



Impact of rewards system on employee's performance in Federal Polytechnic Bida, Nigeria

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Abstract

The study investigates the impact of reward system on employee's performance in an organization and its implementation has a considerable impact on workers behaviour, performance and well-being of employees. It is against this backdrop that this paper adopted qualitative method using interviewees and secondary data to explore the impact of reward system on employee's performance in Federal Polytechnic, Bida. The study established that fair and workable reward system impacted positively on well-being of workers and it led to attainment of organizational objectives. In the light of the above, the study recommends for fair and workable reward system, i.e. the use of both intrinsic and extrinsic reward to motivate its employees so that both individual and organizational objectives can be achieved.

Keywords: Reward system, employees' performance, organization.

1. Introduction

Reward system can be seen as a form of total amount of financial and non-financial reward or total remuneration provided to employee in return for labour or service rendered at work. Reward is the most contract term in each paid work (Samatha, Amerwugah & Mawutor, 2018). Reward can be intrinsic and/or extrinsic. Among the intrinsic rewards are job autonomy, recognition, training and responsibilities. On the other hand, extrinsic reward comprises of salaries and wages, promotions, allowances and bonuses. The effective administration of fair reward system affects the employee's behavior in the area of punctuality, turnover, absenteeism, commitment and satisfaction, which in turn affect performance and productivity level (Akuoko, Kanwetuu & Dwumah, 2014).

Although there is a growing interest in understanding how reward system is experience and perceive by individual employee's (Judge, *et al*, 2019), very little researcher has investigated on the process of organization development from the

psychological perspective (Judge, *et al.*, 2019). Over the years, much effort with little success has been put into reforming and revitalizing the largely decadent organizational performance particularly as in the case of Federal Polytechnic Bida, Niger State, Nigeria which witnessed industrial crisis between the management of the institution and the Academic staff Union of Polytechnic Bida chapter (ASUP BD) from 2016- 2021 (ASUP, 2023). This crisis which led to incessant strike would have been avoided if the man at the helm of affairs is up and doing couple with political will in piloting the affairs of the institution. Also given the fact that modern organization globally in an effort to improve the organizational efficiently and their survivability in competitive market (Higgs & Rowland, 2015), the successful implementation of workable reward system has become an important task because the expectation of every employer is the evolution of a competent, capable, highly motivated, ethical and above all, able workforce whose hallmark would be the attainment of the organization goals. But



where there is a gap between actual performance and established performance standard and productivity, the goals of the organization will suffer. However, this can be resolved through fair reward system to transform marginally competent employees into innovative and motivated top performers.

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Reward system is a pre-requisite for better organizational performance and the success of any organization in achieving its strategic objectives relies substantially on the performance of employees. Employees performance is a function of ability and motivation.

Over the years much effort with little success has been put into reforming and revitalizing the decadent employee's performance in an organization, particularly the federal polytechnic Bida which witnessed series of industrial crisis between the management and the teaching staff of the institution. These crises which occurred between 2016 to 2021 (ASUP, 2023), lead to incessant strike by the union. The said crisis would have been avoided if the management of the institution has the wherewithal and political will to come up with fair and workable reward system that will enhance effective and efficient performance of employees in the institution.

Although there is a growing interest in understanding how reward system is experienced and perceived by the individual employee (Judge *et al.*, 2019) very little researcher have investigated the impact of reward system on employee's performance in an organization (Parish, Cadewallader & Busch, 2017). This and other factors mention above are the indicators that

prompted the researcher to embark on this research work.

There is no doubt therefore, that one of the greatest problems that bedeviled organization performance today is as complex and intractable as finding effective way of implementing fair and workable reward system. The process of implementation has thus necessarily become a central concern of the organization so much so that efficient organizational performance now recognize that the implementation of fair and workable reward system will enhance organizational growth and development (Judge *et al.*, 2019). In this respect organization managers, these days admit that effective implementation of reward system is as important if not more important than drawing up an organizational structure (Parish, Cadewallader & Busch, 2017). However, despite this awareness and the seemingly strong resolve to deal more aggressively with the problem of implementation, little has actually been done to anticipate managerial skills in the formulation of reward system in an organization. It is in view of the foregoing that this study sought to examine the effect of reward system on employee's performance of academic staff of Federal Polytechnic academic Bida in Nigeria.

2. Literature Review

The paper attempt here to define the concept reward system, employee's performance and organization.

Reward system

Many divergent shades of opinion are common to the definition of reward system. The concept of reward system is described as a benefit received by an individual for performing a specific task or job that enhance performance and productivity of employee and organization.

For the purpose of this paper reward system is conceived as guidance for action, prescribing in general terms the means for



moving towards the attainment of organizational goals.

Employee's performance: Several often-conflicting uses of the concept of employee's performance are found in the existing literature. But to (Coulter, 2016) describe employees' performance as a total or aggregate output of an employee's activities or actions in an organization, it may be characterized as a low, moderate or high-performance level.

Organization: Organization refers to a plan of action to ensure fulfilment of purpose or purposes which a group of individuals has set for the realization and towards the attainment of which they are collectively bending their energies.

Empirical Review

Obiaga and Itakpe, (2021) examined reward system and employee performance in the oil and gas industry in Rivers State. Specifically, the study sought to: to examine the influence of bonuses on employee productivity; to analyze the relationship between reward and employee productivity; and to determine the influence of promotion on employee productivity in oil and gas industry in Rivers State. The questionnaire was adopted as the research instrument to elicit the needed data from 243 respondents. The descriptive statistics and Pearson's correlation analysis were employed to carry out the data analysis. The results indicate that there is a significant relationship between bonuses and productivity, reward and productivity, promotion and productivity in the oil and gas industry in Rivers State. Based on the findings, the study recommends that reward framework of oil and gas firms should be planned with the end goal that employees are qualified for some percentage of profit earned by the firm as a method for improving productivity amongst workers, improving dependability and guaranteeing worker devotedness to performing allotted task. As a method for guaranteeing cohesiveness among employees, hardworking employees that meet targets

should be promoted promptly to increase employee productivity. The study recommended that employees in oil and gas firms should not be paid fix pay rates as it could bring about a high pace of lateness and hesitance of worker within a group to put in more than average performance. It should be a basic salary plus additional bonuses and rewards. This would enhance innovativeness and the craving to acquire new knowledge among worker.

Kawara, (2021) conducted a study to examine effects of reward systems on employee productivity in The Catholic University of Eastern Africa, Kenya. The specific objectives of the study were: to determine the factors which increase employee motivation to better performance and critically evaluate and focus on the effects of reward systems on employee productivity. Purposive sampling was used to sample 80 respondents from all cadres of staff. Data was collected through self-administered questionnaires. Regression technique was used to analyze the data. The findings of this study revealed that different respondents had different motivational preferences but majority of the Institution's staff were more exposed to the use of non-financial rewards such as recognition, training, opportunities to handle greater responsibilities, employee promotion and participation in key decision making and challenging jobs to motivate exemplary performers. The study also shows that the rewards offered as a result of good performance were worthwhile and meaningful. The study concluded that employees reward systems is a source of motivation to the employees. This study recommended that the management should ensure that they provide rewards that satisfy the needs of the employees.

Kehinde and Adeagbo, (2020) investigated the impact of reward system on employee performance in KPMG Nigeria. Specifically, the study sought to: examine impact of pay reward on the performance of employee's tasks at KPMG Nigeria; find



out the impact of recognition on the contextual performance of employee's in KPMG Nigeria; examine the impact of conducive work environment on counterproductive behaviour of employee's in KPMG Nigeria and investigate the impact of employee's development on adaptive performance of employees at KPMG Nigeria. Data was collected through self-administered questionnaires. Regression technique was used to analyze the data. Empirical result showed that pay reward significantly impacts on employee Adaptive performance; employee recognition significantly impacts employee counterproductive performance; conducive work environment significantly impacts on employee contextual performance and employee development in KPMG Nigeria significantly affects employee task performance. The study recommended that KPMG's management should ensure that they provide the needed motivation, reward or remuneration irrespective of employees' level to spur employees to act towards improving their task performance.

The outcome of the reviewed of the entire studies on the impact of reward system on employee's performance shows positive relationship. The context and coverage of the study nevertheless differ. Further studies on the impact of reward system on employee performance particularly in public sector are therefore desirable, and encourage other researchers to embark on further studies on the topic of discussion.

Theoretical Framework

Adam's Equity Theory (1965)

Adam equity theory is among many of the approaches to the study of reward system. Stacy Adams opined that employees tend to judge fairness by comparing their relevant inputs to the outcomes they received and also by comparing the ratio to those of other people. Inequity occurs when a person perceives that the ratio of his or her outcomes to inputs and the ratio of a relevant other's outcomes to input are unequal. If the comparison is equal, one

feels to be treated fairly, and maintains one's efforts/performance. In case the outcome is more than expected, he will increase input (to preserve self-esteem). If the outcome is less, inequity and is motivated to take corrective action (this may even be harmful to organization). These could be reducing input to match outcome or if that is not possible, resorting to absenteeism/turnover. Individuals, thus, perform a cost-benefit analysis'. If estimated benefit justifies cost of more efforts, they develop a drive for action. The theory is useful in designing incentive/reward scheme.

In the early 1960s, J stay Adams proposed a model of motivation called equity theory that focused on social justice. According to this model, behaviour is mutated, directed, and maintained psychological balance (Adam 196s), equity theory steamed in part from the work of Leon fastener, who developed the theory of cognitive dissonance- a theory that explains how and why we change our behaviours or beliefs to the consistent with other behaviours or benefit. The idea behind equality theory is that people's perception and belief some fairness of their treatment at work affect their motivation, attitude, and behaviours (REGG 10, 2018)

According to levy 2017, equity theory is based on the notion that we compare the ratio of what others get out of the same situation underlying these comparisons are four main postulates.

3. Methodology

This study adopts the qualitative method using interview to explore the impact of reward system on employee's performance among the academic staff in Federal Polytechnic Bida. The study is cross – sectional in nature and it purposively selected academic staff as informants. There are several debates concerning sample size for qualitative studies. Most scholars argued that the concept of saturation is the most important factor to



considering the sample size decision in qualitative research (Mason, 2010). This is the point at which the data collection process no longer offers any new or relevant data. (Glaser and Struss, 1967) recommended the concept of saturation for achieving an appropriate sample size in qualitative study. Others guide lines have also been recommended. For ethnographic study, Morse (1991, and Morse 1994) suggested approximately 30- 50 participant.

4. Results and Discussion

Table 1: Demographic Information

Categories	Frequency	Percentage
Male	200	65%
Female	130	25%
Age		
41-50 years	170	55%
51-60 years	160	45%
Educational Qualification		
Ph.D	15	5
M.Sc	50	15
BSc	110	33
HND	130	39
NCE /Diploma	25	8

Source: Researcher, 2023.

The above table captured the demographic details of the interviewees. In the table gender distributions of the respondents is disproportionate with male population dominating with 200 representing 65% and 130 female equivalents to 25% of the total interviewees. The respondents age was measured in years using range and the result indicates that 170 (55%) are between the age range of 41-50years. This was followed by 51-60years accounting for 160 (45%). the demographic details show that 15 (5%) respondents were holder of Ph.D certificate, 50 (15%) were holder of MSc. Certificate, 110 (33%) were holder of BSc. Certificate while 130 and 25 representing (39% and 8%) were HND holders and Diploma respectively.

Demographic Data of Interviewers

The study analyzed the opinions of Three hundred and thirty (330) academic staff from different department and grade from Federal Polytechnic Bida for the interview. Pseudonyms were used throughout this study, with actual names of informants preserved. Hence, the interviewees were represented in the study as "informants" based on the weight of undertaking made to sternly maintain high degree of privacy of the interviewees and also respect their anonymity.

Conclusion and recommendation

It is common knowledge that reward system play an important role in employees' performance and its implementation has a considerable impact on the behaviour, performance and well-being of employees in an organization. The study explores the relevant of fair and workable reward system which impacted on well-being of academic staff of the polytechnic. The study established that reward system is catalyst to employee's productivity. In the light of the above, the study recommends for fair and workable reward system, i.e. the use of both intrinsic and extrinsic reward to motivate its employees so that both individual and organizational objectives can be achieved.



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