

Influence of Rewards on Workers Performance in an Organization

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INTRODUCTION

According to McCormick and Tiffin (1979), rewards can be either intrinsic or extrinsic. Intrinsic rewards stems 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 reward 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.

An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. He further suggested that for an individual to be motivated in a work situation, there must be a need, which the individual would have to perceive a possibility of satisfying through some reward. If the reward is intrinsic to the job, such desire or motivation is intrinsic. But, if the reward is described as external to the job, the motivation is described as extrinsic.

Good remuneration 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 individual employee. An organization must know who are its outstanding workers, those who need additional training and those not contributing to the efficiency and welfare of the company or organization. Also, performance on the job can be assessed at all levels of employment such as: personnel decision relating to promotion, job rotation, job enrichment etc. And, in some ways, such assessment are based on objective and systematic criteria, which includes factors relevant to the person's ability to perform on the job. Hence, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is performing the task or job assigned to him or her. And based on this information, decisions will be made affecting the future of the individual employee.

Therefore, a careful evaluation of an employee's performance can uncover weaknesses or deficiencies in a specific job skill, knowledge, or areas where motivation is lacking. Once identified, these deficiencies may be remedied through additional training or the provision of the needed rewards.

The view that specific rewards will encourage increases in production has not always been substantiated, even though management has often attempted to spur production by such offerings and has often attributed production increase to them. Throughout the years production has increased for many reasons in addition to the particular motivation and has erroneously over simplified a highly complex phenomenon. Since then psychologists have been especially concerned with understanding an individual through his motives and acquired a body of knowledge in this field that often differs from the layman's knowledge. It is necessary to review briefly, from the psychologist's point of view what is known about motivation at the present time.

In Nigeria, interest in effective use of rewards to influence workers performance to motivate them began in the 1970s. So many people

have carried out researches in this area, some of which are Oloko (1977), Kayode (1973), Egwuridi (1981), Nwachukwu (1994), Ajila (1997). The performance of workers has become important due to the increasing concern of human resources and personnel experts about the level of output obtained from workers due to poor remuneration. This attitude is also a social concern and is very important to identify problems that are obtained in industrial settings due to non-challant attitudes of managers to manage their workers by rewarding them well to maximize their productivity. All efforts must be geared towards developing workers interest in their job so as to make them happy in giving their best to their work, this will ensure industrial harmony. In view of this, this study attempts to identify the influence that rewards has on workers performance in order to address problems arising from motivational approaches in organizational settings.

For some reasons most organizations use rewards external to the job in influencing their workers. Vroom (1964), supported the assumption that workers tend to perform more effectively if their wages are related to performance which is not based on personal bias or prejudice, but on objective evaluation of an employee's merit. Though several techniques of measuring job performance have been developed, in general the specific technique chosen varies with the type of work. All these issues call for research efforts, so as to bring to focus how an appropriate reward package can cheer up or influence workers to develop positive attitude towards their job and thereby increase their productivity.

Possibly the best means of understanding workers motivation is to consider the social meaning of work. In this respect, short-term goals and long-term goals of employees and employers may affect production variously. Accordingly, giving attention to the manner in which rewards given to workers are perceived is preferable to assuming that reward means the same thing to all.

EMPIRICAL REVIEW

Rewards that an individual receives are very much a part of the understanding of motivation. Research has suggested that rewards now cause satisfaction of the employee to be affected, which directly influences the performance of the

employee. Lawler (1985) concluded that factors influence the performance with regards to work. Firstly, it depends on the amount received and the amount the individual feels he or she should receive. Secondly, comparison to what others collect influences people's performance, and thirdly, and employee's satisfaction with both intrinsic and extrinsic rewards received affects overall job performance.

Fourthly; people differ widely in the rewards they desire and in the value they attach to each. And the fifth, that many extrinsic rewards satisfy only because they lead to other rewards. All these observations suggest the need for a diverse reward system.

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), they also base their research on Herzberg's two-factor theory of motivation, which separated job variables into two groups: hygiene factors and motivators. They made use of a sample of 692 subjects to test the validity of the two-factor theory. And it was discovered that at higher occupational level, "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 get the best out of them. Bergum and Lehr's (1964) study, which investigated the influence of monetary incentives and its 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) study was 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. Assan (1982) also studied the effect of extrinsic and intrinsic job factors on job motivation and satisfaction, which leads to performance. It showed that though there

was no significant difference in motivational level and job satisfaction across various categories of workers in different organizations.

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 intrinsically motivated was not confirmed, and the expectation that higher income worker 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 extrinsic job factors. Akerele (1991) observed that poor remuneration is related to profits made by organization. Wage differential 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 displays their wealth, which is very demoralizing to working class and consequently reduced their productivity.

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

Another study carried out, which is of importance to this research, 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 company evaluations 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 was obtained through personal interview in

which individuals were asked to rank each factor according to its 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 were 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.

The above are empirical works carried out by different researchers in the areas of reward and performance. However, the question is "what magnitude of performance variation can rewards both extrinsic and intrinsic induce taking into consideration the argument and counter argument on the consequences of tying reward to performance.

HYPOTHESES

- (i) There is a significant relationship between extrinsic rewards and workers performance.
- (ii) There exists a significant relationship between intrinsic rewards and workers performance.

METHODOLOGY

Research Design: The survey research design method was used in this study. It involves using a self-designed questionnaire in collecting data from the respondents. This method was chosen in order to make reference to phenomena as they exist in real life and it is relatively economical in terms of time and resources.

Subject: Subjects for the study were one hundred employees of Central Bank of Nigeria, Abuja. These subjects were drawn randomly from the different departments for sample. The simple random sampling is a basic sampling design, which allows equal representation and selection of samples.

The selection of the subjects was done in such a way to include all categories of worker (Senior staff and Junior staff) and it cuts across gender. This was done in anticipation that such a sampling of subject will provide the necessary variety of information required of this study.

Research Instrument: The instrument used in this study is a close-ended questionnaire that was designed by the researchers. The questionnaire comprises three (3) parts or sections; with section "A" comprising eight (8) items seeking

demographic data such as age, sex, status, level of education etc. Section “B” consists of ten (10) items, which sought to collect information about the relationship between extrinsic reward and workers performance. Section “C” contains ten (10) items on workers perception of intrinsic reward and its relationship to their performance. *Reliability and Validity:* In order to establish the reliability of this instrument, a pilot study was carried out on a sample of twenty (20) staff of Universal Trust Bank, Lagos, using a test-retest method. The result of the reliability test was 0.52 showing that the instrument is reliable. In confirming the validities of the instrument, face and content validities were ensured. The instrument was given to professionals in the area of Organizational Psychology for proper scrutiny and evaluation.

Procedure: The subjects were given the questionnaire in their place of work. Instruction on how to fill the questionnaire was given. Confidential treatment of information was assured.

With regard to the scoring of responses, the first section of the questionnaire needs no score attached to it, since the information required are bio-data of the subject. The second and third section that is “B” and “C” were ranged from 5-1 point scale in the following pattern.

Strongly agree	-	5
Agree	-	4
Partially agree	-	3
Disagree	-	2
Strongly Disagree	-	1

RESULTS

Hypothesis Testing

This section deals extensively with the statistical testing of the hypotheses formulated for this study and also interpreting the result making use of Pearson Product Moment Correlation Coefficient.

Hypothesis I: The first hypothesis states, “there exist a significant relationship between extrinsic rewards and workers performance. In order to test this hypothesis, the Pearson Product Moment Correlation was used. The table 1 shows the result obtained.

The table 1, value at 0.05 levels and with df of 98 is 0.197. From calculations and indications

Table 1: Correlaton between extrinsic reward and workers performance

Correlation	R	tv	df	Sig level
Extrinsic reward and workers performance	0.42	0.197	98	0.05

$r > tv$ (i.e. $0.42 > 0.197$). Since calculated value (0.420) is greater than the table value (0.197), the result is significant. Therefore the hypothesis is accepted. Hence, there exists a positive relationship between extrinsic reward and workers performance. That is when there is an increase in extrinsic reward like salary, allowances etc. given to workers, there is also a corresponding increase in workers performance.

Hypothesis II: The hypothesis states “there is a significant relationship between intrinsic reward and workers performance. The Pearson Product Moment Correlation was also used in testing this hypothesis. The table shows the result obtained from the correlation and test of significance.

Table 2: Correlation between intrinsic reward and workers performance

Correlation	R	tv	df	Sig level
Intrinsic reward and workers performance	0.152	0.197	98	0.05

— Since r (0.152) is less than the tv (0.197), the result is insignificant and the hypothesis is therefore rejected. In other words, there exists no significant relationship between intrinsic rewards and workers performance. That is the value that workers place on the intrinsic rewards like praise, recommendation that they receive from their employees is very minimal and this does not increase their performances.

DISCUSSION

The first hypothesis, which states that, there is a significant relationship between extrinsic reward and workers performance, was accepted. This shows that extrinsic rewards given to workers in an organization has a significant influence on the workers performance. This is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from workers (Adams, 1965).

The findings also agrees with the works of Berjum and Lehr (1964) which showed that subjects who received individual incentives

performed better than those who did not receive. And workers exhibited productive work behaviour when rewards were made contingent upon performance. The work of Akerele (1991) can also be said to have corroborated the findings of this work. He observed that poor remuneration in relation to profits made by organization, wage differentials between high and low income earners among other things contributed to low morale, lack of commitment and low productivity.

Another work that this findings can be said to have corroborated is the work of Eze (1985) whose investigation on Nigerian management personnel shows that 90 percent of managers in his sample regarded their work as a means to end. And this ends was interpreted to include money, material possessions etc and the reason may be that workers need to take care of themselves, their families and other dependents and provide themselves other basic needs of life.

The second hypothesis which states that "there is significant relationship between intrinsic rewards given to workers and their performances" was rejected: This finding suggest that there is no significant relationship between intrinsic rewards such as praises, recommendation etc. received by workers and their performance.

The findings of this study have a contrary view to the finding of Deci (1972). He emphasized the importance of intrinsic reward in influencing workers performance. He believed that workers do not like to feel that they are performing their task for money. However, this study has been able to refute this fact and demonstrate the importance of extrinsic rewards like money as a viable predictor of performance. The findings of Egwuridi (1981) has also supported this research work, because his hypothesis that low income workers will be intrinsically motivated was not confirmed and the expectation that higher income workers will place a greater value on intrinsic reward than low income workers was also not confirmed. This shows clearly the extent of value placed on extrinsic rewards.

Based on the foregoing, it can be said that it is pertinent for employers of labour to know the kind of rewards that they can use to influence their employees to perform well on a job. In other word the relevance of motivational factors depends not only on its ability to meet

the needs of the employees, but also that of the organization as well.

Applied Application of the Findings

Employers are continually challenged to develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees. The findings of this study can be a handy tool which could be used to provide solutions to individual conflict that has resulted from poor reward system.

It is very pertinent at this juncture to suggest that more research should be conducted on the relationship and influence of rewards on workers performance using many private and public organizations. Due to limited time and scope, this study is restricted to just one organization. It is important for further studies to be carried out in order to do justice to all the factors that influence workers performance.

With the constraints identified above, the ability to generalize the result of this study is restricted.

CONCLUSION

The importance of reward in the day-to-day performance of workers' duties cannot be over emphasized, especially when it comes to being rewarded for a job done. It is a well-known fact that human performance of any sort is improved by increase in motivation. Going by the findings of this study, it can be easily inferred that workers reward package matters a lot and should be a concern of both the employers and employees.

The results obtained from the hypotheses showed that workers place great value on the different rewards given to them by their employers. Hence, when these rewards are not given, workers tend to express their displeasure through poor performance and non-commitment to their job. It is therefore imperative for the organization to consider the needs and feelings of its work force and not just over look them in order to safe guard industrial harmony, because "a happy worker they say is a productive worker".

Having stressed the importance of a good remuneration policy on the performance of workers and the different kinds of reward that can influence workers to perform better on a

job, this study can therefore be seen as a call for employers' sense of commitment to put in place appropriate incentive plan that will encourage workers to be more purposeful and improve their performance.

KEYWORDS Rewards; workers; performance; Organization

ABSTRACT The study examined the influence of rewards on workers performance. Subjects for the study consisted of one hundred workers of Central Bank of Nigeria, Abuja. Data for the study were gathered through the administration of a self-designed questionnaire. The data collected were subjected to appropriate statistical analysis using Pearson Product Moment Correlation Coefficient, and all the findings were tested at 0.05 level of significance. The result obtained from the analysis showed that there existed relationship between extrinsic reward and the performance of workers, while no relationship existed between intrinsic rewards and workers performance. On the basis of these findings, implications of the findings for future study were highlighted.

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