

REWARD SYSTEMS AND EMPLOYEE PERFORMANCE  
IN NIGERIA: CASE STUDY OF FIRST  
ALUMINIUM COMPANY (NIG) PLC.

BY

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BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS  
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SEPTEMBER, 2000

**DECLARATION**

I hereby declare that this project has been written by me, and that it is a record of my own primary research work. It has not been presented in any previous application for a higher degree. All quotations and sources of information as seen in this thesis are specifically acknowledged by means of the given references.

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**CERTIFICATION**

This research project entitled "REWARD SYSTEM AND EMPLOYEE PERFORMANCE IN NIGERIA: CASE STUDY OF FIRST ALUMINIUM COMPANY (NIG) PLC" by DABO, SAFIYA LABARAN meets the regulations governing the award of the degree of Master in Business Administration (MBA) of the Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation in the field of management.

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## **DEDICATION**

I wish to dedicate this project to my husband Omar Farouk Ibrahim, Ph.D

## ACKNOWLEDGEMENT

I thank ALLAH (S.W.T.) for enabling me to complete this programme.

My sincere regards and gratitude go to my Supervisor Mal. Dalhatu Bashir Imam for his guidance and patience throughout the duration of the research work.

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## ABSTRACT

In spite of the various efforts made by management to bring harmony and enhance performance in our organizations, there has been an increase in dissatisfaction with the system of reward administration. This often results in disputes, incessant industrial actions and poor employee performance.

The purpose of this study therefore was to find out the Effect of Reward System on Employees' performance. Data were collected from senior and junior employees of the organisation. Personal interview was also conducted to augment the information obtained from the questionnaire. This study found that there is a relationship between reward system and employee performance.

A good system gives rise to increase in productivity, employees satisfaction and better performance, It was also found that the company used the following reward techniques to enhance performance: Provision of loan facilities, scholarship for employees' children, provision of medical services for employees' families etc.

Based on the findings, the management should create an organizational structure that enhances cordial relationship between management and employees. More so, managers must know and understand the behaviours, value and attitude of people within their organisation since the relationship between job performance and personality cannot be considered apart from such factors, Trevatha and Newport (1979).

# CHAPTER ONE

## INTRODUCTION

### 1.1 BACKGROUND

Employers and managers in a well organized workplace are pre-occupied by how to increase productivity and how to motivate workers in order to achieve better performance. Therefore, the reward system is strictly in conformity with an employee performance.

Every organization exists for the purpose of performing a function which is in one way or the other a means of satisfying societal needs. The organization needs competent manpower to fulfill its mission. The organization must employ various reward systems to enhance its employees' performance. Consequently, there are several reward techniques available to companies. But the question is: Do they affect employees performance positively? Why are some workers interested and satisfied with their work and others are not? Why are there some variation in employees performance?

Reward techniques are very important in enhancing employees earning and industrial profitability as was made clear by Von Kass and Linderman (1971), when they stated that:

“It is a well accepted fact that the introduction of wage incentives has resulted in remarkable increase in productivity and corresponding reductions in cost”.

From the foregoing, we can understand that reward system can be techniques of aligning employee and organizational interests which results in achievement of employee wants simultaneously with attainment of organizational objectives.

It is quite obvious that despite modern technological explosion, the worker remain the most vital ingredient of modern industries.

It has been permanently acknowledged that workers can start or stop production systems and that even small groups of workers can bring not only a plant, but an entire industry to a standstill. Workers performance therefore, cannot be waived aside in any organization.

The relationship between production and performance is a function of reward which leads to job satisfaction. The fact is that workers expectations should be congruent and complimentary to organizational objectives. No worker as we know, works in any organization for charity's sake, not even those in charitable organizations. He expects remuneration for his work. Until this goal is achieved, performance or productivity is bound to suffer.

Performance or accomplishment brings about rewards or fulfillment which if equitable in terms of the person's (employee's) expectations, will lead to a feeling of satisfaction in the persons which goes ahead to ginger him/her into greater performance. Why some workers have remained dissatisfied with their work while others of the same cadre are quite happy and comfortable with theirs, has remained a matter of great concern to us. The range in financial compensation is enormous and striking. People with comparable education and working experience receive unequal pay. The employees as the integral part of the organization should be fully recognized.

This study will aim at finding ways of solving this problem.

## 1.2 STATEMENT OF THE PROBLEM

For many years now, poor reward techniques are becoming more and more complex and continually presenting fascinating problems. It has been of great concern to both employers and employees. The employers, on one end of the pole are complaining of poor performance due to worker's attitude to work. While on the other end of the pole are workers complaining of lack of incentive in their systems. That is, labour is not adequately rewarded. In other words, there has been some dissatisfaction with the operation of wage incentive plans. For this reason, performance of workers is at its lowest level. Workers are not committed to their job. This eventually leads to labour turnover or even brain-drain of workers from the organization for greener pastures.

Evidence shows that there is negative image of career of employees. Participation and employee satisfaction are neglected which boils down to workers dissatisfaction and poor performance.

"In addition to direct cost of turnover and absenteeism, indirect cost are incurred when money must be spent to recruit replacements and train them. The fact that these problems exist suggest that it cannot be automatically assumed that people will come to work each day or remain in an organization once they are hired. The expected rewards associated with each choice motivate the worker on a particular day to leave the firm and seek employment elsewhere (Szilagy and Wallace). Poor reward system therefore does not only increase production costs due to absenteeism, but the organization equally spends some money replacing some employees that leave the organization every now and then because their expectations are not met.

Some administrators worsen the situation. They feel that offering attractive pay to their workers means unnecessary waste of resources on the workers and that it may be detrimental to the employer.

An organisation's success depends on its workers' performance.

Many authors also agree that dissatisfaction is the basic cause of workers' frustration and the consequent poor performance.

Since employees are an integral part of the organization, the organization should endeavour to give its workers opportunities for their interests to be represented within the company for promotion, advancement, skill development, security and satisfaction while at work.

According to Szilagy and Wallace (1980) a reward (internal or external reward) remains a major control mechanism available to managers to influence the direction of behaviour and performance.

Based on this, this study aims at addressing this problem of reward administration by unveiling various reward techniques that can be applied.

The reward system at First Aluminium (Nig.) Plc. is what this study tries to address. Are the firm's workers really satisfied with their job or demoralized due to poor reward techniques?

### 1.3 **PURPOSE OF THE STUDY**

The purpose of this study is to examine the effect of rewards on employees' performance and job satisfaction.

More so, to help managers know the best reward system they should apply on their employees. This study will also serve as a foundation block where others will build on.

#### 1.4 **SIGNIFICANCE OF THE STUDY**

The significance of the research cannot be under-estimated since the research will help to recognize problems and the means by which the problems can be solved. The researcher believes that the recommendations of the research will serve as a corrective means for the employers/managers in their reward techniques as well as other organizations faced with reward problem.

#### 1.5 **RESEARCH QUESTIONS**

This study will set out to answer the following research questions:

1. Is there any relationship between performance and reward system?
2. Is there any relationship between managers' attitude to employees and job satisfaction?
3. Do reward systems have any effect on employees' performance?
4. Does the firm employ reward systems for her employees?
5. What reward system does the firm employ to improve performance?

#### 1.6 **SCOPE AND LIMITATION OF THE STUDY**

This study is directed towards investigating the effect of reward system on employees' performance with particular reference to First Aluminium Company (Nig.) Plc. Port Harcourt.

One of the limitations to be faced in this study is differences in organizations. Because of the differences existing between organizations, such as their management

styles, objectives, goals and difference in employees attitudes and behaviours, this study cannot be generalized.

The most serious problem encountered in the course of study was the time required to carry out an in-depth analysis of the study.

Lastly is the financial constraint.

## 1.7 DEFINITION OF TERMS

### REWARD SYSTEMS

These are benefits accruing to an employee due to his or her active participation and involvement with an organisation's quest to accomplish worthwhile goals and objectives.

There are various ways of motivating and compensating employees for helping organizations to achieve their set goals.

### EMPLOYEE PERFORMANCE

It is the increased efforts of an employee which enables the employee increase output.

It can equally be measured and helps an organization to attain its set goals and objectives.

### INCENTIVE

That which gives one desire to act, to work hard etc.

### MOTIVATION

It is defined as a general term applying to the entire class of drives, desires, needs, wishes and similar forces. Managers motivate subordinates by doing those things which they hope will satisfy their drives and desires and induce their subordinates to act in a desired manner towards achieving company objectives.

## CHAPTER TWO

### LITERATURE REVIEW

It is an acknowledged fact that employees differ in their needs and desires and that this difference in needs and wants determine the amount of efforts an enterprise expects of every employee. However, while some scholars maintain that to overlook the effects of reward on employees' performance will hamper the realization of organizational goals, some disagree with the reward concept – a motivator.

Whatever is the case, it is the duty of organizations to provide those things that motivate workers into higher performance. This chapter therefore highlights and discusses the following concepts: What is reward system?, Objective of reward system, types of reward system, motivation, reward system and employees performance, how to evaluate and improve employees' performance and factors affecting reward system.

#### 2.1 WHAT IS REWARD SYSTEM

Finks et al (1983) stated that:

“An organisation's reward system is the total array of rewards available from that organization for the individuals and collective effort of its members”.

Reward may be defined broadly as the material and psychological payoffs for doing something. These payoffs can have an immense impact on how long and hard someone works. A person who is pleased with the consequences of work is likely to put forth, more effort than someone who feels short-changed or cheated in some way. Reward could therefore be considered an organisation's incentive measure which are

the benefit that accrue to every employee because of his membership regardless of whether the incentives are consciously provided by management or not.

## 2.2 OBJECTIVE OF REWARD SYSTEM

According to Ivancerich et al (1977), the ultimate goal of rewards is to enhance productivity. The primary aim of employing employees in an organization cannot be accomplished if workers do not get rewards. It is the existence of such reward that makes work interesting to the workers. Therefore reward must meet the following objectives:

**Reward Must Satisfy Individuals Needs.** Whether it is a pay raise or a pat on the back, there is no motivational impact unless the reward satisfies an operative need. Not all people need the same thing, and one individual may need different things at different times. Money is a powerful motivator for those who seek security through material wealth. But the promise of more money may mean little to a financially secure person who seeks ego stimulation from challenging work.

**One must Believe that that Effort will Lead to Reward.** According to the expectancy theory of motivation, an employee will not try to attain attractive rewards unless it is perceived as attainable.

**Rewards Must be Equitable.** Something is equitable if people perceive it to be fair and just. Each of us carries a pair of equity scales in our heads with which we weigh equity balance and imbalances.

Below shows one scale for personal equity and another for social equity.

PERSONAL EQUITY

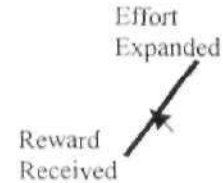
"I got unpaid for what I did. That 's unfair. I'm going to take it easy from now on."



"I got paid what I deserve. That's fair."



"I got overpaid for what I did. That's unfair. My co-workers won't like this."

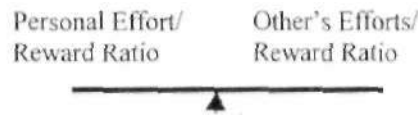


SOCIAL EQUITY

"Joe and I did the same job but he got paid more than I did. That's unfair. I'm going to take it easy. Why is Joe special?"



"Joe and I did the same job and we got paid the same. That's fair."



"Joe and I did the same job but he got paid less than I did. That's unfair. He's going to wonder why I got special treatment."



The personal equity scale tests the relationship between effort expanded and rewards received. The social equity scale, in contrast, compares our own effort-reward ratio with that of someone else in the same situation. We are motivated to seek personal and social equity and avoid inequity as perceived by those who are overpaid as well as those who are underpaid.

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Since perceived inequity is associated with feelings of dissatisfaction and anger, jealousy or guilt, inequitable reward schemes tend to be counterproductive.

**Reward Must be Linked With Performance.** Ideally, according to learning theorist, there should be an if-then relationship between work and extrinsic rewards. If the work is accomplished satisfactorily, then the reward should be granted.

Therefore, management has to constantly restructure its rewards techniques and renew them, otherwise, once they become obsolete, they cease to motivate workers and results in low productivity.

Hence, Von Kass and Linderman (1971) noted:

“Far too many top management people are anxious to accept any new wage incentive plan or new method of measurement as the situation to their wage incentive problems or as the means of correcting an outmoded plan. Unfortunately, they are often extremely reluctant to take the action necessary to eliminate the causes for the deterioration of their present plan.”

Some administrators often apply the same reward technique to various circumstances. This is not supposed to be. One reward structure that works for one organisation might not be suitable in another organization. Managers can equally apply more than one technique in the circumstance.

Incentive is a strategic action in human development. To accomplish this therefore, incentive schemes will be provided to the workers based on the importance of their job.

Cunning says, “incentives are anything which entices or attracts or motivates a person to work harder, urging him to some forms of actions and at the same time satisfying

his objective desires." Reward or incentives therefore includes: compensation, benefits, wages, salary, good working conditions such as vacations with pay, sick leave and other incentives.

Reward practices therefore, according to Ivancerich (1979), constitute a major area of policy influencing management's success in motivating job performance, retaining qualified employees, reducing absenteeism and attracting qualified job applicants to the organization.

He further asserted that for the individual, rewards are important because they fulfill work-related needs.

### 2-3 TYPES OF REWARD SYSTEM

Some of the reward systems are as follows:

- (1) Standard-hour plan
- (2) The piece-work
- (3) Plant-wide
  - (a) Scanlon Plan
  - (b) Rucker Plan
- (4) Individual Plan
- (5) Group Plan
- (6) Indirect Plan
- (7) Share Option Scheme

Whatever name it goes by, all reward systems aim at merit and results. However, Von Kass (1971), stated that "The suitability of the various incentive plans will be related to the basic type of work being performed."

### STANDARD-HOUR OR STRAIGHT LINE PLAN

Here, payment is made in proportion to output. Due to its simplicity, it is acceptable to employee. The disadvantage is the fact that it is widely used hence sometimes it is applied in unsuitable conditions.

### PIECE-WORK

It is a direct payment for production in terms of monetary units. It is the oldest form of incentive plan. It is determined by relating expected output to some level of employee earnings. The advantage is that reward is proportional to effort. Its simplicity is the main advantage.

### PLANT-WIDE INCENTIVE

According to Hackett (1979), it is an incentive that enables employers reward all employees, not just those engaged in direct production. Because of this, some organizations have adopted its arrangement. Its advantage is the ability to focus attention not on output but on the cost of output.

The disadvantage is that due to the fact that such bonuses are usually paid out at fairly lengthy intervals, that is quarterly or annually, their incentive value is probably incorporated in the pay system direct. It may equally be difficult for the employee to see the relationship between his effort and the reward he receives at the end of the period.

Hackett added that plant-wide is divided into two traditional forms: The Scanlon and Rucker Plan and went ahead to outline the steps involved:

(a) THE SCANLON PLAN

It is a pioneer in management productivity plan. That is, it is one of the few mainly used plans by management. It aims at establishing relationship between management and employees so that they become a single team working towards better performance. It requires mutual understanding of the two parties and is suitable for small and medium-sized companies.

The basic steps involved are:

- (i) Determining current ratio of labour costs to sales revenue
- (ii) Using this ratio to draw up an allowed payroll. That is, what the employer thinks it should cost to make the number of items he intends to sell in order to make the year revenue.
- (iii) At the end of the year, he calculates the actual payroll. That is, what he actually spent in labour cost.
- (iv) He works out the participating payroll, to reflect the amount of time worked by individual.

(b) THE RUCKER PLAN

It is an American invention which has an underlying basis for the value added by the workforce to the raw materials or the materials or the products that the Company buys, produces or sells. It is therefore based on team effort.

The steps are:

- (a) Calculate production value by deducting the cost of incoming materials and services from sales revenue.
- (b) Calculate the total employment costs.

- (c) Work out the relationship between employment cost and production value, if possible comparing the ratio over several years.
- (d) Determine the appropriate ratio for your company by comparing it, if possible, with other companies in the same industry. If the ratio falls so that employees costs constitute a smaller part of production value, a bonus will be payable in that period. If the ratio increases beyond the acceptable level, no bonus will be due.

### EXECUTIVE BONUS

This is for individuals whose contribution is perceived as being worthwhile. It is difficult to operate where the achievement of objectives depend very much on group effort.

Indirect plans conform to McGregor's theory 'Y', hence for it to work out, there must be proper supervision, mutual respect between management and employees.

The advantage is that it can lead to group dynamics, co-operative efforts, development of individual contributions to organisation's success.

Susceptibility to failure due to external conditions like changes in market or in economic climate can be a disadvantage.

### SHARE OPTION SCHEME

This is the process of paying a bonus in form of company share instead of cash. The practice is actually increasing.

Many organizations provide a wide range of benefits. In First Aluminium Company Plc. for example, the following benefits are offered to employees: transport allowance, housing subsidy, electricity bill subsidy, kilometer base, meal subsidy, overseas travel allowance, car loan, health services, personal loan/rent advance,

professional organization membership sponsored by the company and others. Other types of incentives available to employees while on the job include:-

1. PAYMENT FOR TIME NOT WORKED

Historically, organizations did pay employees for time that they actually spent on the job. However, over the years, payment of a certain amount of time away from duty has become increasingly common. The two types of benefits are paid vacations and payment for such specific days as holidays and days to perform civic or personal activities.

2. INSURANCE BENEFITS

- (a) HEALTH INSURANCE – Health services are provided by many organizations to their employees. In addition, health insurance is provided. In Britain, nearly three-fourth ( $\frac{3}{4}$ ) of employees in the private sector, some 43 million are covered by health insurance plans. It is also recorded that about 80 per cent of public employees are covered.

When health insurance was first introduced as a benefit, employees often contributed a portion of the insurance premium.

- (b) LIFE INSURANCE – Life insurance which provides benefits to employee's survivors in the event of death before retirement, is now broadly applicable to both private and public employees. The size of benefits is usually directly proportional to the employee's direct pay, typically two times an employee's year's salary.

3. RETIREMENT BENEFITS

This is becoming widely used by different organizations in recent times with the gradual extension of life expectancy.

Pensions are the known major methods used to provide retirement benefits for employees. Pension guarantees income after retirement until death, based on the employee's participation in a pension programme mandated by the Social Security Act of 1935. Many are equally covered by non-mandatory plans.

4. CAR LOANS - Car loans may be granted through bankers with company guarantee. Other forms or modalities of providing car loan to employees are also applied in several companies. What is important is the extent or degree of motivation that the employee is enjoying when he/she is provided with the loan which may be determined by the conditions set down on the loan.

Many companies provide personal loans to their employees. The employees are required to apply preferably in writing stating the amount they need, the use to which they will put the loan and the modalities of its repayment.

5. EMPLOYEE BENEFITS AND ALLOWANCES -According to Hackett (1979), a recent survey of large companies revealed that employee benefits now constitute 30 per cent of payroll costs compared with 20 per cent in the mid 1970s.

These are additions to pay and payment in kind which may or many not form part of a company's conditions of employment. They are sometimes referred to as fringe benefits. Sometimes, it is equally referred to as 'pecks'.

Furthermore, promotion and advancement can be used as a means of rewarding an employee. Therefore the more employees are promoted, the more they are satisfied and the greater the chances that they will be motivated towards increase in performance.

## 2.4 MOTIVATION

managers and management scholars alike have long been intrigued by that fact that some employees consistently work harder than others who are equally talented and qualified. The study of motivation helps managers understand this kind of variance in performance. More importantly, a working knowledge of what motivates people enables managers to take constructive steps to improve their employees' job performance.

The term motivation was derived from Latin word 'movere', meaning "to move". It is virtually impossible to determine a person's motivation until that person behaves or literally moves. By observing what someone says or does in a given situation, one can draw reasonable inferences about his or her underlying motivation.

As it is used here, the term motivation refers to the psychological process that gives behaviour purpose and Direction. By appealing to this psychological process, managers attempt to get individuals to willingly pursue organizational objectives.

According to Koontz et al (1987), motivation refers to the drive and effort to satisfy a want or goal. He also describes motivation as the 'why' of human behaviour.

The key to an organisation's success is ability to get the employees to work harmoniously for the attainment of the organizational goals. It is therefore the duty of the management to help move the organization to success by motivating its workers.

As Trevatha and Newport asserted:

"managers must know and understand the behaviours, values and attitudes of people within their organization since the relationship between job performance and personality cannot be considered apart from such factors."

From the foregoing, it is clear that motivation is not unconnected to personality. For management to be able to understand its workers' needs and solve them, it should first of all understand their individual behaviours, values and attitudes. That is the first step towards solving of their needs and motivating them.

As human needs are varied and as organizations become more complex, so will the reward technique vary for suitability and productivity enhancement.

Motivating employees is fairly a complex issue. This is as a result of individual difference.

Hackett Penny (1979) postulated that:

“The fact that there are many different points of view demonstrate that it is a fairly complex subject. But perhaps, the real problem lies in the attempt to find one specific law of behaviour which will hold good in all circumstances and for all men. It may well be that we are not all motivated by the same needs, or that at different times in our lives, different needs may be paramount. This is not because we are higher or lower than other human beings, but simply because we are different.”

Anything ranging from a pat on the back to a Christmas party can serve as a motivator, depending on the need of an individual. It is therefore ideal to find out from the employees the things they see as important so that the organization will not waste its efforts in trying to motivate them with what does not really interest them (the workers).

Motivation theories therefore are based on human needs, drives and it is assumed that an individual will engage in seeking behaviour to produce situation in which he is in a state of equilibrium or avoid that behaviour in which he is a state of tension.

### MOTIVATION THEORIES

It is a miscalculation for an employer to feel that the filling of vacancies, staff development and compensation provide for adequate solutions to manpower problems in the organization. It must not be forgotten that an individual comes into the organization as a unique being with unique personality traits. Those traits are a sort of projection of psychological and social needs each of which the individual worker seeks satisfaction in order to complement the economic requirement that might be met through compensation or reward methods and processes.

Although some of the psychological and social needs of individual workers may be at variance with the organisational goals or objectives, management cannot dispense with the need to "strive to create the type that will permit the goals of the organisation to be attained and at the same time satisfy the psychological and social needs of its personnel" (Chruden and Sherman: 1976).

Effective management therefore is one that integrates the workers' needs with those of the organisation, a process Chruden and Sherman refer to as "organizational development" which is based on the assumption that human resources demand equal if not greater attention than the physical resources. One of the most difficult aspects of management is in fact, how to pursue this dual interest.

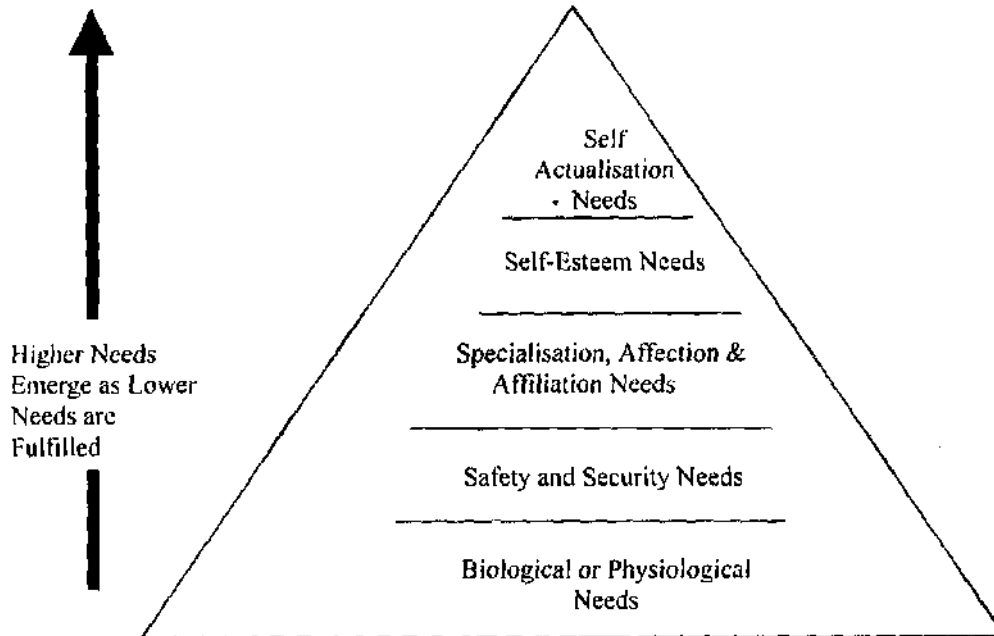
Although there are dozens of different theories of motivation, three have emerged as the most popular. These are: Maslow's Need Hierarchy Theory, Herzberg's Two Factor Theory and Expectancy Theory. Each theory approaches the motivation process

from a different angle, each has supporters and detractors and each teaches important lessons about the motivation to work.

In 1943, a psychologist by name Professor Abraham Maslow proposed that people are motivated by a predictable five-step hierarchy of needs. Maslow's message was simply this: People always have needs and when one need is relatively fulfilled, others emerge in a predictable sequence to take its place.

From the bottom to top, Maslow's hierarchy of needs includes: Biological or physiological needs, safety and security needs, socialization needs, self-esteem needs and self-actualisation needs. According to Abraham Maslow, most individuals are not consciously aware of these, yet we all supposedly proceed up the hierarchy of needs one level at a time.

## MASLOW'S HIERARCHY OF NEEDS



### 1. BIOLOGICAL OR PHYSIOLOGICAL NEEDS

At the base of the pyramid is the physiological or biological needs which are considered of all human needs. They include the needs for food, water, air and shelter. An individual who lacks any of these physiological needs is disturbed in mind so that most of his thoughts, feelings, behaviour are geared towards achieving them. To him, the other needs in the hierarchy are luxuries and he is not so much bothered about them as he is on these basic needs.

### 2. SAFETY AND SECURITY NEEDS

It is only when the individual meets the physiological needs that he tries to focus his attention on the next set of needs in the hierarchy, in this case, the safety and security

needs. At this level of the hierarchy, the individual is preoccupied with the safety of his life and property. He is also more concerned with stable situations and the security of his job. The needs for his personal and property safety, stability and job security therefore have high influence on his perception, feelings and behaviour and becomes restless until he meets them before he focuses his attention on the next set of needs in the hierarchy.

### 3. SOCIALISATION NEEDS

Having satisfied both physiological and safety needs, the individual then moves a greater part of his attention to the social needs which is the third set of needs as given in Abraham Maslow's hierarchy of needs. The social needs include belongingness, love, affection and affiliation. This is where the group theory comes into play. Here the individual recognizes the importance of joining groups and linked or loved by all these groups which are usually known as informal groups. These groups range from primary to secondary groups and in any case, the individual needs to be loved by the group members.

Nobody can dispense with group membership even a newly employed person doesn't waste much time in trying to associate himself with other members of the organisation. Group formation and group membership are not static but dynamic at the pleasure or displeasure of the individual members. These numerous groups usually evolve into a large group known as a trade union, so as to be able to achieve certain needs they would not otherwise do if they struggle as individuals in the organisation. Thus, the need to belong to groups and be loved by the group members and the management or supervisors/managers, is a very powerful force in the individual worker. His feelings,

perception and general behaviour are highly influenced by the desire to meet these needs.

#### 4. SELF-ESTEEM NEEDS

It is only when the individual meets the physiological, safety and social needs that he moves much of his attention to the self-esteem need which is the fourth in Maslow's hierarchy of needs. Self-esteem needs include desires for prestigious position or situations, and honourable and respectable positions, situations and titles.

In any given community, the individual who is preoccupied with the desire to achieve the self-esteem needs tries to demonstrate that he has extraordinary talents or potentials to offer for community services.

In the working environment, the individual feels the same way and it may lead to frustration and possibly conflict if he is not encouraged to develop and utilize these potentials.

In fact, at this stage, the individual wants to lead others and is preoccupied with how to achieve this. This leadership needs stem from his conviction that he has the ability or leadership potentials either on the job or on interpersonal relations or both. Both professional experts/consultants and trade union leaders tend to emerge at this stage.

#### 5. SELF-ACTUALISATION NEEDS

This is the fifth and last set of needs as shown in Maslow's hierarchy of needs. At this level of the needs hierarchy, the individual wants his influence to be felt everywhere. He is preoccupied with the desire to control the environment - both physical and social. At the organizational level, he may aspire to be the Chief Executive of the organisation. At community level, he may aspire to be the community leader or seek the traditional chieftaincy where it is highly valued. At national level, the individual

may aspire to be an Executive President, and even when he becomes the Executive President of his country, he wants to be a world leader and even seek to control the universe and all the planets. All these are self-actualisation tendencies which in most cases don't materialise.

It must be noted that every individual has these sets of need hierarchically organized.

All these sets of needs influence his own pattern of behaviour which the primary ones commanding the greater influence at any given time.

### HERZBERG'S TWO FACTOR THEORY

Frederick Herzberg, the Professor of Psychology at Western Reserve University Cleveland, has also made tremendous contribution to the field of industrial psychology or organizational behaviours. Some of his most important works include "*The Motivation to Work*" (1959) and "*Work and the Nature of Man*" (1966). Herzberg termed this two factor theory as hygiene factor and motivation factors. The hygiene factor are such as company policy and administration, supervision, working conditions, salary, status, interpersonal relationship with supervisors and peers etc. He was of the opinion that these factors do not, in themselves, positively motivate people but if they are unsatisfactory or inadequate, people become dissatisfied with their work.

He identified factors whose presence lead to satisfaction, as motivators and listed them as follows: achievements on the job, recognition, work itself, responsibility, advancement and growth on the job.

Herzberg stated that the absence of these motivators in the work situation does not bring dissatisfaction on the job per se but their presence brings about motivation and job satisfaction. He classified them as survival needs and related them to growth.

Herzberg does not condemn hygiene factor in-toto, but rather, he feels that they should supplement the motivation factors.

### EXPECTANCY THEORY

Victor Vroom (1964) and a number of other scholars including Keith Davis (1972) and Edward Lawler and Lyman Porter (1967) are known to have come out with another theoretical explanation of job satisfaction.

The expectancy theory is a motivation model based on the assumption that motivational strength is determined by perceived probabilities of success. Essential to this theory is the stipulation that a worker is motivated to work harder if he perceives that by so doing, he is likely to achieve the desired reward, and if he believes that the organisation is the type that will enable him to achieve his set goals. Similarly, the worker relaxes his efforts if he feels that they will not lead to the achievement of his set goals or if he believes that the organisation is not the type that encourages him to achieve his objectives.

According to his theory, one's motivational strength increases as one's perceived effort – performance and performance reward probabilities increase.

The relevance of expectancy theory is that managers can take constructive steps to foster favourable expectation among employees. People will work long and hard when they believe that they stand a good chance of successfully completing the job and subsequently receiving personally valued reward.

In a nutshell, what Maslow, Frederick Herzberg, Victor Vroom and other scholars, believe is that although the individual is attracted by monetary incentives to pick up a job with the organisation, other sets of needs develop in orderly sequence as soon as the monetary incentives are met. Hence unless management continues to make

concerted efforts to identify these sets of needs together with their variations with time and space, the quest to motivate workers for higher productivity may simply end in a fallacy. It is only when workers' needs are identified at all times that one can talk of integrating them with the organizational goal or objective which creates the atmosphere for co-operation, stability, dedication and ultimately raising the level of productivity in the organisation.

#### 2.4 **REWARD SYSTEM AND EMPLOYEES' PERFORMANCE**

No prediction of individual behaviour and performance can be made until the match between individual need profiles and organizational reward is considered. A major objective in the design of reward policy, should be to maximize this fit.

Ivancerich (1977) remarked that the most critical impact rewards have is on performance. He added that people have a number of outcomes or rewards they would like to achieve from performing their jobs.

According to lock's theory, employee is a conscious decision maker. The expectancy theory and integrative motivation model reveal to us that employees consider the values and likelihood of a number of events occurring before choosing a certain level of effort in job performance.

If reward practices are such that rewards meet the anticipation of employees, this will certainly boost the employees morale and his performance. If, on the other hand, expectations are not met, then this will mean employee's withdrawal of some of his services.

It is therefore empirically clear that employees' experience with organizational reward will either confirm beliefs or expectations about the result of a given level of effort and performance or lead to change in behaviour.

The primary aim of adopting the incentive scheme is to motivate employees to increase productivity. However, due to the fact that human responses and reactions are not predictable, the possibility that improved reward system would increase employees' performance cannot be guaranteed.

Baridam (1972) contended that:

“The introduction of incentive schemes implicitly assumes that increase output will be obtained and that production system is determined in its responses, whereas in reality, it is probabilistic.”

Since the success of reward technique is probable, it is then the duty of managers to handle the scheme in a more probabilistic – psychological way.

Ogunwonyi (1982) in supporting Trevatha and Newport, indicated that money rank lowly in workers' expectations. He stated that what motivates employees is the desire to do a good job. For individual to be motivated, he needs no outside stimulation, he simply wants to work. The organisation does not have to pay him more money for him to work. However, an average Nigerian worker has the belief that improvement of status is possible and easier through the acquisition of certain money or certain monetary values.

The need to grow from 'grass to grace' has served as a strong motivating factor to 'riches.' In Nigeria, money can buy prestige and material things. This was supported by Olumorin (1984) when he stated that:

“The Nigerian worker, management inclusive, is said to have a high aspiration for money and wealth that is not just to live on but more too for 'conspicuous leisure' – a situation which completely dislodges Professor Herzberg's postulation that money is not a motivator.”

In considering the role of money as a reward on performance, we must consider the numerous roles money can have regarding behaviour and performance. Money (pay) has been given a number of different roles in influencing the behaviour of employees in organizations. First, money could be viewed as an incentive or good that is capable of reducing need deficiencies. The need for money serves as an incentive for motivated behaviour and its acquisition reduces the need deficiency.

Second, money serves as a potential dissatisfier when absent, but as a satisfier when present in appropriate amounts (Ivancerich, 1979).

However, many managers believe that the more pay workers receive, the better they perform. Maslow's hierarchy of needs makes us understand that monetary reward alone may not lead to desired behaviour. If an employee has enough income to buy clothes, giving more money to him to buy clothes may not be an incentive to work hard. In the same vein, money may not motivate beyond satisfaction of basic needs.

This notwithstanding, there is still a strong desire for comfort, luxury and possessions which is not obtainable without money. Hence, for most people, there is still strong desire for money. Money equally serves as symbol of status and recognition. Every worker is concerned with how he can get money so as to face his family problems and responsibilities.

According to Saul Gellerman, money can motivate, yet, it is not the ultimate. We can then say that individual responses to monetary incentives differ based on their individual differences. To some people, money is important; to some, it is less important.

Although there is a theoretical controversy as to the role of money in motivation, the fact is that performance tends to be high when rewards are contingent upon performance as opposed to when reward is not based on performance.

## 2.6 HOW TO EVALUATE AND IMPROVE EMPLOYEES' PERFORMANCE

Eyime Enang et al (1995), suggested that in order to maintain high productivity, it is not enough to set objectives and output targets. There should be an in-built system of regular stock-taking evaluation. He added that actual output should regularly be compared with planned target.

Employees' performance can be easily evaluated by:

1. Determining the relative works of each job
2. Pricing each job in the structure to maintain reasonably competitive prevailing wage-rate in the labour market. This ensures that what a job is paid within the organisation is equal to what it is paid outside the organisation.

Job evaluations are jobs clustered into homogenous groups for the sake of comparison. The groupings can be based on serving the same function, or some other basis such as tradition. A key job is chosen in each cluster to serve several purposes.

First, the rate of pay established for the key job will serve as the basis for the rate established for the subordinates in the cluster.

Second, key jobs will be used to establish relative rates of pay across clusters within the organisation.

Finally, key jobs alone will be used to make pay comparisons outside the organisation to determine the various amounts to be paid to the various jobs. In appraising the employee's performance, there is thereby a feedback system or mechanism that achieves improvements in staff performance as well as being a good motivator.

In improving an employee's performance, productivity would not be improved by the offer of money alone, rather radical change of attitudes on the part of both management and workers is vital in achieving high productivity. Management should be based on well recognized, clearly defined and fixed principles instead of depending on hazy ideas.

Taylor opined that:

“The new way is to teach and help your man as you would a brother, try to teach him the best way and show him the easiest way to do his work. This is the new mental attitude of the management towards the men...”

It is a well known fact that grievance and disciplinary interviews are important in maintaining morale and performance; the employees' complaints or dissatisfactions about his job, conditions of work, mistreatment etc can be aired in private. Similarly, the organisation's displeasure with an employee (for disobedience or unacceptable behaviour, persistent lateness, recklessness etc.) can be expressed without humiliating the individual in front of his peers.

It is empirically clear that management should be able to apply both positive and negative re-enforcement in motivating its workers. In other words while management tries to reward its workers positively for desired behaviour exhibited by the workers, it should be able to combine it with punishment when the worker exhibits unfavourable behaviour so as to mould and trickle the worker. In management training, managers often seem to under estimate the workers' ability to master new techniques. The workers are being assigned for a whole month to routine work they can master in a week. The managers fail to realize the difference in learning speeds between workers.

The workers hence are poorly motivated because they are bored and do not experience any challenge in their work.

The ICAN study textbook (1989) criticized most managerial systems of appraisal and feedback. The trainees are not told whether they are doing well or badly. It condemned these systems by saying that apart from being poor for morale, it is inefficient in that, the management will not be able to improve employees' performance if they (employees) are not told where improvements are needed.

As Trewatha and Newport rightly pointed out if management continues to offer more money to the employee without caring for their self-development training, self-actualization and other personal needs, at a time, money will cease to motivate the employee and this will end up affecting their performance negatively.

#### OTHER STEPS THAT CAN HELP IMPROVE PERFORMANCE ARE:

##### USE OF ASSISTANTS TO POSITIONS

Acting managers, particularly those with talent and experience should be assisted in their jobs by the trainees (employees). The trainees will be able to observe the managers in the exercise of their normal duties as well as carrying out useful work themselves.

##### ERGONOMICS

It is a branch of psychology designed with a view to increasing efficiency by designing work to fit people rather than the other way round. It may result to job satisfaction or remove frustration.

##### JOB ROTATION

Is swapping one boring monotonous job for another boring monotonous job. It helps employees experience variety of jobs. It motivates workers. It has an advantage of

creating greater flexibility and improved manpower utilization. It equally broadens the knowledge of the employees.

#### JOB ENLARGEMENT

This is similar to job rotation but instead of changing job from time to time, the job is made bigger by the introduction of new tasks hence one assembly worker will carry out three different operations in the process of his work.

#### JOB ENRICHMENT

This is adding to the work cycle, work that is more challenging, rather than just more work.

#### KNOWLEDGE OF RESULTS

An important part of intrinsic motivation is a feedback mechanism to enable the individual find out how he is doing. There has to be a yardstick with which to measure performance as this plays no small role in enhancing performance appraisal. It is a useful tool with which to achieve organizational objective.

#### PROMOTION POLICIES

The management should be careful and fair in the handling of promotion matters. Promotion based on merit provides another yardstick for the individual as it is a sign of recognition for his past achievements. It is a good thing to elevate a dedicated employee to the next rank of organisation's hierarchical ladder, but promotion is not a matter of right for all and sundry. It should be seen as a reward for hard work and dedication. Promotions should not be delayed for if it comes late, it will lose its value and intended purpose – higher performance. Temporary promotions can equally be made. Trainees can be appointed 'acting managers' if managers are ill or on holiday. This can be an element in staff development.

## ESTABLISHING OBJECTIVES

Setting targets for employees makes the work more satisfying to them. When targets are not set, they appear not to know what is expected of them and cannot understand why they spend long periods on work which they have already mastered.

## COMMUNICATION

Employers should be able to communicate everything to staff if possible. The more they know, the more they will understand. The more they understand, the more they will care. If employers do not trust their workers to know what is going on, the employees will know the employers don't really consider them.

Information is power and the gain employers get from empowering their employees more than offsets the risk of informing the organisation's competitors.

According to Enang Eyang (1996), in Success Digest, workers can only be motivated to high level of productivity if they know and understand the objectives for which they work, identifying themselves with the enterprise and are satisfied with what they will get in return of their contribution.

## PEOPLE-ORIENTED MANAGEMENT

The management should embrace a people-oriented management to get the best from the employees, counseled Imeangi (1996). According to him, all people oriented leadership style will improve productivity while an autocratic style will dampen workers' morale. A manager who is democratic will get his subordinates involved in decision making and create atmosphere for close interaction for instance, holding informal meetings once in a month.

It is highly difficult to generalize on the incentives that can serve as motivators. It is therefore of utmost importance that managers understand their subordinates as

individuals. In other words, managers should be able to understand their subordinates so as to know what motivates them.

It is observed that sometimes wages are not really responsible for the dissatisfaction rather, such factors as lack of recognition brings about workers' dissatisfaction and poor performance.

Trewetha and Newport observed that since employees are different, managers must be flexible in dealing with them. They said that managers can achieve this by being more perceptive in assessing individual behaviour which can be achieved through two approaches.

1. The elimination of unhealthy management practices, and
2. The support of positive management practices.

Some of the unhealthy management practices that can be eliminated include discrimination, an unwillingness to let employees present their ideas, a lack of communication with employees, and lack of knowledge about management and the specific tasks at hand.

It is clear that the presence of the above listed in any organisation is bound to be a clog in the wheel of progress of that organisation. The environment will be quite unhealthy for the employees hence they cannot operate effectively. Trewetha and Newport maintained that motivation can only be effective when employees can directly connect a management practice with the fulfillment of personal goals. Joint problem solving has been found to be very effective. People are more likely to accept and support decisions they took part in making.

However, realistically, this approach is not without limitations and therefore cannot solve all management problems. Certain factors are responsible for the limitation and

they include: leadership styles, organizational structure, employees attitudes and other mediating variables.

Peter Drucker and other management theorists have emphasised the importance of Management by Objectives (MBO) in performance appraisal, where employees are evaluated on the basis of their contribution to organizational goals. It is a process by which managers and their subordinates jointly participate in setting goals and evaluating performance as it relates to organisation's established objectives.

## 2-7 FACTORS AFFECTING REWARD SYSTEM

The success or failure of any reward technique is closely related to the administration of the technique by the supervisory body. In other words, it is the responsibility of the supervisory body to adopt the most suitable technique.

The suitability of any reward system is as important as the system itself. Von Kass and Linderman (1971), asserted that it is obviously important that the wage incentive plan be suited to the kind of work being performed. A plan that is suitable for repetitive standardized, short-cycle manual operations is often unsuitable for work of less structure nature.

The technique selection should be based on:

- (a) the kinds of characteristic of the wage or reward plan in use and the advantages and disadvantages of each.
- (b) The type of work being performed and their characteristic problems of work measurement and incentive compensation.
- (c) Management attitudes.
- (d) Union Management relations.

For semi standardized work which is characterized by relatively short runs that is not repeated quite often, in which it is difficult to administer conventional work measurement, direct measurement straight-line plans can be provided that complete records are maintained. Sharing plans can equally be used.

For unstandardised work, which is represented by the typical job shop, work may involve contracts. For specially designed products, machine repair work, etc, it is difficult to measure such highly variable work. A plan similar to the earnings, sharing plan may offer advantages.

For process of mechanically controlled work, where small groups are involved, an indirect plan such as the Rucker Plan or its equivalent may be well suited.

WORK NOT MEASUREABLE: This refers to work that is not measurable by conventional work measurement techniques. Methods are developed as work progresses. It involves work done by crane operators, boiler room operators, watchmen and guards. Indirect measurement such as Rucker or Scanlon are sometimes well suited for this type of work.

Conversation with individual employees reveal some of the factors that can equally affect proper functioning of the reward policy. They are: inadequate production control, incorrect route sheets, inadequate or improper tooling and improper maintenance of productive equipment (Kass and Linderman, 1979).

According to Ivancerich (1979), another factor which affects reward practices is the finding that although many firms believe they have tied pay to performance, in practice, their pay policies tie rewards to such factors as age, security, job placement, sex, and race, hence it is often difficult to assure that financial benefit is actually tied to performance.

Secrecy surrounding pay is the next factor. The common justification for this is that public disclosure of salaries would constitute an invasion of individual privacy. A less cited reason for secrecy is in equitability of pay which makes management fear that its publicity might result to unrest among workers.

According to behavioural scientist, all this cripples effectiveness of reward policies.

While some scholars advocate that performance – contingent reward system influence the directions of behaviour, that is, the amount of interest that an employee would show in an organisation, some oppose it. Advocates of rewards therefore suggest that there has to be techniques for rewarding or compensating workers.

The different reward techniques identified after the review of the related literature and which is practiced by many organizations are standard-hour plan, the piece-work, profit-sharing, plant-wide: (a) Scanlon-Plan (b) Rucker Plan; Individual Plan, Group Plan, Indirect Plan, Executive Bonus, Share Option Scheme.

Other rewards available to employee while on the job are: payment for time not worked, insurance benefits which include (a) health insurance and (b) life insurance; retirement benefits, cars as part of total remuneration, car loan, field allowances, mandatory pension, private pension plans.

In conclusion, the advocate of rewards state that the above mentioned are ways of motivating employees.

According to the advocates, motivation of employees is a powerful tool with which to achieve higher performance.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### BRIEF HISTORY OF THE COMPANY

First Aluminum Company (Nigeria) Plc is a manufacturing firm situated in Trans Amadi Industrial Layout Area of Port-Harcourt, Rivers State.

The shares of the company are jointly owned by the Federal Government of Nigeria, the Rivers State Government and First Aluminum Company (Nig.) Plc.

The company was incorporated in 1963. Soon after the construction in 1965, the company went into operations and later closed down in 1967 due to the Nigerian civil war. Reactivation process started in 1972 after the civil war and by 1973, the company was back in full operation.

First Aluminium (Nig.) Plc concerns itself with the rolling of aluminum pig/ingots as raw materials into aluminium circles, sheets and coils, which is a stage or two further from the raw material. The rolled aluminium is then sold to other companies that use them as their own raw materials.

*The pig/ingots are mined in Canada and Egypt and shipped to First Aluminium in Nigeria. It is the leading name all over the country in the aluminium industry.*

#### 3-1 RESEARCH DESIGN

A research design serves as a bridge between what has been established (the research objectives) and what is to be done, in the conduct of the study to realize these objectives. It anticipates what the client will need in terms of result and the analytical work on the gathered data that will convert it to useful findings.

It is a framework or plan that is used as a guide in collecting and analyzing the data for a study. It allows the researcher to draw inferences concerning the variables under investigations.

The objective of this study as earlier stated is to examine the “Effect of Reward System on Employees’ Performance as it concerns First Aluminium Company (Nig.) Plc, Port-Harcourt.

In Other to do this, a case study approach will be employed in carrying out the research.

### 3-1.1 POPULATION AND SAMPLE SIZE

Population is an aggregation of the elements under observation about which information is collected and which provides the basis for analysis. In relation to these, the research was conducted in First Aluminium Company (Nig) Plc.

A total of sixty (60) copies of questionnaire were distributed to the senior (Managers and Supervisors) and junior workers. Forty-five (45) copies of the questionnaire were retrieved. This then constitutes the sample size.

### 3-2 SOURCE OF DATA

Data source is a means whereby the information used in this research are generated or where the information is collected from. Data may be sourced may be realize in two ways: primary source and secondary source.

The primary source constitute information obtained by the researcher from the respondent directly through the use of personal interviews, administration of questionnaires and observations.

The secondary data on the other hand, deals with information obtained from the company’s records and documents, journals and textbooks relating to the research

being carried out. For the purpose of this research, both sources were employed to get data.

### 3-3 RESEARCH INSTRUMENTS

The research instruments constitute some of the tools a researcher uses in carrying out his work or research. The tool serves as aids to him and makes his work easy and attainable. It also allows accurate information, proper recording and analysing data.

The research instruments used in this research constitutes the following questionnaire, journals, magazines and personal interview which played an important role in development of this work.

### 3-4 ADMINISTRATION OF QUESTIONNAIRE

A questionnaire is simply a formalized schedule to obtain and record specified or relevant information with tolerable accuracy and completeness. In other words, it directs the questioning process and promotes clear and proper recording.

The questionnaire designed for the organisation was administered personally to the respondents. A total of sixty (60) copies of questionnaires were randomly administered – 20 to senior workers (Managers and Supervisors) while 40 were sent to junior workers.

Out of the sixty questionnaires distributed, forty-five (45) or 75% were completed and returned and this constitute the sample size. Fifteen (15) were not returned.

The researcher has to be present in some cases to ensure that respondents complete the questionnaires. In other cases, the questionnaires were handed over to the respondents and collected at a later date.

The research questionnaire was scrutinized and approved by the researcher's supervisor before distributing it to the respondents.

#### 3-4-1 DATA ANALYSIS TECHNIQUE

The method of data analysis is concerned with the data collected for the purpose of describing and interpreting existing conditions, prevailing services, beliefs, attitudes or ongoing process. The central purpose of this is to discover the meaning of what has been researched. The study is descriptive in nature, hence statistical tools such as percentage was used during the analysis.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

In this chapter, "Effect of Reward System on Employees' Performance" will be analysed on the basis of information obtained through the questionnaire used from the staff of the company.

A total of sixty (60) copies of the questionnaire were distributed and forty-five (45) were retrieved and used for the study.

TABLE 4:1

#### DEMOGRAPHIC DATA OF RESPONDENTS

RESPONDENTS		%
Senior	14	31
Junior	31	69
Total	45	100

The table above shows the respondents and their presentation. The senior workers are fourteen (14) representing 31% while the junior workers are thirty-one which represent 69%.

TABLE 4:ii

RESPONDENTS BY SEX

RESPONDENTS		%
Male	30	67
Female	15	33
Total	45	100

The table 4:11, above shows the respondents by sex. Thirty (30) out of forty-five (45) which form 67% of the workers are male while the remaining fifteen (15) carrying 33% were female.

TABLE 4:iii

RESPONDENTS BY AGE

AGE	RESPONDENTS	SENIOR	%	JUNIOR	%
25-35 yrs.	12	2	4	10	22
36-46 yrs.	19	3	7	16	35
47-57 yrs.	8	3	7	5	11
58-68 yrs.	3	3	7	-	-
Above 68 yrs.	3	3	7	-	-
TOTAL RESPONDENTS:	45				
TOTAL PERCENTAGE:			100%		

The table 4:iii, above shows the respondents by age. Between the age of 25 to 35 years, 4% are senior staff while 22% are junior staff. Also, between the age of 36 to 36 years, 7% are senior staff while 35% were junior staff.

More so, between the age of 47 to 57 years, 7% are senior workers while 11% are junior workers and from the age of 58 years to 68 years and above, we have only senior staff which is 7% respectively:

TABLE 4:iv

RESPONDENTS BY MARITAL STATUS

MARITAL STATUS	RESPONDENTS	SENIOR	%	JUNIOR	%
a) Single	14	4	9	10	22
b) Married	13	5	11	8	18
c) Divorced	8	2	4	6	13
d) Widow	6	2	4	4	9
e) Widower	4	1	2	3	7
TOTAL RESPONDENTS:	45				
TOTAL PERCENTAGE:			100%		

The above table 4:iv, it shows the respondents by their marital status. 9% which are senior staff and 22% junior staff all reported they are single. Also 11% of senior staff and 18% of junior staff indicated they are married. More so, 4% of senior staff and 13% of junior staff indicated divorced respectively.

Furthermore, 4% of senior staff and 9% of junior staff are widows while 2% of senior staff and 7% staff are widowers.

TABLE 4:v

LENGTH OF SERVICE

YEARS	RESPONDENTS	SENIOR	%	JUNIOR	%
Less than a year	2	-	-	2	4
1-5 years	7	-	-	7	16
6-10 years	14	3	7	11	24
11-15 years	12	5	11	7	16
Above 15 years	10	6	13	4	9
TOTAL RESPONDENTS:	45				
TOTAL PERCENTAGE:			100%		

From the above table 4:v, 4% who are junior staff responded that they are less than one year in the organisation. More so, 16% who are also only junior staff responded that they are between one to five years in the organisation.

Also 7% of the senior staff and 24% of the junior staff both indicated that they had spent six to 10 years (6-10 years) in the organisation. Furthermore, 11% of the senior staff and 16% of the junior staff responded they had spent eleven to fifteen (11-15 years) in the organisation while 13% of the senior staff and 9% of junior staff spent above fifteen (15 ) years in the company.

TABLE 4:vi

NATURE OF WORK

	RESPONDENTS	SENIOR	%	JUNIOR	%
a) Management	6	6	13	-	-
b) Supervisory	7	4	9	3	7
c) Clerical	13	3	7	10	22
d) Others	19	1	2	18	40
TOTAL RESPONDENTS:		45			
TOTAL PERCENTAGE:			100%		

On the nature of work in the table above, 13% who are only senior staff responded that they are in management level while 9% of senior staff and 7% of junior staff are all in supervisory level.

Also 7% of senior staff and 22% of junior staff are all clerical workers and also 2% of senior and 40% of junior staff does other works in the organisation.

TABLE 4:vii

QUES.7 DO YOU CONSIDER YOUR SALARY AS:

	RESPONDENTS	SENIOR	%	JUNIOR	%
a) Satisfactory	20	10	22	10	22
b) Unsatisfactory	25	4	9	21	47
TOTAL RESPONDENTS:		45			
TOTAL PERCENTAGE:			100%		

In the table above, 22% of senior and junior staff responded respectively that they are satisfied with their salary while 9% of senior staff and 47% of junior staff indicted their dissatisfaction with their salary.

TABLE 4: viii

**QUES. 8:            WHERE DOES YOUR MONTHLY SALARY FALL?**

	RESPONDENTS	SENIOR	%	JUNIOR	%
a) N1,000-N2,000	8	-	-	8	18
b) N2,001 – N5000	18	1	4	16	35
c) N5,001 – N10,000	12	5	11	7	16
d) N10,001 and above	7	7	16	-	-
TOTAL RESPONDENTS: 45					
TOTAL PERCENTAGE:			100%		

On where does their monthly salary fall, 18% who are only junior staff respondent that theirs fall between N1,000 to N2,000, 4% of senior staff and 35% of junior staff fall between N2,001 to N5,000 while 11% of senior staff and 16% of junior staff fall between N5,001 to N10,000 and N10,000 and above have only responded from the senior staff which is 16%.

TABLE: 4: ix

QUES: 9: IS THE INCENTIVE MOTIVATORY?

	YES	%	NO	%
Senior	10	22	4	9
Junior	10	22	21	47
TOTAL RESPONDENTS:	45			
TOTAL PERCENTAGE:		100%		

From the table above, 22% of the senior workers and junior workers says yes respectively while 9% of the senior workers and 47% of the junior workers says no to the incentive motivation.

TABLE: 4:x

QUES 10. IS THERE ANY RELATIONSHIP BETWEEN REWARD SYSTEM AND EMPLOYEES' PERFORMANCE?

	RESPONDENTS	%
YES	45	100
NO	-	-

Both the senior and the junior staff all agreed that there is a relationship between reward system and employees' performance.

TABLE 4:xi

QUES.11 THE IMPACT OF THE REWARD SYSTEM ON EMPLOYEES  
PERFORMANCE IS:

	RESPONDENTS	SENIOR	%	JUNIOR	%
a) Outstanding	28	8	16	20	44
b) Average	2	2	4	-	-
c) Satisfactory	15	4	9	11	24
d) Poor	-	-	-	-	-
TOTAL RESPONDENTS:		45			
TOTAL PERCENTAGE:			100%		

From the table of question eleven (11) above, 16% of senior staffs and 44% of the junior staff responded that the impact of reward system on employees' performance is outstanding while 4% of only senior staff indicated that it is average.

Also, 9% of the senior staff and 24% of the junior staff responded it is satisfactory and there was no response for the last alternative (poor).

TABLE: 4: xii

IN YOUR OPINION, WHAT IS THE BEST REWARD  
SYSTEM SHOULD EMPLOYERS USE?

	RESPONDENTS	SENIOR	%	JUNIOR	%
a) Commensurate salary/allowance					
b) Availability of loan facility					
c) Provision of Accommodation					
d) Pension Scheme					
e) All of the above	45	14	31	31	69
TOTAL RESPONDENTS:	45				
TOTAL PERCENTAGE:			100%		

In the table above, 100% of the employees responded that all the options above should be used by the employees.

TABLE 4: xiii

IS THERE ANY RELATIONSHIP BETWEEN MANAGEMENT ATTITUDE AND  
EMPLOYEES PERFORMANCE VIA-A-VIS JOB SATISFACTION?

	RESPONDENTS	%
YES	45	100
NO	-	-

The respondent in the above is 100% from the workers which indicated that there is a great relationship between management attitude and employees' performance via-a-vis job satisfaction.

TABLE 4: xiv

IN YOUR OPINION, WHY ARE SOME EMPLOYEES CONTENTED  
WITH THEIR WORK WHILE OTHERS ARE NOT?

POSSIBLE FACTORS	RESPONDENTS	SENIOR	%	JUNIOR	%
i) The reward of some employees are commensurate to their effort while others are not.					
ii) Reward system tends to favour at the management level.					
iii) Relationship between management and subordinates are cordial while it is not so in others.					
a) i only	5	5	11	1	-
b) ii & iii only	-	-	-	-	-
c) i & ii only	-	-	-	-	-
d) i & iii	6	6	13	-	-
e) All of the above	34	3	7	31	69
<b>TOTAL</b>					
<b>RESPONDENTS: 45</b>					
<b>TOTAL PERCENTAGE: 100%</b>					

In the above last table, 11% of the senior staff only responded that the reward of some employees are commensurate to their effort while others are not and also the senior staff had 13% in the opinion (d) in the alternative. Finally, 7% of the senior staff responded to all of the above options.

#### 4-2 DISCUSSIONS OF FINDINGS

Here we will discuss some of the research questions asked in chapter one with reference to the table used in chapter four and the interview conducted.

During the interview it was revealed that productivity bonus is used in evaluating and reward performance.

Responses to whether the management sample the opinion of the employees before deciding on reward technique to be used, the respondent stated that the management decide on what they think is good for the employees and does it, without seeking opinion of the workers.

In discussing how the productivity of the company compares with that of competitors, the respondent said that their output is far better now than that of their competitors for the past years.

On the whether there is any relationship between reward system and employees' performance?

In the table 4: x of chapter four revealed 100% responses for the workers that there is a relationship between performance and reward system. Again from the related literature it was also found that reward system enhances employees performance, increase productivity etc. Von Kass and Linderman (1971) stated the introduction of wage incentives has resulted in remarkable increase in productivity and corresponding reduction in cost.

On whether there is any relationship between management attitude and employees performance vis-a-vis job satisfaction, it was also found that there is a great relationship that exist between management attitude and employees performance and its job satisfaction.

This was equally asserted by Taylor when he stated: “the new way is to teach and help your men as you would a brother, to try to teach him the best way and show him the easiest way to do his work. This is the new mental attitude of the management towards the men”...

Furthermore, the workers responded all i.e. (100%) for the organisation to employ all the available reward techniques of the company.

On whether they consider their salary as satisfactory? There were 44% respondents of both the senior and junior staff while the remaining percentage (56%) responded unsatisfactory.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5-1 SUMMARY

This chapter forms the concluding part of the research, whose main aim was to establish the effect of reward system on employees' performance, the case as it relates to First Aluminium Company (Nigeria) Plc.

In the process, the research reviewed techniques and some motivational theories such as Maslow's hierarchy of needs, Herzberg two factors and Victor H. Vroom's expectancy theory. Recommendation (suggestion) on how to improve and sustain employee motivation and also how to achieve a positive attitude to work in First Aluminium will be made based on findings from the previous chapter.

Findings also showed a high desire for incentive bonuses. The administration of this incentive will create a positive effect on the workers. From the research findings, workers rated both financial and non-financial rewards as desirable.

#### 5-2 CONCLUSION

In concluding this study, one can say that the effect of reward system on employee's performance affect their behaviour in the work-place.

Management should therefore, give more concern to their motivational incentives in order to realize optimum productivity considering the fact that workers are the most important tools in the quest for efficiency in production in any organization.

The achievement of excellence and productivity through people depends on every worker who comes to work with a need and according to Joshi (1977), it is

management's duty to correlate human efforts and productivity. From the finding, reward system played a vital role in employees' performance.

### 5-3 **RECOMMENDATIONS**

Based on the analysis and findings, the following recommendations are therefore proposed:

Since positive relationship has been identified to exist between reward system and employees' performance, employers should sample the opinion of their employees so as to know what they consider as reward (incentives) and how they are ranked in order to incorporate them into the organizational reward system.

According to Trewatha and Newport (1979) "Thus managers must know and understand the behaviours, values and attitudes of people within their organization since the relationship between job performance and personality cannot be considered apart from such factors".

More so, the employers should create an organizational structure that enhances cordial relationship between management and subordinates. That is a conducive organizational climate should be encouraged, this would bring about increase in employees' performance.

Furthermore, the reward system should be one that encourages hardwork and discourages indolence. It should be proportional to the effort put in. This was asserted by Von Kass and Linderman (1977); that it is obviously important that the wage incentive plan be suited to the kind of work being performed.

Management has to constantly restructure its reward techniques and renew them, otherwise, once they become obsolete, they cease to motivate workers and results in low productivity.

In a nutshell, continuous identification of workers' set of needs is prerequisite for worker motivation; workers motivation is prerequisite for integration; and integration is prerequisite for co-operation, stability and higher productivity in organizations.

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## RESEARCH QUESTIONNAIRE

### INTRODUCTION

Please tick ( ) and fill where necessary.

1. Sex

(a) Male ( ) (b) Female ( )

2. Age:

(a) 25-35 years ( ) (b) 36-46 years ( ) (c) 47-57 years ( ) (d) 58-68 years  
( e ) 68 years and above ( )

3. Marital Status:

(a) Single ( ) (b) Married ( ) (c) Divorced ( ) (d) Separated ( )

( e ) Widow ( ) (f) Widower ( )

4. Length of Service:

(a) 1-5 years ( ) (b) 6-10 years ( ) (c) 11-15 years ( ) (d) 16 years and above ( )

5. Your nature of work.

(a) Management ( ) (b) Supervisor ( ) (c) Clerical ( ) (d) Others ( )

6. Do you consider your salary as:-

(a) Satisfactory ( ) (b) Unsatisfactory

7. Where does your monthly salary fall?

(a) Between N1,000 to N2,000 [ ]

(b) Between N2,001 to N5,000 [ ]

( c ) Between N5,001 to N10,000 [ ]

(d) Between N10,001 and above [ ]

8. Are you paid promptly?  
 (a) Yes [ ] (b) No [ ]
9. Is the incentive motivatory?  
 (a) Yes [ ] (b) [ ]
9. Is there any relationship between reward system and employees performance?  
 (a) [ ] (b) [ ]
10. The impact of the reward system on the employees performance is:  
 (a) Outstanding [ ] (b) [ ] (c) Satisfactory [ ] (d) Poor [ ]
12. In your opinion, what is the best reward system should employers use?  
 (a) Commensurate salary/allowance [ ]  
 (b) Availability of loan facility [ ]  
 (c) Provision of accommodation [ ]  
 (d) Pension Scheme [ ]  
 (e) All of the above [ ]
13. Is there any relationship between Management attitude and Employee performance vis-à-vis job satisfaction?  
 (a) Yes [ ] (b) [ ]
14. in your opinion, why are some employees contended with their work while others are not?

POSSIBLE FACTORS

- i. The reward of some employees are commensurate to their efforts while others are not.
- ii. Reward system tends to favour those at the management level.

iii Relationship between management and subordinates are cordial while it is not so in others.

- (a) I, only [ ] (b) ii & iii only [ ] (c) I, ii only [ ] (d) I, & iii  
(e) All of the above [ ]

### INTERVIEW SCHEDULE

The following questions were put forth to the Personnel Manager, Administrative Officer and the Production Manager.

1. How do you evaluate performance?
2. Do you sample the opinion of the employees before deciding on the reward technique to employ so as to enhance performance?
3. How is productivity compare with that of competitors?