INCENTIVE SCHEMES FOR ENHANCEMENT OF WORKERS PRODUCTIVITY IN THE MANUFACTURING SECTOR

(A case study of selected manufacturing firms)

BY

USMAN MUSA

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DEPARTMENT OF BUSINESS ADMINISTRATION
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DECLARATION

I hereby declare that this project has been written by me and that is a record of my own research work.

All sources of imformation and their writer's views have been duely acknowledged in form of bibliography.

I submit that this piece of research work has never been previosly presented in any form for an award of a higher degree.

USMAN MUSA **Sign**.....

ACKNOWLEDGMENT

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DEDICATION

I dedicate this research work to the members of my family.

USMAN MUSA

CERTIFICATION

This project entitled INCENTIVE SCHEMES FOR ENHANCEMENT OF WORKERS PRODUCTIVITY IN THE MANUFACTURING SECTOR. By USMAN MUSA *meet the requirements governing the award of the* Degree of Masters of Business Administration (M.B.A.) of the Ahmadu Bello University, Zaria and is approved for its contribution to literary knowledge and presentation.

MRS. DALHATU B. IMAM		30/11/98
Name of Supervisor	Signature	Date
Head of Department	Signature	22/2/00
	Date	Date
Dr. A D Shehu		27/3/99
Name of External Examiner	Signature	Date
Dean, Post Graduate School	Signature	22/05/00 Date

ABSTRACT

. Organizations distribute a large number of rewards to their workers in the forms of promotion, bonuses fringe benefits and status symbol as incentives for the enhancement of workers productivity.

This study has found out that incentive schemes if properly established and executed in the following schemes, i.e good salary that is competitive with what obtains in the industry, free medical care, subsidised housing rents, various kinds of bonuses and pension schemes for the workers at retirement enhances workers productivity.

Also observed from the study, was that reasonable good training schemes, helps in enhancing workers productivity by motivating then to improve on their skills and abilities, thus better equipped for their jobs both in terms of quality and quantity of work efficiency and effectiveness.

The study also discovered that there is preponderance of financial incentive schemes, it is therefore recommended that management should try and establish an alternative schemes that will be an effective substitute to financial incentive schemes in enhancing workers productivity.

Managers should personally be involved with their workers so that they learn the ways of motivating them and to continuously improve on the job training schemes for workers.

Finally, workers should be encouraged to be part owners of the company where they work to consolidate on their interest and dedication to the work so that productivity is enhanced .

TABLE OF CONTENTS

Title page : i

Declaration : ii

Acknowledgement : iii

Dedication : iv

Certification : v

Abstract : vi

CHAPTER ONE

General Introduction

1.1 Introduction : 1

1.2 Significance of study: 2

1.3 Objective of study ; 3

1.4 Statement of the Problem : 3

1.5 Scope and Limitation : 4

1.6 Research Methodology : 5

1.7 Definition of terms : 6

CHAPTER TWO

Literature Review

2.1 Introduction : 9

2.2 Incentive Schemes and Motivation Theory : 9

2.3 Incentive Schemes : 10

2.4 Motivation Theories : 18

2.5 Management Approaches to Motivation: 30

CHAPTER THREE

Productivity

3.1 Introduction : 35

3.2 Conceptual Framework : 35

3.3 Factors Affecting Labour Productivity : 38

3.4 Principles of Productivity Growth : 40

3.5 Managing Productivity by Objective : 42

3.6 Problems of Productivity Improvement : 45

3.7 Technics for Improving Productivity : 48

CHAPTER FOUR

Analysis and Presentation of Data

4.1 Introduction : 53

4.2 Analysis of Firm A : 53

4.3 Analysis of Firm B : 59

4.4 Comparative Analysis and Interpretation : 65

CHAPTER FIVE

Summary,Conclusion and Recommendation

5.0 Introduction : 68

5.1 Summary : 68

5.2 Conclusion: 69

5.3 Recommendations : 70

Bibliography : 73

Appendicies : 75

CHAPTER ONE

1.1 INTRODUCTION

This research work is out to tackle the problems of workers productivity and how it can be enhanced to improve on the productivity with particular emphasis to the manufacturing sector. Also to be looked into is the relatively new system of managing productivity by objectives setting.

How can workers productivity be organised so that individual and group in the organization can enjoy a greater sense of participation creativity and dignity. How can the reservoir of ingenuity and intelligence of the Nigerian workers be tapped to enhance workers productivity to the economy, these are among some of the critical question to be addressed to enhance the productivity of the workers. The manufacturing sector has made enormous social and economic progress as a result of their inventiveness, organising ability and the desire to improve on the standard of working condition and living not only to the sector but also to the entire economy. However, as economic life becomes more highly interdependent and complex, there is the danger that responsibilities are becoming over specialised that the organisational goals are being obscured that the individual's potential for excellence is being overlooked that we are at risk of losing our dynamism and sense of purpose.

What has management done so far towards improving on the situation. Have there been sound incentive schemes to motivate workers for higher

productivity. If there have been have they been successful? Has management followed up such schemes and what has government done to improve the situation? This suggest that we must seek better understanding of how resources can be used more effectively

1.2 SIGNIFICANCE OF THE STUDY

The fundamental issues in the study is the role played by the government in enhancing the growth and development of the economy and industrial growth. This can only be achieved by a carefully well thought out and implemented programme of planned economic growth. The economy cannot grow in any meaningful way without a fairly balanced industrial growth. This is turn requires a sustained high productivity within the various sector of the Nigerian industry.

The productivity of the average Nigerian worker is low this state of affair must not be allowed to continue unchecked, thus the need for an incentive scheme that would enhance the workers productivity, underlying the thrust of this study.

Incentive schemes where reasonably established enhances the workers productivity because it serves as a motivating factor to the workers, thus justify the need for a study of this nature, considering the contribution of manufacturing sector to the development of the Nigerian economy.

1.3 OBJECTIVES OF THE STUDY

The objective of the study is to use incentive schemes for the enhancement of workers productivity in the manufacturing sector, and to also use the view point of the average productivity of the Nigerian worker being low to see how it can be improved within the following objectives framework.

1. To establish the presence or otherwise of reasonable incentive scheme to enhance workers productivity.
2. To find out if the generality of the workers in the selected area have a preference for any particular type of incentive scheme.
3. To find out if productivity can be increased without any incentives being offered.
4. To suggest any other ways of motivating workers to produce more through an enhanced incentive schemes.

1.4 STATEMENT OF THE PROBLEMS

Increasing attention has been given to the quality of the work experience of individuals in organisations, how it affects the productivity of work organization, the psychological well-being of workers and how it can be changed and enhanced for increased productivity.

Therefore definition of the study problem is to finding a system of inducement such that when applied, the behavior of the workers in an organization

will change in such a way that the ratio of output to input will increase significantly, while the quality of the product either improves or at worst remain the same.

1.5 SCOPE AND LIMITATIONS

The study intends to look at the major items that constitute the topic of incentive schemes and productivity. The technics for its improvement with relevance to the manufacturing sector.

Thus we shall briefly look at the major types of incentive schemes and motivation theories.

The study covers Firm A and B in the manufacturing sector focusing on Nigerian Tobacco Company (N.T.C.) Zaria manufacturer of tobacco as firm A, while Zaria Industries Limited (ZIL) manufacturer of Tarpurlin as firm B also covered by the study are major factors affecting productivity and the idea of productivity management by objective.

The major limitations of the study are in terms of the following,

1 Financial resources, like with most of kinds of researches money is invested in the gathering of data and information in traveling to the selected companies for the purpose of the study,material cost for administering interview questions making repeated calls to book appointments for interview

2. Time, the limited time within which the research was carried out, particularly trying to meet up with the time of completion of the study was not an easy task.

3. Lack of co-operation of respondents from interviews with workers as a result of company policies for fear of flouting employment terms and conditions of work.

to seek permission before discussing any issues that bothers on the employment terms and condition of workers.

1.6 RESEARCH METHODOLOGY

This study made use of primary and secondary sources of data and information collection for the research work.

Primary Sources:

The primary sources of data and information for the study is from interviews, had with different categories of workers of the selected companies, these included junior workers, supervisors and foreman to line managers and staff of the human resources department of the companies and the personnel managers.

During the interviews session, structured and unstructured question was asked and responses was very encouraging on issues that bothers on incentives schemes that the company apply in enhancement of worker productivity.

Secondary Sources

This was obtained from various books on fundamental of management and personnel administration and productivity management and improvements in the manufacturing sectors.

Handbooks of the companies or employment rules and regulations, articles

and journals of the manufacturing sectors that bothers on incentive scheme and workers productivity. Also, valuable sources of data and information for the study was materials obtained from various intellectual symposiums seminars workshops and training for workers productivity.

This chapter started with a general introduction of the topic Incentive Scheme for enhancement of workers productivity in the manufacturing sectors, with a general introduction, the significance of the study was stated after which the objective of the study discussed. This was followed by the statement of the study problems, then the scope and limitation and finally the research methodology adopted in conducting the research is highlighted.

The next chapter is or the review of literature of the study the conceptual frame work of the study in terms of incentive schemes and worker productivity enhancement. Also discussed is the motivation theories and the management approach to workers motivation.

1.7 DEFINITION OF TERMS

PRODUCTION: A term that is used to address manufacturing technology and the flow of materials in a manufacturing facility.

PRODUCTIVITY: Any rate of output to one or more corresponding inputs

INCENTIVE: A generic term for compensation payment plans that are

geared to results, such as units of output in production or units of sales

MOTIVATION: The inner striving that initiate a person's action

CAREER: An individually perceived sequence of attitudes and behaviour associated with work-related experiences and activities over the span of a person's life.

ATTITUDE: A person's tendency to feel and behave toward some object some way.

BEHAVIOUR: An observable responses given by a person

INPUTS: Used in calculating ratios, labour costs, materials and miscellaneous goods and services are typically used to calculate inputs.

OUT PUT: Used in calculating productivity ratios. The output of a firm usually is expressed in a volume amount. Out puts are also considered for group and individual productivity ratios.

CONTINUOUS REINFORCEMENT:

A reinforcement schedule that involves administering a reward each time a desired behaviour occurs.

FIRST LINE MANAGER:

The lowest level of the hierarchy. A manager at this level coordinates the work of non managers but reports to a manager.

MIDDLE MANAGEMENT:

The middle of an administrative hierarchy manager at this level coordinate the work of managers and report to a manager.

TOP MANAGEMENT:

The top level of an administrative hierarchy managers at this level coordinate the work of other managers but do not report to a manager.

Source

Donnelly J.H (Jr); Kibson L.J; Ivancerich M.J

Fundamentals of management. Fifth Edition Business Publication inc.1984

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Organization distribute a large number of rewards to their members every day. Pay, promotion, fringe benefits and status symbol are some of them. Because these rewards are important, the ways they are distributed have profound effects on the quality and quantity of work as well as the effectiveness of the organization in general.

Despite the importance of incentive schemes as a reward system in organization, most of the issues dealings with quality of work life have tended to ignore or play down the importance. Thus the need to emphasize its relevance if organisations are to be designed in ways that provide a high quality of work life. Some rewards have been found to contribute more to a high quality of work productivity than others. Thus the very simple assumption that there is a simple and direct relationship between the amount of incentives received and the quality of work, there is the need to focus attention on the characteristics of different incentive schemes and motivations as rewards system that would enhance productivity both in the quality of work life and organisational effectiveness.

2.2 INCENTIVE SCHEMES AND MOTIVATION THEORY

There is a great deal of various thinking about incentive schemes. This has

resulted in a number of ways and standards by which incentive may be judged.

London and Deagan (1959) "Incentive" ***is a generic term for compensation payment plans that are geared to results, such as units of out puts, in production or units of sales.*** The Word "incentive" involves a motive developed through extraneous influences, that is, in payment plans, the motive is supposed to be more money for time worked , effort expended, or units produced or sold.

Expressed in its simplest psychological terms, a "motive" is an inner urge toward something, food drink, recognition security, etc the external object that satisfies the need a cold drink, a pat on the back, a cup of tea etc is an "incentive".

Schwinger (1975) ***Motivation is an influence, a force that give rise to behaviour.***

John et al (1964) ***Motivation theory is the different ways in which a human being can be motivated in theory, and see how well such theories tie in with practice the Form of motivation theory to use vary with the type of organization type of work or the particular job and for how long the system is going to be applied.***

2.3 INCENTIVE SCHEME

As diverse as incentive schemes is to organization applicability, there are a number of ways and standards by which incentive may be applied and judged whether it yield a positive or negative results in productivity enhancement particularly in the manufacturing sector.

EMPLOYEES AND UNIONS

The success or otherwise of incentive scheme is measured by the wage it produces, relative to the amount of effort and energy expended in its attainment by the participant.

2. SUPERVISORS

Supervisors judge an incentive scheme by the output that result from its application, the degree of responsibility which it removes from their shoulders and the trouble involved in its maintenahce.

3. HIGHER MANAGEMENT

Higher management measures the success or failures of an incentive scheme by the resulting labour costs, the volume of output in relation to the clerical cost of maintaining the scheme,a nd the morale of workers where it is applied. A properly designed incentive scheme, sensibly applied and adequately controlled should satisfy all the above requirements and the success should be reassured by a group of standards collectively understood and accepted by all concerned.

Any incentive scheme should be designed to suit the particular needs of a company and should fit in as closely as possible with the company's traditional methods of working, no incentive application can be adopted from other successful

application elsewhere and used without some modification.

The scheme should be restricted to those who can in fact make direct contribution towards achieving the desired result. Any scheme of incentive should be a sound financing proposition, that pays an economic wage that is competitive and which will not only retain the existing workforce but will attract more, it must be related to the cost of the product within the frame work of a healthy economy.

It also should be planned with care and good foresight so that it can be applicable during both the good and the bad times.

Finally a successful scheme should be drawn with all possible contingencies in mind so as to avoid radical alterations after its initiation.

BASIC REQUIREMENTS FOR AN INCENTIVE SCHEME

London and Deegan (1959) suggest eleven basis requirements of an effective incentive plan. These are:-

1. Hourly base rates should be guaranteed
2. There should be enough spread between the guarantees base rate and normal bonus to provide incentive for extra or sustained efforts.
3. The plan should provide a sufficient guarantee of standards to give the worker a feeling of security.
4. Definite instructions covering policy ad methods should be provided and every worker involved should be conversant with these.

5. Shops procedures should be standardised

6. Measuring standards should be based on quality requirements with proper and direct control placed over waste.

7. There should be equitable adjustments for failure to meet the task when the cause of such failures is beyond the workers control.

8. The incentive plan should reward an employee for his increased productivity, if not done there is really no incentive.

9. Should be understandable and easily calculable by the employee this is to enable him determine his extra or new earnings.

10. Once production is such that bonus is earned, unit labour cost should be constant.

11. To be effective, the plan must be rightly maintained.

The above, if well articulated can make a substantial contribution to productivity increase, which is what we are concerned with. There is also a generally less need for workers supervisors in order to maintain a reasonable level of output, Finally it enable labour payments to be made more accurately than under payment by time and thus facilitate the application of modern systems of standard costing and budgetary control.

INCENTIVE SYSTEMS

Incentive systems can be either financial or non-financial, although it is

believed that the financial incentives is more effective than the non-financial. Apart from the normal direct day work system, the other financial systems are:

1. **Profit Sharing and Productivity Agreements**

This is employed where there are small groups of people this is because it is been established that the power of the incentive in a profit-sharing scheme or productivity agreement is inversely proportional to the size of the group. Thus the large the group the less the motivating action.

In a schemes of profit sharing, agreement is reached between management and workers as to what minimum profit should be made before sharing, the percentages to be shared and how the sharing should be done.

In productivity, agreement workers, contract to raise productivity in return for the increase in their salaries, working practices are changed in order to improve the operations of the company from an economic view point.

A variant to productivity agreements is the efficiency agreement, where the increase in wages is based on a estimates of gains resulting from the raising efficiency by the efforts of the workers concerned.

2. **Merit Rating System**

This is appraisal of the company value of services given by the individual members of staff in the opinion of the appraisers it is a means of appraising the preparation of the available rewards earned by the person rated.

Merit-rating system of assessment are usually presented, annually bi-annually or quarterly.

The Non-financial incentive systems includes the following:

- Fear
- Psychological Motivation (Taylor)
- Promotion
- Fringe incentive
- Welfare

These are not employed singly for the purpose of motivation, with the possible exceptions of fear and pension schemes, where the non-financial incentive are powerfully enough workers are discouraged from seeking another job elsewhere.

OBJECTIVES OF AN INCENTIVE PLAN

For any plan to achieve any degree of success it must have objectives that are clearly defined. For an efficient and effective incentive scheme, the following objectives are essential.

1. **Increased Volume of Output**

   This is considered the prime objective, it is also a source of problems to many manager who tend to take this as the only objective or at best assured that once it is achieved all other objectives will fall in. This is not

so, and generally a comprehensive stand is best.

2. **Improved Quality**

Improved quality and increased output are usually directly opposed to each other, thus a good incentive scheme and strict quality control are necessary to achieve the two simultaneously.

3. **Reduced Expenses**

In order to achieve this objective, expenses incurred must be known with precision.

4. **Increased Differential Between Cost and Selling Price**

This objective could also be achieved by increasing price (limited) or by breaking cost into smaller elements.

5. **Payment of Higher Wages**

This objective has to do with improvement of labour/management relations, and is usually worth pursuing.

6. ***Improved Labour Relations***

Improving labour relations is an essential aspect of management responsibility, and a good incentive scheme should, thus include it as an important objective.

DO FINANCIAL INCENTIVES WORK?

The success of financial incentive as a scheme for enhancing productivity

of workers has apparently been controversial as there are different opinions about its success, while some think it is a short term plan of increasing productivity, the other school of thought are of the opinion that is one of the most important tool for motivating workers to produce more.

The following experiments has been used to buttress this thinking.:

1. Four girls were employed on a daily pay basis. They stitched on canvass for two months in order to establish a production standard. Six months later, they returned to the factory and carried on with the stitching for another five weeks. This time, however, they worked under a financial incentive scheme. Their production rate was observed to have gone up.
2. A set of university freshmen were observed, the poor students seemed to have made better grades than the rich ones. This was attributed to the fact that the poor students worked harder in order to obtain scholarships, while the rich ones did not have to bother about scholarship.
3. In an experiment with children, it was found out that children learned to read better when rewards of candy, toys and money were offered, the children liked candy best, but candy always be bought with money.

From the above experiment, t seems that financial incentive do result in greater productivity is clearly affected by such factors as the size of the work group, the nature of the task, the organization of the work, the nature of the incentive system itself and perhaps the length of time involved. Also of vital

importance are union/management attitudes and collective bargaining agreement.

2.4 MOTIVATION THEORIES

This section of the literature review will consider the more popular theories of motivation briefly. The intention is to see the different ways in which a human being can be motivated in theory and see how will these theories agree in practice.

Motivation

Berelson and Steiner (1964) define motivation as "all those inner striving conditions described as wishes, desire, drives etc... *It is an inner state that motivates or moves"* From a manager perspective, a person who is motivated as one who work hard, one that sustain a pace of handwork and a person that directs his or her behaviour towards important goals. Thus, motivation involves effort, persistence and goals.

The concept of motivation is used to explain differences in the persistence of behaviour.

TYPES OF MOTIVATION THEORIES:

An unsatisfied need is the starting point in the process of motivation an unsatisfied need is a deficiency of something within the individual, and it provides the spark that begins the chain of events leading to behaviour, the unsatisfied need causes tension (physical or psychological) within the individual leading the individual to

engage in some kind of behaviour to satisfy the need and thereby reduce tension. For example, an achievement oriented person is driven by the desire to succeed, and is motivated by a desire for a promotion in order to satisfy the need.

There are many theories of motivation that managers can use to improve their understanding of why people behave as they do. The most-discussed groups of theories as classified as:

1. Content theories
2. Process theories.

Campbell, et al (1970) The content theories are concerned with identity of what it is within an individual or the work environment that energises and sustain behaviour, that is what specific things motivate people, included under this are the need hierarchy theory and the two factor theory.

The process theories attempt to explain the process by which people make motivational choices it includes the expectancy and reinforcement, theories process. Theories first attempts to define the major variable necessary for explaining choice.

None of these theories provide a universally accepted explanation of human behaviour people are far too complex, our purpose of presenting the most popular theories is that not to identify the one best approach. Rather it is to introduce ideas that managers can use to develop their own motivational approach in enhancing workers productivity.

Content Theories of Motivation

Maslow's Hierarchy of Need Theory

Maslow's Hierarchy of Needs Theory in 1954 stressed that human needs are structured based on certain assumptions, ***Maslow (1954) these needs are in a hierarchial order.*** These are:

1. **Physiological Needs**

This category consists of primary needs of basic necessities of life, such as food, shelters, clothes, and several satisfaction, no other serve as motivation when physiological need is unsatisfied.

2. **Safety Needs:**

This may be required as the need to reduce uncertainty associated with basic physiological need satisfaction. In the workers setting, it is reflected in the workers attitude towards the safety of his work his job security and the possibilities of pay increases.

3. **Social Needs:**

These are the needs for belonging the reflect a man's social nature, his needs for friendship and the company of others.

4 **Esteem Needs:**

This category incorporates the need for which people have self respect and the respect for others and the need associated with the feeling of self confidence, status and prestige.

5. **Self Actualisation Needs**

This is an individual's needs to strive not just to be good at something but to be as good as he is capable of being, it is the need to realise one's own potential continued self development and creativity includes the challenge of the job, the amount of creativity entailed and the opportunity for recognition, achievements and advancements.

The need hierarchy is easy to comprehend, has great deal of common-sense validity, and points out some of the factors that motivate people in business and other types of organization. Through wages or salaries individuals are able to satisfy the physiological needs of themselves and their families, organisation also aid in satisfying security. Or safety needs through both salary and fringe benefits programmes. Finally, they aid in satisfying social needs by allowing interaction and associated with others on the job.

Herzberg's Two-factors Theory

Another content explanation of motivation was advanced by ***Herzberg in 1959*** he based his theory on the study of need satisfactions and on the reported motivational effects of these satisfaction on 280 engineers and accountants, ***the theory is referred to as the "Two Factor" theory of motivation.***

In the study of engineers and accountants Herzberg and his associates asked the subjects to think of times when they felt especially good and times when they felt especially bad-about their jobs. Each employee was then asked to describe the conditions that led to these particular feelings. It was found that the

when they felt especially bad-about their jobs. Each employee was then asked to describe the conditions that led to these particular feelings. It was found that the employees named different kinds of conditions or causes of each of the feeling. For example if recognition was seldom indicated as a cause of bad things.

Based on the study of engineers and accountants, Herzberg reached the following two conclusions.

1. Some conditions of a job operate primarily to dissatisfy employees, when they are not present. However, the presence of these condition does not build strong motivation Herzberg called these maintenance factors, since they are necessary to maintain a reasonable level of satisfaction, when these factors are absent they serve as dissatisfy but other perceived by managers as factors that car motivate subordinate. He concluded on ten maintenance factors.

   - Company policy and administration
   - Technical supervision
   - Interpersonal relations with supervisor
   - Interpersonal relations with subordinate
   - Salary
   - Job security
   - Personal life
   - Work condition

- Status

2. Some job conditions build high levels of motivation and job satisfaction. However, if these conditions are not present, they do not prove highly dissatisfying:

Herzberg described six of these factors as motivational factor or satisfiers:

- Achievement
- Recognition
- The work itself
- The possibility of personal growth
- Responsibility.
- Advancement

In summary, the maintenance factors cause much dissatisfaction when they are not present, but do not provide strong motivation when they are present on the other hand the factors in the second group lead to strong motivation and satisfaction when they are present, but do not cause much dissatisfaction when they are absent

Herzberg theory has certainly extended Maslow's ideas and made them more applicable to the work situation. He has drawn attention to the critical importance of job centered factors in work motivation This insight has resulted in an increased interest in job enrichment, an effort of restructure jobs to increase workers satisfaction. For motivation to occur manager must not only focus on

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maintenance factors only but the motivator must be built into the job to improve motivation.

PROCESS THEORIES OF MOTIVATION

Vroom's Expectancy Theory:

Vroom (1959) views motivation as a process of governing choices. The theory suggest that individual's are motivated at work to make choices among different behaviours or intensities of work effort. For example, a person may choose to work at a moderate rate or an accelerated rate. The choice is made by the individual. If a person believes that his or her work effort will be adequately rewarded there will be motivated effort or a choice will be made to work so that a preferred reward is received, the logic of expectancy motivation is then, individual will exert work effort to achieve performance rewards.

The management focus that fo lows is about rewarding workers in such a way that increased effort occurs. ***Vroom, (1959) Three primary variables in the expectancy theory of motivation are choice expectancy and preference.*** Choice designates the individuals freedom to select from a number of alternative behaviours. A person can work fast or slow, hard or moderate, stay home or come to work in some cases working fast may lead to more pay if compensation is based on the number of units produced.

Expectancy is the belief that a particular behaviour with or will not be successful. It is a suggestive probability. Expectancy would be "O" if a person believed that it was impossible to produce say 50 units a day. It would equal "I" if a person felt certain that he or she could produce 22 units a day.

Preferences are the values a person attaches to various outcomes (rewards or punishment) preference also are referred to as values. Another issue covered in the expectancy motivation model is called instrumentality. This is the probability that a person assigns to the performance outcome link. It is the probability that a particular performance level will lead to a specific outcome.

Managers can influence expectancies by selecting (hiring) individuals with particular skills and abilities and providing individuals with the leadership support to achieve a particular level of performance. The manager can also influence instrumentalities by being supportive, realistic and offering advice. The manager can influence preferences by listening to employee needs, guiding employees to help them accomplish desired outcomes and providing proper resources to achieve the desired performances. It is important for managers to understand the vital role of perception on motivation. A person instrumentalities and valences depend upon a person's perceptions. The importance of perceptual differences among workers with similar skill levels is made obvious by the expectancy theory. Different levels of motivation among people with similar skills could be explained in terms of perceptual differences.

Reinforcement Theory

Reinforcement theory considers the use of positive or negative reinforcers to motivate or create an environment of motivation. This theory of motivation is not concerned with needs or why people make choices instead, it is concerned with the environment and its consequences for the person, that is behaviour is considered to be environmentally caused.

Reinforcement theory, centers on Thordike (1911) law of effect' this law states that:

> Behaviour that results in a pleasing outcome will be likely to be reported, ***behaviour that results in an unpleasant outcome is not likely to be repeated.***

Positive and negative; reinforcement addresses the notion of having employees learn desired behaviours on the other hand, unlearning undesired behaviours involves the use of extinction or punishment.

In applying positive reinforcement to motivate desired behaviours, managers can use different schedules. A continuous reinforcement schedule involves administering a reward each time a behaviour is of desired outcome. An intermediate reinforcement schedule involves rewarding desired behaviour only periodically. Research indicates that

1. Continuous reinforcement schedules usually result in the fastest learning.
2. Intermittent reinforcement schedules result in slower learning but stronger

retention of what is desired.

An integrating model of motivation.

All the motivation theories presented contain the theme that motivation is goal-directed. Although the theories use different terms and appear to be quite different, they are not in conflict with each other. Basically, they each look at some segment of overall motivation or look at the same aspect of motivation from slightly different perspective.

Porter-Lawler Model

Psychologists Porter and Lawler offer a model that attempts to integrate ideas, variables, and relationships presented in the other explanations of motivation, such as the need hierarchy, two-factor theory, expectancy theory and reinforcement theory.

The Porter-Lawler integrative model points out the relationship of performance, satisfaction and rewards. It introduces the importance of having individuals performing jobs for which they have proper skills, abilities and traits. There is also the issue of performance measurement. Performance must be measured accurately and systematically so that rewards can be distributed equitably. If they are not distributed fairly, expending the necessary effort to do the job will seem senseless to employees. If no meaningful difference in rewards is made between high and low performers, high performers will lose motivational

intensity and probably cut back on their performance.

The model relates motivational intensify to performance. The extent to which greater efforts yield higher performance depends on the characteristics of the person and what the individual understands the conduct of the jobs duties to be, motivational intensity also depends on the reward received. If rewards are received and distributed fairly satisfaction results.

Expectancy:

Reward preferences, critical expectancy theory variables and motivational intensity depends on the attractiveness of the reward and the perception that effort will result in the reward.

Performance:

The accomplishment of goals is successful performance note effort alone does not yield successful performance the individual also must possess the abilities, needs and other personal traits to do the job well. No matter how sincerely an employee wishes to succeed, ability is needed. Also performance is affected by the job duties as perceived by the person performing the job.

Rewards:

Rewards are preferred outcomes. Intrinsic rewards are part of the job and occur when the employee performs the work. Extrinsic rewards are administered by managers or supervisors, examples would be job security, working conditions and fringe benefits.

These are areas managers can influence to satisfy physiological and safety needs.

The notion of reward equity is affected by the level of rewards, type of rewards, the person's performance, the extent of satisfaction received is related not only to the level and type of rewards but whether the rewards are considered fair.

MANAGEMENT STRATEGIES FOR INCREASING MOTIVATION

Behavioural scientist have called attention to a number of programme that motivate workers to improve performance. Two programme that have been beneficial to some managers are job enrichment and relating ply to job performance

Job enrichment, seek for improve both task efficiency and human satisfaction by buildings into jobs greater scope for personal achievement and recognition, more challenging and responsible work and more opportunity for individual advancement and growth.

Relating pay to job performance in order for a pay plan to motivate, A must

- Create a relief that good performance leads to high levels of pay.
- Minimise the negative consequent of good performance-
- ***Lawler, (1971) Create conditions so that desired rewards other than pay are seen to be related to good performance.***

2.5 MANAGEMENT APPROACHES TO MOTIVATION

Management approach to motivation recognises the fact that each worker is unique, each situation is unique and each company is unique, as such no single best way to motivate a worker, but each situation and each person may require something different, usually to combination of various theoretical aspects. There are broadly three methods adopted to this approach: the contingency approach, the system approach and the expectancy alignment approach.

The Contingency Approach

This approach recognises the differences between and among organization and their constituencies to one model for motivating will work for all organization. The appropriate organisational structure, leadership, staffing,, planning, motivating and control are contingent upon the nature of the organisational environment and the task performed. Thus the emphasis is on researching the practices is on researching the practices and methodology that are appropriate for the situation and adopting the one that work.

The following assumptions underlie the view point of the approach.

1. Workers situation differ, their differences effects how managerial knowledge is applied. Different organisations with different tasks are different competitive environments requires different plan.

2. Differences in working environment, rather than similar ties, are the basis of establishing a management practice.

3. Workers motivational practices cannot be applied across the board. They may be true and useful for a particular problem in a particular situation only.

Thus in order to motivate workers according to the contingency approach, analyse the situation and select elements from the vast array of principles and techniques that would form a model for motivating workers on a given situation.

The System Approach:

This approach work on three assumptions:

1. A systems model can be developed that has universal applicability to physical, human and social relationships, whether the organization is small or large.

2. A system model brings a unity of coherence for the wide variety of needs, interest, attitudes and motives of an organisations.

3. A systems model captures the way in which the organization works and predicts what would happen if some new motivational factor were introduced.

A system model is developed for the organization to establish its current motivational process and proceed with finding the change-agents for the improvement.

The Expectancy Alignment Approach

This approach requires an assessment of the needs of both organization s and its workers and a way of creating a situation in which both these needs are accommodated within the states of expectancies. It has the following assumptions.

a. Workers needs are extremely complex and change with changing values, attitudes, interests and wants, Similarly, organisational needs are extremely complex and change with changing market, products, services, environments, legislation and goals.

b. Workers needs are indisperity with organisational needs both cannot have their needs fully and completely satisfied so a compromise between the two packages is often worked out.

c. Workers and organisational needs vary not only in number but in degree of importance attached to these needs, the degree of importance changes as the situation changes for both workers and organization.

d. Workers needs that are aligned to or coincident with organisational needs are more apt to be pursued intensively because workers are reaching to satisfy their own needs and n the process they satisfy organisational needs.

e. The alignment between organisational needs and workers needs is at best an accommodating fit among all of the variables in a given situation at a given time.

This chapter started by reviewing the literature on incentive schemes for the enhancement of workers productivity in the manufacturing. The various types of incentive schemes, the basic requirements for an effective incentive scheme

The incentive systems that are used, that is profit sharing and productivity agreements and merit rating system. Also discussed are the objectives of an incentive plan to enable it achieve a degree of success and to be effective and efficient.

Types of motivation theories where also discussed in the chapter, the content theories and process theories of motivation and how it is used to enhance workers productivity, some by meeting workers hierarchial needs and others by reinforcing workers behavior with rewards for behaviors that are desirable and punishment for negative behaviors.

Management strategies for increasing motivation for the enhancement of workers productivity was also highlighted, the contingency and system approach used by management for motivation of workers and finally the expectancy alignment approach which requires an assessment of the need of both organization an its workers has a way of creating situations in which both these are accommodated within the state of expectancy.

The next chapter is on productivity the conceptual frame work to the study of productivity in the manufacturing sectors, the principles of productivity planning by objective, the problems of productivity improvements and the various techniques used for the improvements of workers productivity in the manufacturing sector.

CHAPTER THREE

PRODUCTIVITY

3.1 INTRODUCTION

The purpose of the chapter is to take a look at productivity as an entity; the technique for its improvement and how it could be made to grow and enhance workers performance.

The objective of setting up most firm is to make profit closely related to this is productivity, which is a factor for making profit, as such there is the need to consistently monitor it and strive as much as possible to improve it; if only profit is to be made, the primary objective of setting up a firm may be lost if profit is not made. It is therefore very important for top management to see to it that productivity is always maintained at acceptable levels and ways of improving it must constantly be sought.

Research and development is taking its rightful place as one of the most important function in a company. Without research and development, a company could be left behind by the fellow competitors or even forced to close down. it is significant that most f the work under research and development is aimed directly or indirectly at improving productivity.

3.2 CONCEPTUAL FRAMEWORK

A. For the purpose of this research, it is pertinent to look at productivity

definitions from various perspectives having the framework at the back of our mind, four views of productivity shall be considered.

A National Reference Point

This view considers the country as a whole, it takes into account the interplay of factors like labour, management raw materials and resources as forces influencing economic goods and services. As described the effects of the whole mix rather than individual groups.

Industrial Productivity

Here factors that relate to each country like petroleum, education, transportation and so on are isolated. This will make comparisons for firms and different industries difficult and often misleading.

Industrial Firm or Organisation

The organisation has a more visible cause/effect relationship of its many factors, it is possible to measure time spent and work produced for comparison either within the same firm (at different times) or among various firms. This can give a picture of how effectively the firm utilises its resources.

The Industrial Worker

The productivity of an individual is affected by the work environment, available tools, processes equipment and probably the level of motivation for productivity. This motivation can be highly influenced by the group of which the individual is a member, the inter play with other groups and the reason why the individual works.

B. In our concept of productivity we shall look at the various methods of improving productivity, the following are some of them.

Increasing Labours Capacity to Work

This can be done by installing more efficient equipment at labour's disposal or a more efficient organisational set up could be worked out within the firm. Labour could be made more capable by new and more efficient working methods and by training labour to attain higher productivity through higher efficiency. Incentive like higher wages, which involves more efficient conditions of living generally.

Increasing Labour's Willingness to work

This is usually through incentive schemes. It is important to distinguish between these incentive schemes and their consequent effects, since their success or otherwise would result in different things. if the effect is negative, the scheme

becomes a deterrent to productivity.

Compulsion

Here, management compels the workers to improve their productivity through the so called negative incentives this is not a particularly desirable way of improving productivity and is never used by democratic leaders, compulsion, however, finds a lot of use under recessionary condition and where there is unemployment in such cases it is easy to intimidate workers, since it is very difficult, if not impossible to find ar other job.

3.3 FACTORS AFFECTING LABOUR PRODUCTIVITY

One of the most important factors affecting productivity is the introduction of new machinery through progressive technology based on the achievements of contemporary science.

The importance of science and technology cannot be over emphasised. Scientific research concerns itself mainly with how to make thing better, easier, faster and cheaper specialisation co-operation and combined production help to improve productivity, whenever there is specialisation workers become more adapt to producing a particular item and the tendency is to do it better and faster if there is encouragement. However, management must take cognisance of workers learning curve here. Of course it is known fact that whenever there is cooperation

there is increased chances of better productivity. Combined production helps to cut down costs and, with the right type of supervision, will improve productivity.

* Another important factor is the national organisation of work and production. Here the use of the principles of time and motion studies helps a lot towards cutting off wasted time and unnecessary movements, thus enhancing the work situation and thus productivity too.

* Improvement of workers skills is perhaps the single biggest factor in improving productivity. Formal classes and on the job training helps in improving workers morale. Quite apart from the abilities gained the worker see himself improving and thus getting a better chance of moving up in the organisation. This is a good incentive.

Improvement of industrial organisation and management techniques is another factor that affects productivity. A company exists and operates in a dynamic society. So it is important for management to constantly keep moving with the times. Incorporating any necessary changes as and when they are due. This way the company can hope to keep growing as time goes on. A dynamic management can take advantage of any changes in the industry structure and turn such changes into more profits for the company, which is what business is all about.

3.4 PRINCIPLES OF PRODUCTIVITY GROWTH

The following ten principles of productivity growth are listed below as they enhance on workers productivity in any organisational setting.

Principle of Shared Gain

Productivity increases rapidly when its expected benefits are shared with those that will produce it. However, it should be noted that once one organisation, group or individual benefits at the expense of others, thus developing a parasitic state, productivity disruption is likely to result and if allow to go on for a long periods productivity could deteriorate seriously. It is therefore management task to see to it that profit sharing schemes are equitably distributed among those who desire it.

Principle of Continuance

Productivity tend to continue when achieving an objective dos not incapacitate or destroy any of the factors which produced it. productivity is determined by such factors as technology, personal materials quality and work processes.

Principle of Focus

The greater the focus towards productivity objectives on time scale, the greater the likelihood of achieving those objectives, managers should avoid spreading themselves thinly over activities that are trivial and focus instead on

important priorities.

Principle of Expectancy Alignment

The greater the alignment of employee expectancies (needs) with the organisational objectives (targets) the greater the motivation to accomplish, employee work primarily for themselves and only secondarily for their employers. They work in order to meet their personal needs and goals. When these needs and goals are closely aligned to organisational goals motivation increases.

Principle of Worker Accountability

Accountability for productivity is more likely to happen when employee understand, participates in and are held responsible for productivity objectives, measurement and evaluation. Employees who are responsible for greater productivity are apt to feel more accountable when they participate wholeheartedly in the selection development and execution of productivity objectives.

Principle Elasticity

productivity tends to increase when the same amount of work is achieved in a shorter period of time since work is elastic while time is not, work will normally be made to fit the time set for its completion.

Principle of Potential Productivity

Productivity gains are more likely to be achieved from situations where the potential for productivity gain is created. Productivity gain and potential for gains are interrelated and inseparable.

Principle of Work Justice

productivity is more likely to continue when employees are given equal pay for equal work and when employees are equal work for equal pay. "Pay the job and not the person" and "Pay the person and not the job" are two effective ways of reducing productivity.

Principle of Resource Priority

Productivity increases when objectives for productivity set the priorities for resources allocation. Since resources are always scarce, they should be used as efficiently as possible.

Principle of Ratio, Time Measurement

Productivity is most likely to improve when expected results are measured and made greater in the same time frame than expected resources are measured and made less.

Although it could prove difficult for any firm to follow all the principles as set above, that does not preclude an attempt to put as many of them as possible into practice. They should be introduced one by one on a logical basis.

3.5 MANAGING PRODUCTIVITY BY OBJECTIVES (MPBO)

MANAGING BY OBJECTIVES

Management by objectives (MBO) is a style of participative management

which endeavours to plan its course into the future and to use these plans as a basis for continuity reviewing its own efficiency MBO can vary a great deal depending on the type of company and precise usage will vary with individual.

Setting objectives and developing plans for reaching objectives is hardly anything new. What is new about MBO is that it is a formal system for translating participation from organisation members to a commitment formal for a common goal. Thus requires a timetable for blending the individual.

This regulation table for blending the individual contributions into an overall set of result. The participation and commitment process provides a desire and willingness to achieve that tends to be motivated. In its theoretical meaning, MBO is essentially the same as other management essentials, in that planning, organising, decision making performance appraisals, budgeting, controlling, policy making, forecasting, delegating and others are selected and blended together into a strategy for getting results in the organisation.

The strategy woks through a sequence of steps that must be taken in a certain order to lead to its intended results.

HOW TO MANAGE PRODUCTIVITY BY OBJECTIVE

Managing productivity be objectives (MPBO) is an adaptation of managing by objectives. MBO can be thought of as measurement by objective since productivity closely follows a measurement concept.

MPBO is normally done through six major steps, which are discussed below:

* Identify potential areas of productivity improvement, generally areas to be examined include operations, responsibilities, problems, traditions and opportunities, management should be very careful with these variables as the play a very significant role in productivity management and improvement.

* Quantity productivity level required: The purpose here is to establish a productivity ratio, making use of the prevailing circumstances in the organisation and the informat on gathered from step 1, precision is not the issue at this second step rather effectiveness is the focus and how the use of existing resources is reduced.

* Specify a measurable productivity improvement objective the new productivity level provides the basis for adapting and setting a productivity objective. Thus objective is stated and written as a formal commitment by an individual, a group a department or the entire organisation. It is most effective if it originated by those who must execute the work involved.

* Development plan for attaining objective, once a statement of productivity commitment has been made and agreed upon, plans are developed to implement completion of the commitment. These plans should include sufficient detail of the time required to reach the set objective. Contingency actions are developed for coping with potential problems if they arise.

* Control with milestone of progress towards objectives progresses can be measured only in terms of the objectives the organisation is trying to achieve. This step sets up all activities and tasks on a schedule to measure and report the status of and the progress made towards completing the objective. That completion must relate to cost and schedule criteria. During the controlling and reporting process, deviation of actual progress from expected progress are detected and reported for corrective action.

* Evaluate productivity reached, the result of the entire productivity effort are evaluated to see how well objective have been reached. The evaluation procedure is both rating for how well results have been achieved and a means of ensuring that managerial productivity processes are established, and operated. Results of the evaluation provide the basis for future planning and objective getting.

3.6 PROBLEMS OF PRODUCTIVITY IMPROVEMENT

Productivity improvement has been one of the management major problems. It is central for the setting up and managing of most firms. Although attaining higher productivity has always been desirable, there are always many problems militating against this. Half the battle is won when the enemy is known, as the saying goes, so management first responsibility is to understand these problems and then sought solution to them.

. The major problems plaguing productivity improvement are discussed below.

Measurement

One of the big problems with productivity is how to measure it in any meaningful way, thus for most of the time management might be moving blindly without knowing the real increase in productivity. Factors that are measurable may not really be good enough to tell much to the supervisor.

Motivation

Workers will usually become motivated if previous successful attempts on productivity improvement are reinforced and future attempts are encouraged. A comprehensive motivation scheme must be worked out and executed by the top management.

Communicating of Improvement Methods

Productivity improvement methods must be well documented and distributed to every one concerned. Here, it is highly recommended that productivity improvement committee be set up by management. it is vital that management does not work in a vacuum.

Top Management Committee

For productivity to be raised significantly and for such improvements to be sustained, management must be well committed to any scheme brought up in the company.

The must accept their responsibilities fully and be able to involve his staff

in such a way that every one involved also knows his responsibilities an can be made to realise that he will be held responsible for his part.

A percentage improvement in productivity must be discussed and agreed with all sectorial managers, and top management should encourage and openly demand from the sectional managers that such percentage be met.

Attitude of Foremen

Foremen often sabotage productivity improvement schemes if they do not feel a part of it. They have to be taught from the beginning that they will be held responsible for failures caused by them. On the other hand, they have to be provided with the necessary skills of control, negotiation, and so on. On the type of feedback, the volume of feedback and its materiality all help in affecting the foremen's attitude to productivity improvement.

The productivity improvement programme is not an overtime effort, but rather a continuous programme that should be hurried on and on, with continuous programs reviews, additions and subtractions as dictated by prevailing circumstances.

These programs often fail due to the following reasons:

* Failure to retain Managers and Foremen properly.
* Failure to communicate productivity improvement methods to others.
* lack of backing efforts by operating staffs.
* Lack of management follow-up.

* Non-existence of long term programme, but short term only.

3.7 TECHNIQUES FOR IMPROVING PRODUCTIVITY

The use of a particular technique alone will rarely influence productivity. Rather, it should be looked on as a means of adding to the information of the activity concerned which may show how improvement action can be taken. it is necessary to know what one is setting out to achieve, and how it is to be tackled before starting on the improvement exercise.

A WORKING STUDY

Work study is a generic term for those techniques particularly method of study and work measurement, that are used in the examination of human work in all its contexts, and which lead systematically to the investigation of all other factors that affect the efficiency and economy of the situation. Work study is applicable to any sort of regular operating type of work. There is a requirement t be able to observe and record and to measure the action involved in the work.

Applications:

In order to apply the technique of work study, it is essential to go through eight steps as quoted by the International Labour Organisations (ILO) manual of work study these are

1. Select the job or process to be studied.
2. Record from direct observation everything that happens, using the most

suitable of recording technique available.

3. Examine the recorded facts critically and challenge every thing that is done, considering the purpose of the activity, the pace where it is performed the sequence in which it is done, the person who is doing it and the means by which it is done.

4. Develop the most economic method taking into account all the circumstances.

5. Measure the quantity of work involved in the method selected and calculate a standard time for doing it.

6. Define the new method and the related time so that if can always be identified.

7. Install the new method as agreed standard practice with the time allowed.

8. Maintain the new standard practice by proper central procedures.

Method study:

. Method study is the systematic recording and critical examination of existing and proposed ways of doing work, as a means of developing and applying easier and more effective methods and reducing costs.

The aim is to reduce the amount of idle time rhythm and symmetry analysis can slow opportunities for effort and time saving, some of the developed rules are as follows:

- If the eyes are used to select materials, the lather should be left on the area

where the eyes can see them without moving the head.

- Fixtures should be provided to hold the item being worked on to leave both hands free.
- All parts should be located within reach without moving the body.
- Chairs particularly, back rests should be individually adjustable for maximum operator comfort.
- Material handling and plant layered are another area where with little careful planning, a lot of costs can be cut and productivity increased.

Handling adds to the cost of manufacture; but adds nothing to the value of the product. Every time something is put down be picked up again. Production scheduled and control also increase the efficiency of the factory and thus enhances productivity.

Work Measurement:

Work measurement is the application of the techniques designed to establish the time for a qualified worker to carry out a specific job at a defined level of performance.

The main applications of these time standards so established are:

1. To plan manning of all operations of loading individuals and machineries separately or in combination to achievable work levels.
2. To provide a control basis, against which performance can be assessed.
3. To provide a basis for comparing the effectiveness of various methods.

4. To provide a basis for estimating and tendering.

Work measurement is not a single technique, but rather a group of techniques which contribute to the application listed above. The process is simple, the time taken by the operator to perform a stated task is measured usually by a stop watch. The average of a number of identical operators is obtained. If the operation is complex the various individual elements should be timed ideally, the timing should be of a qualified worker, if a new method is introduced, any timings in the early stages are likely to be misleading as the pace of the work will increase dramatically further along the learning curve.

Computers

When computers made their entry into the manufacturing processes particularly for automated operations., there was a general acceptance that it would replace man and become a great aid to productivity enhancement. Time has shown that although it trims back the members of routine operating staff in clerical areas, it adds as much to the salary bill by the requirements for additional higher rated computer programme.

The other impact of computer on productivity is there ability to process some of the data assembled to identify productivity potential. To generalise here is difficult as individual company usage of computers varies enormously.

There are no standard items to look for which are wholly computer oriented. rather, it is a matter of applying existing computer uses to seeking out

opportunities and developing simple programs to process data from special studies.

This chapter started by discussing productivity from the manufacturing perspectives, the conceptual framework to productivity study. The principle of promoting growth and how productivity is managed by objective was also discussed. The problems of productivity improvement and techniques used in improving productivity concluded the chapter.

The next chapter is on analysis and presentation of data of the study on incentive schemes for enhancement of workers productivity in the manufacturing sector. Analysis of the selected companies is undertaken and a comparative analysis and interpretations of finding concludes the chapter.

CHAPTER FOUR

ANALYSIS AND PRESENTATION OF DATA

INTRODUCTION

To enhance workers productivity in any country of the world, particularly where it is a free market economy with competition and market mechanism as the determinant for factor price and the cost of goods and services to the consuming public, there is usually the need to attract and retain the best workers. Any industries or entrepreneur that fail to embrace this phenomenon of having good and efficient work force is going to fall behind or even driven out of competition. This, then makes the enhancement of worker productivity through incentive scheme a very important aspects to all firms making up the industries in a country.

To achieve this goal various incentive schemes are operated by the firms in all the sectors of the economy, Incentive schemes however do not mean a satisfied work force. This study has selected the manufacturing sector with two companies in the sector as representative of the sector, the data gathered is presented and analysed in this chapter. At the end of each firm's analysis is the presentation for that firm, alone, and there is a comparative analysis and presentation towards the end of the chapter.

4.2. ANALYSIS OF FIRM A

The first company to be analysed is the Nigerian Tobacco Company, limited Zaia.

Brief Historical Background of NTC Zaria.

Nigerian Tobacco Company's busir ess in Nigeria started on the basis of import trading In 1912, British-America Tobacco Company Limited (BAT) which was NTC predecessor in the business, established a depot and sales organization in Nigeria to handle distribution of its products.

This was followed in 933 by a pilot factory at Osogbo manufacturing cigarettes from imported leaf. In 1937, the first full fledged factory was opened at Ibadan. In March, 1951, Nigerian Tobacco Company Limited (NTC) was incorporated as the successor to BAT.

In 1960, NTC become a public company when in may of that year, BAT offered for sale to the public in Nigeria some of the company ordinary stock of NTC more share were sold in 1964. By December 1980 the number of NTC shareholders in Nigeria stood at about 50,000. The company's present issued and paid-up capital ₦25,000,000 and its stock is traded on the Nigerian Stock Exchange.

MANUFACTURING

NTC two modern factories in Ibadan opened in 1937, and Zaria opened in 1959, currently manufacture Nine brands of cigarettes. These are Benson and Hedges

special filter, John Players Gold Leaf, high Society, Sweet menthol AFT & LCFT, three Rings and Plain Bicycle and Mill Mars.

The Zaria plant was completely modernised, and Green Leaf Threshing Plant for processing leaf tobacco installed there in 1982. Again in 1983 a modern primary manufacturing units was installed in Zaria, while the Ibadan factory was reorganised. This way NTC ensures that the highest standards are maintained and its products are of the best quality

MANPOWER TRAINING AND DEVELOPMENT

NTC is privileged to have technical advice and assistance relating to the development of manufacturing techniques improvement in machinery, training of management and technical staff for its association with British-American tobacco Company. The resources of the groups modern and extensive research and development establishments are also available to the company.

About 2,100 person are directly employed by NTC. Of its 186 management staff, 175 are Nigerians. NTC 9 members board of directors has 5 Nigerians on it. All other grades are of course directly Nigerianised.

In such a highly mechanised industry as NTC, the development of supervisory and technical skills is all important and staff training and development is a major aspects of the company policy which is aligned with the incentive schemes for the enhancement of the company's workers productivity.

INCENTIVE SCHEMES AND WELFARE:

The company operate a training center at Ibadan where most grade of staff are trained for the more advanced and specialised training, the company's staff are sent overseas to either the BAT training center in England or attachment to associated companies in other countries where the group operate.

There is also the scheme under which the NTC exchanges selected senior and middle-level Nigerian Managers with their counterparts in associated companies for a tour of duty with the intention of exposing the employees to improved skills and develop them in an international outlook which will make them move receptive to new ideas and techniques. It also helps towards achieving the Nigeriansation policy of the company as such enhancing the productivity of the workers.

The NTC backs up its personnel policy with a generous compensation and incentive schemes. The company uses the renumeration offered by similar companies as a base and then offers the same or higher pay to its employees the company also gives an across the board 13 months salary for both workers and management annually, exceptionally good workers are awarded salary increments average or moderate performance attracts a single increment while poor performer is not promoted at all.

Prizes in cash and kind are given every year to long serving employees during colourful ceremonies and certificate of merits award is also presented at the event.

INTERVIEWS

Three line workers one production managers and one personnel manager at the Zaria branch of the NTC were interviewed about their feeling towards the company where incentive schemes are concerned and as to whether they felt it has enhanced their productivity.

The general finding was that of satisfaction with the way the company treats its employees, Thus has facilitated industrial harmony thus minimising strike occurrence in the recent past.

Particularly attractive to the workers is the prospect of higher promotion if they work hard enough. Although from the interview there was some resentment and complains that a certain section of the country dominated the higher position within the managerial hierarchy and that such manager tend to favour their own people, the other interviewed did not think about the noptism practised in the company.

ANALYSIS

The main thrust of the company's incentive scheme is financial in nature.

As this is the case with most well to do companies in the country; A christmas bonus equivalent to one months' pay is given to each worker, thus in effect paying every worker for thirteen months every year. This goes a long way towards attracting workers to the company.

The long services awards too is ways of making workers stay on with the company. Knowing that this will be appreciated soon and that there is an economic advantage involved.

The training scheme is another factor that enhances productivity of workers in the company. Workers will love travelling out of the country (Nigerian are always proud to do so). This also enhances their position on their return, and since they are better trained, then their output will improve either qualitatively or quantitatively or both this approach is in line with both the content theory of Maslow on the hierarchy of need at the self actualisation level and the Herzberg's two factor theory on the maintenance factors and the motivational factors. This also agree with Taylor's principles of scientific management.

Incentive schemes that the company selects in training individuals with particular skills and abilities improve their skills and abilities thus providing leadership support to achieve a particular level of performance thus enhancing workers productivity of the company, this is a true testimony of the expectancy theory in management. The company scheme of pay bonus at the end of every year is another incentive of positive reinforcement to enhance the workers

productivity and has been quite rewarding.

Also NTC has a pension scheme for retired workers, this is also a scheme for enhancement of workers productivity it motivate workers to become more careful with the quality and quantity of their work performance evaluation facilitates career planing and pathing, to develop the full potentials of workers for promotions rewards and recognition if they retire the pension scheme serve as a fall back to them. This has enhanced the productivity of workers generally for the company.

Another scheme that has enhanced workers productivity of NTC Zaria is the long service award for various category of workers that have put in over 20 years in there services of the company, these awards comes in form of gift price or cash price backed up with certificate of merits for the award recipients. Thus scheme has encouraged workers to work dedicatedly being selected for such awards.

4.3 ANALYSIS OF FIRM B

The second company to be analysed is the Zaria industries Limited

Brief History of Zaria Industries Limited

The company was incorporated in December, 1973 to manufacture and sell tarpaulin and other canvas goods. It commenced operation in 1974 with an authorised share capital of ₦1,960,000 of ordinary share at inception that was

issued and fully paid with its head office at old Jos road, Zaria.

The company has been growing thus necessitating the raising of its authorised capital to ₦3,000,000 in 1986 changing the original share holding structure in 1987, as a result of the dissolution of the Kaduna Investment company Limited (KICL) and the subsequent sharing of its assets by the owner states, the Katsina state Development Company Limited (KSDC) and the Kaduna State Industrial and Finance Company Limited (KIFC) took the place of the defunct (KICL) as shareholders.

In 1991, a Japanese company the overseas spinning and investment company limited acquired the shares of the original Japanese Technical Partners shares.

In 1993 as a result of the acquisition of a spinning plant through an ADB/ESL facility and the need to raise the company capital base, the authorised share capital was increased to ₦12,000,000ordinary shares of ₦1 each.

SHAREHOLDERS STRUCTURE

SHAREHOLDERS	% HOLDING	SHARES
Kaduna Industrial & Financed Company Limited	17.86	2,145,880
Overseas Spinning & Investment Company Limited	18.52	2,223,220
Nigeria Industrial development Bank Limited	16.43	1,971,500
Alhaji Yusuf Ahmed	33.32	3,998,400
ADK & Sons Limited	1.07	128,000
Issued fully paid	8.53	1,023,700
Un-alloted portion.	4.27	512,300
Katsina State Development Company Limited	82.14	9,857,120
TOTAL	100	12,000,000

ORGANISATIONAL STRUCTURE

Zaria Industries Limited is the premier tarpaulin manufacturer in Nigeria and started production in 1975, it has its headquarter in Zaria with various departments organsied under divisions

Office: Administration and Accounts Departments, then Sales and Purchasing Department

Factory: Spinning, weaving, finishing sewing and maintenance Departments. The factory production outlay capacity for fabric.

Production: 2 million square meres of tarpaulin.canvas per annum while the yarn production: 720 tons of various counts of cotton yarn per annum.

The company also has a labour force of about 500 employees at full operational capacity.

INCENTIVE SCHEMES AND WELFARE

The company provide a training facilities in order to give each employee a chance to know and perform his duty well and to get him groomed for promotion to higher and more responsible jobs within the organization. The company expects all employees to make use of these facilities both for the interest of themselves and the company.

A staff canteen is provided on the premises and workers may take their meals and refreshments there, the canteen is run by a caterer appointed by the union. There is also a standard football field and a club formed which the company assist periodically, facilities for other indoor games is also provided from time-time for workers recreation activities all these help in enhancing workers productivity at the company.

The workers union of the company has also proposed the establishment of thrift association for the sale of consumer goods for the members of the union of the company of a subsidised prices.

INTERVIEWS

The General manager personnel and four line workers were from the factory

production departments and one from the security and another at the administration office questions was asked according to the level of the workers knowledge and level of understanding and responses obtained was mostly positive about the company's incentive schemes that enhances workers productivity.

ANALYSIS

The incentive schemes from the responses had with the manager personnel and manager production are basically the following:-

a. **Promotion and Salary Increase**

For promotion, workers are promoted from lower grades to senior staff cadre as one worker was promoted in this category last year, and another senior staff got elevated to next higher grade. Equally five other junior staff got promoted to the next grade, all the above is used in motivating workers for an enhanced productivity whenever they merit it, sometime they even get double promotion.

In the case of salary increment, the company have an across the board increase at the end of the year by paying all category of workers for 13 months which means a bonus of one month salary as an incentive this has help in enhancing productivity according to the interviewees at Zaria industries Limited.

B **Long Service Award Scheme**

The company has a long service award scheme for its workers that have served the company, for 20 years and above they get a refrigerated thermocool, while those that served for about 15 years get a double cassette recorder and 10 years services attract a single cassette recorder. All these awards are also backed with certificate of merit awards and sometimes with cash gifts. The award ceremonies is usually held with the family of the award recipient in attendance and usually a colourful event. This according to some of the post recipient of the awards has really helped in enhancing their productivity and loyalty of dedication to the company and normally take place at the end of the last quarter of the year.

C. **Bonus Incentives**

Usually at the end of the year around November at management discretion, bonus is given to workers this may be between the range of 50-100% of basic salary workers got 50% as bonus and 50% as incentive of their basic salary.

This has greatly enhanced workers productivity as it has resulted in the minimising of materials wastage on the production line. The satisfaction workers derive from the above incentive and welfare scheme of the company has made the worker more effective and efficient in material management and work flow pattern on the production line thus enhancing productivity of the company.

This is in line with some of the motivation theories that when workers basic needs are met and working environment conducive workers perform better, and

even attain from the physiological and security needs to self actualistion needs of Maslow's theory of need and Herzberg theory of two factors maintenance and motivation in the content theories. Also applicable of the incentive scheme to process theories of Vroom expectancy where worker will put better efforts for anticipated rewards either in recognition or cash with reinforcement theory, since workers can always determine the consequences of their action, when good reward and when negative reprimand this has help in enhancement of workers productivity.

4.4 COMPARATIVE ANALYSIS AND INTERPRETATION

From the study carried out, it has been observed that the two companies have different combinations of incentive schemes for enhancement of workers productivity. Also present are some motivational elements that facilitated productivity. All the two companies have used financial incentives to motivate their workers. In Nigerian today the pay packet is one of the most important considerations when applying for a job. Certain important factors such as job satisfaction are relegated to the background initially. It is only when the worker has settled down on the job that he starts considering factors like working condition and job satisfaction.

Provision of housing for certain cadres of the staff has been a good incentive and motivating factor for productivity enhancement, this is in the light

of the manufacturing sector where the job schedule involves shifting, there is therefore the need to house members of the organisations like the production manager very close or even within the company complex for operational reasons. It is an indication the Zaria industries staff quarters.

Closely related to housing is vehicle loan which is available for senior staff of the two company studied. When a company provided it workers with vehicles loans, such workers always felt happy since it boost their morale and societal standing thus restating their dedication and loyalty to the service of the company, equally available is machine and bicycle loan to middle level workers and junior worker and these loans is at a lower rate of interest or even at free interest in the case of Zaria industries but it is only available for confirmed staff of the companies the opposite holds for those companies that failed to do so result in dissatisfied and grumbling workers thus affecting morale and lowering productivity.

Wages and salaries have been adequate in all cases and there was no complaints from workers in that direction. The presence of staff canteen and clinic at the plant for workers to feed during the break time and attending to workers who sustain injury during operation of work has also enhanced productivity. Since workers do not have to go out of the plant during break to buy food more over the staff canteen are run by qualified caterers appointed by the workers union. The concept of collective bargaining where the union on behalf of the members negotiate wage rate is also applicable in the two companies studied

this is a kind of participative pay decisions which increased trust in and satisfaction with pay decision and better pay decisions. Although such a scheme of incentive is time consuming it has the advantage of motivating workers thus enhancing their productivity, as the opposite is obtainable where workers are kept out of decision making which would subsequently affect them, this often resulted in little feeling of unbelonging since they are left out as such a demotivator.

The study has also observed that for any incentive system to work, such an scheme must be tied to performance it must also allow for individual differences, and should also reflects the type of work that is being down.

Equally such an incentive scheme should be consistent with corporate culture of the company and lastly, should be carefully and fairly administered and that they accurately reflect current technological and organisational conditions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 INTRODUCTION

From various interviews and investigations carried out in this study certain condition suggest themselves, this part of the chapter will briefly discuss these in summary, conclusion and proffer some recommendations to the study.

5.1 SUMMARY

First and foremost, the average Nigerian worker can only be satisfied when he is adequately remunerated It is a wel known fact that only a satisfied worker can perform or work effectively and efficiently. Thus from the very beginning monetary inducements must be present. This can be in the form of fairly good salary or wages which will attract the worker and make him satisfied. This is followed by other monetary attractions (Fringe benefits) Such as free medical care, subsidized housing at nominal rent rate, paid annual leave, bonuses from production and Christmas bonus and a good pension scheme for workers at retirement.

The laborers or lowest class of workers who earn wages are interested in good pay. Long service should be recognized and payment scheme worked out and publicized. The craft men generally tend to have an eye for promotion in their job. They also work hard to seize any opportunities for training that come their way for career advancement.

Motivating those class of people for productivity enhancement involves

availing them with such information in the organisations craftsmen are also motivated by monetary reward but not to the junior worker's extent.

Incentive schemes for foremen is of particular importance in productivity enhancement, as they more or less run the factories, they set production quota for each group of workers and also ensure that such target are met. A poorly motivated foremen could be a problem to any company that keep him without changing his condition.

5.2 CONCLUSION

The observation from the study, is that reasonably good training schemes help in enhancing workers productivity by motivating them to improve on their skill and abilities the chances of traveling overseas for training is particularly enticing as workers will always tend to try hard to qualify for a training programme, before being selected they must have distinguished themselves by working very diligently. After training such worker returned to the company better equipped for his work this lead to productivity enhancement.

Most workers differentiate from job satisfaction and job motivation, , here Maslow's hierarchy of needs theory comes into play; as soon as a need is satisfied it stop being a good motivator.

Fringe benefits is another incentive scheme that enhances productivity., particularly in the provision of housing for senior management and technical staff as is applicable to the companies studied, and vehicle loans for some categories of workers. Some dissatisfies arises from the absence of these fringe benefits

particularly.

Vehicle loans Every one wants to be "mobile". Rent subsidy is paid in lieu of housing this has an impact on workers especially the indigene of the area who own houses and do not have to pay rent.

Closely aligned to fringe benefits and rent subsidy are other fringe benefit like leave allowance and Christmas and production bonuses, workers are always happy to have such extra incentive and are highly motivated by them as such enhancing their productivity. Payment of overtime is another incentive scheme, especially among junior workers whenever possible try to put in extra hours to earn money, this of course confirmed our first conclusion that most effective incentive schemes in this country are financial in nature.

5.3 RECOMMENDATION

From the conclusion in the previous section of this chapter it is clear that there is too high preponderance of financial incentive schemes in this country is that Nigerian managers and foreign managers operating in Nigeria are not capable of initiating alternative ideas that would be effective substitute (or financial incentives) A good incentive scheme should be aligned with the company's goals and objectives while taking the workers needs and behavior patterns into account. Thus the first recommendation is to de-emphasize financial incentive and othe equally effective substitute found for each company.

- Workers should be given room for creativity and innovations by relaxing close supervision so that certain elements of dissatisfaction are removed this is particularly relevant for junior workers.

- Managers should personally be involved with their workers so that they learn the best ways to motivate them to enhance productivity.

- As has been observed from the conclusion, satisfaction forms the basis of all human motivation, it is therefore of great importance that management finds ways of satisfying workers so that proper motivational approach can be applied more successfully as incentive for workers.

- Adequate training schemes should be selected by management so as to achieve better educated work force as it is easier to deal with an educated person than an illiterate, workers training has the double advantage of producing skilled workers and also making them more aware of what is happening around them, particularly for their job.

- Continuously improved on the job training programme for the workers who are not able to get selected for special training, this also enhances their abilities and skills as such increasing their productivity ratio.

- Involve workers in becoming part owners of the company whenever shares are sold make it compulsory for workers subsidise by giving loans to buy the shares. As being part owners of the company increases their commitments because they have a stake and a say in the management of the company. Thus

an enhancement of productivity, since they could justify their wealth maximization by increasing productivity.

- Introduce pension schemes for workers that shall be used at retirement thus planning their career and retirement. Workers for now in Zaria industries have only gratuity at retirement this has been suggested by the personnel manager as it motivates workers to work hard and more careful to enable them enjoy the scheme as a fall back after retirement.
- Finally, workers union should be encouraged to form thrift and cooperative association to provide goods and services to its members at a subsidised rate or even invest in some new venture, this would also enhance their productivity.

Any incentive schemes should be closely tied to the actual job performance, allow for individual differences, reflect the type of work that is being done and should be consistent with the corporate culture and carefully monitored over time.

APPENDIX:

SCHEDULE OF QUESTIONS FOR INTERVIEW

1. Name of Company . . . . . .
2. Nature of Company . . . . . .
3. When Established . . . . . .
4. Projects handled . . . . . .
5. Number of People Employed . . . . . .
   (a) Managerial Level . . . . . .
   (b) Labourers . . . . . .
6. Annual Turnover (average) . . . . . .
7. Pay Procedure . . . . . .
8. Overtime Allowed? Yes ..... No.....
9. If Yes In (8)
   (a) Rates Paid . . . . . .
   (b) When Allowed . . . . . .
   (c) Which class of workers allowed . . . . . .
10. Welfare Facilities:
   (a) Cafeteria . . . . . .
   (b) First Aid . . . . . .
   (c) Toilets . . . . . .
   (d) Club/Recreation . . . . . .

DEPARTMENT OF BUSINESS ADMINISTRATION

Tel: 069-32734
Telegram: INSTITUTE ZARIA.

Sole Administrator:-
Major General Mamman Kontagora (Rtd)

Head of Department:-
A.M. Abu-Abdissamad
MBA, B.Ed. (Maths), LDME (A.B.U)

INSTITUTE OF ADMINISTRATION
P.M.B. 1012
ZARIA, NIGERIA.

Your Ref: _____

Our Ref: _____

Date: 30th Sept. 1998.

TO WHOM IT MAY CONCERN

LETTER OF INTRODUCTION

Mal/Mrs/Miss/Mr. USMAN MUSA

has completed the course work leading to the award of the Degree of Master of Business Administration (MBA) in this University. He/She is currently undertaking a research study entitled

INCENTIVE SCHEMES FOR ENHANCEMENT OF WORKERS PRODUCTIVITY IN THE MANUFACTURING SECTOR

For this purpose, we urge you to assist him with the necessary data and information he requires. The department has given instruction to the students that data and information so obtained should be kept in strict confidence and should be used only for the purposes of research.

We would be very pleased if permission is granted and the above named student given as much assistance as possible.

MAL. SANI A. ABDULLAHI,
Co-ordinator, MBA Programme
For: Head, Department of
Business Administration

INSTITUTE OF ADMINISTRATION
MBA PROGRAMME
DEPT. OF BUS. ADMIN.
A. B. U. ZARIA