

Organizational Reward System and Employees' Productivity in Faith Plant Limited Cross River State, Nigeria

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Abstract: *The study investigates the relationship between employee productivity and the organizational reward system in Faith Plant Ltd Cross River State, Nigeria. A total of 120 questionnaire instrument were utilized to collect data for the study, which adopted Adams Equity theory and descriptive research methodology. With the help of SPSS software version 23, All data were examined. The study's findings showed a strong correlation between employee productivity and reward systems as well as considerable effect these systems have on productivity. Using the results as a basis, the study came to the conclusion that reward system are essential and crucial tools in motivating workers, which results in high production. According to the study, management should create programs that use both extrinsic and intrinsic rewards systems to improve employee welfare. It also suggested that extrinsic and intrinsic reward system should be independently researched to see which best motivate workers in private sector.*

Key words: *Rewards, Organizational reward system, Employees productivity.*

1.0 INTRODUCTION

Globally, Organizational reward system has remained one of the most important components of management for encouraging people to achieve company goals and objectives. Reward system is crucial to the organization, through this they have the ability to attract the right employee retain them and motivate them to give desirable performance (Otieno, 2006). Employers of labour must build programs that will enthusiastically influence output in order to realize the total performance of any particular setting. While organizations are trying to get more from their employees, their employees are looking for more out of them (Adeoti 2009). As a result, based on business culture, philosophies, and rules, managers are expected to figure out how or what tactics best encourage their employees leading to the actualization of organizational goal and objectives. Compensation systems has been said to be one of the very important factors to maximize staff productivity (Armstrong. 2013). Organizational reward system is the process of providing incentives and compensation whether extrinsic or intrinsic (financial or non-financial) which an employee desire that the organization is prepare to offer in exchange for the employee's contribution to the organization.

Organizational reward system is very sacrosanct for the success of every business which depend majorly on the task assigned to them by the organization. The goal of the organization in

achieving high productivity of employees can be actualized, if they are well rewarded for their efforts. The objective of the compensation system as seen from the view of Griffin and Moorhead (2013.161), is to “bring in, keep, and reward qualified personnel into the organization, that invariably leads to organization performance and increased productivity. The reward system defines what the employer is willing to give, which has a direct impact on what employees are willing to contribute in exchange (Franco-Santos & Gomez-Mejia, 2015). When properly administered and communicated, a reward program can create and maintain a highly motivated and productive employee force working for the prosperity of your business (Michelle, 2019). Carraher, Gibson and Beckley (2006) support the need for organisations to strictly adopt a fair and equitable reward system arguing that it attracts, retain high performing and talented workers to the organization. Reward systems have a huge impact on organizations to retain and motivate the employees and as a result of achieving high levels of performance (Barber and Bretz, 2000). This reward system can profound solutions to organizations low productivity issues and enthusiastically influence and boast their moral towards attaining goals and objectives. Numerous studies have been conducted around the world to examine the impact of extrinsic and intrinsic rewards on employee motivation and output. As a result, it is worthwhile to create a work atmosphere that includes and supports effectively rewarding people, resulting in increased effectiveness and productivity. The goal of the study was to look into reward system in Faith Plant Ltd Cross River State, Nigeria. and employee productivity.

1.1 Statement of the Problem

Employees in many organizations are increasingly aware that rewards system are not adequately implemented and this has led to low productivity. Base on the above, the study sought to examine reward system and employee’s productivity in Faith Plant Ltd Cross River State, Nigeria.

1.2 Objectives of the Study

The specific objectives of this research study are to:

- i) Assess reward system available for workers in Faith Plant Ltd Cross River State.
- ii) Examine ways staff can be compensated for hard work to enhance their productivity in Faith Plant Ltd Cross River State.
- iii) Assess the relationship between reward system and employee productivity in Faith Plant Ltd, Cross River State.
- iv) Ascertain the impact of rewards system on employee productivity in Faith Plant Ltd, Cross River State.

1.3 Research Questions

- i) What is the nature of reward system available for workers in Faith Plant Ltd Cross River State?
- ii) What ways can staff of Faith plant PLC be rewarded for hard work to enhance organizational goals and objectives?
- iii) Is there a relationship between reward system and employee productivity in Faith Plant Ltd, Cross River State?
- iv). Does reward system have impact on employee productivity in Faith Plant Ltd, Cross River State?

1.4 Research hypothesis

H₀₁: There is no relationship between reward system and employee productivity in Faith Plant Ltd, Cross River State.

H₀₂: Reward system has no significant impact on employee productivity in Faith Plant Ltd, Cross River State.

1.5 Scope of the study

The study focuses on the impact of corporate reward systems and employee's productivity in Faith Plant Plc, Calabar, Cross River state.

2.0 LITERATURE REVIEW

2.1 CONCEPTUAL REVIEWS

2.1.1 Rewards

As part of the employment relationship contract, reward is a strategic human resource management strategy that aims to acknowledge employees' contributions to the firm (Armstrong, 2013). In businesses, compensation is a critical problem that must be efficiently managed by management, particularly human resource managers. Following the occurrence of an action, a reward is given with the intention of causing the behavior to repeat itself.

Armstrong (2013), opined that reward systems are interconnected processes and practices that

ensure successful reward administration for the benefit of the organization and individuals

who do the activities. Kitoito (2004) classified reward systems as intrinsic or extrinsic.

Intrinsic incentives are motivations in the profession that individual enjoys as a result of

successfully accomplishing activities that help the employee achieve personal and

organization goals. Pay, work conditions, fringe benefits, security, advancement and control

of service, compensation, incentives, bonus, and work environment are examples of extrinsic

rewards that come from outside sources and are tangible in relation to the activities

performed by employees (Badrinarayan & others).

2.1.2 Organizational Reward System

Organizational reward systems are programmes established by businesses and government agencies to recognize and inspire employees on an individual or collective level (Barto & Locke, 2000). This compensation might be intrinsic or extrinsic, monetary or non-monetary, and direct or indirect. The incentive system inside diverse firms has evolved throughout time, moving away from only cash remunerating people and team members' performance and engagement levels in the workplace. As a result, it's critical to put in place a reward-based system that can meet the organization's output requirements. Employees should be motivated by an organizational

compensation system that encourages them to achieve higher levels of performance, productivity, engagement and commitment. Barto and Locke (2000) identified numerous key characteristics of organizational incentive systems that can be used to motivate people to do a specific objective. This reward could be paid-time off, employee of the month programs, and access to training programs are examples of such recognition, which are given primarily to appreciate and motivate employees' performance.

2.1.3 Employees Productivity

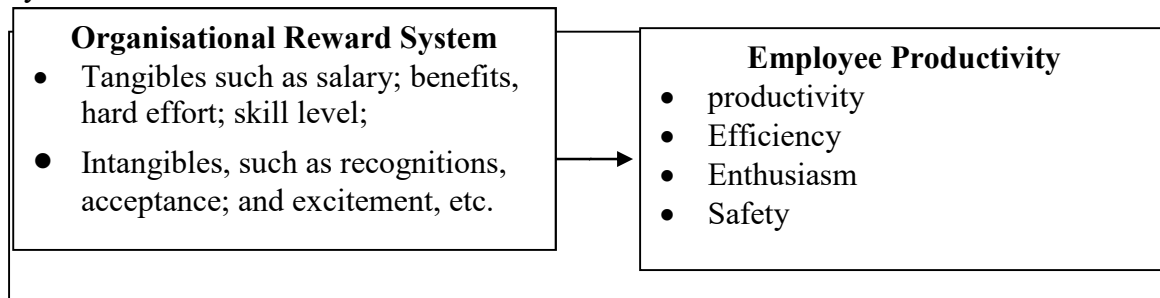
Employee productivity according to Nwachukwu (2006) is the ratio of output created as a result of the process's use of organizational resources. Here the output refers to the quantity and quality of goods and services generated by the organization and inputs refers to the amount of productive resources such as materials, labour, technologies, energy and time used in the creation of a certain product. It is impossible to overstate the importance of productivity in any business, according to Nwachukwu (2006), because corporations pay millions of naira each year to hire personnel who are most suited for their tasks. These are those who are expected to reach or exceed predetermined production targets. Thus, productivity can be increased by increasing output while maintaining steady inputs, or by providing the same output while lowering inputs, or by growing output while lowering output.

OECD (2018) define it as the ratio of a volume measure output to a volume measured input; illustratively, Productivity is simply the output of a given resource input at a particular time.

2.2 CONCEPTUAL FRAMEWORK

The primary goals of the conceptual framework were to clarify the concepts and describe correlations among variables in the study, as well as to provide context for interpreting the findings and explaining observation.

In Figure 2.1, Highlighted the link between employee productivity and organizational reward system.



Organizational reward system, the independent variable (IV), were hypothesized to influence employee productivity, the dependent variable (DV), in the conceptual framework represented in Figure 2.1.

Organizational reward system which constitutes the characteristics of job satisfaction in the organization, such as Tangibles such as salary; benefits, hard effort; skill level; Intangibles, such as recognitions, acceptance; and excitement, etc., are all linked to employee productivity.

Adams' Equity Theory underpins the research. According to this theory, a fair balance must be achieved between an employee's "inputs" (hard effort, skill level, acceptance, and excitement) and their "outputs" (productivity, efficiency, and enthusiasm) (salary, benefits, intangible such as recognition etc).

People will be more driven if they are treated fairly and less motivated if they are treated unfairly, according to equity theory. Finding this fair balance, according to the notion, aids in the development of a strong and productive relationships with the employees, with the best overall result being satisfied, motivated employees. This hypothesis will aid in the development of methods for increasing employee job satisfaction and motivation, resulting in increased production. With uniform incentive systems across all departments in Faith plant, Cross River State, it will also serve as a reward justice system and eliminate perceptions of inequality.

2.3 THEORETICAL FRAMEWORK

2.3.1 Reinforcement and Expectancy Theory

General Review of Theory: Gerhart, Minkoff & Olsen (1995) According to reinforcement theory, a reaction followed by a reward is more likely to occur in the future (Thorndike's Law of Effect).

Empirical Review on Theory (Application of the theory in management).

According to Aswathappa (2007), a behavior that provides a gratifying experience is likely to be repeated. According to the implications of remuneration, successful employee performance followed by monetary incentive increase the chance of future employee performance.

How theory relates to the present study: Buchan et al (2000) suggest that people behaviour can be change, if they receive the reward at the same time they engage in the desired behavior. One key concepts in this idea is that, if rewards are offered on a consistent basis, they can become an acquired right.

2.3.2 Adams Equity Theory:

General Review of Theory: Buchan et al (2000) equity theory states that because individuals in organization expect to be rewarded similarly to other employees for equal amount of inputs. the distribution of incentives becomes crucial. The perceived equality of the reward balance is vital in determining employee motivation.

Empirical Review on Theory (Application of the theory in management):

According to Aswathappa (2007), the idea emphasizes equity in the pay structure of employees' payment and employee's impression of how their employers treat them is extremely important to them. The adage "a fair day's work for a fair days pay" refers to employees' sense of equity.

How theory relates to the present study: People will be more driven if they are treated fairly and less motivated if they are treated unfairly, according to equity theory. Finding this fair balance, according to the notion, aids in the development of a strong and productive relationships with the employees, with the best overall result being satisfied, motivated employees. This hypothesis will aid in the development of methods for increasing employee job satisfaction and motivation, resulting in increased production. When employees perceive injustice, it might lead to decreased productivity, increased absenteeism or increased attrition. With uniform incentive systems across all departments of faith plants, it will also serve as a reward justice system and eliminate perceptions of inequality.

2.3.4 Agency Theory

General Review of Theory: Agency theory emerged in 1960s as an attempt to model the principal-agent. It is related to the control system of the operations from an ownership or stockholder perspective (Huse & Eide.,2006) The agent is the person who acts on behalf of or for the advantage of the principal (Chang & Taylor,1999). This theory's interaction between two parties is useful for investigating any form of circumstances in which one individual is dependent on the actions of another. (Pratt & Zeckhauser, cited in Maringaseril,2007).

Empirical Review on Theory (Application of the theory in management): According to Buchan, J. & May, F (2000) an agency relationship exist when one party (the principal) ,hires another (the agent) with specialize knowledge and skills.. The focus of agency theory is on the varied interests and goals of the organization's owners as well as how remuneration can be used to align these interest and goals.

How theory relates to the present study: The agency cost is the salary paid to employees, and it is natural that employees demand a high agency cost while the employer strives to decrease it. Thus, these theories posit that the remuneration in the form of wages or salaries can be agreed upon on the basis of the outcome or the behavior of an employee (Aswathappa 2007).

2.4 EMPIRICAL REVIEW

Biaga, J.C & Itakpe, S.O (2021) carried out a study to investigate the reward system and employee performance in the River state oil and gas business. The results indicate that bonuses and productivity have a significant relationship, promotion and productivity. It was recommended that company's compensation structure should be designed so that employees are eligible for a portion of the company profits earned as a mean of demonstrating worker productivity, increasing reliability and ensuring workers commitment to complete assigned responsibility. Eziokwu, C.D & Onuoha, B.C (2021). In Rivers state, Nigeria, an examination was conducted into the relationship between the reward system and the organizational performance of deposit money institutions. Pearson's product moment correlation techniques was used to analyzed data collected. Findings reveals that reward system was dimensionalized using pay/salary as a means of organizational contributed greatly to employee and customer satisfaction. It was suggested that banks in collaboration with top management implement innovatives initiatives that recognize non-managerial employee's accomplishment thus leading to greater performance of the banks.

Noko & Nwuzor (2021) A study on personnel and organizational performance, employee perceptions of intrinsic and extrinsic reward systems was carried out in Zenith Bank, Nigeria and found that both intrinsic and extrinsic reward systems have a positive and significant impact on employee performance, though extrinsic rewards appear to be more potent than intrinsic rewards (it was also discovered that three of the four measures of employee performance, quality of job and effective service, are positively and significantly related to employee performance. However, one of the variables under investigation,time management ,failed to enhance organizational success, which directly hamper employee productivity.

Lisalmi, Finland, Yulia in 2019 evaluated the impact of Normet Limited's reward scheme on employee performance. The findings revealed that subordinate and autonomous factors were unequivocally and emphatically linked to one another, as the factual outcomes were close to 0.678, which is close to 1, demonstrating that both the natural and outward compensation frameworks of organizations have a significant impact on organizational productivity. However, the study failed to state vividly the best reward system which will best motivate employees leading to high productivity as currently understudy in Cross River State.

Ezekiel (2017) evaluated the impact of monetary incentives on building in Jigawa State, Nigeria, and discovered that remittances and tips were ignored by representatives in development segment and tip, pulled in to the work by compensation, annuity and tip, and remained in their work through the impact of gratuity and pension. Gratuity had a significant part in the study, as it influenced all four factors.

Nnaji & Nnadozie (2015) look into the effect of pay on employee performance in selected Banks in Akwa Ibom state, Nigeria. The findings reveal a relationship between salary and employee performance, as well as a significant distinction between the effect of intrinsic and external remuneration on employees performance.

Edward (2013) explored worker's rewards on work execution in Ghana. This study examines bonus practices for employee in Accra Brewery Limited (ABL) and how bonuses affect their job performance. The study recommend that workers offer as revealed in the vision articulated of the brewery must be maintained while management ought to be adaptable regarding bonus procedures.

Shahzadi & farooqi (2004) did a study to look at the relationship between employees in some public and private banks in Pakistan. The questionnaire was used to gather information from participants and the Data was analyzed using SPSS. Data. findings reveal that rewards system has positives effect on employee work performance.

Agwu (2013) conducted a study to determine the effect of a fair compensation on job performance of Agip oil company employees in River state, Nigeria. The results indicate that approximately 82% of employee's job satisfaction has influenced by the firm reward system. The rate of industrial actions by 80%. The study recommends that periodic review of reward system by organization is inevitable to ensure fairness, maintain competitive pay rates and flexibility in the administration of reward.

Idemobi, Ngige & Ofili (2007) investigated the relationship between organizational reward system and worker's attitude to work. Data for this study was analyzed through chi-square to test their independence. The results show that organizational rewards system has a significant effect on worker's productivity. The study suggests that firms modify their compensation system to boost employee satisfaction and competitiveness within the workplace.

3.0 METHODOLOGY

The study used a descriptive research design since it required seeing and reporting employee behavior, attitudes, and activities as they were at the time of the study. The research was limited to a survey of Faith Plant Ltd Cross River State (CRS). A sample size of 120 was obtained from the population of 172 at 5% error tolerance and 95% degree of freedom using Taro Yamane's statistical formula 120 (100%) of the questionnaires distributed 120(100%) were returned. Primary source of data was adopted for the study. Data collection was done through personal visits to the sampled company, and data was collected using questionnaire items. The questionnaire was designed in Likert scale format. While demographic information were obtained by asking respondents questions about their age, sex, educational qualification, and years of service. The content validity of the questionnaire was determined by distributing the initial draft to colleagues who work in the field of education. Cronbach's alpha was used to assess the reliability of the instruments. Simple tables and percentages are used to represent the Data collected. While correlation analysis was performed to establish relationship between the variables under study, regression analysis was performed to test for the impact of reward system on employee productivity. All of the data were analyzed using (SPSS) software version 23.

1. DATA PRESENTATION

Table 1 presents result of reward system available in Faith Plant Ltd Cross River State (CRS). The survey revealed that employee benefits had greater percentage (52.1%) compare to other reward systems.

Table (i): Types of reward system in the sample Faith plant.

Reward system	Frequency	Percentage
Basic pay	10	10.4
Contingent pay	12	12.5
Employee benefits	50	52.1
Security of job	15	15.6
Non-financial rewards	9	9.4
Total	96	100

Source: Researcher survey (2022)

Table (ii), presents ways by which staff can be rewarded to enhance job productivity. The results showed that career development and training had greater proportion of the responses (51.0%), followed by recognition of performance to employees who perform optimally (25.0%).

Table (ii), Ways staff can be rewarded to enhance organizational goals and objectives

Reward system	Frequency	Percentage
Career development& training opportunities	49	51.0
Recognition of performance	24	25.0
Penalizing poor performance	16	16.7
Any other opinion (specify)	7	7.3
Total	96	100

Source: Researcher survey (2022)

Relationship between organizational reward system and employee productivity was also established and presented in Table 4.3. The result revealed a strong and significant relationship between the two variables investigated at $p < 0.05$.

Table (iii): Relationship between reward system and employee productivity

Variable		Reward system	Employee performance
Reward system	Pearson Correlation	1	0.589
	Sig. 2 -tailed		0.002
	N	96	96
Employee performance	Pearson Correlation	0.589	1
	Sig. 2 -tailed	0.002	
	N	96	96

Source: Researcher survey (2022)

Regression analysis was performed to test for the impact of reward system on employee productivity (Appendix A). Results from ANOVA showed that reward system has a statistically significant impact on employee productivity at $p < 0.05$. Results from the regression model summary showed that the value of R^2 (0.483) accounted for only 48.3% of the variations in the depended variable (Employee productivity) explained by the independent variable (Reward system). Furthermore, co-efficient of regression showed that a 1.167 increase in the independent variable (reward system) will lead to a significant increase (1.167) in the dependent variable (Employee productivity).

2. DISCUSSION

For any organization to aim for productivity, the value of an incentive system cannot be overstated (Nwachukwu, 2006). The study's findings show that rewards have an impact on employee performance and productivity. Penalizing poor performance was unpopular with the respondents, who believed that negative measures had little effect on performance. According to Armstrong (2013), if a company wants its employees to perform better and produce more, it needs to create a rewards system that includes more perks, allowances, participation, recognition, and recommendation.

The findings of the study further showed clearly individual difference amongst staffs with different levels of motivation in Faith plant limited in Cross River State. Employee performance, Armstrong (2013), is a direct reflection of employee commitment and loyalty to the company, which contributes the most to the organization's overall goals and objectives, and goes on to say that organizational equity has a significant impact on employee performance as well as the overall performance of the company. As a result, while getting awards, employees are prone to comparing them to others and evaluating resemblance especially if the rewards are given to employees at the same level with similar abilities and competence. For rewards to be effective, managers must design a system that eliminates prejudice, alienation, and inequity (Armstrong, 2013).

3. CONCLUSION

The study discovered a positive and significant association based on its observations and empirical evidence, between organizational incentive system and employee productivity. Also, a significant impact of organization reward on employee productivity was revealed. It was also disclosed that various studies on organizational reward systems and employee productivity have been conducted primarily in the private sectors.

RECOMMENDATIONS

- i. Management should create programs aimed at enhancing employee's welfare including extrinsic and intrinsic reward system.
- ii. The combination of extrinsic and intrinsic incentives systems should be individually researched in the future studies to determine the optimum system to be used in the public sector in Cross River State.
- iii. Management should embrace and prioritize the use of a performance based compensation system to encourage people to give their all.
- iv. Management should implement distributive justice in providing rewards to employees as to provide a sense of fairness, equity, consistency, transparency in line with their firm.

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