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REWARD SYSTEM MANAGEMENT AND EMPLOYEE PERFORMANCE IN NIGERIAN PUBLIC ENTERPRISES: A STUDY OF NIGERIAN TELEVISION AUTHORITY ILORIN

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Abstract

A reward system is seen to be thriving only when the employees concerned construe its guidelines as fairly handled, consistent, and relevant. Therefore, this study seeks to examine whether or not reward system management play any role on employees' job performance in Nigerian public enterprises. The specific objectives of the study were to: (i) determine the relationship between elements of reward management system and employees' job performance and to (ii) examine the extent to which intrinsic and extrinsic reward influences employees' job satisfaction. The study adopted a survey research design through the use of a well structured questionnaire to elicit the needed information from the respondents. The study adopted a census approach by using the total population of 78 staff of the organisation. Correlation and Multiple regression analysis were used to test the formulated hypotheses. The result of the correlation analysis revealed that strong and significant relationship exist between elements of reward management system and employees' job performance; and that intrinsic and extrinsic rewards have significant influence on employees' job satisfaction (R^2 square of 0.635, p -value=0.0001). The study concluded that reward management system elements have significant relationship as well as good influence on employees' job performance and that intrinsic and extrinsic rewards have significant influence on employees' job satisfaction. The study therefore recommended that government should make very serious policies regarding the provision of rewards and welfare packages for employees of the government owned telecommunication organizations if the purpose that calls for their establishment are to be achieved.

Keywords:

Reward system, Employee performance, Public enterprises, intrinsic and extrinsic reward, job satisfaction.

Introduction

Reward system is a fundamental aspect of any organization. They can vigorously engage and renew the overall sense of community and mission of an organization. A properly managed reward system can provide incentive for good quality of work and consistent staff performance. Likewise, a poorly administered reward system can lead to low morale, unproductive performance, and utmost high labour turnover. A reward system is successful when the staff interprets its policies as fairly handled, consistent, and relevant. Reward sometimes motivate people to explore a more effective and efficient ways of handling their jobs or playing their assigned role towards the achievement of organizational goals and objectives and sometimes vice-versa. Generally, organizational members have different needs for, and perception about rewards. Some employees consider cash as sufficient to fulfill their needs, others prefer material incentives like car, house, while some prefer holidays and non-material incentives (La Belle, 2005).

Rewards are designed to motivate behavior and actions that enhances the achievement of the set goals of organization. The questions that readily come to mind are: what sort of behaviour or actions does an organization want? How can reward process promote or enhance such behaviour? What motivates an organization to design reward packages for their employees? Nearly all organizations invest in the provision of rewards to motivate their employees in order to get the desired results. Going by the theme of equity theory, the adequacy of any rewards system will to a great extent depend on the value the employees place on the inputs they bring to the job in the form of education, experience, training, time, effort etc., with the outcomes (rewards) such as pay, promotions, praises and recognitions they receive as a result of performing the job (Fajana, 2002).

Individuals and groups within an organization who feels that they are being rewarded inequitably going by the quality of their inputs are unlikely to be highly motivated to perform effectively and are much likely to consistently stay away from work (absenteeism) or to leave the organization altogether (turnover) all these could be a source of threat to the corporate survival or existence most especially where many organization members did not perceive the reward system as favorably implemented. If the rate at which people are leaving the organization or avoiding joining the organization is so high, the organization must investigate the underlying causes and may be a

function of negative job attitudes, low job satisfaction and the state of the labor market (Perry, 2006).

Organisations need employees to work willingly towards achieving organizational goals. Willingness to work however depends on how well the organisation integrates the interest and needs of the employees with the objectives of the organisation. How to motivate the employees in organisation is a very significant role of a good leadership. According to behavioral scientists, people work because of the need to attain a number of goals or to satisfy certain needs or motives and employees are no exception (Adelabu, 2003).

In about four decades ago, people of the developing countries relied more on public enterprises than industrialized economies did in the hope that they would balance or replace a weak or ideologically unacceptable private sector; would invest more and also produce a capital surplus to finance investment; and would transfer technology to strategic firms in mining, telecommunications, transport and heavy industry. Besides, it is believed that it will be the fairest sector due to the nature of its leadership and appreciable level of administrative independence. Public enterprises is a type of business unit or organization owned, managed and controlled by the central, state or local government. In other words, they can simply be referred to as public sector undertakings. Public enterprise can also be seen as any commercial or industrial undertaking owned and managed by the government with a view to maximize social welfare and uphold the public interest.

By and large, regardless of the type and nature of a business organization, the overall aim of reward system is to support the attainment of the organization's goals and objectives by helping the organization to ensure that it has the skilled, committed and well-motivated work force it needs. Therefore, it is necessary for the administrators to develop the most suitable incentives and good reward system which could be financial and non-financial, in order to motivate the employees and enhance their performance. Regardless of the nature or type of rewards (financial or non-financial or both) its usefulness or relevance will depend largely on employees' assessments of their adequacy and capability to enhance employees' performance (Gunu, 2005). It is on the basis of the foregoing that this study seeks to examine the impact of reward management system on employee job performance in Nigerian public Enterprises with particular reference to the Nigerian Television Authority Ilorin.

Statement of Problem

Inadequate management commitment to reward programs, conflicts that often set in between the employees included in and those excluded from reward programs, inability to quickly feel and track the results of the programs, inadequate training of managers and poor program designs, that increase labour costs without providing offsetting organizational benefits has overtime affected the efficacy of reward programs as a panacea to improving employees' job performance in most public organisations.

Reward programs require heavy investment in paying as well as training of staff that is to implement the various reward packages. This has made most organisations especially public companies or enterprises to view the systems of rewarding employees as an additional cost of doing business. Therefore, rewarding employees appropriately in Nigerian public enterprises has not always received due attention despite the obvious leading roles they play towards attaining organizational objectives of complementing and propelling various government policies of economic growth and development.

Going by the theme of equity theory, the perception of inequity or imbalance between staff input and output in some public organisations often resulted in consistent labour turnover between public and their private counterpart most especially in the news media organisations where staff moves at the slightest opportunity due to attractive reward packages as sound general working conditions commonly use as bait to attract needed employee from the public telecommunication organisation. This development has led to the dearth of quality and dedicated employee who have the natural capacity of putting the organization on sound competitive advantage when compared to their privately owned counterpart.

Research Questions

From the statement of the problem above, the following research questions were formulated for this study.

- i. What is the relationship between reward management system elements and employee' job performance
- ii. To what extent does intrinsic and extrinsic reward influences employees' job satisfaction?

Objectives of the study

The main objective of this study is to determine the impact of reward management system on employee job performance in Nigerian public enterprises. Other specific objectives are to:

- i. determine the relationship between reward management system elements and employees' job performance
- ii. examine the extent to which intrinsic and extrinsic reward influences employees' job satisfaction

Research Hypotheses

Based on the above stated research questions and objectives, the following research hypotheses were formulated:

- H₀₁: There is no significant relationship between elements of reward management system and employees' job performance.
- H₀₂: Intrinsic and Extrinsic rewards have no significant influence on employees' job satisfaction.

Literature Review

Concept of Reward Management System

The aim of reward management is to reward people fairly, equitably and consistently in accordance with their value to the organization through the formulation and implementation of organizational programmes and strategies. The design, implementation and maintenance of reward processes and practices are directed towards the improvement of organizational, team and individual performance (Armstrong & Murlis, 2004). Armstrong (2010) viewed reward management to be the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and adequately rewarded.

Reward systems are the planned activities that organizations implement in order to increase their employee's performance towards achieving goals of the company. Managing human resources which is the most valued asset of an organization, has received much attention recently because much more

could be gained from a better handling of human resource within organization.

Most organizations view their systems of rewarding employees as an additional cost of doing business which should not be so because it is very salient to reward employees and the outcome is that it motivates them to put in more efforts, skills and ability which at the long run increases productivity. Nevertheless, in an increasing knowledge and service based economy, where remuneration can constitute high percentage of the total operation cost, progressive organizations are coming to regard reward systems as a source of competitive advantage. An effective organizational reward system will help create a skilled, committed, competent and well-motivated workforce, one that ensures that the organization stays ahead of its competitors (Carter, 2002). Rewards can therefore be defined as something given in recognition of service, effort or achievement. They can either be in monetary or non-monetary terms.

Elements of Reward System

Slocum and Hellriegel (2009) identified the following as the four popular reward programs that organisations commonly used to motivate employees to achieve higher performance:

Skilled-Based Pay Programs

This is a system of paying employee according to his or her value in the labour market. Here, employee with highly developed skills and those with multiple skills are seen to be particularly valuable assets to the organisation. Skill-based pay programs are based on the number and level of job-related skills that an employee has learned. Skill-based pay compensates employees for the skills they can use in the organisation, rather than for specific jobs they are performing. Pay changes do not necessarily go along with job changes. There is also little emphasis on seniority. The underlying assumption is that by focusing on the individual rather than the job, skill-based reward programs recognize learning and growth. Employees are paid according to the number of different skills they can perform.

Besides, one major drawback of this type of pay programs is the tendency to top out. Topping out occurs when employees learn all the skills there are to learn and then run up against the top end of the pay scale, with no higher level to attain. However, the most commonly used method to resolve the

topping out effect is through the introduction of a gain-sharing program after most employees have learned all the required skills. Other methods are by making skills obsolete, eliminating them and adding new ones thus raising the standard of employee competence. Other issue includes inadequate management commitment to the program, conflicts between the employees included in and those excluded from the skill-based program, inadequate training of managers and poor program designs that increase labour costs without providing offsetting organizational benefits. Skill-based pay programs also require a heavy investment in training, as well as measurement systems capable of telling when employees have learned new skills.

Gain-Sharing Programs

Gain-sharing reward programs are designed to share with employees the savings from productivity improvements. Productivity can be measured in terms of less downtime, quality, or safety issues. The underlying assumption of gain-sharing is that employees and the employer have similar goals and thus should share in economic gains. So far, every money paid out in gain-sharing, the company saves a like amount in lower labour costs, less waste and fewer rejects and lower workmen's compensation premiums. Many gain-sharing programs encourage employees to become involved in making decisions that will affect their rewards. Gain-sharing programs are usually tied to a program, division or department's improvements. This program is designed to save labour costs and incentives are calculated as a function of labour cost relative to the sales value of production. Working together employees and managers develops a formula that bases the distribution of rewards on a ratio of total labor cost to total sales volume. If actual labour costs are less than expected, the surplus goes in to a bonus pool. In general gain-sharing programs seem suited to small organisations with a good market, simple measures of performance and production cost that can be controlled by the employees. However, some large organisations have successfully applied the gain-sharing programs in their manufacturing programs. Top management should support program and the employees should be interested in and knowledgeable in gain sharing.

Although gain sharing programs sound good, there have been notable failures most especially when a noticeable over capacity in the production of certain products with its attendants decline in the prices of such products in the market is noticed. In such situation, top management has to cancel the

The Concept of Employee Performance

Employee's performance measurement is concerned with quality and timeliness of output, punctuality, efficiency and effectiveness of work done. That is, employee performance connote the successful completion of tasks by an individual or group of individuals, as set and measured by a supervisor or organization, to pre-defined acceptable standards while efficiently and effectively utilizing available resource within a changing environment (Mathis & Jackson 2009).

Aguinis (2009) opined that performance is concerned with only the behaviours themselves rather than the result of an employee's behaviour. That is, Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work. The contributions of individual employee to the success of the organisation is a function of the general belief about his behavior. Employee performance may be taken in the perspective of three factors which makes it possible to perform better than others, determinants of performance may based on variables such as "declarative knowledge", "procedural knowledge" and "motivation" (McCloy, Campbell & Cudeck, 1994).

In setting competitive compensation level, Carlson, Wayne and Grzywacz (2006) identified five basic human resource management practices that has good influence on performance to be, training and development, performance appraisal, recruitment package, and maintaining employee's morale. Also, the study carried out by Tessaema and Soeters (2006) on eight HR practices of recruitment and selection, placement, training, compensation, employee performance evaluation, promotion, grievance procedure and pension or social security in relation with the perceived performance of employees revealed that these HR practices have positive and significant associations with the perceived performance of employees.

Reward system and Employees' Job Satisfaction

There seems to be difficulty in arriving at a final definition of what job satisfaction is despite its worldwide usage in everyday life and even in scientific research. In essence, there is no final definition on what job actually stands for. Job satisfaction can as well be seen to be the worker's sense of achievement and success on the job. It has direct link to productivity as well as to personal well-being of employees. Job satisfaction implies doing well a job one enjoys doing and being rewarded for the efforts. It could also

implies enthusiasm and happiness with one's work. Job satisfaction is the key factor that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment (Kaliszki, 2007).

Job satisfaction can also be perceived to mean the extent to which a worker is contented with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation (Statt, 2004). The term job satisfaction refers to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction (Armstrong, 2006).

Job satisfaction involves the feeling and beliefs that people have about their current job. The extent of employee's job satisfaction can vary from extreme satisfaction to extreme dissatisfaction. People can also have attitudes about various aspects of their jobs such as the kind of work they do as well as attitudes about their job in its entirety, their coworkers, supervisors or subordinates and ultimately, their pay (George & Jones, 2008).

In fact the importance of employees' job satisfaction is well supported by the paradigm shift in organizational management practices which insist on treating employees as important stakeholders in the effective and efficient achievement of organizational goals and objectives.

Concept of public Enterprises

All industrial and commercial undertakings owned, managed and controlled by the Government are called public enterprises or public undertakings or public sector undertakings. These enterprises are known collectively as the public sector.

According to Hanson (1963) as cited by Soumya (2012), "Public enterprise means state ownership and operation of industrial, agricultural, financial and commercial undertakings". In the words of Khhera (1964) as cited by Soumya (2012), "by state undertakings is meant the industrial, commercial and economic activities carried on by the Central Government or by a state government, and in each case, either solely or in association with private enterprise, so long as it is managed by a self-contained management".

In the Encyclopedia Britannica a public enterprise has been defined as "an undertaking that is owned by a national, State or local government, supplies

services or goods at price, and is operated on a more or less self-supporting basis."

A careful analysis of the above definitions reveals the characteristics of public enterprises as: State owned, controlled and financed organisations, created to render services to the public with less emphasis on profit making, they are autonomous organisation with public accountability. This study only focus on the telecommunication or news media owned and controlled by government since issues bordering on reward systems differs across different public undertakings in Nigerian.

Theoretical review

Stakeholder theory

Stakeholder theory developed by Edward Freeman (1963) posited that stakeholder includes those groups without whose support the organization would cease to exist." As a part of management theory and practice, stakeholder theory takes a number of forms. Stakeholder theory maintained that managers who aspire to exploit their firm's potential will take a wider stakeholder interests into account. Stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders. In order to succeed and be sustainable over time, it is important that executives keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction with that of the organisation's goals and objectives. Edward, Jeffrey, Andrew, Bidhan and Simone de (2010) argued that managers are not just answerable to shareholders, that in addition to shareholders or stockholder they also need to consider any group or individual who can affect or is affected by the achievement of the firm's objectives.

Equity Theory

This theory was first advocated in the 1964 by J. Stacy Adam. The concept of equity stipulates that justice and fairness should dominate in reward system. According to equity theory, the motivation of individuals in organization is influenced by the extent to which they feel that they are being treated in a fair and equitable manner (Obisi, 2005). Robins and Coulter (2013) explained the theory further when they opined that equity theory proposes that employees compare what they get from a job (outcomes) in relation to what they bring into it (inputs) and then compare their inputs-outcomes ratio with

the inputs-outcomes ratio of related ones. As a result, if an employee perceives his ratio to be equitable in comparison to those of related ones, there is no problem. However, if the ratio is inequitable, he views himself as under rewarded or over rewarded. When inequalities occur, employees attempt to do something about it. The result outcome might result to lower or higher productivity, improved or reduced quality of output, increased absenteeism and at worst voluntary disengagement from the job. This study adopted both theories as presented because they touch on issues bothering on inclusiveness and at the same time determinant of employee performance in a typical organizational setting.

Empirical review

All and Ahmad (2009) conducted a study to check the relationship between rewards and employee's performance in cement industry of Pakistan. A total of two hundred questionnaires were randomly distributed among the employees of the five cement companies selected among the cement companies in Khyber Pakhtoonkhwa Province of Pakistan to elicit needed data. Multiple regressions were used to analyze the data collected. The results revealed that there is a direct relation between reward system and employee's performance.

Ajila and Abiola (2004) examined organizational and psychological factors as correlates of job performance of personnel in private university libraries. Descriptive research design was adopted for the study. The total population of the study comprised of 83 respondents in the 8 private universities in South-South Nigeria. Since the population was small, total census of the whole population was employed. The instrument adopted for the collection of data was the questionnaire. Out of the 83 copies of questionnaires administered, 73 were filled and returned for analysis. The data collected were used to test the hypotheses at 0.05 level of significance and the Pearson correlation tools was adopted for data analysis. The results of the study revealed that organizational factors (organizational culture and organizational commitment) and job performance among personnel in private university libraries in south-South Nigeria correlated than psychological factors (work motivation and self-esteem).

Ong and Teh (2012) conducted a study on reward system and performance within Malaysian commercial banks found that most of the commercial banks provide both monetary(extrinsic) and non-monetary (intrinsic) rewards. The study however, includes financial and non-financial indicators

as the dependent variables, the tools adopted in the study was the multiple regression analysis. The study revealed that negative relationship exist between extrinsic rewards and financial performance of organizations while intrinsic rewards are positively related to the employees performance as well as financial performance of the organizations studied.

Gap in Literature

The empirical study conducted above on reward management system and employee performance revealed the relevance of reward system on employees' performance in cement and banking industry in Pakistan and Malaysia respectively. This implies that the studies were carried out in foreign country with attendant systemic, regulatory, cultural, attitudinal and social differences with Nigeria. Besides, the one carried out in Nigeria has its focus on the employees in the private Universities (educational section) whereas this study focuses on the influence of reward management system on employee's job performance in the Nigerian public enterprises with reference to telecommunication industry.

METHODOLOGY

The study adopted a survey design to inquire the impact of reward management system on employees' job performance by constructing a well structured questionnaire divided into two sections; Section A and B. The information needed was obtained directly from the sampled population. Section A comprises question regarding respondents' bio-data while section B contains questions regarding reward management system and its effect on employee's job performance. The questionnaire was administered to the entire 76 available staff of the Nigerian Television Authority Ilorin as some were not on ground as they have proceeded on their annual leave. A census study was considered because the target population was small to sample and can be reasonably covered by the researcher. The study adopted a five (5) point Likert scale response style to elicit information from the respondents. Regression and correlation analytical tools were used to test the stated hypotheses. Out of 76 questionnaires administered only 75 were adequately filled and returned which brings the respond rates to 98%. Data collected were used to test the stated hypotheses through regression and correlation analysis with the aid of statistical packages for social science (SPSS) software.

The Model Specification for the hypotheses are stated below:

Hypothesis One:

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

Hypothesis Two:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \epsilon$$

Where:

Y = Employees' Job Satisfaction

B = coefficients of variables;

X₁ = Basic pay

X₂ = Incentive

X₃ = Bonuses

X₄ = Allowances

X₅ = Working Environment

X₆ = Impressive Job Title

ε = Error term

Data Presentation And Analysis

Test of Hypotheses

Hypothesis One: There is no significant relationship between reward management system elements and employees' job performance

Table 1: Correlations matrix of the relationship between elements of reward management system and employees' job performance						
Employees' job performance	Skilled Based Pay program	Profit-Sharing programs	Gain-Sharing programs			
	Pearson Correlation	Pearson Correlation	Pearson Correlation			
	1	75	75	75		
Skilled Based Pay						
Profit-Sharing						
Gain-sharing						
Flexible benefits						
Job						

Therefore, the Null hypothesis is rejected while the Alternative hypothesis is accepted.

Conclusion and Recommendations

Conclusion

The study concluded that there is a strong and significant relationship between reward management system elements and job performance of public enterprises including the Nigerian Television Authority, Ilorin, Kwara State and that intrinsic rewards have significant influence on the employee's job Satisfaction. Furthermore, reward system is the driving force that energizes a worker to show more commitment to work and improve his or her performance as well as job satisfaction.

Recommendations

- i. Findings that emanated from this study have serious implications for government policies on the provision of rewards and welfare services for the Government owned telecommunication organizations if the purpose that calls for their establishment are to be achieved.
- ii. Relevant Government ministry need to be up and doing to guarantee consistent payment of all entitlements, fringe benefits or incentives to be enjoyed by all the staff of its parastatals and agencies in a way that employee is genuinely motivated to perform at utmost level towards the attainment of the goals and objective for which they are established and never get discouraged by the huge cost involved in maintaining genuine reward programs as its long term benefits surpasses its initial cost.
- iii. The conditions of service and general work environment of staff in public enterprises should be made to be worker friendly to the extent that qualified people will be proud to remain with them and enhance their competitive advantage. That is, the feeling of equity is guaranteed in all their managerial activities at all times to discourage labour turnover/movement to their private counterpart.

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