Effect of Reward Management Policies on Employee Performance in Selected Commercial Banks in Calabar Metropolis, Nigeria

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DOI 10.56201/ijebm.v9.no9.2023.pg122.131

Abstract
The purpose of the study was to examine "reward management policies on employee performance in selected commercial banks in Calabar Metropolis''. The specific objectives were to: examine the effect of non-monetary reward on employee performance, assess the effect of monetary reward on employee performance. This study adopted cross-sectional survey research design and primary sources of data. Information was gathered using textbooks, journals, published and unpublished journals, libraries and internet applications. From the analysis of the results, it was found that monetary reward had a positive impact on employee performance, since there are tools of growth, development in an organization. Non-monetary reward leads to employees' productivity through recognition and opportunities. The study recommended that management of organizations should boost the morale of their employees in order to achieve goals and objectives of the organization. Also, the company should come up with lively policies on monetary rewards that will contribute to turnover.

Keywords: *Reward System, Non-Monetary Reward, Monetary Reward, Employee Performance*

Introduction

Every reward system is based on the assumption that rewarding employees would attract, retain and motivate workers. Thus any reward system that fails to achieve these would be considered as an ineffective reward system. Over the years a lot of researchers, have held that financial reward is the best motivator of workers. But recently several studies have found that among employees surveyed, money was not the most important motivating factor, and in some instances managers have found money to be a demotivator. For instance, Dewhurst (2020) claims that there are other means to reward employee which does not focus on financial compensation.

An employee reward system consists of an organization integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. It is developed within the framework of the organizations reward philosophy, strategies and policies and contains arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. A reward system consists of financial rewards (fixed and variable pay) and employee benefits, which together comprise total remuneration. The system also incorporates non-financial rewards and in many cases, productivity management processes. In Nigerian organizations, there appear to be a nonchalant attitude towards motivation of workers. The salaries and wages are low and sometimes not paid as at when due. This problem seems to be the root cause of the nonchalant attitude to work amongst Nigerian workers. This also seems to be the reason why Nigeria has been very low in GDP.

As an addendum, basic pay is the fixed salary or wage which constitutes the rate for the job. It may provide the platform for determining additional payments related to productivity, competence or skill. It may also govern pension entitlements and life insurance when they are related to pay. The basic levels of pay for jobs reflect both internal and external relativities. Levels of pay may be based on long-standing structures which were created on the mist of time and have been updated since then in response to movements in market rates and inflation and through negotiations.

Literature review

Every organization or company needs a strategic reward system for employees. According to Adam (2015), rewards play an important role in organizations. Reward system is divided into two; monetary rewards and non-monetary rewards. Monetary rewards can be referred to as tangible returns which include; cash compensation such as bonus, increment, short term incentive, long term incentive and other benefits such as income protection, allowances and others (Gerard, 2019). Monetary reward is referred as profit sharing, job evaluation and merit rating. Profit sharing is organization profits that are given to all employees in that organization and is distributed based on their productivity in the organization and this can be identified as reward outstanding productivity. Job evaluation is where many factors had been identified and used as the purpose of inter-job comparison. The total rating for each job then forms the basis of wage structure. The factors that had been evaluated are working environment, physical and mental characteristics, extent of responsibility, training and experience. Merit rating are used as an indicator of productivity where each employee is being rated, whether as excellent, good, average or poor, based on the following abilities such as communication, human relations including leadership and motivation, intelligence, judgement and knowledge. Other examples of monetary reward are basic pay, merit or cost of living and bonus.

Basic pay is the payment that is received as a wage or as salary. According to Beard (2017), basic pay is the fixed payment paid to an employee for performing their specific job responsibilities. Kritsonis (2018) in their doctoral form argued that merit pay is a basic term for any mechanism that is used to adjust salaries or provide compensation to reward higher level of employee productivity in organization. Merit pay refers to the process of distributing employee pay increases, based on their productivity at work and used as a tool by an organization to motivate employee, hence it can increase their level of productivity and minimize potential conflicts and challenges from employees. According to Richardson (2019), merit pay is more likely to be considered as a group-based reward programmes, or knowledge and skill based rewards. Also, merit pay is the allocation of pay raises based on individual productivity, and one of the most prevalent compensation practices used by most employers in private sector, state government and local governments.

Productivity bonus is a monetary reward that is given by employer to employees based on their productivity appraisal and organization's profit. According to Pearson (2017), a bonus scheme is not an easy task to accomplish successfully in the organizations. A successful bonus scheme depends on productivity of organization and focus on efficiency of goal setting process. Monetary rewards are given for a variety of reasons. The reasons may include; meeting sales goals, achieving quality, outstanding productivity in a given situation, or delivering a special project. Normally, monetary rewards that is preferred by employees especially in the lower level category, is money in a form of bonus, trips paid for by the company, gifts from a rewards catalog, or services such as cell phone or paid cable. Thus, monetary rewards also refer to the financial inducement that organizations offer employees in exchange for their contribution and recognition in influencing their productivity in the organization.

Non-monetary rewards are given for going above and beyond as a team player, perfect attendance, or learning new skills. Examples of non-monetary rewards are movie tickets, restaurant coupons, certificates, thanks from the bosses, flexible schedules, a day off, picnics, recognition of birthdays, and free lunches. Non-monetary rewards are also referred to as intangible returns or rational returns such as recognition, status, employment securities and others. According to Yap (2018), non-monetary rewards refer to the identification of a job well done, hence representing a non-financial means of appreciating and acknowledging employee contribution. Another example of non-monetary reward is the opportunity to learn and develop as an employee in the organization, flexible working hours, recognition from employers, the opportunity to contribute, independence and autonomy in their working areas.

Non-monetary reward also include recognition, learning opportunity, challenging work and career advancement that give an effect to the employee productivity. The recognition of employee successes is a powerful tool in improving employee productivity, morale, motivation, and employee productivity. Recognition is an important feeling that a person is made to feel special and this type of recognition must come from those employees, hold in high esteem and position, such as manager. Bakker (2021) stress the importance of rewards in the combat of burnout, which is typically experienced by most employees on the job. According to him individuals who experience ''burnout in their work, typically do not feel fulfilled". They tend to have negative outlooks, and they also approach the tasks at hand with less vigor and dedication.

Theoretical framework

Frederick Herzberg's Two-factor Theory

Herzberg (1959) developed a two-factor theory of human motivation, he revealed that there were two different sets of factors affecting motivation and work. This suggested that satisfaction and job dissatisfaction are simply not opposite. The factors that produced job satisfaction (satisfiers) he labelled them "motivators". These he said are directly related to job content, reflecting a need for personal fulfilment. They include; sense of achievement, recognition, nature of work, responsibility, advancement and personal growth. The factors that lead to job dissatisfaction are called "hygiene." These he said are related more to the work setting or job context than to job content, they include organization policies and administration, supervision, interpersonal relations, working conditions, job security and pay. "Motivators" produces job satisfaction. "Hygiene" merely prevent job dissatisfaction, he explains as follows:

1) That when "motivators" are present in a job motivation will occur but when absent, they do not lead to dissatisfaction
2) When "hygiene'' are absent from a job dissatisfaction but do not lead to satisfaction.

Herzberg's hygiene factors can be related roughly to Maslow's lower level needs and the motivators to Maslow's higher level needs. These theories suggested that in modern society most employees have achieved such social and economic progress that their lower-level needs are adequately satisfied.

Vroom's Expectancy Theory

Vroom (1964) is the proponent of expectancy theory he postulates three key variables – valence, instrumentality and expectancy. The theory is founded on the idea that people prefer certain outcomes from their behaviour over others. The anticipated feelings of satisfaction should be preferred outcome. Expectancy theory holds that motivation is determined by: the belief that effort will be rewarded, the value attached to specific reward is to be appropriate. The equation below summarises Vroom's model force or instrumentality = valence x Expectancy, where instrumentality or force is the strength of a person's motivation, valence is to strength of the person's preference for an outcome.

Employee reward and employees' performance

According to Smith (2016), there are five ways to boost employee performance such as:

a. Reduce employee stress:

Smith believes reducing employee stress is the potential way to reduce dissatisfaction and increased their productivity. Employer must identify a direct way to decrease or reduce potential stressors. It can be done by reducing employee role conflict in employees' job descriptions and responsibilities. In another way, an employer can also reassign tasks or implement a job rotation program to reduce employee overload and burnout.

b. Encourage flexible work schedules:

Additional stressors for employee are the balance between their work and their life responsibilities. By providing employees with a more flexible work hour, stress would be reduced, employee productivity will be improved.

c. Give meaningful and consistent praise

Employers' recognition is very important towards employee productivity. Recognition towards employee accomplishment will make employee feel that they are an important and valuable asset to the organization and in its development.

d. Maintain an honest communication:

Communication is important between employee and employers. Good communication will provide a good relationship between employee and employer.

e. Provide wellness program:

A final strategy used to increase employee productivity is implementing a wellness program that can increase employee productivity, improves physical and mental health, and reduce negative environment that can enhance stress. The wellness program or activity such as small gymnasium, a relaxation and meditation area, nutrition and medical consultation, or massage therapy sessions.

How to implement reward on employees' performance

According Adams (2915), when it comes to research studies regarding reward allocation, there are three common allocation rules. These include (1) equity and (2) equality and need He states that employees are constantly involved in a social exchange process wherein they contribute efforts in exchange for rewards. They also compare the effort or contribution that they put in, towards accomplishing a certain task and acquiring rewards in exchange for the former. Beard (2017) considers the concept of equality to refer to the rewards that employees receive regardless of the amount of contribution that they provide towards their company.

In addition, members of an organization should also receive rewards that are in accordance with their personal need. For instance, employees who have more children may need more holidays to spend time with their family, or more benefits, such as health insurance and discounts or free education for their children. Finally, the concept of seniority refers to the company's ability to allocate specific rewards for older members of the organization, who have proved their value by being loyal to the company that they work for. Research studies in the past have mostly shown that when it comes to 'individualistic cultures' allocations that are 'equity-based' prevail. On the other hand, when it comes to 'collectivistic cultures' reward allocations that are based on the principle of equality are the ones that rely on equality rewards. Nigeria is a country that is characteristic of being 'collectivistic' when it comes to their culture.

Thus banks would need a reward system that is based on the principle of equality. Rewards are provided to the employees through the usage of 'three transmitter systems.1 Such systems include 1) money, 2) esteem and 3) job security and opportunities for career development. In order to be effective in rewarding employees so that there is an increased improvement in their work productivity, managers of banks are advised to gain information about Herzberg's theory, especially when it comes to the differences between both motivators and hygiene factors. In order to have a workforce that is highly motivated, there is a need for managers to first make sure that certain hygiene factors which they have control over are being currently accepted by their employees. Such factors may include the present work environment and the level of supervision that the employees receive. For instance, if a manager constantly showers her employees with praise, but fails to improve the working conditions inside the office, then the words of praise would not have an effect with regards to increasing the employees' motivation.

Empirical Literature

Obiaga and Itakpe (2021) examined reward and employee performance in the oil and gas industry in Rivers State. Specifically, he study sought to examine the influence of bonuses on employee productivity, to analyse the relationship between reward and employee productivity, and to determine influence of promotion on employee productivity in oil and gas industry in Rivers State. The results revealed that there is a significant relationship between bonuses and productivity, reward and productivity, promotion and productivity in the oil and gas industry in Rivers State. Based on the findings, the study recommended that employees in firms should not be paid fix pay rates as it could bring about a high pace of lateness and hesitance of worker within a group.

Kawara (2021) examined a study on the effects of reward system on employee productivity in the Catholic University of Eastern Africa, Kenya. Purpose sampling was used to sample 80 respondents. Data were collected through administered questionnaire, regression technique was used in analyzing the data. The findings revealed that rewards offered as a result of good performance. The study recommended that management should ensure that they provide rewards that satisfy the needs of the employees.

Chiekezie, Emejulu and Nwanneka (2017) conducted a study to examine the influence of reward management on employee retention. It specifically set out to examine the relationship between salary and employee satisfaction in selected commercial banks in Awka. Descriptive and primary data were used in the study. The findings revealed that there is a positive weak relationship between salary and employee satisfaction. The researcher recommended that reward structure should include new and enticing ways to motivate and retain employee with wide range of benefits other than salary.

Kikoito (2014) conducted a study to examine the impact of reward systems on organisational performance in commercial banks in Mwanza city. Descriptive research design was used. ANOVA was employed in the study. The findings showed that recognition and genuine appreciation affected organizational performance. The study recommended that HRM department in conjunction with senior management and trade unions should revise the current salary scale in line with prevailing economic environment and set an appropriate and competitive salary scale.

Kehinde and Adeagbo (2020) investigated the impact of reward system on employee performance in KPMC Nigeria. The study revealed that reward system positively affected employee performance. It was recommended that management should ensure that they provide the needed motivation, reward that will improve the performance of employees.

Methodology

This paper adopted cross-sectional survey research design, which guided the collection of primary data from respondents of First Bank, Union Bank and UBA on a one-time basis. This paper was conducted in Calabar, Cross River State. Calabar has two Local Government Areas, namely: Calabar Municipality and Calabar South Local Government Areas). The paper used primary data obtained directly from selected banks in Calabar, Cross River State. To obtain this data, the researcher organized a 5-member team of research assistants who facilitated the process of questionnaire administration and retrieval during the survey.

Descriptive statistic (simple percentages and frequency tables) were used to analyze and interpret the data collected for the paper The mall hypotheses developed for the paper were tested using simple linear regression in the Statistical Package for the Social Sciences (SPSS 23). The regression model states thus:
$Y=a+\beta X+e$; Where: Y= Dependent variable (performance), a = The intercept, β = Coefficient of the independent variable, X= Independent variable (Reward), e = Margin of error

Results

Hypothesis one
Ho: There is no significant effect of monetary reward and employee performance.

Test statistic: Simple linear regression analysis.
Decision criteria: Accept the alternative hypothesis if ($P < .05$) and reject the null hypothesis, if otherwise.

Table 1: Model summary of the effect of monetary reward on employee performance

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
1	.565[a]	.319	.317	.81797

a. Predictors: (Constant), Monetary reward

Table 2: ANOVA[a] of the effect of monetary reward on employee performance

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	93.759	1	93.759	140.132	.000[b]
	Residual	200.055	299	.669		
	Total	293.814	300			

a. Dependent variable: Productivity
b. Predictors: (Constant), Monetary reward

Table 3: Coefficients[a] of the effect of monetary reward on employee performance

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	.199	.197		1.010	.313
	Monetary reward	.805	.068	.565	11.838	.000

a. Dependent variable: Productivity

Tables 1 to 3 show the regression results of the effect of monetary reward on employee performance. The results reveal that the effect of monetary reward on employee performance is 56.5 per cent (R = 0.565 in Table 1), which indicates very strong degree of relationshıp.

The coefficient of determination (R^2) of 0.319 in Table 1 indicates that up to 31.9 per cent of the variability in the dependent variable is accounted for by the independent variable. This implies that a unit change in conduct of the monetary reward will improve productivity by up to 31.9 per cent when other factors are held constant. Also, considering that F-test = 140.132; P<0.05; and t=1.010; the results show that monetary reward has a significant positive effect on productivity. We therefore, reject the null hypothesis, accept the alternative hypothesis and conclude that monetary reward has a significant positive effect on productivity.

Hypothesis two
Ho: There is no significant effect of non-monetary reward and employee performance.
Test statistic: Simple linear regression analysis.
Decision criteria: Accept the alternative hypothesis if (P <.05) and reject the null hypothesis, if otherwise.

Table 4: Model summary of the effect of non-monetary reward on employee performance

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
1	.643[a]	.414	.412	.75880

a. Predictors: (Constant), non-monetary reward

Table 5: ANOVA[a] of the effect of non-monetary reward on employee performance

Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	121.474	1	121.474	210.975	.000[b]
	Residual	172.156	299	.576		
	Total	293.630	300			

a. Dependent variable: Productivity

b. Predictors: (Constant), Non-monetary reward

Table 6: Coefficients[a] of the effect of non-monetary reward on employee performance

Model		Unstandardized coefficients		Standardized coefficients	T	Sig.
		B	Std. error	Beta		
1	(Constant)	.355	.182		1.948	.000
	Non monetary	.916	.063	.643	14.525	.000

a. Dependent variable: Productivity

Tables 4 to 6 show the regression results of the effect of non-monetary reward on employee performance. The results revealed that the effect of non-monetary reward on employee performance is 64.3 per cent (R = 0.643 in Table 4), which indicates very strong degree of relationshıp. The coefficient of determination (R^2) of 0.414 in Table 4 indicates that up to 41.4 per cent of the variability in the dependent variable is accounted for by the independent variable. This implies that a unit change in conduct of non- monetary reward will improve productivity by up to 41.4 per cent when other factors are held constant. Also, considering that F-test = 210.975; P<0.05; and t=1.948; the results show that no monetary reward has a significant positive effect on productivity. We therefore, reject the null hypothesis, accept the alternative hypothesis and conclude that non-monetary reward has a significant positive effect on productivity.

Findings

The study aimed at assessing the effect of reward management policies on employee performance. Reward system is a vital aspect of any organization since it serves as a motivating factor to improve upon employee efficiency, effectiveness and loyalty to organizational goals and targets. It can either be extrinsic or intrinsic. From the review of the study, it was found that:

1. Monetary reward has a positive impact on employee performance, since there are tools of growth, development in an organization
2. Non-monetary rewards leads to employees' productivity through recognition and opportunities**.** Non-monetary rewards are instruments that catalyze the growth of an organization.

Conclusion

The study examined the effect of reward management policies on employee performance. Employee reward system consists of an organization integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their market worth. It is a financial reward (fixed and variable pay) and employee benefits, which together comprises of total remuneration. As an addendum, every organization or company needs a strategic reward system for employees. Monetary rewards are financial inducement that organizations offer to employees in exchange for their contribution and recognition in influencing their productivity in the organization. Rewards systems are the planned activities that organizations implement in order to motivate their employees or individuals to achieve the set goals of the company. Managing human resources which is the most valued asset of an organization, has received much attention recently a lot 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. It is concluded that reward system is based on the assumption that rewarding employees would attract, retain and motivate workers.

Recommendations

The following recommendations are proffered by the authors;

1) Management of organizations should boost the morale of their employees in order to achieve goals and objectives of the organization.
2) The company should come up with lively policies on monetary rewards that will contribute to turnover.
3) Management should be effective with monetary rewards like bonus and fringe benefits and stimulate workers to put in their best.
4) The company should foster on management functions towards the growth and betterment of the company
5) Managers should develop the habit of verbally recognizing/appreciating the achievement of the employees when they accomplish the outstanding tasks and targets.

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