

REWARD SYSTEM AS STRATEGY FOR IMPROVING EMPLOYEES' PRODUCTIVITY IN NIGERIA

SISTEMA DE RECOMPENSAS COMO ESTRATÉGIA PARA MELHORAR A PRODUTIVIDADE DE COLABORADORES NA NIGÉRIA

SISTEMA DE RECOMPENSAS COMO ESTRATEGIA PARA MEJORAR LA PRODUCTIVIDADE DE EMPLEADOS EN NIGERIA

Sunday Abayomi Adebisi

Senior Lecturer Department of Business Administration in University of Lagos, Nigéria

Department of Business Administration in Faculty of Business Administration - University Rd, Lagos, Nigéria

E-mail: yommysun@gmail.com

Phone number: (+2348) 02826-3032

Adedayo Oluwafunke Oladipo

University of Lagos, Akoka, Yaba

Department of Business administration – University Rd, Lagos, Nigéria

E-mail: oadedayo@unilag.edu.ng

Phone number: (+23480) 2333-8678

Artigo recebido em 06/03/2014. Revisado por pares em 30/03/2014. Reformulado em 25/11/2014. Recomendado para publicação em 25/11/2014 por Ademar Dutra (Editor Científico). Publicado em 30/04/2015. Avaliado pelo Sistema *double blind review*.

ABSTRACT

This paper appraises reward system as a strategy for increasing employees' productivity. The effects of intrinsic and extrinsic rewards on employees' productivity were measured by collating primary data through the use of multistage, stratified and random sampling techniques to sample respondents in University of Lagos. 400 copies of the questionnaire were administered but only 280 copies were recovered for analyses. Regression analyses findings showed coefficient results of: $(R^2)(0.361)$; $(R^2)(0.271)$; $(R^2)(0.180)$ (for hypotheses 1,2, and 3 respectively) to be significant at 0.05 level. The correlation coefficient of 0.386 for hypothesis 4 tested at 99% confident limit, revealed work input and extra rewards to be positively correlated

Keywords: Reward; Strategy; Productivity; Long-service-awards; Allowances.

RESUMO

Este artigo avalia o Sistema de recompensa como uma estratégia para melhorar a produtividade de colaboradores, com referencia particular na Universidade de Lagos, Nigéria. Os efeitos de recompensas intrínsecas e extrínsecas na produtividade dos colaboradores foram medidos pela coleta de dados primários por meio de técnicas de amostragem multiestágio, estratificada e aleatória sobre os respondentes na Universidade. 400 cópias do questionário foram entregues, mas apenas 280 foram devolvidas para análise. Os resultados da análise de regressão mostraram coeficiente de resultados de $(R^2)(0,361)$; $(R^2)(0,271)$; $(R^2)(0,180)$ para as hipóteses 1,2, e 3, respectivamente, para serem significativos no nível de 0,05. O coeficiente de correlação de 0,386 para a hipótese 4, testada com intervalo de confiança de 99%, revelou que a entrada de trabalho e recompensas extras podem ser correlacionadas positivamente.

Palavras-chave: Recompensa; Estratégia; Produtividade; Prêmio por tempo de serviço; Subsídios.

RESUMEN

Este artículo evalúa el Sistema de recompensa como una estrategia para mejorar la productividad de empleados, con referencia particular en la Universidad de Lagos, Nigeria. Los efectos de recompensas intrínsecas y extrínsecas en la productividad de los empleados fueron medidos por la colección de datos primarios por medio de técnicas de muestreo de múltiples etapas, estratificado y aleatorio sobre los respondientes en la Universidad. 400 copias del cuestionario fueron entregadas, pero solo 280 fueron devueltas para análisis. Los resultados del análisis de regresión mostraron coeficiente de resultados de $(R^2)(0,361)$; $(R^2)(0,271)$; $(R^2)(0,180)$ para las hipótesis 1,2, e 3, respectivamente, para ser significativos en nivel de 0,05. El coeficiente de correlación de 0,386 para la hipótesis 4, testada con intervalo de confianza de 99%, reveló que la entrada de trabajo y recompensas extras pueden ser correlacionadas positivamente.

Palabras-clave: Recompensa; Estrategia; Productividad; Premio por tiempo de servicio; Subvenciones.

1 INTRODUCTION

The importance of *MAN* among the other resources of Management (namely; Money, Machine and Materials) cannot be underestimated. The efficiencies of the input and output relationship in any organisation whether public or private sector will be determined by *Man's* activities. Many organisations, according to Wood (2004), are facing the challenges of how to acquire the right workforce and retain them. This is because, acquiring the right workforce and retaining them is considered one of the most important assets of any organization. Gone are those days when *Man* was equally seen not different from machines.

Many productivity and performance oriented organisations today are paying attention to the influence of Man on their holistic activities, hence the need to always ensure appropriate remuneration to reduce the threats of low productivity. This present paradigm shift has accounted for the reason why personnel department and structures of many small or big private or public organisations now have a section assigned with the functions of ensuring that employees are fairly and adequately rewarded. These reward systems may include but not limited to non-monetary rewards or non-cash payments in the form of annual leave, casual leave, healthcare plan, loan, gratuity and pension plans (HENDERSON, 2007; MILKOVICH; NEWMAN, 2008). In supporting this importance of man's influence on organisational productivity, many scholars assert that the impact of rewards on employees' performance is a well-known phenomenon in the available literature of human resources, and a large number of studies have verified that reward is a powerful tool to enhance employee behaviours leading to performance improvement. The rewards system, often-times in form of fringe benefits usually complement the remuneration package so as to protect employees' health and safety, as well as to increase their motivation, morale and self-satisfaction in order to boost productivity (MICELI; LANE, 2001; BEAM; MCFADDEN, 2006; QURESHI; ZAMAN; ALI-SHAH, 2010).

In an ideal situation, the job performance and productivity of an employee are supposed to be the most significant considerations for determining whether to promote or reward a staff. This is however not the case in most of the civil service or public sectors in

Nigeria, the reward system is stiff, rigid, time-bound and of pecking-order. Therefore, creating an appropriate reward mechanism for good performance in the civil service is a challenging task. There is no freedom like in the private sector to introduce bonuses or offer *packs*. The volume of work done has no effect on staff pay; an employee may be doing the work of three or four people this will not translate to reward in any form (whether intrinsic or extrinsic). Work is not equally shared among staff of the same level grade in the University and this may make it difficult to reward the hardworking staff. Similarly, it is equally complicated to define what actually constitutes outstanding performance in the public service. For instance the number of staff in a Department A maybe in excess compared to the volume of work available to do, while in another Department B there may exist the exact number of staff in A, but the volume of work to be done is far larger. This will result to overstretching the staff of Department B to an extreme but without additional rewards. This makes the effort of the hardworking employees not commensurate with the financial compensation they receive and may lead to discouragement. Employees who are nonchalant know that at the end of each month they will be paid and be rewarded equally, since the reward system is a global one not based on job performance but based on salary grade levels. As a result of this individuals may not be interested to put in their best for high productivity since the take home pay of employees in same grade levels at the end of the month will be uniform, without reflecting the level of actual work done by individual employees.

Based on this background information above, the essence of this research therefore, is to work out a strategy that can make a reward system satisfactory to workers in the public service in Nigeria to gain and retain the right workforce that will enhance greater productivity. In actual fact, this paper focused on building rewards strategy that can impact on employees' productivity and how hardworking employees in the University system can be singled out for a reward to spark-up healthy competition that can ensure high productivity. In this regard, emphases were laid on *intrinsic and extrinsic rewards*, as well as the effect of social recognition rewards on the Nigerian worker's productivity. The disparity between pay and job were measured so as to design strategy to reduce this among workers.

1.1 OBJECTIVE OF THE STUDY

The authors' broad objective for the paper is to measure the impact of the existing reward system on employee's productivity in the (Nigerian) public service sector with particular reference to the University of Lagos employees. Hence, the following specific objectives were pursued, to:

- i. measure the effect of intrinsic rewards on employees productivity;
- ii. measure the effect of extrinsic rewards on employees productivity;
- iii. evaluate the impact that social recognition, as a reward system, can have on employees' productivity;
- iv. examine global best practices (through literature search), in order to recommend best practices towards effectively boosting staff morale in the Nigerian University system;
- v. identify whether job parity is equal to pay parity and suggest viable alternatives to close whatever gap identified.

1.2 HYPOTHESES

In an effort to achieve the purpose of the study, the following hypotheses were postulated, to serve as guides for measuring the relevant variables in order to come out with cogent findings and reaching conclusion and appropriate recommendations at the end of the study:

H₀₁: There is no significant relationship between intrinsic reward and employee's productivity;

H₀₂: There is no significant relationship between extrinsic reward and employee's productivity;

H₀₃: There is no significant relationship between social recognition reward and employee's productivity;

H₀₄: The difference between job parity and pay parity is not statistically significant.

2 RELEVANT LITERATURE

Human resource, as earlier mentioned, is the most important among all the resources any organisation can own. Retaining efficient and experienced employees in an organisation is an objective that is expected to be pursued by any serious minded CEO or leader of any organisation, whether public or private. The reason is that the activities of this category of staff are very crucial in the overall performance of the organisation. A highly motivated employee can assist an organisation win competition, add unique value and increase organisational profit. Reward practice is therefore essential and is to be reinforced as an incentive motivator towards achieving the organisational overall performance. Gross and Friedman (2004) identified that rewards are now more than archaic concept of receiving pay checks after a week; rather, they embrace the holistic value scheme that the employer recommend to the employee that includes compensation (consisting of base pay, short and long term incentives) benefits (health issues, work/life, and other benefits) and careers (training and development, career progression).

Those employees with astonishing performance will expect that their exceptional contributions will be recognised and also be appreciated by the top management. Most organisations both private and public sector have to pay good attention to this. In other words, a poorly designed reward practice may turn out to become a de-motivator to the employees instead of motivating them. Rewarding good performance in the civil service in the real sense of it is a challenging task; nevertheless, it is a task which is necessary to support improvement in productivity of civil workers. Reward presents all the tangible benefits and provisions an employee obtain as a part of *employment relationship* (MILKOVICH; NEWMAN, 2004);

2.1 FOUNDATIONAL THEORIES FOR REWARD SYSTEM

Fundamental to reward system is the understanding of *Motivational theories*. There are many known motivational theories in the world today that simplifies reward mechanism to the extent that, it is no longer seen as a problem by managers, because they are very familiar with these theories and they have been equally over-flogged. Yet, there remains in our business world, many challenges resulting from low-productivity to no-productivity, gross underperformance to underutilization of organisation's resource capacities as a result of workers not being highly motivated on the job, due to lack of appropriate reward strategy by managers. Notable two among many of these motivational theories are:

Herzberg's Two-Factor Theory of Motivation (1959) where Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. He articulated that the opposite of *Satisfaction* is *No satisfaction*, and the opposite of *Dissatisfaction* is *No Dissatisfaction*. He further classified the two key motivating factors to *Motivators* and *Hygiene* factors. The hygiene factors he refers to as those job factors which are essential for existence of motivation at workplace which do not lead to positive satisfaction for long-term. But if these factors are absent or non-existent at workplace, then they will lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate or reasonable in a job, pacify the employees and do not make them dissatisfied. These can include: Pay or Salary structure which should be appropriate and reasonable, Company and administrative policies (how flexible or how rigid), Fringe benefits, Physical Working conditions, Status, Interpersonal relations and Job Security. **Motivational factors** he opines will yield positive satisfaction that are inherent to work. These factors will motivate the employees for a superior performance and hence called, satisfiers and employees find these factors intrinsically rewarding. According to him, the motivators will symbolize the psychological needs that were perceived as an additional benefit. These include: Recognition (for accomplishments by the managers), Sense of achievement (creating an atmosphere that makes employees have a sense of achievement), Growth and promotional opportunities (advancement opportunities), Responsibility (ownership of the work-independence), and Meaningfulness of the work

(interesting and challenging for the employee to perform and to get motivated). This theory has been a highly revered theory of reward but the extent to which it is practiced and adopted today by public and private managers is what is questionable.

Maslow's Hierarchy of Need Factors (1943) which Maslow argues that must be understood by managers because the needs of individual serves as a driving force in human behaviour since human behaviour is goal directed. He classified these factors to: Physiological needs (which are basic needs of an individual for primary survival), Safety needs (like job security, protection and safety of life and properties), Social needs (for example- love, affection and friendship), Esteem needs (desire for self-respect and recognition) and Self-actualization needs (which are needs of the highest order found in those person whose previous four needs have been met. Maslow further grouped the five needs into two categories of *Higher-order needs* and *Lower-order needs*. He said the physiological and the safety needs constituted the lower-order needs while the social, esteem, and self-actualization needs constituted the higher-order needs.

2.1.1 The Concept of Total Reward System

Total reward model ensures that adequate attention and consideration is paid to financial and non-financial elements of motivating factors before designing and communicating a holistic reward policy to the employees. According to Armstrong and Murlis (2007), total reward system concept emphasizes the importance of considering all aspects of reward as an integrated and coherent whole. To these authors, each of the elements of the total reward system (base pay, pay contingent on performance, competence or contribution, employee benefits and non-financial rewards) are all linked together; hence, a total reward approach must be holistic without placing reliance on one or two reward mechanism. Account should then be taken of all the ways people can be rewarded and obtain satisfaction through their work (ARMSTRONG; MURLIS, 2007). To further explain this concept, the authors demonstrated using the Towers Perrin model: a matrix with four quadrants. They say, the upper two quadrants (pay and benefit) represent transactional or tangible rewards and are very essential for recruiting

and retaining employees but can be easily imitated by competitors. But the lower quadrant (learning and development and work environment) they refer to as representing the relational or non-financial rewards which cannot be easily imitated by competitors, and can therefore create both human capital and human process advantage. Total rewards combines the transactional rewards, that is tangible rewards related to pay and benefits as a result of transaction between employee and employer and the relational rewards that are associated to work environment and learning and development (ARMSTRONG; STEPHEN, 2005).

Similarly, WorldatWork (2009) (a Total Reward Organisation) designed a model comprising five elements to depict what a total reward system should look like. According to this organization, a total reward system should include *compensation, benefits, work-life, performance and recognition, and development and career opportunities*. The organization further opines that, each of these elements must comprise programmes, practices and dimensions that collectively define organization's strategy to attract, motivate and retain employees. This conclusion was predicated on the fact that total reward system must operate in the context of overall business strategy, organizational culture and the human resource strategy. These will enable the combination of the five elements to facilitate attraction, motivation and retention of employees; thereby, enhancing workers' satisfaction and engagement that will have positive impacts on organizational performance and productivity on the long run. Total rewards are painstaking holistic approach that is beyond the focus on pay and benefits (RUMPEL; MEDCOF, 2006).

Zingheim and Schuster (2001), in their opinion, view total reward as four interlocked and directly related components, that makes people reason for working to go beyond pay. Therefore, they view total rewards in terms of four components that organizations must develop to meet their business needs. Total rewards are often an organization's most significant opportunity cost and should be designed to engage employees to help the organization successful. Workers can then share in that success by being rewarded for the value they add. However, organizations may emphasize one or more elements to accomplish their business goals through people. The four components according to Zingheim and Schuster (2001) include:

individual growth (*investment in people, development & training, performance management and career enhancement*); **total pay** (*base pay, variable pay, benefits, recognition and celebration*); **compelling figure** (*vision & values, company growth, reputation & image and stakeholderhip*); and **positive workplace** (*people, focus leadership, colleagues, work itself*).

Other rewards systems include performance-related reward which is a technique that pays attention and recognition to the highest performer to be given an award as a result of his performance in the organizational place as measured against that of his peers. When organizations structure the *reward systems* entirely according to the intent of their employees, it happens to human instinct to work hard in order to achieve their own and organizational objectives (PFAU; KAY, 2002). Brown (2003) suggested that, evaluating, gauging and developing the efficacy of human resource pay and compensation practices have key prospective for the company in a service or knowledge based economy. According to Cacioppe (1999), there is the team-based reward which he opines that often fascinates most of the managers, but some are reluctant to implement it because of its complexity and adversity on individual performance. Rewarding the whole team equally on their performance is termed as *team-based rewards*, and this system of equally *rewarding* presents *glue* that combine the whole team in one unit. According to Larson (2003), the process of *small token appreciation* and *recognition* is a better option for team members because to develop an equitable monetary reward system is too dire to implement.

Impact of Good Reward Strategy on Employees

It is highly imperative for organizations in our today's business environment to seek how productivity can be achieved through commitment of the employees, which is mostly achievable when they are happy at doing the job. The reward and recognition programs serve as the most contingent factor in keeping employees' self-esteem high and passionate. Oosthuizen (2001) states that, part of the functions of managers is to motivate the employees successfully and influence their behaviour to achieve greater organizational efficiency. La Motta (1995) is of the view that performance at job is the result of ability and motivation. Ability formulated

through education, equipment, training, experience, ease in task and two types of capacities, i.e. mental and physical. But to Entwistle (1987), he is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. Many organizations require their employees to work according to the laid down rules and regulations, as well as comply with the job requirements based on the established organizational standard. The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals. Lawler (2003) argued that prosperity and survival of the organizations is determined through the human resources strategy and how they are treated. Most organizations have gained immense progress by complying with their business strategy through a well-balanced reward and recognition programs for employee. Deeproose (1994) opines that the motivation of employees and their productivity can be enhanced through providing them with effective recognition which ultimately results in improved performance of organizations.

Freedman (1978) in his opinion argues that, when effective rewards and recognition are implemented within an organization, favourable working environment is produced which motivates employees to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations. Flynn (1998) corroborates this by affirming that rewards and recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. Baron (1983) opines that when organization recognizes and acknowledges the employees in terms of their identification, their working capacity and performance is very high. Furthermore, the level of motivation of employees increases when employees get an unexpected increase in recognition, praise and pay (LA MOTTA, 1995). Lawler (2003) further argues that there are two factors which determine how much a reward is

attractive; first is the amount of reward which is given, and the second is the weight an individual gives to a certain reward. Whenever employees experience success in mentally challenging occupations which allows them to exercise their skills and abilities, they experience greater levels of job satisfaction. Incentives, rewards and recognition are the key parameters of today's motivation programs according to most of the organizations as these bind the success factor with the employees' performance (BULL, 2005).

Empirical studies on this subject have shown diversities of what works would value as appropriate rewards (both incentives and non-incentives). In a survey of Brenner (2004) in a work place for steel case, he itemizes what employees want and perceive to help their productivity in the work environment as: better lighting, creative methods for assessing space, personalization, more impromptu meeting for work well done and involvement in the decision that impact their day to day lives at work. He then concluded that, an organization that wants to ensure employee productivity improvements will exploit those tools used for managing the work environment in which such employees work. These include an effective work environment that is attractive, creative, comfortable, satisfactory and motivating to employees so as to give employees a sense of pride and purpose in what they do. Harrison and Liska (2008) in their study posit that reward is the centre piece of the employment contract - after all it is the main reason why people work.

Other scholars in their various studies all concluded that adequate rewards, fringe benefits, supervision, work methods, positive employment relationship and psychological contract that adopt a total compensation approach and compensating employees according to their contributions to the organizations are the fundamental determinant of workers performance and productivity (LAMBERT, 2005; ARMSTRONG, 2005; BROWN, 2003; ANYEBE, 2003; BOB, 2001; YESUFU, 1984).

3 METHODOLOGY

This study selected the University system in Nigeria for empirical investigation because of the many phases that University salaries scale structures have passed through over the years.

Many of these restructuring were necessitated as a result of many labour strikes embarked upon by the university workers. Evaluating the *Salaries Scale Evolution in Nigeria Universities* several commissions had been set up by the Federal Government of Nigeria on review of pay structure and income in the country. According to Ujo (2008) some of the commissions from 1980s include the Cookey Commission of 1981 that focused on having conditions of service specifically tailored to meet the structure, mission and operational methods of the University system which differs from those of the Civil Service and Public Corporations. They therefore recommended that the harmonisation of the Universities with the Civil Service should cease. It is on this premise that the University salary structure is still based. The Onosode Commission of 1998 recommended that the Unified Grading and Salary System (UGSS) be separated and distinguished from the Unified Salary System (USS); consequently parastatals were removed from the UGSS and granted a different categorisation and higher salary scales. In 1991 the Elongated University Salary Structure (EUSS) was introduced by Longe Commission Report. The Ayinda Panel of 1994 recommended an increase in pay package of Civil Service workers to bridge the gap between the private and the public sector. The Committee on Harmonisation of Remuneration in the Public Service of 1998 recommended five Harmonised Salary Structure for the Service, the relevant one for all staff of the Federal Universities, polytechnics, colleges of education, research institutes and institutions' already operating the EUSS is the Harmonised Tertiary Institutions Salary Structure (HATISS). The current salary scale for universities is the Consolidated Tertiary Salary Structure (CONTISS) which originated from the USS that was introduced in the early 1980s, following the Cookey Report. The academic staffs of universities were granted a separate salary structure in 2001 which is now called Consolidated University Academic Salary Structure (CONUASS). It was on this note that this study was conceived to appraise, whether these review efforts alone are sufficient to produce respectable reward system capable of delivering workers commitment in the university system.

The authors employed field survey method in conducting this study. Questionnaire was designed to elicit information from the staff of University of Lagos, Nigeria, from the academic and non-academic (senior and junior) members of staff of the University estimated at about

5000 population. 400 respondents were sampled using three different types of sampling techniques, namely: multistage, stratified and random sampling techniques. The copies of the questionnaire were distributed to the Faculty from where it was divided into the various Departments which comprised the three different categories of staff: Academic, Non-Academic (Senior and Junior) staff, and the Technologists which represents the levels at which stratified sampling technique was used. 280 copies of the administered questionnaire were fully recovered and analysed for the study. The collated data were analysed with the use of correlation and regression test (with the aid of SPSS V.20) to establish a linear association and relationship between the dependent and independent variables. While the frequency distribution and percentages, were used to present the demographic characteristics of the respondents. The reliability of the instrument was determined through Cronbach's alpha method to get a coefficient of 0.848. Therefore, it can be concluded that the data for the study was good since its alpha coefficient of 0.848 is greater than 0.8 (i.e. If $0.8 \leq \alpha \leq 0.9 = \text{Good}$; Conbrach, 1951). This is a confirmation of the reliability, stability and precision of the data employed for this study.

3.1 MODEL SPECIFICATIONS

Model 1 - Intrinsic reward and employee's productivity

$$EP = F(\text{LSAG}, \text{RP}, \text{NMR}, \text{EO}, \text{TAC}) \dots\dots\dots i$$

$$EP = \alpha_0 + \alpha_1\text{LSAG} + \alpha_2\text{RP} + \alpha_3\text{NMR} + \alpha_4\text{EO} + \alpha_5\text{TAC} + U \dots\dots\dots ii$$

EP = Employee's Productivity

LSAG = long service award and gift

RP = recognition program

NMR = non-monetary rewards

EO = Educational opportunities

TAC = Training and conferences

Model 2 - Extrinsic reward and employee's productivity

$$EP = F(SI, MR, JP, FR) \dots\dots\dots i$$

$$EP = \alpha_0 + \alpha_1 SI + \alpha_2 MR + \alpha_3 JP + \alpha_4 FR + U \dots\dots\dots ii$$

EP = Employee's Productivity

SI = Salary Increase

MR = Monetary Rewards

JP = Job Promotion

FR = Financial Rewards

Model 3 - Social recognition reward and employee's productivity

$$EP = F(SRP, VWR) \dots\dots\dots i$$

$$EP = \alpha_0 + \alpha_1 SRP + \alpha_2 VWR + U \dots\dots\dots ii$$

EP = Employee's Productivity

SRP = Social recognition program

VWR = Verbal and written recognition

Model 4 – Relationship between job parity and pay parity

$$JR = F(WI, ND, ER, AP, SS, DB, SA) \dots\dots\dots i$$

$$JR = \alpha_0 + \alpha_1 WI + \alpha_2 ND + \alpha_3 ER + \alpha_4 AP + \alpha_5 SS + \alpha_6 DB + \alpha_7 SA + U \dots\dots ii$$

Where;

- WI = Work Input
- ND = Normal Duties
- ER = Extra Rewards
- AP = Adequate Pay
- SS = Salary Scale
- JR = Job Responsibility
- DB = Departmental Burdened
- SA = Special Allowance

4 FINDINGS

H₀₁: There is no significant relationship between intrinsic reward and employee's productivity

Table 4.1 - ntrinsic Reward and Employee's Productivity

Independent Variables	Coefficient	Standard Error	T-statistic	Probability
(Constant)	2.164	.328	6.608	.000
Long service award and gift	-.006	.065	-.089	.929
Recognition program	.570	.241	2.365	.010
Non-monetary rewards	.176	.054	3.240	.001
Educational opportunities	.110	.067	1.642	.102
Training and conferences	.173	.057	3.029	.003

Source: Author's Computation (2013) (Dependent Variable: Employee's Productivity)

R – Squared	=	0.361
Adjusted R-Squared:	=	0.344
F – Statistics	=	9.744
Prob (F – statistic)	=	0.000

$$EP = 2.164 - 0.006LSAG + 0.570RP + 0.176NMR + 0.110EO + 0.173TAC + U$$

The equation above revealed a constant value of 2.164 and that, 1% increase in recognition program, non-monetary rewards, Educational opportunities and Training and conferences will increase the Employees productivity by 57%, 17.6%, 11% and 17.3% respectively. The analysis of the coefficients of multiple determinations (R^2) which measures the goodness of fit of a model revealed R^2 of about 0.361 indicating that 36.1% of the systematic variations in the Employees productivity are being explained by the variations in long service award and gift, recognition program, non-monetary rewards, Educational opportunities and Training and conferences. This shows that only about 63.9% variation is left unaccounted for and this is attributed to the error term. The T-Statistics (T-Test) is expressed as the ratio of estimated parameter to its standard error and is used to test for the individual significance of individual estimated parameters. This was carried out at 5% level of significance.

Decision rule: *Reject the null hypothesis (H_0) if the t-calculated (t^*_{cal}) is greater than t-tabulated (t^*_{tab}) at 0.05 (5%) level of significance, the Degree of freedom is 1.960*

*with $N - K$, $280 - 6 = 274$ which is the value of t-tabulated (t^*_{tab}).*

Where: N = Number of observation

K = Number of estimated parameters

Table 4.2 - Summary of T-Test

Variables	T- Calculated	T-Tabulated	Decision	Summary
Long service award and gift	-.089	1.960	Accept H_0	NS
Recognition program	2.365*	1.960	Reject H_0	S
Non-monetary rewards	3.240*	1.960	Reject H_0	S
Educational opportunities	1.642	1.960	Accept H_0	NS
Training and conferences	3.029*	1.960	Reject H_0	S

Source: Author's computation (2013).

The table above showed (t^*_{cal}) gift for long service award and Educational opportunities to be less than the tabulated (t^*_{tab}) value; then, the null hypotheses (H_0) for these variables were accepted meaning that staff may not value long service award and educational opportunities as motivating rewards. However, the table further revealed that the calculated t-value (t^*_{cal}) of recognition program, non-monetary rewards and Training and conferences were significant at 0.05 level, meaning that university staff will see recognition, non-monetary rewards and Training and conferences sponsorships as motivating rewards for high performance, hence the alternative hypothesis was accepted. However, The F-Statistic (F- test) which test the overall significance of the model at 5% with $V_1 = 5$ and $V_2 = 274$ degrees of freedom, showed the (F^*_{cal}) value of 9.744 which was greater than the (F^*_{tab}) at 2.37 from the statistical table. Therefore, the alternative hypothesis was accepted to conclude that there is a significant relationship between intrinsic rewards and workers productivity but with workers paying more attention to recognition, non-monetary rewards and sponsorship for training and conferences as more rewarding intrinsic factors.

H_{02} : There is no significant relationship between extrinsic reward and employees' productivity

Table 4.3 - Extrinsic Rewards and Workers Productivity

Independent Variables	Coefficient	Standard Error	T-statistic	Probability
(Constant)	1.600	.301	5.320	.000
salary increase	.068	.053	1.287	.199
monetary rewards	.024	.048	.504	.615
Job promotion	.219	.059	3.704	.000
Financial rewards	.328	.058	5.671	.000

Source: Author's Computation (2013).

Dependent variable: employee's productivity

R – Squared = 0.271

Adjusted R-Squared: = 0.259

F – Statistics = 21.965

Prob (F – statistic) = 0.000

*** Substituted coefficients**

$$EP = 1.600 + 0.068SI + 0.024MR + 0.219JP + 0.328FR + U$$

The table above revealed a constant value of 1.600 as value of the Employees productivity if all the explanatory variables (salary increase, monetary rewards, Job promotion and financial rewards) are held constant. Also, the equation further revealed that salary increase, monetary rewards, Job promotion and financial rewards have a positive relationship with Employees productivity. This implies that 1% increase in salary increase, monetary rewards, Job promotion and financial rewards will increase the Employees productivity by 6.8%, 2.4%, 21.9% and 32.8% respectively.

The analysis of the coefficients of multiple determinations (R^2) which measures the goodness of fit of a model revealed R^2 of about 0.271 implies that 27.1% of the systematic variations in the Employees productivity are being explained by the variations in salary increase, monetary rewards, Job promotion and financial rewards. This shows that only about 73.9% variation is left unaccounted for and this is attributed to the error term. The T-Statistics (T-test) was carried out at 5% level of significance with the results depicted in Table 4.4 below:

Table 4.4 - Summary of T-Test

Variable	T Calculated	T-Tabulated at 5% Level	Decision	Summary
Salary increase	1.287	1.960	Accept H0	NS
Monetary rewards	.504	1.960	Accept H0	NS
Job promotion	3.704*	1.960	Reject H0	S
Financial rewards	5.671*	1.960	Reject H0	S

Source: Author's computation (2013).

Note: * means significance

From the table above, salary increase and monetary rewards coefficient were not significant meaning that salary increase and monetary rewards from this study have an insignificant impact on the Employees productivity. However, the table further revealed that job promotion and financial rewards are statistically significant to accept the alternative hypothesis that job promotion and financial rewards will have a significant impact on employees' productivity. F-Statistic (F-test) was employed to test for the overall significance of the model at 0.05 level of significance. Since the $F^*_{cal} > F^*_{tab}$ i.e. $21.965 > 2.37$, the Null hypothesis (H_0) was rejected to conclude that the estimated parameters are statistically significant and they are significantly different from zero.

H₀₃: There is no significant relationship between social recognition reward and employee's productivity

Table 4.5 - Social Recognition Reward and Employee's Productivity

Independent Variables	Coefficient	Standard Error	T-statistic	Probability
(Constant)	2.898	.269	10.758	.000
Social recognition program	.273	.058	4.684*	.000
Verbal and written recognition	.089	.064	1.387	.167

Source: Author's Computation (2013).

Note: * means significance

R – Squared = 0.180

Adjusted R-Squared: = 0.173

F – Statistics = 11.099

Prob (F – statistic) = 0.000

* Substituted coefficients

$$EP = 2.898 + 0.273SRP + 0.089VWR + U$$

The equation above revealed a constant value of 2.898 for employees productivity if all the explanatory variables (Social recognition program and Verbal and written recognition) are held constant. Social recognition program and verbal and written recognition have positive relationships with employees productivity. This implies that 1% increase in Social recognition program and Verbal and written recognition will increase the Employees productivity by 27.3% and 8.9% respectively. The coefficients of multiple determinations (R^2) which measures the

goodness of fit of a model revealed R^2 to have a value of 0.180 implying that 18% of the systematic variations in the employees' productivity are being explained by the variations in social recognition program and verbal and written recognition. This shows that only about 82% variation is left unaccounted for and this is attributed to the error term. T-Statistics (T-test) is used to test for the individual significance of individual estimated parameters at 5% level of significance as depicted in Table 4.6 below:

Table 4.6 - Summary of T-Test

Variable	T Calculated	T-Tabulated at 5% Level	Decision	Summary
Social recognition program	4.684	1.960*	Reject H0	S
Verbal and written recognition	1.387	1.960	Accept H0	NS

Source: Author's computation (2013).

Note: * means significance

The t-value (t^*_{cal}) of Social recognition program was statistically significant which means that social recognition program will significantly enhance employees productivity. However, the table further revealed that the t-value (t^*_{cal}) for verbal and written recognition was not statistically significant at 0.05 level; hence, the null hypothesis was accepted. To determine the overall significance of the test, F-Statistic (F-test) was conducted. The F-statistic coefficient (F^*_{cal}) was 11.099 (i.e. $F^*_{cal} > F^*_{tab}$; $11.099 > 2.37$); hence, the study concluded that, since the estimated parameters were statistically significant and they are significantly different from zero it means that the alternative hypothesis that there is significant relationship between social recognition reward and employee's productivity is accepted

H₀₄: The difference between job parity and pay parity is not statistically significant

From the study conducted on this hypothesis, 55% of the respondents strongly disagreed that their current salary is equivalent to their work input, while 20% was in

agreement with this statement meaning that the majority of the sampled respondents did not regard their present salary to be equivalent with their work output. Similarly, 86.8% of the sampled distribution agreed that employees should be rewarded for meeting specific criteria above and beyond normal duties while only 2.9% disagreed with this. In other words, nearly all the sampled respondent would prefer employees to be rewarded for meeting specific criteria above and beyond their normal duties. In addition, a test was conducted to find out whether job design (work load), compared with their peers' work load in other departments, commensurate with their pay and job. 55.8% disagree to say that there is no uniformity of job design, hence the disparity between pay and actual job done, while 26.1% of the sampled respondents believed that job commensurates with pay. A test conducted on whether there are overburdened departments in the university system revealed 65.7% agreeing to this fact, while 16.7% disagreed. As a result of this, 80.2% of the respondents agreed to the fact that officers of the university in charge of overburdened departments should be compensated with special allowances outside their salaries to compensate for the inequalities in their jobs compared to their peers in other departments.

To further confirm the conjecture about pay and job parity, inferential statistical test of correlation was performed to measure the relationship between some elements that that can determine workers productivity if job and pay parity is achieved.

Table 4.7 - Pay and Job Parity

	Work Input	Normal Duties	Extra Reward s	Adequa te Pay	Salary Scale	Job Respon sibility	Departm ental Burdened	Special Allowance
Work Input	1	-.043	.386(**)	.415(**)	.004	.111	-.158(*)	-.058

Normal Duties	-.043	1	.099	-.170(**)	.099	-.005	.144(*)	.222(**)
Extra Rewards	.386(*)	.099	1	.313(**)	-.064	.049	-.108	-.149(*)
Adequate Pay	.415(*)	-.170(**)	.313(**)	1	.191(**)	.254(**)	.009	.077
Salary Scale	.004	.099	-.064	.191(**)	1	.403(**)	.089	.218(**)
Job Responsibility	.111	-.005	.049	.254(**)	.403(**)	1	-.097	.078
Departmental Burdened	-.158(*)	.144(*)	-.108	.009	.089	-.097	1	.382(**)
Special Allowance	-.058	.222(**)	-.149(*)	.077	.218(**)	.078	.382(**)	1

Source: Authors Field Survey (2013)

The correlation result presented in the table above reveals that Work Input and Extra Rewards are positively correlated with a correlation coefficient of 0.386, which is significant at 1% significance level. In addition, Adequate Pay is also positively correlated with Work Input with correlation coefficient of 0.415 and significant at 1%. Special Allowance and Normal Duties are also correlated positively with correlation coefficient of 0.222, which is significant at 1%

significance level, while Job Responsibility and Salary Scale are positively correlated with positive correlation coefficient of 0.403, which is also significant at 1% significance level. More so, Job Responsibility and Adequate Pay are positively correlated with positive correlation coefficient of 0.254, which is also significant at 1% significance level. However, special allowance and departments burdened with extra job were positively correlated with 0.382 and significant at 1%. These correlation results have shown that is a strong and positive significant relationship between job and pay; hence, disparity between the two cannot be glossed over by employees. However, the descriptive statistic showed a very significant disparity between job allotted based on grades and pay allotted to such grades based on job. This means that some on same grade earning same salaries do not necessarily do the same job, while some are overburdened and some are saddled with less cumbersome responsibilities. Hence, the respondents' believed that officers in charge of overburdened departments, sections, or units irrespective of grade level should be compensated with special allowances. Based on the tested hypothesis and the descriptive statistics, the difference between job and pay parity in this study is significant, that is: pay does not commensurate with job allocation among the staff categories in the University. Hence, alternative hypothesis is accepted that the difference between job parity and pay parity is statistically significant. The implication of this is that workers morale will be low and not encouraged to give all their commitments, since volume of work does not align with pay.

5 CONCLUSION AND RECOMMENDATIONS

This study was conducted to measure if effective and transparent reward system in the University system will have strategic improvement on employees' commitment and productivity. From the findings, members of staff in the University would love to be appreciated using either the intrinsic or extrinsic reward or a combination of both. It was discovered from the study that the productivity level of workers will increase with the use of recognition program, like commendation letter for job well done, and opportunity given to attend conferences and training. The study's findings equally showed that employees' would want a reward system built around effective promotional system rather for financial rewards all the time to increase staff productivity. Findings equally showed social recognition as one of the key

reward factors that has significant relationship with employees' productivity. Finally, the study established a strong relationship between job and pay, to deduce that job and pay parity is highly essential to notice in designing a winning reward strategy. Job and pay disparity will demotivate staff and may even make some very zealous and hard-working staff to relent in their efforts the moment they know that whatever job is done, there is equal pay at the end of the month. From the findings, members of staff of University of Lagos do not regard their present salary to be equivalent with their work output, and would rather prefer to be rewarded for meeting specific criteria above and beyond their normal duties. The analyses also showed that there are overburdened and light burdened departments/sections/units, and officers in such departments would want to be compensated with special allowances, apart from their salaries based on the level of job responsibility allotted to them. Since experts in various fields are needed in the university system, and yet, they are very scarce to come by, university administrators should endeavour to design a competitive reward system that can attract, employ and retain these scarce academic and non-academic professionals for the continuous growth of their universities. Based on the findings, as revealed in this study, every aspect of reward is important. The staff believed that their productivity would improve or increase if reward is tied to performance. Therefore, the following are recommended for the university administrators to improve employees' productivity:

- i. A holistic reward system that will adopt the Total Reward strategy should be designed by the universities with input from the workers so as to increase productivity and put an end to incessant industrial unrest in the Nigerian academic system;
- ii. Yearly commendation letter, university meritorious awards and golden price (i.e. saloon car) should be designed and presented to staff with overall outstanding performance in the system as approved by their Head of department/section/unit in the appraisal form and selected by a special committee based on established criteria that are sacrosanct. This will motivate and make the staff feel appreciated and equally create healthy competition and aggregate productivity improvement;

iii. The University website is also a good medium through which members of staff can be appreciated. This form of reward is cost effective and such staff would not only be acknowledged locally but also globally;

iv. It was established by the members of staff that overburdened departments/sections/unit should be compensated with special allowances. Therefore, the university system should re-evaluate the various units and determine units that are heavily burdened so as to establish appropriate compensation. Since it is whosoever in that unit per-time that will enjoy this allowance, it will make staff not revote against posting, especially when they are transferred to such heavy workload departments or units. This will encourage staff in such departments/sections/units to know that the University management appreciate the extra effort/work they are putting into the system;

v. Management should look towards the direction of exposing members of staff to the use of latest technology so as to get efficient and effective result.

Reward is a key strategy, if used properly by management, it has the capacity to attract the right workforce, retain them and turn them to passionate members of family of the organization that, come rain and sunshine, they will forever *glue* to the organization. This should be the desire state pursued by any goal oriented chief executive. The war of competition whether at public or private institutions can only be won when organization has the right and committed soldiers.

REFERENCES

ANYEBE, A. The Nigerian Civil Service; Issues in structure and operation. **Journal of professional administration**, v. 5, p. 11-17, 2003.

ARMSTRONG, M. **A handbook of employee reward management and practice**. London: Kogan Page, 2005.

ARMSTRONG, M.; MURLIS, H. **Reward Management: A Handbook of Salary Administration**. London: Kogan Page. 2007.

ARMSTRONG, M.; STEPHEN, P. **A hand book of employee reward management and practice**. London: Kogan Page, 2005.

BARON, R. A. **Behaviour in organisations**. New York: Allyn & Bacon, Inc., 1983.

Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.8, n.1, jan./abr. 2015.

- BEAM, B.T.; MCFADEN, J.J. **Employee Benefits** 7th ed. Dearbon: Financial Publishing, 2006.
- BOB, N. Making employees suggestions Count. **Journal of personnel management**, v.17, p. 20 - 41, 2001.
- BRENNER, P. **Workers physical surrounding**. Impact bottom line accounting: Smarts Pros.com, 2004.
- BROWN, D. Reward strategies, **Journal of personnel management**, v. 1, p.17-29, 2003.
- BULL, I. H. F. **The relationship between job satisfaction and organizational commitment amongst high school teachers in disadvantaged areas in the Western Cape**. Unpublished Masters Dissertation. Cape Town: University of the Western Cape, 2005.
- CACIOPPE, R. **Using team–individual reward and recognition strategies to drive**, 1999.
- DEEPROSE, D. **How to recognise and reward employees**. New York: AMACOM, 1994.
- ENTWISTLE, N. Motivation to learn, conceptualization and practices, **British Journal of Education Studies**, v.35, n.2, p. 129-148, 1987.
- FLYNN, G. Is your recognition program understood? **Workforce**, v. 77, n. 7, p.30-35, 1998.
- FREEDMAN, M. S. Some Determinants of Compensation Decisions. **The Academy of Management**, 1978.
- GROSS, S.E; FRIEDMAN, H.M. Creating an effective total reward strategy: holistic approach better support business success. **Ben. Quart.** 3rd Q., v. 20, n. 3, p. 7-12, 2004.
- HARRISON, D. A.; LISKA, Z. Promoting Regular Exercise in Occupational Fitness Programme, **Journal of Personal Psychology**, v. 5, n. 5, p. 27-45, 2008.
- HENDERSON, R.I. **Compensation management in a knowledge based world**. Eaglewood Cliffs, New Jersey: Prentice Hall, 2007.
- HERZBERG, F.; MAUSNER, B.; SNYDERMAN, B.B. **The motivation to work**. New York: John Wiley, 1959.
- LA MOTTA, T. **Recognition: The quality way**. New York: Quality Resources, 1995.
- LAMBERT, S. Added benefits: The link between work life benefits and organizational citizenship. **Academy Management Journal**, v.43, p. 5, 2005.
- LARSON, A. **Demystifying six sigma**. New York, NY: AMACOM, 2003.
- LAWLER, E. E. **Treat people right**. San Francisco: Jossey-Bass Inc. McGraw-Hill Irwin, 2003.
- Revista Eletrônica de Estratégia & Negócios, Florianópolis, v.8, n.1, jan./abr. 2015.

MASLOW, A.H. A theory of human motivation. **Psychological Review**, v.50, n.4, p. 370-396, 1943.

MICELI, M.P.; LANE, M.C. Antecedents of pay satisfaction: A review and extension. **Research in Personnel Resources Management**, v.9, p. 235-309, 2001.

MILKOVICH, G.M., NEWMAN, J.M. (2004). **Compensation**. 8th ed. Burr Ridge, IL: Irwin McGraw-Hill.

NATIONAL SALARIES INCOMES AND WAGES COMMISSION. **Historical Perspective on Salary and Wage Reviews**, (2013). Available on: <www.nsiwc.gov.ng/.../Historical>. Access on: 30 nov. 2014.

OOSTHUIZEN, T. F. J. Motivation influencing worker performance in a technical division of Telkom SA. **Acta Commercii**, v. 1, p. 19-30, 2001.

ORGANIZATIONAL SUCCESS. Leadership Organ. **Dev. Journal**, n. 20, v. 6, p.322-331, 2002.

PFAU, B.N.; KAY, I.T. The five key elements of a total reward and accountability orientation. **Ben. Q.** 3rd Q., n. 18, v. 3, p. 7 -15, 2002.

RUMPEL, S.; MEDCOF, J.W. Total rewards: good fit for tech workers. **Res. Technol. Manage**, v. 49, n.5, p. 27-35, 2006.

UJO, A.A. **Theory and practice of development administration**. Kaduna: Joyce Graphic Printer's Publishers, 2008.

WOOD, A.T. Effects of contingent and non-contingent rewards and control on intrinsic motivation. **Organizational Behaviour & Human Performance**, n.8, p. 217-229, 2004.

WORLDATEWORK RESEARCH (2009). Available at: <<http://www.wordatwork.or/waw/aboutus-whatis.html>>. Access on: 15 oct. 2014.

YESUFU, T. M. **The dynamics of industrial relations: the Nigeria experience**, Ibadan: University Press Limited, 1984.

ZINGHEIM, P.K.; SCHUSTER, J.R. How you pay is what you get. **Across the Board**, v. 38, n.5, 2001, pp 41-44.