

## **Reward System as a Predictor of Employees Motivation in National Root Crop Institute, Umudike**

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### **Abstract**

*The rapid changes in our business environment and increasing communication, development in knowledge management have made reward a system very paramount in every business sector. For employees to be fully motivated, the reward system should be the centre focus for the director of research institute, Umudike. The objective of this study was to find out the reward system as a predictor of employees' motivation in the National Root Crop Research Institute (NRCRI). The study adopted the descriptive design survey. The population of the study was 1385, according the report of the personnel department of June 2017. The sample size of 310 was drawn using the Taro Yamen formula. The hypotheses testing were done through the correlation coefficient model and the simple regression model. The findings revealed that there exist a correlation between reward system and employees' motivation of the NRCRI, indicating a positive relationship. It was also observed that employees' pay has a great effect on employees' motivation, as the result from the regression model showed a positive and statically significance at 1% level. The study recommended that the reward system of the NRCRI should be centre focus of the management of the institute, if the core mandate of setting up the institute is to be realized; the intrinsic and extrinsic working conditions of the NRCRI, Umudike should form part of the legal framework of the institute, as this has a way of influencing the performance of the employees and that better pay packages should be review from time to time by the management of the institute in order to spur and motivate the staff of the institute and their performance.*

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**Key words:** Motivation, Reward System, Employees' Pay, Working Conditions.

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### **Introduction**

All over the world, every organization provides different kinds of rewards to members. These rewards come in the form of salaries and wages, long service and certificates promotions, end of the year organisational bonus reward and other benefits. The essences of these rewards are to motivate human resource so as to organize other resources of the organization for the attainment of goals and objectives (Chepkwony and Oloko, 2014). This will aid the organization to move to the next level. It is important to note that effectiveness and efficiency is impossible to think of without the teamwork of experts which is difficult without better reward and motivation system (Chepkwong and Oloko, 2014). According to equity theory,

the adequacy of such rewards will to a large system depend on the value the employees place on the inputs they bring to the work in the form of education, experience, training, time, effort etc., with the outcomes (rewards) which are pay promotion, recognitions they are getting as a result of doing the job (Fajana, 2002). The moment employees discover that they are not properly rewarded this causes some kind of setback in his/her performance, and it is much likely that they are prone to stay away from work (absenteeism) embark on strike or better still to leave the organization (turn over) (Maduabum, 2006). This could send some bad danger to the organizational goodwill. However, the rate at which employees are leaving the organization or avoiding joining the organization could be a function of negative attitudes lack of job satisfaction and the state of the labour market in which National Root Crops Research Institute (NRCRI), Umudike is not an exception (Perry et al., 2006). It is worthy to state here that NRCRI, Umudike needs employees whose willingness to work could help to achieve the organizational goals. Willingness to work could however depend on how sincere the director and other principal officers are able to integrate the interest and needs of the employees with the objectives of the research institute (Bello and Adebajo, 2014). Consequently, for the research institute to achieve its goal, quality leadership together with good policies must be put in place that will be in tandem with the rewards system of employees. It is a known fact that bad or absence of motivation would hinder performance, because stress, discomfort, frustration of employees will eventually have negative effect on the core mandate of the institute (Odden, 2000). It is important to note at this point that, any strategies and policies formulated and implemented should aim at rewarding employees fairly and consistent to the values of the organization. This could be in form of financial and non-financial suitable incentives. Furthermore, the effectiveness of NRCRI, Umudike to deliver on its core mandate will depend on the good reward system put in place to motivate the employees.

### **Statement of the Problem**

Employees' motivation for effective performance in our research institutes has not always received maximum attention, even when it was established to deliver on its core mandate of research on roots and crops yield of high quality for food sufficiency (Obasi, 2005). Despite the leading role it plays in the economy of Nigeria, the employees of the institute have been left in untold hardship because of lack of proper rewards system. This results on the employees embarking on incessant strike. Lack of job satisfaction has also been evidence by the employees strike. However, the idea of engaging the services of non-professional in the field work has further deepened the existence problem of infrastructural decays in the research institute.

The ill treatment of employees, especially professional in the field has cause them to seek for alternative means of livelihood and getting their attention back for full commitment is serious problem for the institute. In this case, some directors are encourage by government to engage the services of the quack professional who will come and give half-baked results which cannot stand the taste of time. It is pertinent to note that during this period while strike lasted, the crops were nurtured on the field are over growing by the weed. The experiments in the laboratory that were conducted are also abandoned; the apparatus in the lab can be vandalized by criminals and even the crops at the demonstration sites. This results in huge loss to the nation. Furthermore the inconsistency governmental policies such as non-payment of employees' allowances, embezzlement of pension fund, and non-inclusion of workers in long service award programmes have been said to be responsible for the inability of the institute to deliver on its core mandate. No empirical studies have been carried out on Reward System as

a predictor of employee's motivation in NRCRI, Umudike. It is on this premise that study seeks to investigate in order to bridge the knowledge gap.

### **Objectives of the Study**

The main objective of this study is to investigate the effects of rewards system on employees' motivation in NRCRI, Umudike. The specific objectives are to;

- Ascertain the relationship between reward system and employees' motivation
- Determine the relationship between working conditions (such as: promotion, long service reward etc.) and employees motivation
- Evaluate the effect of employees pay on their motivation.

### **Research Questions**

This study answers the following research questions that were stated to guide the study

- What is the relationship between reward system and employees motivation
- Is there any relationship between working conditions and employees motivation
- What is effects of employees pay on their motivation

### **Research Hypotheses**

- There is no significant relationship between reward system and employees motivation
- There is no significant relationship between working conditions and employees motivation
- Employees pay does not affect their motivation

## **2 Literature Review**

### **2.1 Conceptual Framework**

#### **2.1.1 The Concept of Reward System**

The organization's reward system influences decision makers by suggesting to them what choices are preferable in terms of personal payoff. For instance, if the organization rewards risk aversion, managers are more likely to make conservative decisions (Robbins and Judge, 2007). Armstrong (2001), postulated that reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in tandem with their contribution, skills and competence and as well as their markets worth. It is important to note that, the reward system varies from organization to organization according to the organizations philosophy, strategies and policies which form part of the legal framework. This framework contain the processes, practices, structures and procedures which help to provide and maintain levels of pay, benefits and other forms of reward (Bello and Adebajo, 2014).

Johnson et al. (2010) suggests the aims of reward system to include; attract, retain and motivate employee, to support the attainment of the organisation's strategic and short term objectives by helping to ensure that it has the skilled, competent, committed and well-motivated workforce it needs to meet the expectations of employees, believing for equitably, fairly and consistently to their contributions. However, Neckermann and Kosfeld (2008), highlighted two distinctive rewards to include; intrinsic rewards which are often referred to as non-financial reward. It includes recognition, praising for a job well-done etc. while the extrinsic reward is concerned with motivation such as money, compensation, salary, bonus, retirement benefit etc.

**2.2 Motivation:** It is seen as eagerness and willingness to do something without needing to be told or forced to do it (Longman Dictionary of Contemporary English). It is also said to be a reason for doing something and is concerned with factors that influence people to behave in certain manner.

Furthermore, motivation can also be described as the process that account for an individuals' intensity, direction and persistence of effort towards attaining a goal (Mitchell, 2004). While general motivation is concerned with effort toward any goal, we will narrow the focus to organizational goals in order to reflect our singular interest in work-related behavior. The three keys elements in the definition are intensity, direction and persistence. Intensity is concerned with how hard a person tries. This is the element most of us focus on when we talk about motivation (Robbins & Judge, 2007). However, high intensity is unlikely to lead to favourable job-performance outcomes unless the effort is channeled in a direction that benefits the organization. Therefore, we have to consider the quality of effort as well as its intensity. Effort that is directed toward and consistent with, the organisation's goals is the kind of effort that we should be seeking. Finally, motivation has a persistence dimension. This is a measure of how long a person can maintain effort. Motivated individuals stay with a task long enough to achieve their goal (Robbins and Judge, 2007).

**Employee's Pay:** It is the compensation or rewards to employees upon exercising their responsibilities as employees of a certain organization (Armstrong, 2003). In deciding what to pay employees and how to pay them management must make some strategic decisions. Will the organization lead, match or lag the market in pay? How will individual contributions be recognized?. There are many ways to pay employees. The process of initially setting pay levels can be rather complex and entails balancing internal equity- the worth of the job to the organisations (usually established through a technical process called job evaluation) (Goodman, 2004) and external equity – the external competitiveness of an organizations pay relative to pay elsewhere in its industry (usually established through pay surveys). Obviously, the best pay system pays the job what it is worth (internal equity) while also paying competitively relative to the labour market (Robbins & Judges, 2007). Pay more and you may get better qualified more highly motivated employees who will stay with the organization longer (Goodman, 2004).

### **Theoretical Underpinning**

The study was anchor on equity theory. The concept of equity state that fairness and justice should be taken into consideration during reward process (Ogundele, 2006). The theory observed that employees make comparisons of their job input (for instance, effort, experience, education, competence) and outcomes (for instance, salary, levels, recognition) relative to those of others. Employees perceive what they get from a job situation (outcomes) in relation to what they put into it (inputs), and then compare their outcome-input ratio with the outcome-input ratio of relevant others. If the perceive the ratio to be equal to that of the relevant others with whom they compare themselves, a state of equity is said to exist. They perceive their situation as fair, and that justice prevails (Kim, 1999). But when the employees see the ratio unequal they experience equity tension (Wiseman, 2000). Equity theory suggest that employees are constantly making comparisons in two key areas namely; the inputs employees bring to the work inform of experience, education, training etc. with the outcomes (rewards) to include pay, promotions, recognitions etc. (Adeleke, 2001). They also compare their ratio of outcomes to inputs to the comparable ratio of outcome to input of others (Allen 2002). The theory, therefore make the following propositions relating to inequitable pay;

- Given payment by time, over rewarded employees will produce more than will equitably paid employees. Hourly and salaried employees will generate high quantity or quality of production in order to increase the input side of the ratio and bring about equity.
- Given payment by quantity of production, over rewarded employees will produce fewer but higher quality units than will equitably paid employees: individuals paid on a piece-rate basis will increase their effort to achieve equity which can result in greater quality or quantity.
- Given payment by time, under-rewarded employees will produce less or poorer quality of output. Effort will be decreased, which will bring about lower productivity or poorer quality output than equitably paid subjects.

### **Empirical Studies**

Bello and Adebajo (2014) investigated reward system and employees' performance in Lagos state, a study of selected public secondary schools. According to them, the art of teaching ordinarily brings satisfaction to teachers and the pupils. Imparting knowledge gives psychological upliftment and inner joy to all parties involved. The study empirically examines data collected from selected secondary schools in Lagos State to draw a nexus between employee reward system and job performance. Descriptive research design was adopted through survey research. 200 copies of questionnaire were randomly administered to ten (10) sampled public schools in the state. Pearson product moment correlation coefficients (r-test) were used to test the level of relationship between the two variables at 0.05 level of significance. The findings revealed that there was a significant relationship between reward system and employee performance. The study buttress the argument Akuoko and Donker (2012) who identified free accommodation, car loans, allowances etc. as best teachers rewards. Also it was observed that job allowance affect teachers performance. The study therefore concluded that workers reward package matters a lot and should be a concern of both the employers and employees. Finally, the following recommendations were made relevant educational agencies need to be set up to harmonize all entitlements fringe benefits or incentives to be enjoyed by teachers to be in line with their counterparts in other professions.

Caroline and Oloko (2014) examined the relationship between reward system and job satisfaction, a study of teachers' service commissions in Kenya. According to them the reward practices linked to job satisfaction have been applied differently by both private and public enterprises. The study applied descriptive research design with the use of structured questionnaire. The total of 55 employees was drawn from a stratified sampling method of 237 population of teacher's service commission in Kenya. The data was analysed using descriptive statistics and coded to facilitate grouping of responses into specified categories. That data subsequently summarized using means standard deviation frequencies and percentages. The finding revealed that job satisfaction in the teachers' service commission was low. Employees understood that the value of the benefit they receive but they were not competitive enough with similar organization, employees were not fully participated in reward development and initiative. They concluded that there was need for Teachers Service Commission to look into aspect of employee benefits, employee involvement in reward development. Finally, it was recommended that management should ensure that reward system is effective enough and competitive to influence employees to work harder.

Clark (2000) in a case study of Kenya Revenue Authority went out to identify level of employees experience significantly different levels and source of job satisfaction. The study took into consideration that factors that impact the employees as an individual can impact his/her job satisfaction. From the study, the higher level employees were more satisfied than lower level group. While the employees were basically satisfied with their jobs, there were significant differences in levels of satisfaction in several areas. Professionals were significant more satisfied than non-professionals in the areas of employment appreciation, recognition, promotion pay and overall satisfaction.

### 3. Methodology

The study adopted a descriptive survey design. The purpose of adopting descriptive survey was to collect detailed and factual information through structured questionnaire with the aimed at finding the effects and relationship between reward system and employees motivation. The respondent that formed the sample size for the study were the employees of National Root Crops and Research Institute, Umudike. The sample size was 310 gotten from the population of 1385 as at June 2017 using Taro Yamen Methods. The questionnaire was specially designed to accomplish the objectives of the study, and was divided into 2 sections. Section A collected basic demographic information from respondents such as age, gender, academic qualification and working experience. Section B structured questions according to the objectives of the study. 5 points modified likert scale battery of strongly agree (5), agree (4), disagree (3), strongly disagree (2), and undecided (1). The descriptive statistics such as frequencies percentages were used for the analysis of research questions while the hypotheses testing were done with correlation and simple regression models. The hypotheses testing were tested at 0.05 level of significance. At 5% level of significance, reject null hypotheses for the tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significance. Otherwise, we accept when probability estimate are above (0.05) and conclude that there is no overall statistically significance.

### 4 Data Analyses and Presentation of Results/Findings

This section presents the how data gathered from the respondents for the study were analyzed and presented. Data collection was done through the use of the questionnaire, which served as the major research instrument and was administered randomly to the respondents. The data collected from the respondents were analyzed using the descriptive statistics, correlation coefficient and simple regression models.

#### 4.1 Socio-economic Characteristics of the Respondents

To ascertain the background of the respondents, their socio-economic characteristics were elicited. These include their age, gender, educational qualification and working experience. These socio-economic characteristics of the respondents are shown in Table 1 below.

**Table 1: Socio-Economics Characteristics of Respondents**

Variables	Frequency	Percentage (%)
<b>Gender</b>		
Male	186	60
Female	124	40
<b>Total</b>	<b>310</b>	<b>100</b>
<b>Age</b>		
20 – 24years	84	27.10
25 – 29years	75	24.20
30 – 34years	80	25.81

35years and above	71	22.90
<b>Total</b>	<b>310</b>	<b>100</b>
<b>Academic Qualification</b>		
WASSCE/NECO	60	19.36
OND/NCE	75	24.19
HND/BSC	120	38.71
MBA/MSC	38	12.26
PhD	17	5.48
<b>Total</b>	<b>310</b>	<b>100</b>
<b>Working Experience</b>		
2 – 5 years	80	25.81
6 – 9 years	120	38.71
10 – 13 years	56	18.07
14 years and above	54	17.41
<b>Total</b>	<b>310</b>	<b>100</b>

**Source: Field Survey Data, 2017**

The result from Table 1 showed that 60% of the respondents are male, while the remaining 40% of them are female. This implies that majority of the NRCRI, Umudike employees are male. The result revealed that 27.10% of the respondents are within the age range of 20 – 24years, 24.20% of the respondents are within 25 – 29years age range, 25.81% of them are within the age range of 30 – 34years, while the remaining 22.90% of the respondents are 35years and above. This implies that majority of the respondents are still energetic and in their active age. And as stated by Gyau (2011) that young age relates with energetic and innovation.

The result also revealed that 19.36% of the respondents had their education up to WASSCE/NECO level, 24.19% of them had their education qualification up to the OND/NCE, 38.71% of them had their education up to the HND/B.Sc level, 12.26% of the respondents had their education up to the MBA/MSC level while only 5.48% of them had their education qualification up to the PhD level. This is an indication that majority of the respondents had their education beyond the secondary level (i.e. up to the tertiary level) which implies that they are well educated.

The result further revealed that from the sampled respondents, 25.81% of them have had working experience between the range of 2 – 5years, 38.71% of the respondents have had experience between the range of 6 – 9years, 18.07% of the respondents have had a working experience between the range of 10 – 13years while only 17.41% of them have had a working experience of 14years and above.

#### **4.2 Relationship between Reward System and Employees' Motivation of the NRCRI, Umudike**

The relationship between reward system and employees' motivation of the NRCRI, Umudike, was analyzed with the correlation coefficient model and presented in Table 2 below.

**Table 2 Correlation Estimate of Relationship between Reward System and Employees' Motivation of the NRCRI, Umudike**

Correlations		Reward System	Motivation
Reward System	Pearson Correlation	1	0.575**
	Sig. (2-tailed)		0.000
	N	310	310
Motivation	Pearson Correlation	0.575**	1
	Sig. (2-tailed)	0.000	
	N	310	310

\*\* Correlation is significant at the 0.01 level (2-tailed)

**Source: Field Survey Data, 2017**

The result from Table 2 showed the correlation between the reward system and employees' motivation of the NRCRI at 0.575 and the Probability at 0.000. The result showed a positive relationship between the reward system and the motivation of employees of the institute. This implies that there is a strong and positive relationship between reward system and employees' motivation.

**4.3 Relationship between Working Conditions and Employees' Motivation of the NRCRI, Umudike**

The relationship between the working conditions and employees' motivation of the NRCRI, Umudike was analyzed with the correlation coefficient models and the result presented in Table 3 below.

**Table 3 Correlation Estimate of the Relationship between Working Conditions and Employees' Motivation of the NRCRI, Umudike**

Correlations		Working Conditions	Employees' Motivation
Working Conditions	Pearson Correlation	1	0.437**
	Sig. (2-tailed)		0.000
	N	310	310
Employees' Motivation	Pearson Correlation	0.437**	1
	Sig. (2-tailed)	0.000	
	N	310	310

\*\* Correlation is significant at the 0.01 level (2-tailed)

**Source: Field Survey Data, 2017**

The result from Table 2 showed the correlation between the working conditions and employees' motivation of the NRCRI at 0.437 and the Probability at 0.000. The result showed a positive relationship between the working conditions and the motivation of employees of the institute. This implies that there is a strong and positive relationship between reward system and employees' motivation.

**4.4 Effect of Employees' Pay on Employees' Motivation of NRCRI**

The effect of effect of employees' pay on employees' motivation of NRCRI was analyzed with the simple regression model, and the result presented in Table 4



**Table 4** Computation of Simple Regression for Effect of Employees' Pay on Employees' Motivation of NRCRI

Variables	Coefficient	Std. Error	t-value
Constant	0.605***	0.130	4.633
Employees' Pay (₦)	0.859***	0.030	28.499
R <sup>2</sup>	0.725		
F-value	812.171***		

\*\*\* Statistically Significant at 1% level of significance.

**Source: Field Survey Data, 2017**

The data from Table 4 shows the regression estimate of the effect of employees' pay on employees' motivation of the NRCRI. The result shows that the determination ( $R^2$ ) was 0.725. This implies that 72.5% variability in the institute's employees' motivation was explained by the model, while the remaining 27.5% could be attributed to error and omitted variables. The F-value of 812.171 was significant at 1% level, which indicates that the model is adequate for use in further analysis as it indicates a requirement of best fit.

The result shows that the effect of employees' pay on employees' motivation was positive and statistically significant at 1% level. This implies that the pay of the employees of the NRCRI have a great effect on the motivation of the employees.

### 5.1 Summary of Findings

This study examined reward system as a predictor of employees' motivation of National Root Crop Research Institute (NRCRI). It specifically ascertained the relationship between reward system and employees' motivation; determined the relationship between working conditions (such as: promotion, long service reward etc.) and employees motivation and evaluated the effect of employees pay on their motivation.

The findings from the results showed that there was a positive correlation between the reward system of NRCRI and the employees' motivation of the institute at a 1% level. The result also showed that there exist a positive relationship between the working conditions and employees' motivation of the NRCRI at 1% significance level. The result further revealed that the employees' pay of the institute has a very strong and positive effect on the employees' motivation, and at a 1% level of significance.

### 5.2 Conclusion

From the study, it was revealed that reward system and working conditions are correlated with the motivation of the employees of the NRCRI, Umudike, while the pay of the employees affects their motivation.

### 5.3 Recommendations

Based on the findings of the research, the following recommendations were suggested by the researcher.

1. The reward system of the NRCRI should be centre focus of the management of the institute, if the core mandate of setting up the institute is to be realized.
2. The intrinsic and extrinsic working conditions of the NRCRI, Umudike should form part of the legal framework of the institute, as this has a way of influencing the performance of the employees.
3. Better pay packages should be review from time to time by the management of the institute in order to spur and motivate the staff of the institute and their performance.

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