

Financial Incentives and Rewards on Employee Motivation in the Nigerian Electricity Distribution Company

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Abstract

The study, financial incentives and rewards on employee motivation in the Nigerian electricity distribution company, used likert scale form questionnaire to gather data from purposive selected employees of the company. On one hand, respondents were asked to rank six financial and non-financial incentives and rewards in order of importance. The result revealed that financial incentives and rewards were more important and motivating to the respondents. On the other hand, Chi-Square crossstabulation on the hypotheses revealed that financial incentives and rewards influence employee attitude, job satisfaction and productivity irrespective of gender and cadre in the organisation. The study concludes that financial incentives and rewards motivate employee to have positive attitude at work, lead to job satisfaction, improve productivity, and recommends that employers should concentrate more on it to ensure employee positive attitude, job satisfaction, improved productivity and performance.

Keywords: Financial Incentives and Rewards, Employee Attitude, Job Satisfaction, Motivation, Productivity

1.0 Introduction

A number of scholars claimed in their research findings that managers of firms can use financial incentives to create employee positive attitude, job satisfaction and improve productivity (Guzzo, Jette and Katzell, 1985). However, a number of others are of mixed findings. While some support a positive relationship between financial incentives and employee motivation, others have not find a strong relationship between them (Jenkins, Mitra, Gupta and Show, 1998). This research is necessitated by the high level of inconsistencies in the findings of past researchers in this subject and the dearth of scholarly researched work of this nature in Nigeria.

The major objective of a manager is to ensure that business and corporate objectives are realized. This is only possible if employees (workers) who are the key assets of an organization have positive attitude towards their organizations (Banjoko, 1996). In addition, a manager needs to have adequate knowledge of the needs/wants of various categories of his subordinates, so as to provide them the opportunities to achieving them, while accomplishing the objectives of their organization concurrently. This call for adequate knowledge on the manager's part the factors that influence and create employee positive attitude and job satisfaction at work. This understanding will now be used to create favourable employee attitudes at work to effectively satisfy customers and achieve improve corporate performance. Shanks (2012), opines that there are two important reasons that employees should be motivated, that is, to achieve their personal and organizational goals. My opinion is consistent with Shanks' because there must be goal congruency between corporate objectives and that of workers, otherwise, there will be dissatisfaction on either side, depending on whose goals have less chances of being fulfilled. On the employees' part, negative attitude at work leads to poor customers' services and bars repeat purchases and customer loyalty, which lowers corporate productivity and profitability.

1.1 Research Questions

The research will provide answers to the following questions-

- i. does financial Incentives and rewards influence employee attitude at work?
- ii. does employee job satisfaction influence corporate productivity?

1.2 Research Objectives

The major Objective is to determine the role of financial incentives and rewards on employee motivation. While the specific objectives are to-

- i. establish whether or not financial incentive and rewards influences employee attitude at work.
- ii. determine whether or not job satisfaction influences productivity.

1.3 Hypotheses of the Study

The following hypotheses are stated for test-

- i. Financial incentives and rewards does not influence employee attitude at work.
- ii. Job satisfaction does not influence productivity.

2.0 Literature Review

2.1 Conceptual Review of Motivation

Motivation has been defined by a number of authorities in a number of ways, depending on their orientation, context, environment and situation. However, the context and emphasis of this paper is on employee-employer work relationship, pay and performance of employee and organization. Motivation is gotten from the word motive. Webster's Dictionary defines motive as something that causes someone to act (Shank, 2012). Relating this definition to work place environment, they are actions of management that cause employee to put up favourable or unfavourable attitudes towards corporate goals accomplishment.

Williams in Burton (2012), sees motivation as predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner forces that drives individuals to accomplish personal goals. Furthermore, it is believed that employees are motivated by either financial or no-financial instruments. Favourable attitude leads to greater organizational commitment due to job satisfaction. This in turn leads to customer satisfaction because satisfied employees pay greater attention to meeting customers' needs/wants. Financial performance of a firm also improves if customers' loyalty improved. Motivation is the process of influencing employees to act according to plans, to achieve the mutual goals of employees and employer (Ekpudu and Okafor, 2012).

2.2 Empirical Review

2.2.1 Long and Short term Incentives and Motivation

Azoulay, Graff-Zivin, Manso, (2011), conclude that long term rewards rather than short term rewards help to motivate scientists in their work and promotes overall greater creativity. This finding implies that most short term incentives may not be effective in achieving workers' motivation, rather, long term incentives like promotion and opportunity for training to guarantee future growth should be encouraged to ensure that employees are effectively motivated. Ederer and Manso (2011) conclude that ... the optimal incentive scheme that motivates exploration is fundamentally different from standard pay-for- performance schemes used to motivate efforts.

The implication of the above findings is that different incentives schemes are required for different categories of work and level of staff. This is because what is effective for category A might not be effective for B. The implication of this for practicing managers is that he/she should evaluate and determine the most suitable and effective incentives to deploy for different levels of employees in his/her organisation. On their part, Grant and Singh (2011) argue that traditional incentives schemes such as stock option and bonuses are often beneficial for motivating and improving employee performance, but with some negative consequences. That is, it could lead to unethical behaviour, heighten employee turnover rate, envy and fuel discontent among employee when not well applied in an organization.

2.2.2 Financial Incentives and Rewards on Motivation

Financial incentives and rewards to employee is when employer spends money on the rewards of employees in order to influencing them to have favourable attention towards goals achievement (Ekpudu et al, 2012). A number of authors have argued that it has overriding influence than other non-financial methods of motivation. Society for Human Resources Management (2009) on employee job survey asked employees on how likely they were to stay with their present organization if they were offered more money (more pay), but with the same benefits by another organization. The finding showed that 6 of every 10 employee said they were ready to leave; this result contradicts the findings and conclusion that categorized pay or salary as hygiene factors which supports Herzberg's conclusion. In addition, Locke, Feren, Mc Caleb, Shaw, and Danny (1980) conclude that money is the crucial incentive... no other incentives or motivational technique comes even close to with respect to its instrumental value. A number of other research findings have had support for the uplifting effects of money in employee motivation, especially in developing nations with poor employee remuneration, but with high family, societal, political, and so forth financial demands and expectations.

2.2.3 Job Satisfaction and Motivation

Job satisfaction has to do with personal evaluation of the extent to which people like their job. That is, whether or not the condition in the work itself and the environment, including management policies and strategies are favourable. If they are favourable, then, workers are satisfied, all things being equal. This makes them to develop positive attitudes that are beneficial to customers and management. Schermerhorn (2000), opines that job satisfaction is an emotional response towards various aspect of an employee's work. He emphasizes that likely causes of job satisfaction include- status, supervision, co-workers' relationship, job content, remuneration, ...,and organizational structure. Hersey and Blanchard (1988), state that motivation is influence by forward-looking perception concerning the relationship between performance and reward, while satisfaction refers to people's feelings about the rewards they have received. A number of research findings have suggested a positive

relationship between motivation and job satisfaction to the extent that Kreitner and Kinicki (2001), suggest that managers can potentially enhance employee motivation through employee job satisfaction.

3.0 Methodology of the Study

3.1 Sampling Procedure and Sample Size

Power Holding Company of Nigeria (PHCN) Jebba branch was purposively selected for the study. 100 of the 503 employees which comprise of junior and senior categories were purposively selected for the study.

3.2 Research Instrument

Questionnaire was the instrument used in the study to collect the required data from respondents. As a survey research, 100 copies of questionnaire were administered on 100 employees of the company.

3.3 Method of Data Analysis and Interpretation

Data sourced were presented and tested with frequency tables and Chi-Square crosstabulation via SPSS version 16.

4.0 Findings and Discussion

4.1 Demographic Characteristics of Respondents

Of the 100 copies of questionnaire administered on 100 employees of the studied firm, only 86 copies were retrieved and used for the analysis, while 14 were not returned. It shows from appendix table 1 that male employees dominated the organization (80%), while female were in minority (20%). It also shows from appendix table 2 that the organization is dominated by junior staff (73%), while senior cadre was in minority (27%). On the whole, junior employees of the organization used for analysis comprise of 51 males and 12 females, while senior cadre comprises 18 males and 5 females of the 86 respondents that returned their questionnaire.

4.2 Incentives Ranking by Staff of the company

Six incentive and reward items were provided in the study for ranking by the respondents in order of importance.

Table 1: Junior Staff Ranking

1	Pay
2	Bonus
3	Promotion
4	End of Year Party
5	Recognition
6	Company Policy

Table 2: Senior Staff Ranking

1	Pay
2	Promotion
3	Bonus
4	Recognition
5	Company Policy
6	End of Year Party

The results of the rankings confirmed the relevance of financial incentives and rewards to both junior and senior employees of the organisation. From table 1, it shows that financial incentives and rewards is more important than the non-financial incentives rewards because pay is rated first, followed by bonus and promotion as second and third, while the non-financial incentives and rewards- end of year party, recognition and company policy were respectively rated as fourth, fifth and sixth in the order of importance scale by the junior employees of the company.

Also, the senior cadre employees of the company rated pay first followed by promotion before bonus as second and third in the ranking, while recognition, company policy and end of year party were ranked fourth, fifth and sixth respectively. The implication of the two groups' ranking of the six incentives and reward items is that financial incentives and rewards is more important than the non-financial incentives and rewards in motivating them at work. The results of the ranking are unlike the popular believed that money is a hygiene factor, while the non-financial factors are motivators. This is because financial incentives and rewards seems to be the prime motivator and not the non-financial incentives and rewards judging from the studied organization's ranking.

Table 3: Chi-Square Crosstabulation Result of Gender Opinion on influences of Financial Incentives and rewards on employee Attitude

Pearson Chi-Square	DF	P. Value
7.091	4	0.131

Table 3 chi-square crosstabulation result is not statistically significant at 5% level of significance. Therefore, the study rejects the null hypothesis and concludes that financial incentives and rewards influences employee attitude at work, irrespective of gender. The implication is that firms in the sector can used financial incentives and rewards to create favourable employee attitude irrespective of gender in the organization.

Table 4: Chi-Square Crosstabulation Result of Cadre Opinion on influence of Financial Incentives and rewards on Employee Attitude

Pearson Chi-Square	DF	P. Value
2.766	4	.598

Table 4 chi-square crosstabulation result is not statistically significant at 5%. Therefore, the study rejects the null hypothesis and concludes that financial incentives and rewards influences employee attitude at work, irrespective of cadre in the organisation. The implication is that firms in the sector can used financial incentives and rewards to create favourable employee attitude irrespective of their cadre in the organization.

Table 5: Chi-Square Crosstabulation Result of Gender Opinion on influences of Job Satisfaction on productivity

Pearson Chi-Square	DF	P. Value
7.528	4	.110

Table 5 chi-square cross tabulation result is not statistically significant at 5%. The study rejects the null hypothesis and concludes that job satisfaction influences productivity of an organization, irrespective of gender. The implication is that firms can use job satisfaction to improve productivity and performance irrespective of gender.

Table 6: Chi-Square Crosstabulation Result of Cadre Opinion on influences of Job Satisfaction on productivity

Pearson Chi-Square	DF	P. Value
4.323	4	.364

Table 6 chi-square crosstabulation result is not statistically significant at 5%. The study therefore, rejects the null hypothesis and concludes that job satisfaction influences productivity of an organization, irrespective of cadre in the organisation. The implication is that firms can use employee job satisfaction to influence productivity and performance, irrespective of cadre (level) in the organizational hierarchy.

5.0 Conclusions, Recommendations and Limitations of the Study

5.1 Conclusions

The study concludes that financial incentives and rewards have positive influence on employee attitude at work; job satisfaction influences employee productivity, irrespective of gender and hierarchy in the organisation; and that financial incentives and rewards motivate employee than non-financial incentives and rewards in the firm studied. This negates the findings and conclusions of Herzberg, Mausner, Peterson and Capwell (1957) that money is a hygiene factor and not a motivator.

5.2 Recommendations

From the findings and subsequent conclusions, the study hereby recommends that employers should concentrate more on adequate financial incentives and rewards to their employees to elicit positive attitude from them at work; and achieve job satisfaction which improves employee productivity and corporate performance.

5.3 Limitations of the Study

The major limitation of the study is the use of a branch among several branches to represent the firm in the study of which generalization of findings may not be strongly valid. Subsequent researches of this nature should increase both the sample frame and size in order to improve the generalization of findings.

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Appendix

Table 1 Gendar

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid M	69	80.2	80.2	80.2
F	17	19.8	19.8	100.0
Total	86	100.0	100.0	

Table 2 Cadre

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Jnr	63	73.3	73.3	73.3
Snr	23	26.7	26.7	100.0
Total	86	100.0	100.0	

Table 3 Fin /attitud

	Observed N	Expected N	Residual
SD	14	17.2	-3.2
D	12	17.2	-5.2
U	13	17.2	-4.2
A	25	17.2	7.8
SA	22	17.2	4.8
Total	86		

Table 4 Satis/Prod

	Observed N	Expected N	Residual
SD	9	17.2	-8.2
D	9	17.2	-8.2
U	11	17.2	-6.2
A	17	17.2	-.2
SA	40	17.2	22.8
Total	86		

Table 5 Gendar * Fin /attitud Crosstabulation

Count		Fin /attitud					Total
		SD	D	U	A	SA	
Gendar	M	12	12	8	21	16	69
	F	2	0	5	4	6	17
Total		14	12	13	25	22	86

Table 6 Gendar * Satis/Prod Crosstabulation

Count		Satis/Prod					Total
		SD	D	U	A	SA	
Gendar	M	9	6	11	14	29	69
	F	0	3	0	3	11	17
Total		9	9	11	17	40	86

Table 7 Cadre * Fin /attitud Crosstabulation

Count							
		Fin /attitud					Total
		SD	D	U	A	SA	
Cadre	Jnr	10	8	11	20	14	63
	Snr	4	4	2	5	8	23
Total		14	12	13	25	22	86

Table 8 Cadre * Satis/Prod Crosstabulation

Count							
		Satis/Prod					Total
		SD	D	U	A	SA	
Cadre	Jnr	5	6	10	14	28	63
	Snr	4	3	1	3	12	23
Total		9	9	11	17	40	86