction companies and retrieved. However, the actual number of participants considered for the study after excluding invalid copies was 162.

**DATA ANALYSIS AND RESULTS**

**Bivariate Analysis**

The correlation analysis comprised of the tests for the relationship between financial reward and the measures of workers harmony. The hypothetical assessments and verification are carried out at a 95% confidence interval, which implies a 0.05 level of significance. The bivariate relationships are tested using the Spearman’s rank order correlation coefficient with the  $P < 0.05$  criterion adopted as indication of significant associations and as such a rejection of the null hypotheses of no significant relationship, while the  $P > 0.05$  is adopted as the criterion for insignificant associations and as such an acceptance of the null hypotheses.

**Relationship between Financial Reward and the Measures of Workers’ Harmony**

**Table 1: Correlations Matrix for Financial Reward and Measures of Workers’ Harmony**

			Financial Reward	Absence of Strike	Low Grievance
Spearman's rho	Financial Reward	Correlation Coefficient	1.000	.754**	.939**
		Sig. (2-tailed)	.	.000	.000
		N	162	162	162
	Absence of Strike	Correlation Coefficient	.754**	1.000	.725**
		Sig. (2-tailed)	.000	.	.000
		N	162	162	162
	Low Grievance	Correlation Coefficient	.939**	.725**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	162	162	162

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

Source: Research Data 2019, (SPSS output version 23.0)

Table 3. Illustrates the test for the first two previously postulated bivariate hypothetical statements. The results show that:

**H<sub>01</sub>: There is no significant relationship between Financial Reward and absence of strike in construction firms.**

The correlation coefficient (r) shows that there is a significant and positive relationship between Financial Reward and absence of strike. The rho value 0.754 indicates this relationship and it is significant at  $p < 0.000 < 0.05$ . The correlation coefficient represents a high correlation indicating a strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is

hereby rejected and the alternate upheld. Thus, there is a significant influence between Financial Reward and absence of strike in construction firms.

**Ho<sub>2</sub>: There is no significant relationship between Financial Reward and low grievance in construction firms.**

The correlation coefficient ( $r$ ) shows that there is a significant and positive relationship between Financial Reward and low grievance. The  $\rho$  value 0.939 indicates this relationship and it is significant at  $p\ 0.000 < 0.05$ . The correlation coefficient represents a high correlation indicating a strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant influence between Financial Reward and low grievance in construction firms.

### **Discussion of Findings**

This study using descriptive and inferential statistical methods investigated the relationship between Financial Reward and Workers' Harmony amongst the construction firms in Port Harcourt. The findings revealed a significant positive relationship between Financial Reward and Workers' Harmony amongst the construction firms in Port Harcourt using the Spearman Rank Order Correlation Coefficient tool and at a 95% confidence interval. The findings of this study confirmed that Financial Reward have a positive effect on Workers' Harmony amongst the construction firms in Port Harcourt.

The test of hypotheses one and two in table (4.16) shows that there is a significant positive relationship between financial reward and each of the measures of Workers' Harmony. The positive values of (0.754 and 0.939) show the strength of the relationships between the variables. The P-value (0.00) is less than the level of significance at (0.05). Therefore, this suggests that a significant and positive relationship exists between financial reward and absence of strike and low grievance. Hence, the null hypotheses were hereby rejected. This implies that financial rewards of workers in construction firms in Port Harcourt will bring about better harmony. This agrees with the work proposed by Armstrong and Murlis (1994) assert that financial rewards or physical cash payments which employees receive come in form of salary, performance pay, competency pay and profit sharing to workers. Goldman and Goosen (2012) found out from their study on south African perspective, that monetary rewards in their system negatively affected their ability to retain high profile employee. From the analysis carried out and the results obtained, a significant positive relationship between financial reward and workers harmony was established. Financial rewards were found to have strong motivation on employees which is a prerequisite for a harmonious relationship between the employees and the managements within the industry. We therefore conclude that Financial Reward as a Human Resources practice is critical in entrenching and sustaining workers harmony in construction industry.

### **CONCLUSION AND RECOMMENDATIONS**

Based on the findings obtained from summary of discussion and empirical findings we conclude thus:

Financial reward significantly influences absence of strike amongst construction firms in Port Harcourt.

Financial reward significantly influences low grievance amongst construction firms in Port Harcourt.

Based on the discussion and conclusion above, the following recommendations were hereby made:

The significant positive association between financial reward and workers harmony is a pointer to the fact that management and the Human Resources practitioners in construction firms in Port Harcourt should resolve to increase employee's salaries regularly. The salaries being offered to employees should reflect the economic and market realities in the economy. This is achievable if the management decides to adopt yearly upward reviews of employees' salaries and inculcate it as part of their collective bargaining agreement. Furthermore, this will bring expectancy theory to bear in the management — employees relations. It will resonate to a situation whereby because employees are expecting from management a yearly salary increment to the pre-agreed negotiated percentage, they will be constrained to avoid any conduct that could deprive them of the increment. Incentive program which should include cash and non-cash incentives should be institutionalized and well communicated to employees by the management of construction firms operating in Port Harcourt. The conditions under which any one can become a beneficiary should also be clearly stated. Incentive programs should be based on individual performance so that those who work hard will receive commiserate reward for their hard work and commitment. This, no doubt will introduce healthy competition amongst the workers. Employees, who earned incentive payment whether it is in cash or non-cash form such as recognition, awards of organization's plaque should be celebrated, publicized in order to encourage them and spur non-performers to action.

Finally, the management and human resources practitioners in construction firms in Port Harcourt should learn to abide by the terms and conditions as contained in the collective bargaining agreement which regulates their relationship with workers as well as maintain their employment conditions which they offer to workers at the point of hiring them.

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