



# **Reward Systems and Employee Engagement of selected Deposit Money Banks in Port Harcourt, Rivers State, Nigeria**

**Chioma, Blessing Ezinne**

Department of Management, Faculty of Management Sciences, Rivers State University, Port Harcourt, Rivers State, Nigeria

---

**Abstract:** *This study examined the relationship between financial rewards and employee engagement of selected Deposit Money Banks in Port Harcourt, Rivers State, Nigeria. The study employed cross sectional survey method for social research, while the theoretical framework was drawn from the social exchange theory. The primary data were collected using self-administered questionnaire. A sample of one hundred and eighteen(118) respondents were drawn from a population of one hundred and seventy (170) across the six selected deposit money banks in Port Harcourt, Rivers State, Nigeria using Krejcie and Morgan (1970) table. The sample subjects were obtained using the stratified random sampling techniques. However, one hundred and one (101) out of the one hundred and eighteen (118) copies of questionnaires were retrieved from respondents and utilized for data analysis. The data analyses were aided by the use of SPSS version 23.0 to determine the strength and direction of the relationship between variables. We employed the inferential statistical analysis using Spearman's rank order correlation coefficient in testing all the hypothetical statements in the null form. We found that reward systems have a significant and positive relationship with all the measures of employee engagement studied. We therefore, recommended that managers of deposit money banks should develop and implement appropriate incentives of financial rewards that will enhance employees' engagement in their organizations.*

**Keywords:** *Financial rewards, Employee Engagement, Physical engagement, Cognitive engagement and Emotional Engagement*

---

## **INTRODUCTION**

The concept of employee engagement is the employees' state of being dedicated to assist in the achievement of the organizations' goals, level of identification, involvement and loyalty (Lawler, 2003). It is an emotional response that can be measured through people's behaviour, beliefs and attitudes and can range anywhere from very low to very high (Albrecht, 2010). It is engagement that gets the job done. This intense dedication is more powerful in bringing the best of the employees in the organization (Schaufeli and Salanova, 2007). This means that without engagement, barriers are not breached; passion, impact and opportunities may be lost (Markos and Sridevi, 2010). According to Armstrong (2010), management support, encouragement, rewards and opportunities for development of employees are important

elements of an employee engagement. Warkin (2001) expressed that participation in decision making promotes job satisfaction. According to research conducted by Mone, Eisenberger, Guggenheim, Price and Stine (2011) employee engagement is defined as an employees' sense of purpose and focused energy that is evident to others through the display of personal initiative, adaptability, effort, and persistence directed toward the organization's goals. In their research they describe employee engagement as defined by Guest (2009) as having a deep and broad connection with the organization that results in the willingness to go above and beyond what is expected to help the organization succeed.

Financial rewards consists of job-based pay, which provides pay related to the value of the job, and person-based pay, which provides rewards that recognize the individual's contribution, competence or skill (Armstrong, 2007). They also include employee's salary, allowances and benefits. The management of a reward systems requires decisions on levels of pay, how jobs should be valued, designed and operation of grade and pay structures and the choice of benefits could be managed. The most powerful argument advanced for financial rewards is that those who contribute more should be paid more.

Financial rewards in terms of salary would absolutely influence the employee job satisfaction According to Vroom (1964), it clearly stated that employee's effort is increased when financial rewards are offered.

However, Kessey (2007) carried out research on financial rewards and employee satisfaction in Manufacturing firms in Nigeria and the study indicate that there is a positive effect on employee performance. Against this backdrop, this study examined the relationship between financial rewards and employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. Hence the objectives are as follows :

- i. To examine the relationship between financial rewards and Physical engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.
- ii. To examine the relationship between financial rewards and cognitive engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.
- iii. To examine the relationship between financial rewards and emotional engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

The following research questions were asked to guide and provide focus to the study of the relationship between financial rewards and employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. The questions present a framework within which the earlier stated in purpose of the study can be achieved. They are as follows :

- i. How does financial rewards relate with physical engagement in deposit money banks in Port Harcourt, Rivers State, Nigeria?
- ii. How does financial rewards relate with cognitive engagement in deposit money banks in Port Harcourt, Rivers State, Nigeria?

- iii. How does financial rewards relate with emotional engagement in deposit money banks in Port Harcourt, Rivers State, Nigeria?

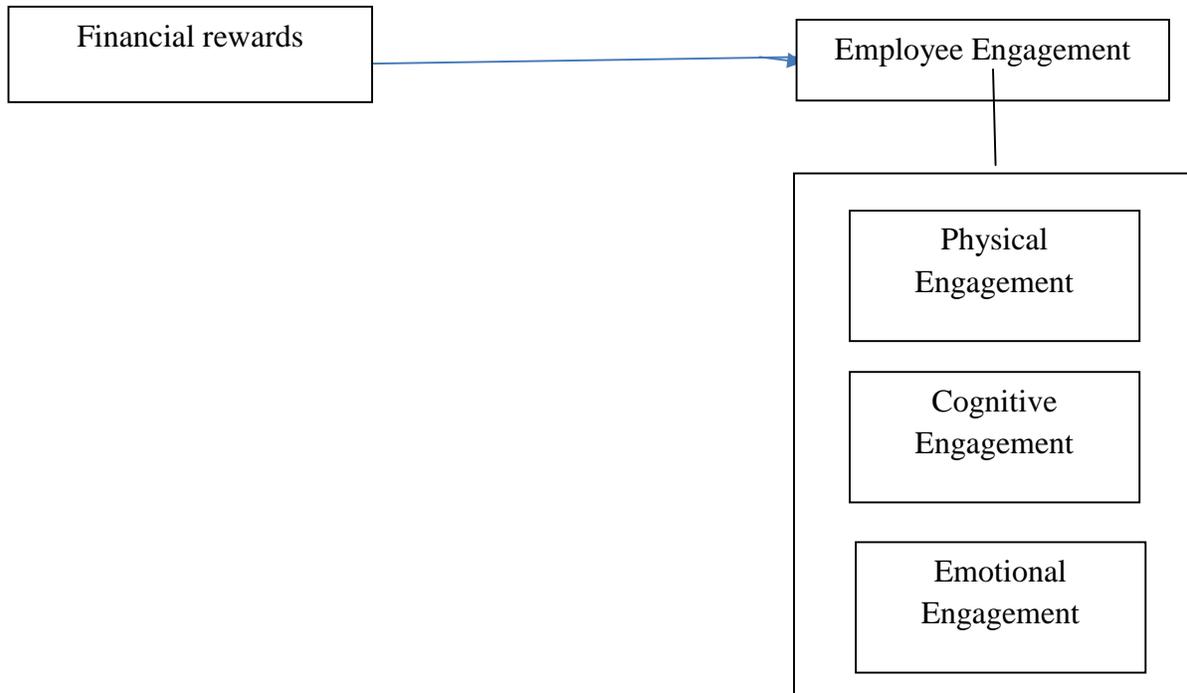


Fig. 1: Conceptual Framework

Source: Researchers' Conceptualization from Review of Literature

## LITERATURE REVIEW

### Financial rewards

Financial rewards consists of job-based pay, which provides pay related to the value of the job, and person-based pay, which provides rewards that recognize the individual's contribution, competence or skill (Armstrong, 2007). They also include employee's salary, allowances and benefits. The management of a reward systems requires decisions on levels of pay, how jobs should be valued, designed and operation of grade and pay structures and the choice of benefits could be managed. The most powerful argument advanced for financial rewards is that those who contribute more should be paid more. It is right and proper to recognize achievement with a financial and tangible reward. This is in accordance with the principle of distributive justice, which states that rewards should be provided equitably, it means that rewards does not require to be equal except when the value of contribution is equal. Financial rewards can also be used to high light the key performance areas, to indicate the behaviours that are valued and generally to emphasize the importance of high performance. Ali and Ahmed (2009) supported the idea that every employee serving in any organization expects that his

organization will provide him healthy working environment, a fair wage to fulfill his needs and will treat him equally without any biases. Financial rewards are those which are given to the employees in the form of money and help to improve the employee's financial position. Organizations also offer rewards to its employees on the basis of their membership or high performance (DeCenzo, Stephen and Robbins, 2006). Rewards management is used to motivate and retain employees and ultimately it aims at improving the overall effectiveness of an organization. An organization develops its rewards structures in accordance with its goals, objectives and strategies (Al-Nsour, 2012).

### **Employee Engagement**

The concept of employee engagement is often seen as employee's willingness to go the extra mile. The term 'employee engagement' can be used in a specific job-related way to describe what takes place when people are interested, positive, even excited, about their jobs, exercise discretionary behavior and are motivated to achieve high levels of performance (Macey and Schneider, 2008). Erickson (2005) described the job as the key antecedent of the state of engagement. Truss, Soane, Edwards, Wisdom, Croll and Burnett (2006) stated that engagement means employees feeling positive about their job. They went on to explain that the engaged employee is the passionate employee, the employee who is totally immersed in his or her work, energetic, committed and completely dedicated. Sparrow (2009) defined engagement as the individual's involvement and satisfaction as well as enthusiasm for work. Other sources have defined engagement on similar lines, often emphasizing the importance of discretionary behavior as the key outcome or distinguishing feature of an engaged employee. Alfes, Shantz, Truss and Soane (2010) stated that engaged employees perform better, they are more innovative than others, and are more likely to stay with their employers, enjoy greater levels of personal wellbeing and perceive their workload to be more sustained than others.

### **Physical Engagement**

Physical engagement concerns the physical energies exerted by individuals to accomplish their job roles. Thus, according to Kahn (1990), physical engagement means to be psychological as well as physically present when occupying and performing an organizational role. Saks (2006) also argued that the level of engagement of the employees is largely dependent upon the facilities and resources which they receive from their organization. By making full involvement and dedication in their work, physical energy is an important way for every employee to respond to organization actions (Maslach, Schaufeli and Leiter, 2001). Physical engagement entails the physical energies employed by individuals to accomplish their role, such energies help the employees in their job roles and as well bring the best in them (Konrad 2006).

Brown and Leigh (1996) asserts that sense of employee physical fit is by increasing or enhancing their abilities to meet the demands of their job, by adjusting themselves to meet the demand of their jobs and be satisfied by what the job supplies, or actively changing to the job that is better fit for them.

### **Cognitive engagement**

Cognitive engagement refers to employees' beliefs about the company, its leaders and the

workplace culture. The cognitive aspect of employee engagement deals with the employee's beliefs about organization factors such as, how it is led, by whom and the working conditions which exist within the organization. Research conducted by employee research consultancy firm, Thomas and Velthouse (1990) revealed that cognitive engagement of employees must support company's strategy and the direction it is taking, this is a strong driver of organizational financial performance. Kahn (1990) expresses it (indirectly) as a notion of lively awareness, intellectual vigilance and a sense of heightened perception and interest. In much of the practitioner literature, it is referred to as rational engagement, or the intellectual engagement people have to their organizations (Corporate Leadership Council, 2004; Perrin, 2003).

### **Emotional engagement**

Emotional engagement is how employees feel about the company, the leaders and their colleagues. It is employees behavioural factor, their value, effort and how they feel in their work (Locke, 1976). Emotional engagement refers to the experience of feeling or responsive connection to one's organization. (Kahn,1990). The term emotional infers an instinctual reaction to stimulation. Markos and Sridevi (2010) considers it to be post-cognitive: In his view, an emotional reaction, such as liking, disliking, trust or commitment, is based on a prior cognitive process in which a variety of content discriminations are made and features are identified, examined for their value, and weighted for their contributions. Markos and Sridevi (2010) argues that an observer's emotional reactions to a target are an outcome of cognitive appraisals. Specifically, emotional engagement focused on individuals' relationships with their work roles (Maslach, Schaufeli and Leiter, 2001; Salanova, Agut, and Peiro, 2005).

### **Financial rewards and employee engagement**

The success and the survival of any organization is considerably linked to the way the workers are compensated and rewarded (Lawler, 2003). The motivating incentive systems go a long way in ascertaining the level of employee engagement with work. However, for any organization to effectively achieve its objective in any competitive society, employees must therefore be motivated through adequate reward systems and this will invariably encourage them to be more innovative, proactive and also bear desirable attitudes towards their jobs, thereby promoting organizational performance, productivity and survival (Armstrong, 2010). Financial rewards have been observed to be one of the mediums through which organizations can motivate and enhance their employees' engagement in their work places. Meanwhile, financial rewards are designed to get the maximum performance and engagement of employees in their jobs and to retain the most productive among them (Arnold, 2013). Given the foregoing, the study therefore hypothesizes as follows:

- HO<sub>1</sub>: HO<sub>1</sub>: There is no significant relationship between financial rewards and physical engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.
- HO<sub>2</sub>: HO<sub>2</sub>: There is no significant relationship between financial rewards and cognitive engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

H0<sub>3</sub>: There is no significant relationship between financial rewards and emotional engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria.

### **METHODOLOGY**

In this study, we adopted the cross sectional survey method, this involves a situation where the researcher obtained data once at a time from a sample selected to represent a larger population (Ahiauzu&Asawo, 2016). The population of this study was drawn from six (6) deposit money banks with their Regional Offices in Port-Harcourt which comprises the managers, marketing officers, tellers and customer services of the organizations. The six (6) deposit money banks were taken based on their more number of branches network in Port Harcourt and they were dully registered and licensed by the Central Bank of Nigeria. The Krejcie and Morgan (1970) table was used to determine the sample size from the population of One hundred and Seventy (170) employees of Deposit money banks in Port-Harcourt, Rivers State, Nigeria. Thus, 118 respondents were adopted as the sample size of 170 population size. Primary data collection instrument was the structured questionnaire. Field data were analyzed using Spear Man Rank Order Correlation and Co-efficient (SROCC) *with the aid of Statistical Package for Social Sciences (SPSS)*.

**Table 1: Reliability Statistics for the instruments**

<b>Study variables</b>	<b>Cronbach's Alpha</b>	<b>Number of items</b>
Financial Rewards	0.792	3
Physical Engagement	0.706	3
Cognitive Engagement	0.704	3
Emotional Engagement	0.781	3

**Source: Research data output, 2019**

The table 1 illustrates the reliability results for the study. The result indicates that the instruments for the variables (financial rewards and employee engagement) are well reliable and can be considered as replicable across the units measured.

### **DATA ANALYSIS AND RESULTS**

#### **Bivariate Analysis**

In determining the statistical technique to suit our purpose, we considered Kothari (2004) who argued that when there exists association or correlation between two variables, correlation technique should be used and when there exists cause and effect relationship between two variables in the case of the bi-variate population or between one variable on one side and two or more variables on the other side in case of multivariate population, partial correlation technique is appropriate. This was the basis for our choice of the Spearman Rank Order Correlation Co-efficient to test our hypothesized relationships in our study.

**Table 1: Correlations Matrix for Financial Rewards and Measures of Employee Engagement**

			Financial Rewards	Physical Engagement	Cognitive Engagement	Emotional Engagement
Spearman's rho	Financial Rewards	Correlation Coefficient	1.000	.818**	.695**	.758**
		Sig. (2-tailed)	.	.000	.000	.000
		N	101	101	101	101
	Physical Engagement	Correlation Coefficient	.818**	1.000	.700**	.837**
		Sig. (2-tailed)	.000	.	.000	.000
		N	101	101	101	101
	Cognitive Engagement	Correlation Coefficient	.695**	.700**	1.000	.601**
		Sig. (2-tailed)	.000	.000	.	.000
		N	101	101	101	101
	Emotional Engagement	Correlation Coefficient	.758**	.837**	.601**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	101	101	101	101

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

Table 1: illustrates the test for the three previously postulated bivariate hypothetical statements.

The result reveals that financial rewards correlates with physical engagement, cognitive engagement and emotional engagement ( $r= 0.818, 0.695, 0.758$   $p=0.000<0.05$ ). The correlation coefficient represents a high correlation indicating a strong relationship. Therefore, based on empirical findings the three null hypothesis earlier stated are hereby rejected and the alternate upheld. Thus, there is a significant and positive relationship between financial rewards and measures of employee engagement (physical engagement, cognitive engagement and emotional engagement) of deposit money banks in Port Harcourt, Rivers State, Nigeria.

**DISCUSSION OF FINDINGS**

The test of the hypotheses examining the relationship between financial rewards and employee engagement, and measures of employee engagement (physical engagement, cognitive engagement and emotional engagement) depicts that a very strong and positive relationship exist between financial rewards and each of the measures of employee engagement of deposit money banks in Port Harcourt, Rivers State, Nigeria. The positive large value of (0.818), (0.695) and (0.758) shows the strength of the relationship between the variables. This finding confirms previous findings of Kaplan (2006), who confirms that incentives are additional benefits that

managers visualize on how an employee gets well out of his jobs. Another work in agreement to findings of this study is the works of Nelson (2001) who stated that when an employee is rewarded by financial incentives he is more inclined towards organizational goals and targets which lead to enhance the performance, productivity, valued experienced, profitability, retention rate of employee and lower absenteeism.

### **CONCLUSION AND RECOMMENDATION**

Hence the study concluded that financial rewards are a significant predictor of employee engagement in the sampled deposit money banks in Port Harcourt, Rivers State, Nigeria. As such, financial rewards significantly enhance employee engagement measures such as physical engagement, cognitive engagement and emotional engagement.

The study recommended that management of deposit money banks should develop and implement appropriate incentives of financial rewards that will motivate and enhance employee engagement in the organization.

### **REFERENCES**

- Alexander, J. (1990). Structure, value, action. *American Sociological Review*, 55, 339-345.
- Alfes, K., Shantz, A., Truss, C., & Soane, E. (2013). The link between perceived human resource management practices, engagement and employee behavior: A moderated mediation model, *The International Journal of Human Resource Management*, Truss: C.,24(2), 330-351.
- Al-Nsour, M. (2012). Relationship between incentives and organizational performance for employees in the Jordanian Universities, *International Journal of Business and Management*, 7 (1), 78-89.
- Armstrong, M., & Murlis, H. (2007). *Reward management: A handbook of remuneration strategy and practice*, (5th eds.). London: Kogan Page Ltd.
- Bakker, A. B., & Demerouti, E. (2008). Towards a mode of work engagement. *Career Development International*, 13(3), 209-223.
- Balain, S., & Sparrow, E. (2009). *Engaged to perform: A new perspective on employee engagement*. Lancaster: Lancaster University Management School.
- Ballentine, A., McKenzie, N., Wysocki, A., & Kepner, K. (2009). *The role of monetary and non-monetary incentives in the workplace as influenced by career stage*.
- Bandiera, O., Barankay, I., & Rasul, I. (2010). Social Incentives in the Workplace. *Review of Economic Studies*, 1(77), 417-458.
- Cable, D.M., & Judge, T.A. (1994). Pay preferences and job search decisions: A person - organization fit perspective, *Personnel Psychology*, (47), 317-348.
- Cacioppe, R. (1999). Using team – individual reward and recognition strategies to drive organisational success. *Leadership & Organization Development Journal*, 20(6), 322-331.9.

- Campbell, C. M. (1993). Do firms pay efficiency wages? Evidence at the firm level. *Journal of Labour Economics*, 1(3) 442-469.
- Deci, E. L., & Ryan, R. M. (2002). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, 11, 227-268.
- Deeprise, D. (1994). *How to recognise and reward employees*. New York: AMACOM.
- Eisenberger, R., Fasolo, P., & Davis-La Mastro, V. (1990). Perceived organizational support and employee diligence, commitment and innovation. *Journal of Applied psychology*, 75, 51-59.
- Fairlie, P. (2011). Meaningful work, employee engagement and other key employee outcomes: Implications for human resource development. *Advances in Developing Human Resources*, 13(2), 508-525.
- Flynn, G. (1998). Is your recognition program understood? *Workforce*, 77(7), 30-35.
- Gallup, P. (2006). Gallup study: Engaged employees inspire company innovation: National survey finds that passionate workers are most likely to drive organisations forward, *The Gallup Management Journal*, accessed at <http://gmj.gallup.com/content/24880>.
- Latham, G. P., & Baldes, J. (1975). The practical significance of Locke's theory of goal setting. *Journal of Applied Psychology*, 60(4), 122-124.
- Lawler, E. E. (2003). *Treat people right*. San Francisco: Jossey-Bass Inc. McGraw-Hill Irwin.
- MaceyW, & Schneider B. (2008). The meaning of employee engagement. *Industrial an Organizational Psychology*, 1, 3-30.
- Mone, E., Eisenberger, C., Guggenheim, K., Price, B., & Stine, C. (2011). Performance Management at the Wheel: Driving employee engagement in organisations, *Journal of Business and Psychology*, 26 (2), 205-212.
- Shaufeli, W. B., & Bakker, A.B. (2004). Job demands, job resources, and their relationship with burnout and engagement: a multi sample study. *Journal of Organisational Behaviour*. 1(25), 293-315.
- Sullivan, T. J. (2001). *Methods of Social Research*. Harcourt College publishers Orlando.
- Vance, R.J. (2006)..Employee engagement and commitment. New York: SHRM Foundation. Accessed at: <http://www.vancerenz.com/researchimplementation/uploads/1006employeeengagementonlinereport>.
- Wright, V. (1991). *Performance-related pay*, in E Neale, *The performance management Handbook*, London, Institute of Personnel Management.