

REWARD SYSTEM: A DETERMINANT OF EMPLOYEE PRODUCTIVITY

Maxwell Nwinye

Chimze Otto

Department of Management,
Faculty of Management Sciences
University of Port Harcourt

Abstract

This study examined the relationship between reward system and employee productivity in money deposit banks, Port Harcourt, Rivers State. The researcher concentrated on remuneration, training and development as measures of reward system while task and contextual performance were considered as proxies of employee productivity. A survey research design was applied using purposive sampling method and structured questionnaire to collect data. Population size for the study was 202 employees selected from six money deposit banks. The sample size was 134 employees involving senior staff and supervisors in the banks. It was determined through Taro Yamane's formula. Pearson Product-Moment Correlation was used to test the hypotheses. Both primary and secondary data were adopted for the study. The findings of the study disclosed that equitable remuneration, training and development of employees significantly enhance task and contextual performance. The researcher concluded that a well-structured rewards system effectively promotes employee productivity. It recommends that Banks should design policies and programs that guarantee regular training and development of employees to boost employee contextual performance.

Keywords: Reward system, Remuneration, Task performance, Employee productivity.

Introduction

The sufferings and hardships affecting the employees in the workplace have made it imperative for human oriented managers to seek alternative methods of creating satisfaction to workers through reward system or motivation. When employees are rewarded for their good efforts, they become motivated, loyal, and committed to enhance productivity (Ajila & Abiola, 2016). Reward system refers to monetary, non-monetary, and psychological expenditures which organizations offered for the benefits of workers (Armstrong, 2019). A reward system connotes an organizational machinery that seeks to appreciate workers for their performance (Enyioko & Ikoro, 2018). Indeed, reward system is also an incentive which encourages employees to retain their jobs, increase organizational performance, and productivity. Despite the long service or qualification of the employees, they appear to be reluctant in devoting more efforts because of poor reward

system. However, Eze and Anikeze (2018) stated that only motivated and happy workers could be self-driven and work oriented labour force to transform the organization. Human resource department owes a duty of ensuring that the performance of every employee is channeled to attain high standards, freedom, increase employee satisfaction, and give a feeling of competence (Enyioko & Ikoro, 2018). Employers get better behaviours from workers when reward system is effective entrenched with motivation. Obiaga and Itakpe (2021) contended that the extent to which employees are satisfied with their job and the readiness to enhance productivity in an organization is a function of reward system. The ability of an organization to provide employees with certain comfort and peace when they retire from service is very crucial to the organization's survival.

The contemporary dynamic competition in business requires efficient employee productivity for survival and sustainability of the organization. The priority of every company either private or public is to improve its productivity. Productivity of employees and organizational productivity are intimate hence, performance of an organization is the performance from the employees (Torrington et al., 2018). Thus, employee productivity signifies the ratio of output to input which measures how a business or an economy uses inputs such as labour, land, and capital to produce outputs like goods and services (Jamila, 2019). Employee productivity is the task performance evaluated from the output of an employee in a certain period of time. Kawara (2021) declared that the productivity of an employee or manager is measured by the task performance and contextual performance of the subordinates or employees who report to their superior. Employee productivity is a vital pointer of both business and organizational success which instigates firms to boost employee productivity through effective reward system (Andrews, 2009). Furthermore, Akinyele (2007) highlighted that an employee's performance or productivity is determined by the workers commitment in completing their jobs, which adds value to the existence, growth, and competitive advantage of organizations. However, this study is adduced with a problem, regarding how money deposit banks in Port Harcourt, Rivers State failed to recognized the impacts of reward system on employee productivity. It is within this ambiguity that the researcher decided to examine reward system as a determinant of employee productivity in money deposit banks, Port Harcourt.

Literature Review

Reward System

Onuorah et al. (2019) elucidated that rewards are non-monetary or monetary payments given to workers by their employers. Correspondingly, Kehinde and Adeagbo (2020) emphasized that rewards are general or specific assistances given to employees in exchange for their labour or service. Moreover, reward system denotes tangible and intangible gratitude given by employers to employees as a compensation for the fulfillment of their duties. Rewards are strategic to human resource management policy which serves as a fulfillment to employee contract. Reward system compensates workers and reimburses employees for the value they add to the organization (Kawara, 2021). Ordinarily, the need

for reward arises when employees sell their labour to entrepreneurs who give them wages in return for their service. Reward system comprises physical, non-physical, tangible, intangible, intrinsic, and extrinsic that serve as determinants for motivation, commitment, loyalty, productivity, and satisfaction (Kikoito, 2014). Individuals have different perceptions over reward package. Most employees prefer cash rewards to nonphysical forms of rewards. Armstrong (2019) declared that it is wrong and ancient tradition to limit reward to only cash but it must include work-life balance, incentives, basic pay, health care benefits, career development, and compensation. Reward packages are more inclusive form of appreciation which need be managed properly for better, efficient, and positive outcomes. Kawara (2021) mentioned that employees could improve their work behaviour when they benefit from basic measures namely remuneration, training and development, and medical. For the purposes of this study, reward system is examined through remuneration, training and development.

Remuneration:

Remuneration refers to basic salary, transport allowances, overtime allowance, wages, health schemes, and pension schemes which organizations give to their workers in exchange for their dedicated efforts (Sunia, 2014). Similarly, Muchai et al. (2018) conceived remuneration as salary or fixed amount paid to the employees at regular intervals for their performance and productivity. Remuneration relates to pay or reward given to employees for performing their jobs. Management of firms and money deposit banks use remuneration as means of employee compensation, pay, benefits, to raise organizational productivity (Yesufu, 2000). Nevertheless, basic salary signifies a monthly fixed periodical payment for non-manual employees usually stated in annual terms with no additions for productivity. Wage refers to payment to casual or manual workers calculated on hourly or piece rates. Furthermore, wages could be hourly based payment given to the casual workers or labour for the amount of work finished in a day.

Sunia (2014) disclosed that employees who earn salary are generally said to be doing white collar jobs. Which means an office work that incorporates educated and skilled employees whereas persons with wage payment engage in blue collar job characterized with unskilled or semi-skilled individuals. The primary aim of every worker to join company or banks is to earn income in the form of salary, wages, or compensation that meet the needs of their lives (Muchai et al., 2018). Pay plans are normally exploited to improve organizational performance or productivity. Obikeze (2005) claimed that it is important to provide a compensation system that promotes superior productivity by paying improved remuneration to high performing employees.

Training and Development: The cooperation which the organizations enjoy from their workforce could be put into action by the knowledge, staff capability, and competency through training and development. Adam (2013) unveil training as a systematic development of the knowledge, skills, and attitudes compulsory for employees to perform

effectively on a given task. Diamantidis and Chatzoglou (2014) noted that training is intellectual program designed or sponsored by companies to provide knowledge, relevant skills, and qualifications for the workers to aid organizational productivity. Indeed, training refers to skill acquisition and educational programs that organizations provide for the employees to improve job performance or productivity. Organizations have a task to train and develop their workers projected at increasing the performance as well as productivity levels of the workforce in an organization. Meanwhile, organizations design training programs to prepare their employees to perform their jobs appropriately in accordance with the laid down standards. Most companies like to invest in different trainings that create new skills through long-term planning to enable employees adapt to current and future uncertainties. Employees are the mainstay of organization that determine the level of productivity and future of the firm. Obikeze (2005) postulates that through employee training and development, human expertise may be liberated, performance and productivity could be improved.

Nwinye (2023) opined that if companies do not provide training programs for their employees they may not have competent potential replacements, for workers who may wish to leave, retire, or elevated to assume a position with greater responsibilities. In affirmation, poor employee development and low levels of training programs reduce industrial performance (Torrington et al., 2018). Training contributes to the development of employees improve individual and firm performance. Batt (2004) revealed that company relies on the training and development of its human resources to promote the productivity of the organization and employee performance since it increases their knowledge base. The components of training and development activities include induction training, formal training, developing employee skills, job training, and imparting knowledge beyond the current position.

Employee Productivity

The quality of job performance in organizations depends on the work attitude, mission, goals, functionality requirements, and organizational beliefs. Employee productivity connotes economic measure of efficiency that reflects the value of the output created by a worker or organization based on the value of the inputs used to create them (Torrington et al., 2018). Organizations that are prepared for productivity are to invest more on training and development to give workers the necessary skills in order to create high quality products and services. Kawara (2021) noted that employee productivity is a measured relationship between the quality and quantity of results produced and the quantity of resources vital for production. Similarly, employee productivity refers to measure of the work efficiency of an individual, work unit, or entire organization. Although, productivity signifies a war against waste that borders on the ratio of output and input. Nwachukwu and Chladkova (2017) affirmed that productivity is the measure of utilization of resources for accomplishing set result produced in reaching the highest level of performance with minimum expenditure of resources. When human resources are not coordinated or

managed effectively, they may cause performance degradation and low production. In determining the proxies of employee productivity, Kawara (2021) pronounced that the productivity of an employee or manager is measured by the task performance and contextual performance.

Task performance: Task performance entails the quality and quantity of work required by the basic activities contained within the job descriptions of the employees (Obikeze, 2005). The task performance of employees involves accomplishing the core work obligations and related behaviors (Yesufu, 2000). Employee task performance symbolizes the main components of the work carried out by the employee and controlled by the manager. These attitudes of the employees provide support to carry out the technical activities in the production process. Ordinarily, Berelson and Steiner (2003) disclosed that the behaviours related to task performance include efficient work, prioritization, planning, result-oriented, and responsibility. Task performance helps in achieving individual needs and organizational productivity.

Contextual Performance: Andrews (2009) stipulated that contextual performance is the behaviors that contribute to the accomplishment of the basic task beyond the official job descriptions of the employees. Armstrong (2019) insisted that employee contextual performance refers to the additional role performance of voluntary behavior that supports the work. Consequently, employee contextual performance signifies voluntary work that favors the organization. Apparently, contextual performance arises when employees in organizations participate in overtime to meet up work target or enhance productivity. Inadequate overtime job in banks or related organizations could affect the productivity of the employees (Yesufu, 2000). It also guarantees the development of the social and physical environment of the organization. Furthermore, task performance includes task-oriented actions that are well defined within the organization, while contextual performance usually involves actions whose decisive goal is to improve task performance. Contextual performance inculcates positive behaviors that encourage helping others and collaborating with people to achieve a common goal.

Theoretical Framework

Vroom Expectancy Theory: The expectancy theory was propounded by Vroom (1964). The theory states that employees are willing to put more efforts to achieve productivity when they perceive reward from the organization. The reward motivates employees to perform their jobs. The expectation for better reward encourages employees to perform their job effectively. Ordinarily, employees join organization with various expectations mainly for their needs to be accomplished by the organization. These expectations affect the reaction of the individual to the organization hence employees' productivity is based on expected rewards for their contributions to the organization.

Expectancy theory consists of three variables namely expectancy, instrumentality, and valence. Expectancy states that if company provides the needs of employees it could expect high performance from the workers. Employees perceive their commitment to the organization as an investment that deserves reward. Instrumentality relates to the reward offered by organization that drives or is instrumental to employee performance and growth. For example, if a company trains employee to acquire skills and knowledge, the reward attracts promotion to the worker. Valence simply means the value workers attach to rewards. Most rewards are not recognized by the employees. Furthermore, when employees in the money deposit bank are properly trained and developed with incentives, they may express satisfaction through commitment or high productivity (Sunia, 2014). However, this theory was criticized when value attached on reward differs from conditions. A staff may prefer job with high remuneration to organization with low salary and job security (Nwinye, 2022).

Methodology

The researcher adopted survey research design to promote business decisions and provide systematic approach to analyze data. Population of the study encompasses 202 selected employees from six deposit money banks in Port Harcourt. The selection of banks and employees such as senior staff and supervisors were possible through government statistics. Purposive sampling method was applied for the purpose of minimizing research errors. Both primary and secondary data were justified with the aid of questionnaire. The sample size for the study was 134 discovered by Taro Yamane's formula. Copies of questionnaire were distributed to collect data useful in answering research questions. The questionnaire was structured on reward system and employee productivity. It was also divided into three sections like section A, B, and C, where A represents participants profile, B focused on independent variable, and C deals on dependent variable. These questions were stated in an ordinal scale using the 5-point Likert's scale of 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree). Statistical instrument used for this study was Pearson's product moment correlation (PPMC) to measure the relationship between the variables. The reliability of the research instrument was demonstrated in Cronbachs Alpha where if the result is above 0.70, it shows that the research instrument used for this study was reliable.

Table 1

Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.974	.998	5

Table 1 indicated that Cronbach Alpha was used to measure the reliability of the data. Cronbach Alpha of 0.974 showed that the research instrument and the items were reliable and accepted.

Hypotheses formulated for this study include:

H₀₁: There is no significant relationship between remuneration and task performance in money deposit banks Port Harcourt, Rivers State.

H₀₂: There is no significant relationship between training and development and contextual performance in money deposit banks Port Harcourt, Rivers State.

Results and Discussion

Test of Hypotheses

H₀₁: There is no significant relationship between remuneration and task performance in money deposit banks, Port Harcourt, Rivers State.

HA₁: There is significant relationship between remuneration and task performance in money deposit banks, Port Harcourt, Rivers State.

Table 2 Pearson Product Moment Correlation between Remuneration and Task Performance

Correlations		REMUNERATION	TASK PERFORMANCE
REMUNERATION	Pearson Correlation	1	.977**
	Sig. (2-tailed)		.000
	N	134	134
TASK PERFORMANCE	Pearson Correlation	.977**	1
	Sig. (2-tailed)	.000	
	N	134	134

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

Table 2 displayed that p-value is 0.000 and r-value is 0.977 which means the correlation between remuneration and task performance is statistically significant. This suggests that p-value is less than 0.005 and the null hypotheses is rejected. When banks provide reasonable salary, it could lead to an increase in the task performance of the employees.

H₀₂: There is no significant relationship between training and development and contextual performance in money deposit banks, Port Harcourt, Rivers State.

HA₂: There is significant relationship between training and development and contextual performance in money deposit banks, Port Harcourt, Rivers State.

Table 3

Pearson Product Moment Correlation between Training and Development and Contextual Performance

		Correlations	
		TRAINING AND DEVELOPMENT	CONTEXTUAL PERFORMANCE
TRAINING AND DEVELOPMENT	Pearson Correlation	1	.995**
	Sig. (2-tailed)		.000
	N	134	134
CONTEXTUAL PERFORMANCE	Pearson Correlation	.995**	1
	Sig. (2-tailed)	.000	
	N	134	134

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

The results in Table 3 proved that an increase in training and development of employees leads to high contextual performance of the workers in banks. Correlation is statistically significant between the variables. Where the p-value is 0.000 less than 0.005, null hypothesis is rejected while the alternative hypothesis is accepted. Thus, the r-value is 0.995 which indicates a high positive significant relationship among the variables.

Discussion of Findings

Hypothesis one results show that there is significant positive relationship between remuneration and task performance of employees in the money deposit banks, Port Harcourt, Rivers State. The findings indicate that when employees in the organization are appropriately compensated for their work, they express satisfaction and enhance productivity. This result is consistent with Yesufu (2000) who found that management of firms and money deposit banks use remuneration as means of employee compensation, pay, benefits, to raise organizational productivity. The findings in Hypothesis two unveil the existence of a significant positive relationship between training and development and contextual performance of employees in the money deposit banks, Port Harcourt, Rivers State. This result specifies that when organizations reward employees with adequate training and career growth the workers become motivated and committed to duties. This result is in line with Diamantidis and Chatzoglou (2014) who found that training is intellectual program designed or sponsored by companies to provide knowledge, relevant skills, and qualifications for the workers to aid organizational productivity.

Conclusion

The researcher concluded that remuneration has positive and significant relationship with task performance of employee productivity in the money deposit banks, Port Harcourt, Rivers State. It also recognized that when banks improve their training and development of employees, the reward increases employee contextual performance.

The Recommendations:

- i. Money deposit banks should provide attractive remuneration to motivate and keep green skilled employees since most of them consider the compensation system to be a priority that determines employees task performance.
- ii. Banks should design policies and programs that may guarantee continuous or regular
- iii. training of employees with modern developments in their official work schedules to boost employee contextual performance.
- iv. Organizations should integrate reward system as company culture or policy to enhance workers productivity.

References

1. Adam, S. (2013). Implications of training and development programmes on accountants' productivity in selected business organizations in Onitsha, Anambra State, Nigeria. *International Journal of Asian Social Science*, 3(1), 266-281.
2. Ajila, C., & Abiola, A. (2016). Influence of rewards on workers performance: An empirical study. *International Journal of Engineering Technology, Management and Applied Science*. 4(8), 45-55.
3. Akinyele, S. T. (2007). A critical assessment of environmental impact on workers productivity in Nigeria. *Research Journal on Business Management*. 1(1), 50-61.
4. Andrews, S. (2009). *Human resource management: A textbook for hospitality industry*. Tata McGraw Hill.
5. Armstrong, M. (2019). *A handbook of human resources management* (10th ed.). Kogan Page Limited.
6. Batt, S. (2004). Does training generally work? The returns to in company training. *Journal of Industrial and Labour Relations*, 54(3), 647-662.
7. Berelson, B., & Steiner, G. A. (2003) *Human behavior*. Brace and World.
8. Chiekezie, O. M., Emejulu, G., & Nwanneka, A. (2017). Reward management and employee retention of selected commercial banks in Anambra State, Nigeria. *Archives of Business Research*, 5(3), 115-127.
9. Diamantidis, A. D. & Chatzoglou, P. (2014). Employee post training behaviour and performance: evaluating the result of the training process. *International Journal of Training and Development*, 18(3), 149 – 170.
10. Enyioko, V. U., & Ikoro, E. I. (2018) Effects of reward plan on employee performance in the telecommunication industry: Study of MTN Nigeria. *IIARD International Journal of Economics and Business Management*, 4(6), 21- 34.
11. Eze, F. O., & Anikeze, N. H. (2018). Effects of contributory pensions scheme on workers' performance in Nigeria Universities: A study of federal universities in South East, Nigeria; *Journal of Administration*, 3(2), 65-88.
12. Jamila, R. A. (2019). The effect of reward on employee productivity: A case study of A.B.U. demonstration secondary school Zaria. *International Journal of Innovative Social Sciences & Humanities Research* 8(4), 20-31.

13. Kawara, P. (2021). Effects of reward systems on employee productivity in catholic university of Eastern Africa. *International Journal of Recent Research in Commerce Economics and Management*, 1(2), 1-4.
14. Kehinde, F., & Adeagbo, C. (2020). Impact of reward system on employee performance in KPMG Nigeria; *International Journal of Recent Research in Commerce Economics and Management*, 1(2), 1-4.
15. Kikoito, N. J. (2014). Impact of reward systems on the organizations performance in Tanzanian banking industry: A case of commercial banks in Mwanza City [Master's Thesis]. The Open University of Tanzania.
16. Muchai, W. H., Makokha, E. N., & Namusonge, G. (2018). Effects of remuneration system on organizational performance of teachers service commission, Kenya. *European Journal of Business and Management*, 10(11), 132-141.
17. Nwachukwu, C. E., & Chladková, H. (2017). Human resource management practices and employee satisfaction in microfinance banks in Nigeria. *Trends Economics and Management*, 11(28), 23-35.
18. Nwinye, M. (2022). Synopsis of management. Davidstones Global Resources Ltd.
19. Nwinye, M. (2023). Workers motivation and organizational productivity in chemical companies in Rivers State, Nigeria. *Journal of Management Sciences*, 60(3), 189-207.
20. Obiaga, J. C., & Itakpe, S. O. (2021). Reward system and employee performance in the oil and gas industry in Rivers State. *International Journal of Innovative Science and Research Technology*, 6(7), 165-178.
21. Obikeze, S. O. (2005). Personnel management. Book point Ltd.
22. Onuorah, A. N., Okeke, M. N., & Ikechukwu, I. A. (2019). Reward management and employee performance in Nigeria. *International Journal of Academic Research in Business and Social Sciences*, 9(2), 384–398.
23. Sunia, F. (2014). Factors that predict employee retention in profit and not-for-profit organizations. *Global Journal of Human Resource Management* 2(4), 1-8.
24. Torrington, D., Hall, L., & Taylor, S. (2018). Human resource management (7th ed.). Matev Crows Artes Graficas.
25. Vroom, V. (1964). Work and motivation. Wiley and Sons.
26. Yesufu T. M. (2000). The human factor in national development. Spectrum Books Limited.