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## Relationship of reward management and organizational citizenship behavior on organizational performance

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### Abstract

*The study generally aims at examine the relationship between reward management, organizational citizenship behavior and organizational performance. HRM has made significant inroads into the Nigerian corporate world. The enormous benefits of properly managing human resource cannot be over emphasized. However, the majority of the organizations in Nigeria are yet to catch the HRM cold. Inappropriate HRM policies and practices of some of these organizations can be attributed to the non-existence of HRM specialists or HRM departments. In this study the survey research was used. The study covered 65 staff of Admin and finance department of Jos Electricity Distribution Company (JED). Study participants will be selected using simple random sampling techniques. The data collection method involved administrating well-structured questionnaires that utilize the 5-points-likert-scale research and gathered accurate information. The correlation and regression analysis was used to test the research hypotheses. The findings show that reward management proved to have significant relationship with organizational Performance (Beta=0.379, Sig.0.021) and finally Organizational Citizenship Behavior proved to have significant relationship with organizational Performance (Beta=0.237, Sig.0.145). This study recommended that Management of Jos Electricity Distribution Company (JED) should start to incorporate HRM thinking into business strategies and make the HR function strategically proactive. It is imperative for organization to ensure that investment in their human resources and HRM practices will attract and retain talented people*

**Keywords:** Organizational Performance, Organizational Citizenship Behavior, Reward Management

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### 1. Introduction

In today's competitive and rapidly changing business world, organizations especially in the service industry need to ensure maximum utilization of their resources to their own advantage; a necessity for organizational survival (Wright & Boswell, 2022). Studies have shown that organizations can create and sustain competitive position through management of non-substitutable, rare, valuable, and inimitable internal resources (Barney, 2019). HRM has transcended from policies that gather dust to practices that produce results. Human resource management practices have the ability to create

organizations that are more intelligent, flexible and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization. This can potentially consolidate organization performance and create competitive advantage as a result of the historical sensitivity of human resources and the social complex of policies and practices that rivals may not be able to imitate or replicate their diversity and depth.



Lately, organizations are focused on achieving superior performance through the best use of talented human resources as a strategic asset. HRM policies or strategies must now be aligned to business strategies for organizational success. No matter the amount of technology and mechanization developed, human resource remains the singular most important resource of any success-oriented organization. After all, successful businesses are built on the strengths of exceptional people (Storey, 2005).

Organizational performance culminating into Performance, efficiency, success and development depends on the optimal utilization of human resource. Despite the level of technology, company like Jos Electricity Distribution Company (JED) is primarily among a labour-intensive organization among service sector. Hence it will not be possible for the organizations to sustain performance unless human resource management is given prime importance because the technology is only an aid to human effort and not a substitution thereof. Organizations will need to create competitive advantage through their employees. Because no meaningful change is possible without the proper management of human resources, organizations would have to now emphasize on using human resources to differentiate in the competitive environment. It is a recognized fact that HR occupies a unique and sensitive position in the service industry; therefore, a study of this nature will help the selected organization to appreciate the impact of HRM on organizational performance (Hewitt, 2019). The value of properly managing human resources is lost to such organizations. Human Resource Management is extremely important for Organizations especially service industry. The study aimed at examining the influence of Reward management and organizational citizenship behavior on organizational performance.

## **2. Literature Review**

Many researchers over the period have identified different HRM practices by different names. Researchers variously refer to certain sets of HRM practices as best practices or high performance (Huselid, 2017) sophisticated (Golhar & Deshpande, 2017; Hornsby & Kuratko, 2018) or as “professional” (Gnan and Songini, 2020; Matlay, 2019). Pfeffer (1994; 1998) argued the most appropriate term is Best HRM practices. However, according to Chandler and McEvoy (2020) one of the lingering questions in HRM research is whether or not there exists a single set of policies or practices that represents a universally superior approach to managing people. Theories on best practices suggest that universally, certain HRM practices either separately or in combination yield improved organisational performance. Theories on people management have been sifted, going through so many phases. From the perspectives of Taylorism, bureaucratic theory, theory X and theory Y till the breakthrough with Elton Mayo’s Hawthorne experiment which began another phase of people management known as human relations. The era of personnel management surfaced which has metamorphosed into the present-day Human Resource Management. Since then, HRM has captured the interest of many studies churning out loads and loads of findings that sometimes generate debates and disagreements.

Researchers have different opinions of what performance is. Organisational performance continues to be a contentious issue in the management research circles. Javier (2022) equates performance to the economy, efficiency and performance of a certain programme of activity. According to Richard *et al* (2019) organisational performance encompasses three specific areas of firm outcomes; financial performance (profits, return on assets, return on investment, etc), product market



performance (sales, market share, etc), and shareholder return (total shareholder return, economic value added, etc.). Organisational performance is the organisation's ability to attain its goals by using resources in an effective and efficient manner Daft (2020). We can put organisational performance as the actual output or results of an organisation as measured against its intended outputs, that is; goals and objectives. Performance should not be confused with productivity; according to Ricardo (2020), productivity is a ratio depicting the volume of work completed in a given amount of time. Performance is a broader indicator that could include productivity as well as quality, consistency, Performance, efficiency and other factors. The concept of performance borders on both what has been achieved and how it has been achieved. Organisational performance can be measured in a number of different ways. The most obvious way to measure what has been achieved and the approach used in many studies, is by reference to key performance indicators (KPIs) which are usually to do with financial results (profitability) or productivity. Measuring the how is more difficult. It has to rely extensively on qualitative assessments of organisational capability or Performance.

### **Reward management and organizational performance**

Holt (2020) employee receive Reward management in the form of rewards, pay, benefit it is basically the output that management uses to increase the performance of organization. Half of the cash flow is equal to the Reward management of the organization but more than half in the service sector (Ivanceikh & Glueck, 2019). For the purpose to increase performance of organization the key factor is to motivate employees and attract the employees. Reward management can be in the form of multiple pay plans and can be in the form of individually, merit pay to performance long incentives, bonus, and

merit pay in the form of rewards. These are the different qualities and components of Reward management that are in the form of individual performance and multiple pay plan performance, this research was conducted by Millvier and Newman. In order to increase the performance of organization pay plan is commonly used Chani. The most common appraisal of employee is pay plan by Heneman and warner.

Lazear (2022) found that pay have direct impact on the performance of employees the Reward management and the pay structure directly impact the performance of the employees and the they provide the output according to the pay plan and pay structure according to the performance of employees. In 2019 the employees in Pakistan have fixed pay and the organization give rewards for their better performance that will give the power job shorter oriented so there is relationship between Reward management like pay and performance. Simon, more and hunt and jahangar (2023) suggested that rewards of manager's supervisor's significant positive relationship with performance of organization that is performance of employees, enhance productivity, satisfaction of employees' organizational citizenship behavior and turnover. For the purpose of achievement of organizational performance either it is financial or non-financial Reward management in the form of rewards or incentives are most important component to eradicate employees paying their energy to produce innovation in cress the performance of organization. The researches by employees' productivity can be increase by performance which provide effective recognition as a result improve organizational performance (Tansky, 2022).

The research on relationship between organizational performance and Reward management in the form of pay suggested that pay is not directly related to the performance of organization but in many



statements or claims merit increases the salary and hence increase the performance. Their research concluded that significant positive relationship between HRM practices and organizational performance Ahmad and Schroeder (2020), HRM practices like selective hiring, Reward management, training and development, status differences, decentralization, information sharing, employment security, and use of groups on performance of organization as operational performance like flexibility, cost reduction, quality, and commitment. HR administration structures in US study investigates that organizational performance has significant positive relationship to various HR practices Reward management and benefits. Gerhart and Trevor (2022), Kochy and McGrath (2022), recruitment and selection. HRM practices like Reward management and rewards, training and development, recruitment and selection and performance management have positive effect on organization performance observed in 104 articles documented in 18 that four most important companies of oil and gas in US (Boselie & Dietz, 2005).

To measure the impact of HRM practices like training and development, Reward management and rewards, performance appraisal, and employees recruitment and selection their relations on performance of organization that are (product quality, Product cost,, performance, market share compared with competitors and 19 organization performance relative to industry average) and in 20 companies of oil and gas establish significant positive relationship with HRM practices like Reward management, training and development, employees development and performance of the organization. Khan (2021) investigates factors responsible for employees performance and proposes structure of Reward management in which employees who perform better are paid more than average performing employees is

important to increase the performance of organization (Hewitt, 2019).

*Ha1: There is positive relationship between Reward management and organizational performance.*

### **2.3 Organizational Citizenship Behavior and Organizational Performance**

In 1770s OCB has been studied and its interest significantly increased. Denis Organ considered as the father of OCB. Organ explained “Individually behavior that is discretionary not directly or explicitly recognized by the formal reward system and that in aggregate promotes the effective functioning of the organization Duton *et al.* 2022. Expressed that better standing of employees with organization that ultimately affect the organizational citizenship behavior (Todd, 2024). Coole (2020) indicates that the organizational citizenship performance speculates the overall performance and across all task performance levels. Morinson defines citizenship behavior as a function of employee’s in-role and extra-role job behaviors Morrison (2024). McUlster described organizational citizenship behavior is favorable for organization. To improve the organizational performance issues has been facing by senior management. The findings of MacKenzie, Podsakoff and Fetter (2020) organizational citizenship behavior prove to be helpful to the organization. Podsakoff and Mackenzie, 2021 researched that OCB are significant to the performance of all organizations.

The type of OCB creates strong link between organizational performance and organizational workers Turnipseed and Rassuli (2005). Todd described that if we add the social work environment the overall performance of organization increases substantially (Todd, 2024). According to Niehoff and Yen, 2022 that the organization becomes more effective if there are more employees in organizational citizenship behavior. As a result, we anticipated OCB to make the correlation between



organizational performance and HR practices.

Ha2: There is positive relationship between organizational citizenship behavior and organizational performance.

3. Methodology

Research designs are often referred to as the structuring of investigation aimed at identifying variables and their relationships to one another. In this study the survey research was used, which is the most common in social science research. Survey research is a method used to obtain information needed by giving out questionnaires to the related population. Survey research can be used for explorative intention, explanatory or confirmatory, evaluation, prediction, operational research and development of social indicator.

The population for a study is the totality of individuals, objects, events or constructs about which the research is concerned: the study covered 65 staff of Admin and finance department of Jos Electricity Distribution Company (JED) Plc. The staff of Administration and Finance department are in a better position to measure the impact of human resource practice in connection to organization performance. In determining the sample size of this

research, Yamane, 1967 Statistical Formula was applied.

n = N / (1 + N(R)^2)

Where n = sample size

N = population of the study

e = % level of significance or margin of tolerable error

The researcher chose 5% as level of significance or margin of tolerable error.

The translation of the formula is as follows:

n = 65 / (1 + 65(0.05)^2)

n = 65 / (1 + 0.1625)

n = 55.9 = 56

Therefore, the sample size is 56, which will be allocated to the staff. Study participants were selected using simple random sampling techniques. Collecting data for this study, the data collection method that will be employed by the researcher himself and research assistant will involve administrating well-structured questionnaires that utilize the 5-points-likert-scale research to gather accurate information. The correlation and regression analysis will be used to test the research hypotheses via the Statistical Package for Social Sciences (SPSS) version 21.

4. Results and Discussion

Table 4.1: Correlation between Human Resource Construct and Organizational

Table with 5 columns: Construct, Correlation Type, Reward managements, Organizational Citizenship Behavior (OCB), and Organizational Performance. Rows include Reward managements, Organizational Citizenship Behavior (OCB), and Organizational Performance.



From the table, the correlation between Correlation between Reward management and organizational performance is insignificant so also the relationship between Organizational Citizenship Behavior with organizational Performance is significant (r=0.198; p-value<0.05) and (r=0.034; p-value<0.05) due to the fact that the value is not greater than 0.05 respectively.

4.2 Data Analysis Based on Research Hypothesis

Model	Unstandardized Coefficients		Standardized Coefficients	t sig		Ad R^	F	Sig
	B	Std.Error	BETA					
Constant	0.8095	1.600		5.056	.000	18.943	2.960	.000(a)
Reward management	-179	-0.074	.379	2.419	.021			
Organizational Citizenship Behavior (OCB)	197	0.132	.237	1.488	.145			
Dependent variable: Organizational Performance								

Source: Primary Data 2024

Regression Analysis for Human Resource Practice and Organizational Performance. A multiple regression analysis was used to analyze the Research Hypotheses, the statistical relationship to which the predictors which are; Reward management and OCB explain organizational Performance. Below are the output results the results in table above show a linear relationship between Reward management as well as Organizational Citizenship Behavior and organizational Performance of the company (F=2.960, Sig.0.000). A combination of Reward management as well as Organizational Citizenship Behavior accounts for 18.943 % of the variation in organizational Performance. The table above further shows that Reward management proved to have significant relationship with organizational Performance (Beta=0.379, Sig.0.021) hence we reject null hypothesis H0 and accept alternate hypothesis H1 which indicated that Reward management has relationship with organizational performance. Finally, Organizational Citizenship Behavior proved to have a significant relationship with organizational

Performance (Beta=0.237, Sig.0.145) Therefore we reject null hypothesis and accept alternate hypothesis H1 the result indicated existence of relationship between the two variables, all the three construct of human resource practice remain significant predictor of organizational Performance with significance level of less than 0.05. Positive perceptions of organization’s human resource management practices are bound to create an obligation for employees to reciprocate by displaying higher level of work engagement. Also, the direct effect of HRM practices on work engagement provide support for the universalistic HRM practices approach which are directly and positively linked to employee attitudes and behavior Cheng and Ho (2020). Consistent with the predictions of the study, the results of the study showed that ability, Reward management and opportunity enhancing HRM practices separately predicted organizational performance. This is line with previous findings (Meyer & Smith, 2020; Gould-Williams, 2020) showing that employees develop affective commitment displayed in high level of work engagement towards their organizations when they perceive human resource management practices as supportive and meant to



establish a social exchange relationship with them (Appelbaum *et al.*, 2020; Meyer & Smith, 2020). They argued that when an organization provides an atmosphere of trust and support in addition to offering extrinsic and intrinsic motivations, employees will have a sense of being valued and wanted thereby reciprocating in high performance. The opportunity to be involved in the decision-making process in an organization gives employees the sense of involvement, engagement and enhances employees' well-being (Appelbaum *et al.*, 2020). Various authors agree that employees' opportunity to participate in decision-making process in an organization is the distinguishing feature that differentiates high-performance work practices from the others (Koch & McGrath, 2022; Appelbaum *et al.*, 2020). Particularly, organizations that make efforts at improving the necessary skill and ability, motivate, provide promotion opportunities and encourage employees' decision-making participation are more likely to cultivate feelings of attachment reflected in high work engagement among its employees. Such practices are indications that the organization cares and have the interests of employees at heart, and the employees are likely to feel more appreciated and important. Thus, regarding the positive effect of HRM practices (ability, motivation and opportunity-enhancing) on work engagement, it can be argued that employees show feelings of obligation to their organization in the presence of effective HRM practices. As previously argued, this feeling of obligation derives from the idea that organization has fulfilled its own part of obligation termed psychological contract by offering secure employment, training and career opportunities.

### **5. Conclusion and Recommendations**

The purpose of the present study was to empirically examine the impact of Reward management, and organizational

citizenship behavior on organizational performance. The study's findings indicate that the establishment of higher levels of Reward Management practices, and Organizational Citizenship behavior will lead to a higher level of Organizational Performance. This research has provided an overview and a discussion of HRM practices of Jos Electricity Distribution Company (JED). It chiefly focused on perception of employees on HRM practices, policies and programmes and the impact of such HR practices on organizational performance. The purpose was to critically evaluate the perceptions of employees on HRM practices and establish the impact of properly managing human resources on organizational performance. HR practices, policies and programmes were laid bare before managers and employees for critical scrutiny. This process produced results which indicated that organizations need to pay much more attention to the proper management of their human resources in order to realize their full potential and create competitive advantage through them. Several areas in which HR is needed to play a role but were not yet working to fulfill the need and in which HR was already playing significant role but there was still gap in which HR should consider. The comparative research can be conducted between private and public sector. In future the study can be conducted on manufacturing firms with more variables. Due to time shortage, there are few variables next research can be on human resource management and its impact on change management, financial performance of company.

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