

# The Effectiveness of Reward Management on Employee Performance of Manufacturing Industry in Nigeria

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## ABSTRACT

*Purpose: The recent economic downturn has paved way for alternative diversification policy in promoting standard of Nigeria Business Economy through effective performance of the manufacturing industry, hence focus has been shifted in understanding performance criteria of workers in the industry for effective HRM. Therefore, the objective of this empirical study is to identify if there is significant relationship between reward system and the employee performance in the industry.*

*Methodology: Model of the study is tested using collated data from different sectors in the Nigeria manufacturing industry. 500 questionnaires were distributed to 10 factories within the South-West Geopolitical zone of the country. Total of 226 forms were successful and collated for research finding using descriptive, multiple regression analysis, STEPWISE linear regression and ANOVA statistical instruments via instrumentality of SPSS in testing three hypotheses drawn from the study.*

*Findings: The empirical study revealed significant relationship between organization reward system (intrinsic & extrinsic) and employee performance. Meanwhile 6 out of the 12 constructs of the independent variables significantly predicted variation of the dependent variable – employee performance.*

*Research Limitation & Implication: Study was only conducted in one Geo-political zone out of 6; complementarity of data collected from factory workers with testimonies of HR managers using semi-structured interview is not conducted; the rationale for low female folks in the industry is not investigated; This may weaken generalization, robustness and credibility of the study hence, there is need for further research study in those identified areas.*

*Practice Implication: Understanding effectiveness of reward system on employee effective performance serve as significant strategic tools in management of HR strategic planning.*

*Keywords: Reward Management; Reward System; Intrinsic Rewards, Extrinsic Reward, Total Reward; Employee Performance.*

## **INTRODUCTION**

Considering the effect of doing business in this 21st century of business era, business organisational success is highly determined by its human capital; which serves as its internal competency in delivery exceptional performance and building competitive strengths in meeting unprecedented changes and challenges in the business environment (Armstrong, 2010; 2011; Sahail and Al-Ghamdi, 2012). As further confirmed in the study of Pratheepkanth (2011), Gohari, Ahmadloo, Boroujeni and Hosseinnipour (2013), and Bello and Adebayo (2014), employees are seen as the key asset in sustaining and fostering operational strategic goals of any organisation towards leveraging its competitive advantage in this vast competitive business environment. However, Charity and Timinepere (2011) stated that it is an important task for an organisation to manage its human capital sustainably in order to increase productivity and effectiveness of their collective performances. With respect to this, different Human Resource (HR) strategic policies are expected to be consistently and continually rolled out in order to ensure typical employees of the organisation are well managed, engaged, and much more remunerated equitably in determining effectiveness of the organisational performance in terms of productivity, profitability, sustainability, relevance, customers' satisfaction, to mention but a few. Meanwhile, one of the most important policies in achieving this aim is rooted in the HR concept of Reward Management (RM) and its structural system that encourages job satisfaction of its engaged employees (Armstrong, 2012; Hamukwaya and Yazdanifard, 2014). Notably, the importance of rewarding employees has become crucial at every level in organization management; starting from the top management whose work is to devise an effective reward policy that will meet the needs of the employees and also align with organisational goals and objectives towards attaining corporate goal-congruence (Armstrong, 2011).

More significantly, the recent change agenda prevalent in the current government administration in Nigeria led by President Muhammodu Buhari (PMB) of the Alliance Progressive Congress (APC) party has shifted focus from mono-economy practice (oil boom reliance) to diversification of the business economy e.g. Agricultural, mining, manufacturing, tourism and hospitality, entrepreneurial development to mention but a few (Befbulem, 2016; Chung, 2016; Premium Times, 2016; Nwabughio, 2016). Particularly, the manufacturing industry has been identified as attractive and lucrative center suitable in encouraging, promoting and improving foreign investment, standardization of locally made products, and production of industrial, consumable and other tangible products for market exploits (Riti, Gubak & Madina, 2016; Nwabughio, 2016). Hence, the industry serves as an alternative economy recovery sector capable of revamping-potential abilities of the country's natural resources into economic worth sustainable in improving standard of the economy. With respect to the potential ability of the industry, the studies of Mehmood, Ramzan & Akbar (2013), Mujtaba (2010) and Oyedepo, Akinlabi & Sufia (2012) have proven that this can be improved provided the HR managers in the industry pay attention in ensuring effective job satisfaction, motivation and commitment of their workforce through effective measurement of reward system capable of boosting performance. This according to Ajila & Abiola (2004), Hamukwaya & Yazdanifard (2014) and Olorunfemi et al. (2013) is germane in fostering and sustaining high level of organization total performance in the competitive business environment. Therefore, the objective of this research is to investigate significant relationship between reward system and employee performance of the Nigeria manufacturing industry. This is a follow-up and further research study of the previously conducted research on three selected furniture sectors in the industry; which weighed the relationship between equity theory system and employees' commitment.

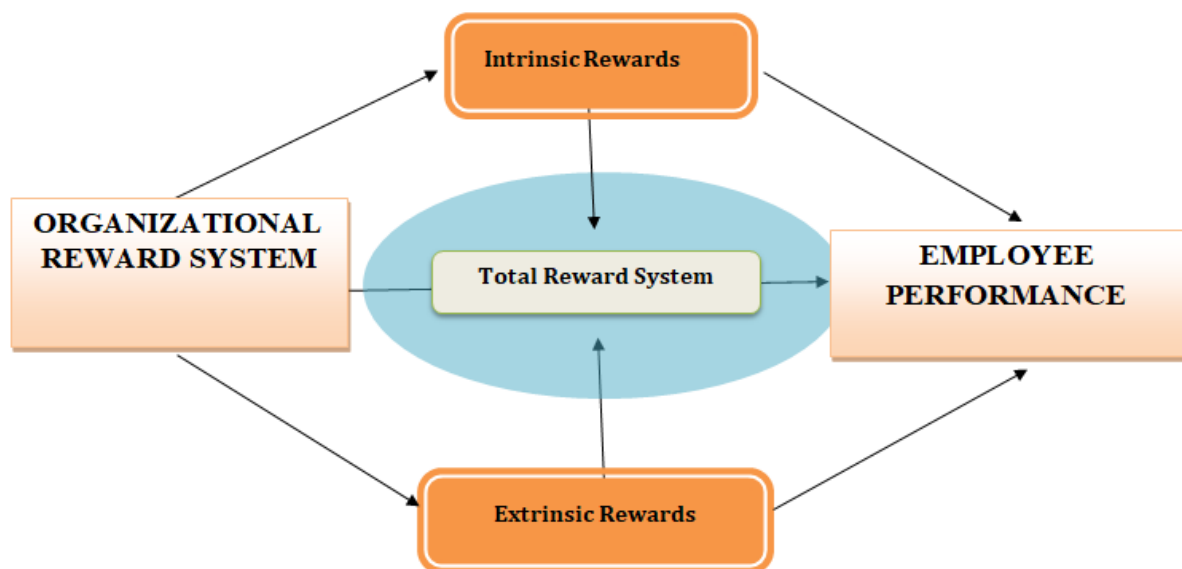
## **BACKGROUND AND LITERATURE REVIEW**

### **Intrinsic and Extrinsic Reward System, and Employee Performance Framework**

Considering the purpose and objective of this study as also formulated in its hypothesis, the conceptual framework will be pattern using the identified variables as illustrated in *figure 1* below. however, it is worthy of note that in the operationalization of the identified variables, reward system is used as the independent variable, which is divided into intrinsic and extrinsic reward system, while employee performance serves as the dependent variable; upon which relationship of the independent variables will

be investigated. consequentially, operationalization of each of the identified variable will be critically examined for clarification and sustenance of the study credibility.

*Figure 1: Conceptual Framework of the Study*



## REWARD MANAGEMENT

Managing reward is a crucial and indispensable skill required of any HR manager and other executive personnel in ensuring effective control of employment relationship/contract existing between the employee and the organization, which is vital in promoting such relationship in the long term. As contributed by Armstrong (2012), reward management provides a structural platform that recognizes and compensates performance of employee towards increasing performance of the organization in order to gain competitive strength in the operating business environment. Considering unpredictable nature of HR

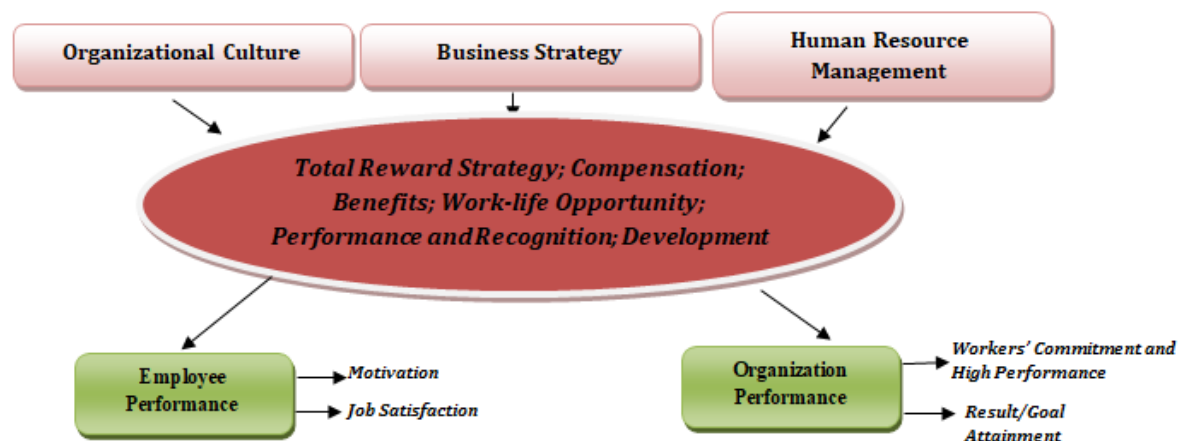
to work turnover, organization practices reward management in ensuring commitment, retention and motivation of their talented workers in the light of sustaining vision, mission and objectives of the organization (Jensen et al., 2007). Therefore, Armstrong defined reward management as ‘the strategies, policies and processes required to ensure that contribution of people to the organization is recognized by both financial and non-financial means’ (2007, p.3). He explained further that, the basis for managing reward is to meet specific needs of the organization and the stakeholders in particular. This is because as long as all related stakeholders (employees, suppliers, creditors, clientele, customers, government etc) needs are met, the organizational mission, strategic goals and set objectives are simultaneously sustained in terms of profit-making, standardized production, growth and development, customer satisfactions, and most importantly, collective high performance. White and Druker (2009) contributed further that it is the basis that defines employment relationship existing between the employees and the organization, and an inhibiting factor stimulating high turnover rate if not properly managed. In light of this, goal-driven HRM ensures establishment, implementation and maintenance of policies, strategies, processes and practices that support effective reward system in the organization, which is aimed at ensuring that values and efforts of workers are fairly remunerated in boosting their performance in return (Charity & Timinepere, 2016).

Most importantly as identified by Armstrong et al. (2010), achieving result-oriented and goal-driven reward management can not only be sustained through formulation and design of policies and procedures without thorough consideration of its effective structural implementation. This remains one of the key inhibiting factors affecting effective performance of business organizations in the Nigeria business environment. This without doubt has led to business extinction of many renowned business organizations in the country and increased level of turnover rate of skilled workers in the industry for better industry. To this extent, many contingent organizations following trend of change in the 21st century seek solace in shifting business concentration from financial capital to rehabilitation of their human resource as investable capital capable of regenerating high return on investment and channel of meeting diverse stakeholders’ expectations (Armstrong, 2012). Notably, this stands as the core business mission of many business organizations as at today as also practice in the US, Japan, Germany and other business oriented economy. Hence, as posited by Armstrong (2012; 2011; 2007), the associated aim of practicing effective reward management is to accelerate effective performance of engaged employees.

#### Reward System

According to Armstrong (2007: p.7), Reward System (RS) can be seen as ‘approaches to achieving the aims of reward management’ as also illustrated in figure 2. This is because it is the structure that patterns the functionality and effectiveness of reward management in a way that integrate interrelated processes and practices of the reward in the basic interest of the organisation and the people who are engaged to carrying out the operational objectives of the corporation (Armstrong, 2010). As further explained by Katx and Kahn (1966, cited in Armstrong 2010, p.36), it is ‘basically concerned with problems of relationship, of structure and of independence’, which works in accordance to the guiding principle of system theory. One of the basic characteristics of reward system as identified in the analysis of Armstrong (2010) and illustrated in figure 2 & 3, is its ability to relate and operate with the business environment, which Miller and Rice (1967) termed as Open System relationship of the organisation with its environment (cited in Armstrong 2010).

Figure 2: Reward Management Mode



Source: Adapted from *Worldatwork* (2011)

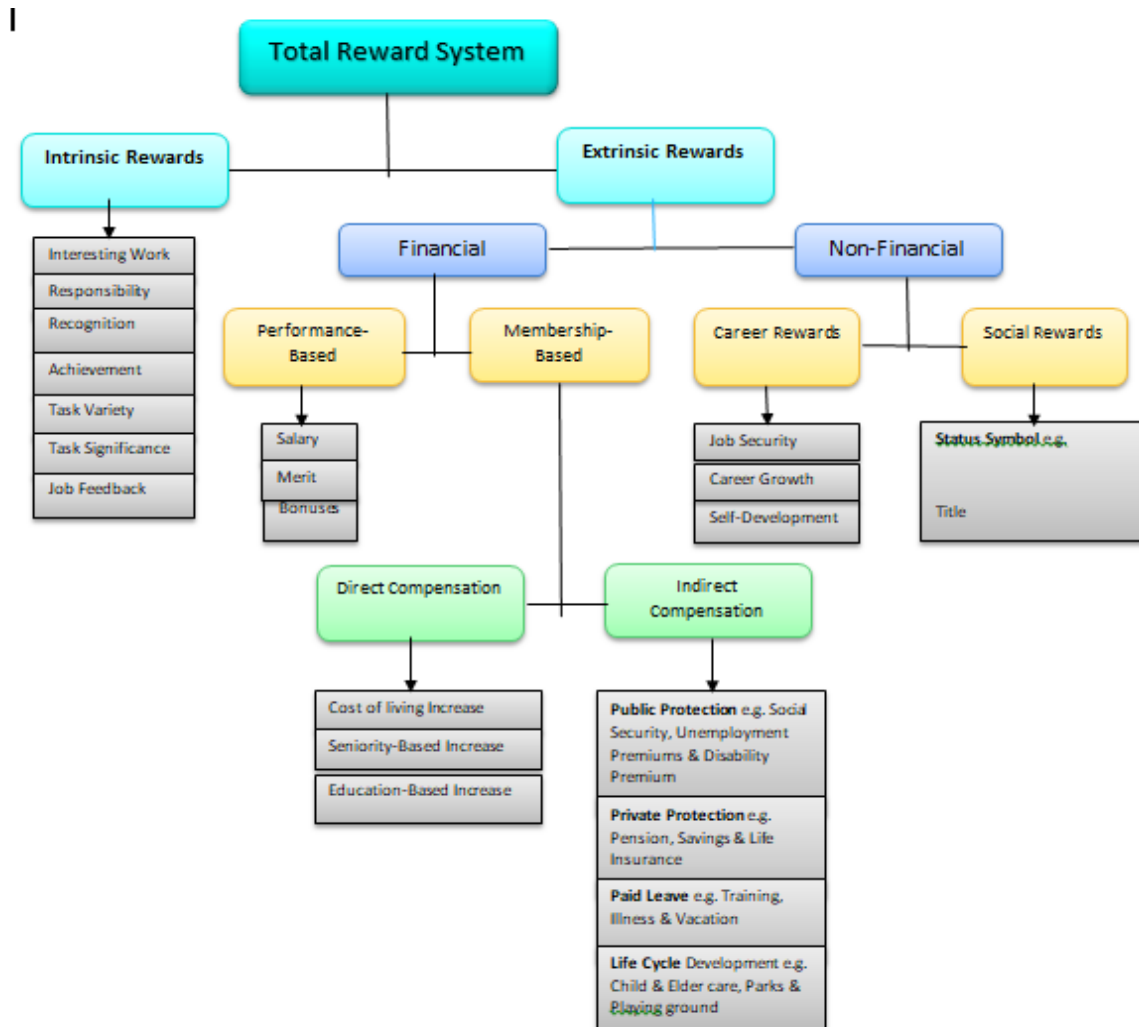
## Types of Reward

### Intrinsic Rewards

This kind of reward is personal and internal to the person perceiving it. It is a motivational drive that weighs level of satisfaction an employee derives from accomplishing a task, achieving predetermined goal and/or from doing a particular job (Chelladurai, 2006; Hatice, 2012; Njanja et al., 2013). Intrinsic

reward is more of personal psychological feelings, emotions and perception of satisfaction that is driven within self in relation to assigned task performance, which are factors of self-esteem and actualization. More often than not, it is motivated through factors associated to the job itself e.g. challenges, varieties, enrichment, experience, working in a team, to mention but a few (Armstrong, 2012; White & Druker, 2009). The motivation theory of Herzberg – two factor theory provides extensive analysis of internal motivation drive that enriches employees' satisfaction with respect to job performance. More significantly, elements of this reward system cannot be seeing, evaluated, weighed or measure, notwithstanding, it can be felt and its significant impact cannot be overemphasized while weighing appropriate reward system in stimulating effective performance of employees and the organisation (Brain, 2015; Zingheim, 2010). Key components of intrinsic reward are illustrated in figure 3 above;

*Figure 3: Contents of Organisation Reward System*



Source: Adopted from Chelladurai (2006)

## Extrinsic Reward

Extrinsic reward is another potent element of motivation that drives effective performance of engaged workforce towards actualization of HRM strategic objectives. Unlike the intrinsic reward, extrinsic is an offer of the organization in weighing and compensating contributions of engaged employees fairly, consistently and equitably; using key measurement factors as shown in figure 3. It is an external motivational driver e.g. bonuses, pays, promotion, incentives etc to the employees and also serve as the basis on which their perception of equitable and fair reward in meeting their physiological and safety needs are based (Hatice, 2012; Njanja et al., 2013). More importantly, it is the most controversial element



of reward system because it judges responsiveness and perceptions of workers to their employment relationship with the organisation; and when it is not strategically managed, employee-management dispute, poor performance, turnover, absenteeism, strike, industrial demonstration etc. are inevitable (Armstrong, 2012; Brain, 2015). Hence, it takes conscious and strategic effort of contingent and skilled HR managers to measure appropriate standard upon which extrinsic reward will be based, and this should be disclosed to the receiver in order to ascertain positive perception of input-output equity payment as stressed in the empirical work of Armstrong (2012).

#### Total Rewards

The concept of total reward according to, is defined as “designing a rich mix of complimentary initiatives which aim to maximize the chances that employees will find their work to be rewarding in the widest sense of the word” (p. 140). As further posited by Armstrong et al. (2012), total reward is a strategic system adopted by an organization in infusing combination of both intrinsic and extrinsic, financial and non-financial and direct and indirect in its reward system policy in meeting diverse unrelated needs of their employees. Considering unpredictability and consistent change in employees’ needs and wants, implementing total reward as strategic tools helps in motivating workers to do more in their effort and increase level of their performance effectively (Armstrong & Taylor, 2014; Brain, 2015; Zingheim, 2010). Notably, adopting total reward by HR managers gives them flexible options and provides multiple options in finding out best alternatives that meet interest of engaged staff over time hence, it remains the best options in ensuring standardized reward system policy in an organization.

#### Employee Performance

Performance remains an inevitable criterion in measuring effectiveness in Human Resource Management because it provides yardstick and basis suitable in weighing both intrinsic and extrinsic level of motivation and other elements in reward system as presented in figure 3 above. Hence, employee performance can be defined as contributive effort of engaged workforce towards achievement of predetermined organizational HR strategic goals (Armstrong & Taylor, 2014; White & Druker, 2009). More often than not, the HR managers and other personnel use different criteria in measuring employee performance, which is highly significant in determining level of pay, incentives, and other value-added benefits inherent in organizational reward system. As contributed by San, Theen & Heng, (2012), in

HRM discipline, diverse criteria have been used as measure in identifying key factor(s) upon which performance of the employee can be weighed. Some of these include; quantity of output, which is weighed by numbers of goods produced; quality of outcome, which is measured by effectiveness of products to market expectations; effectiveness of time consumed, which is measured by number of time spent in carrying out assigned task; professionalism, which is a factor of acquired specialized skills in delivering exceptional services; customers' feedback, this is measured by levels of buyers comments regarding quality of service or product received; consumers' satisfaction, this is a function of meeting desired target market needs; absenteeism, which is measured by numbers of time an employee is out of work; years of experience, this is measured by number of years an employee has been committed to the vision and goal of the organization; achievement of target goals and objects; to mention but a few.

More specifically, many factors influence effectiveness of employees' performance in any organisations, and the rate of the influence will significantly determine level of performance the employee is willing to commit towards set organizational strategic objectives (Brain, 2015; HATICE, 2012; Njanja Et al., 2013). This to a large extent makes the subject of performance a key factor every HR manager should pay critical attention in ensuring that engaged employees are strategically rewarded in a way that will drive their motivation to perform extremely and above expectations towards sustaining relevance and effectiveness of the organization in the competitive business environment (Armstrong & Taylor, 2014; Mehmood et al., 2013). According to Hamukwaya & Yazdanifard (2014) and Taylor (2011), factors like motivation, job satisfaction, and equitable pay are salient ingredients in reward system that are capable in influencing high performance rate of employees' commitment, which in turn will promote collective performance of the organization in the long term.

#### Empirical Research on Reward System and Employee Performance

Evidences have been proven via series of research conducted by prior researchers and HRM theorists that reward system is an effective tool of sustaining and improving collective performance of an individual, group and the organization. More often, commensurate reward system stimulates effective commitment and engagement of employees, and boost their morale to do extra-ordinarily-well in performance of their assigned tasks, duties and/or jobs (Redmond, 2013). The empirical study of Khalifa & Troung (2010) concluded that measurement of adequate and equitable reward system stimulates employees' effort to contribute more than expected in discharge of their responsibilities e.g. meeting above target sales, hence, boosting intrinsic satisfaction from the job itself. More often than not, once an employee surpasses

expected sales target, strategic HR managers encourage such staff to do even more better by measuring strategic financial reward in form of compensation for the job well done (Ali & Ahmed, 2008). Hence, effective and timely extrinsic reward package serves as effective instrument in boosting employees' performance effectively in meeting environmental challenges and building internal competency (Armstrong, 2012).

In addition, conducted empirical study carried out by Alexlsson & Bokedal (2009) has also shown that human resource element of an organization is a psychologically influenced group of people that their affective and normative commitment can be boosted effortlessly using intrinsic reward packages e.g. assigning them with interesting and varied jobs/tasks, showing them sense of recognition, belonging, appreciation, commendation, and creating value of self-actualization. Noticeable, sometimes non-financial reward package reaffirms and strengthens commitment of an employee to the strategic objectives of the organization than financial value. Although as argued by Bello & Adebajo (2014) this is subjected to cultural and individual differences and preferences respectively. However, good measurement of intrinsic reward system is a motivating driver in increasing outstanding performances of engaged human resource capital.

In the work of Njanja et al. (2013) it was revealed that morale of employees to do better and outweigh previous performance is more often than not accelerated through personalized reward system that meets specific need and stimulates self-esteem than general reward. Therefore, rewarding adequately, equitably, fairly and resourcefully requires strategic approach of the HR managers in adapting dynamic reward measures in meeting individual motivational drive towards encouraging continuous and improved performances of their employees.

## **METHODOLOGY**

### **Research Design**

The study was conducted using descriptive, multi regression, STEPWISE linear regression and ANOVA analysis model in studying the significant relationship between two independent variables of Reward System (Intrinsic and Extrinsic) and the dependent variable – Employee Performance. Descriptive analysis was used to appraise the frequency distribution outcome of respondents; multiple regression model was used to find significant relationship between the two independent variables and dependent variables; STEPWISE linear regression was used to find specific constructs that strongly predict

variations in the dependent variable; while the ANOVA was used to test and investigate whether to reject the hypotheses.

#### Target Population and Sample Size

The study population of this empirical research included factory workers from different sectors in the Nigeria manufacturing industry. 500 designed research questionnaires were distributed to 10 different factories within the South-West region; precisely Lagos, Ogun and Oyo state. Out of the 500 distributed questionnaire, total of 226 was successfully returned as presented in Table 1. Research respondents were selected using random sampling technique. As explained by Saunders, Lewis & Thornhill (2012), random sampling is best suitable for this study; where total population size is fairly represented in the selection process.

Table 1: Data Analysis of Research Respondents to Administered Questionnaire

S/N	Responsive Behaviour of Research	Nos.	of	Percentage
1	<b>Fully Completed Data</b>	<b>226</b>		<b>45.2%</b>
2	Uncompleted	62		12.4%
3	Withdrawal/Unreturned Data	209		41.8%
4	Unused Data	3		0.6%
<b>TOTAL Distributed Questionnaire</b>		<b>500</b>		<b>100</b>

#### Data Collection and Research Instruments

24 research questions divided in 3 phases were designed with respect to the objective of the study. The first 6 questions appraised demographic analysis of the respondents; the next 12 questions addressed constructs of the identified independent variables i.e. Intrinsic (INT) and Extrinsic (ENT) of the study; while the last 6 questions provided constructs of the dependent variable – Employee Performance (EP). The 3 developed hypotheses were tested using 5-point Likert Scale - ranging from Strongly Agree [1] to Strongly Disagree [5] via instrumentality of Statistical Packages for Social Sciences (SPSS) in processing collected data from the 226 respondents

#### Validity and reliability

Validity, as explained by Cooper and Schindler (2008), deals with the extent at which the researcher draws accuracy of the casual effect(s) of the independent variable constructs on the dependent one. With respect to the justification of this research validity, besides the face validity and designed of constructs with respect to the research objective, the scales as designed in the questionnaire measured the actual construct variables as it supposed to measure, which prevented possible confounds that could inhibit inter-relational influence of identified independent variables on the dependent variable. Reliability on the other hand proofs the extent at which the research outcome is consistent when tested over again. It justifies how consistent is the construct used in scale measurement is free from random errors (Saunders et al., 2012). Hence, the reliability of this empirical study is sustained by conducting pre-test of the designed questionnaire with small sample (30) of the proposed population size, which produced Cronbach Alpha value (0.79) greater than 0.7 as shown in *Table 2* below;

Table 2: Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized	N of Items
.803	.791	18

### Data Model, Code and Hypothesis

Data collected from the research survey was coded and infused using the multiple regression model as shown below.

$$\text{Equation 1: } \hat{Y}(\text{EP}) = \beta_0 + \beta_1 * (\text{WI}) + \beta_2 * (\text{FM}) + \beta_3 * (\text{JS}) + \beta_4 * (\text{OS}) + \beta_5 * (\text{AE}) + \beta_6 * (\text{VW})$$

$$\text{Equation 2: } \hat{Y}(\text{EP}) = \beta_0 + \beta_1 * (\text{JSC}) + \beta_2 * (\text{PF}) + \beta_3 * (\text{CGD}) + \beta_4 * (\text{EW}) + \beta_5 * (\text{TP}) + \beta_6 * (\text{IWD})$$

Table 3: Intrinsic and extrinsic factors

<b>Intrinsic</b>	<b>Extrinsic</b>	<b>Employee Performance</b>
The nature of my work is interesting – <b>WI</b>	My job is secured – <b>JSC</b>	I am committed doing my work effectively – <b>CWE</b>
Feed backs from supervisor persuades me to do more – <b>FM</b>	My promotion is fair and consistent – <b>PF</b>	I am willing to give greater effort beyond expected performance - <b>EEP</b>
I am satisfied with my job – <b>JS</b>	I experience career growth and development – <b>CGD</b>	I give my best to making the organisation place of my own career – <b>BPC</b>
Doing overtime make me feel stressed doing my work – <b>OS</b>	I receive equitable wage – <b>EW</b>	I will encourage other colleagues to give their best contribution – <b>ECC</b>
Management appreciates my effort – <b>AE</b>	My organization provides training programmes to boost my performance – <b>TP</b>	The organization is the best place for me to discharge my performance - <b>ODP</b>
I am tasked with variety of work – <b>VW</b>	I often get incentives for work well-done - <b>IWD</b>	I have no intention to perform less with low reward system - <b>P&lt;RS</b>

*Source: Author*

above represented the acronyms the author used in coding the designed questionnaire constructs of the independent and dependent variable while inserting data collected from the research survey in the SPSS statistical software for clarity and simplicity usage as also utilized in the linear regression model shown above.

However, formulated hypotheses of the study to be tested is hereby identified as;

**Hypothesis 1:** *There is no significant relationship between Intrinsic Reward System and Employee Performance*

**Hypothesis 2:** *There is no significant relationship between Extrinsic Reward System and Employee Performance*

**Hypothesis 3:** *There is no significant relationship between Intrinsic and Extrinsic Reward System and Employee Performance*

## RESULT AND DISCUSSIONS

### 5.1 Descriptive analysis

Table 3: Demographic Background of Respondents

Age	fq.	Sex	fq.	Marital	fq.	Academic	fq.	Work	fq.	Salary	fq.
16-20	-	Male	202	Single	108	Pry. Sch	-	<1	-	<N20k	8
21-30	84	Female	24	Married	118	Jnr. Sch	-	1-311	20	N21-30k	30
31-40	116			Divorced		Snr. Sec	112	4-6	78	N31-40k	138
41-50	26			Widowed		OND/NCE	98	7-9	70	N41-50k	48
51-abv	-					Bsc/HND	16	10-12	32	N51-60k	-
						Others	-	13-15	18	N61k-abv	2
								16-abv	8		
<b>TOT.</b>	<b>226</b>		<b>226</b>		<b>226</b>		<b>226</b>		<b>226</b>		<b>226</b>

The result of the frequency *Table 3* shown that no minor works in any of the appraised sector, with respective mode percentage of male (89%), married (52%), Senior Secondary School (50%), 7-9 work experience (35%), and 31-40k salary (61%). This implies that highest numbers of workers in the manufacturing industry are married hence, they are highly responsible in meeting greater social and welfare needs of the family and self. Notably, working in the industry does not attract high level of education qualification hence, limited numbers of workers are graduates. Randomly selected respondent are workers with more than 4 years work experience hence, data collected from them can be reliable. Although, no significant numbers of female folks were identified working in the industry. However, poor level of education qualification and remuneration benefit are liable to weaken effective performance in the industry as shown in *Table 3*.

Table 4: Frequency Distribution of Research Independent Variable 1 – Intrinsic Reward System

<b>Independent Variable 1: INT</b>														
<b>Constructs of IV 1</b>	<b>SA</b>		<b>A</b>		<b>U</b>		<b>D</b>		<b>SD</b>		<b>TOTAL</b>			
	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>X</i>	<i>Sd</i>
<b>WI</b>	-	-	10	4.4	8	3.5	82	36.3	126	55.8	226	100	4.43	0.766
<b>FM</b>	-	-	44	19.5	94	41.6	48	21.2	40	17.7	226	100	3.37	0.993
<b>JS</b>	-	-	10	4.4	8	3.5	34	15	174	77	226	100	4.65	0.755
<b>OS</b>	-	-	10	4.4	-	-	90	39.8	126	55.8	226	100	4.47	0.721
<b>AE</b>	-	-	12	5.3	34	15	112	49.6	68	30.1	226	100	4.04	0.817
<b>VW</b>	-	-	12	5.3	38	16.8	100	44.2	76	33.6	226	100	4.06	0.848

With respect to *INT* reward, total average mean of the population gave 4.17, which implies that from the six constructs of the independent variables, over 80% respondents attested that they are not intrinsically motivated in the job they do. Except to *FM* (3.37), average of other constructs is above 4. According to Armstrong & Taylor (2014) and Hatice (2012) analysis, poor perception of *INT* motivation will weaken effective performance workers and their zeal to do more.

<b>Table 5: Frequency Distribution of Independent Variable 2: EXT</b>														
<b>Constructs of IV 2</b>	<b>SA</b>		<b>A</b>		<b>U</b>		<b>D</b>		<b>SD</b>		<b>TOTAL</b>			
	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>fq.</i>	%	<i>X</i>	<i>sd.</i>
<b>JSC</b>	16	7.1	30	13.3	38	16.8	66	29.2	76	33.6	226	100	3.69	1.261
<b>PF</b>	8	3.5	18	8	4	1.8	98	43.4	98	43.4	226	100	4.15	1.037
<b>OGD</b>	8	3.5	2	0.9	14	6.2	58	25.7	114	63.7	226	100	4.45	0.926
<b>EW</b>	20	8.8	10	4.4	24	10.6	58	25.7	114	50.4	226	100	4.04	1.263
<b>TP</b>	8	3.5	6	2.7	8	3.5	62	27.4	142	62.8	226	100	4.43	0.953
<b>IWD</b>	8	3.5	12	5.3	18	8	110	48.7	78	34.5	226	100	4.05	0.981

The frequency distribution *Table 5* shown mode of 34%, 43%, 64%, 50%, 63%, and 49% in *JSC*, *PF*, *CGD*, *EW*, *TP*, and *IWD* respectively; with significant negative response in *CGD* and *TP*. In addition, all the construct shows an average mean (*X*) above 4.0; except *JSC*, which gives mean of 3.69. This to a large extent implies that there is no platform for career growth, skill development, and comprehensive



training in enhancing effective performance of workers in the industry. Hence, this will undoubtedly limit extent at which employees' morale is geared towards performance and productivity (Brain, 2015).

Table 6: Frequency Distribution of Research Dependent Variable – Employee Performance

<b>Dependent Variable: EP</b>													
<b>Constructs of the DV</b>	<b>SA</b>		<b>A</b>		<b>U</b>		<b>D</b>		<b>SD</b>		<b>TOTAL</b>		
	<i>f<sub>q.</sub></i>	%	<i>f<sub>q.</sub></i>	%	<i>f<sub>q.</sub></i>	%	<i>f<sub>q.</sub></i>	%	<i>f<sub>q.</sub></i>	%	<i>f<sub>q.</sub></i>	%	<i>X</i>
CWE	134	59.3	76	33.6	-	-	-	-	16	7.1	226	100	1.62
EEP	8	3.5	60	26.5	22	9.7	78	34.5	58	25.7	226	100	3.52
BPC	6	2.7	6	2.7	12	5.3	62	27.4	140	61.9	226	100	4.43
ECC	4	1.8	26	11.5	20	8.8	82	36.3	94	41.6	226	100	4.04
ODP	-	-	2	0.9	18	8	74	32.7	132	58.4	226	100	4.49
P<RS	-	-	2	0.9	28	12.4	58	25.7	138	61.1	226	100	4.47

Source: Created by Author (2015)

The dependent variable constructs shown an average mean of 1.62 with respect to *CWE* while others are above 3.5. This implies that despite associated factors stimulating low performance perceptions of appraised respondents, over 90% attested their effective commitment in the performance of their expected task at work. However, a total average mean of 3.8 signifies high rate of no intention to improve *EP* in their employment relationship. As posited by ....., this has high level of tendency of effecting organizational performance negatively with respect to financial strength, productivity, sales, customers' satisfaction, market growth and development, competitive internal competency, to mention but a few.

### Test of hypothesis

*Hypothesis 1: There is no significant relationship between Intrinsic Reward System and Employee Performance*

Table 7 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the

1	.629 <sup>a</sup>	.416	.384	.41517		
a. Predictors: (Constant), WI, FM, JS, OS, AE, VW						
Table 8: ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.941	6	1.839	12.629	.000 <sup>b</sup>
	Residual	18.937	219	.201		
	Total	33.878	225			
a. Dependent Variable: EP						
b. Predictors: (Constant), WI, FM, JS, OS, AE, VW						

From the R-Square value was 0.415 and Adjusted R-Square, 0.384 – given an approximation of 38% variation in the dependent variable (EP) explained by constructs of the independent variable (INT). While the ANOVA Table 9 showed f-value of 12.629 and significance level  $p < 0.05$  hence, according to the rule of thumb in regression analysis, once the significant level is less than 0.05, there is significant relationship between the independent and dependent variables. Therefore, since the p-value is 0.000, it then holds that there is high significant relationship between Intrinsic reward system and employee performance in the Nigeria manufacturing industry. Hence, hypothesis 1 is rejected.

**Hypothesis 2:** *There is no significant relationship between Extrinsic Reward System and Employee Performance*

Table 9: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the
1	.681 <sup>a</sup>	.464	.434	.41394
a. Predictors: (Constant), JSC, PF, CGD, EW, TP, IWD				

Table 10: ANOVA<sup>a</sup>

Model		Sum of	Df	Mean	F	Sig.
1	Regression	15.715	6	2.619	15.286	.000 <sup>b</sup>
	Residual	18.163	219	.171		
	Total	33.878	225			
a. Dependent Variable: EP						
b. Predictors: (Constant), JSC, PF, CGD, EW, TP, IWD						

Given the analysis of the Summary *Table 9* the value of R Square and Adjusted R Square is given as 0.464 and 0.434 respectively; meaning that 43% variation in the dependent variable (EP) is caused by the activities of the independent variable (EXT) using the adjusted R square value. Similarly, the f-value and significance level using the ANOVA *Table 10* gave 15.286 and 0.000 respectively. This means the p-value is less than assumed 0.05 value, therefore, it can be concluded that there is significant relationship existing between extrinsic reward system and employee performance in the Nigeria manufacturing industry. Hence, hypothesis 2 is rejected.

***Hypothesis 3: There is no significant relationship between Intrinsic and Extrinsic Reward System and Employee Performance***

Using STEPWISE linear regression statistical analysis, it shown that out of the constructed 12 independent variables of INT & EXT, only 6 (PF, AE, IWD, TP, FM, EW) of their constructs have significant prediction on the variation of the dependent variable (EP) as presented in *Table 11* in hierarchical order.

Table 11: Model Summary <sup>g</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523 <sup>a</sup>	.273	.267	.47094
2	.590 <sup>b</sup>	.348	.336	.44801
3	.666 <sup>c</sup>	.444	.428	.41586
4	.712 <sup>d</sup>	.507	.488	.39337

5	.734 <sup>e</sup>	.539	.517	.38204
6	.747 <sup>f</sup>	.558	.533	.37568
a. Predictors: (Constant), PF				
b. Predictors: (Constant), PF, AE				
c. Predictors: (Constant), PF, AE, IWD				
d. Predictors: (Constant), PF, AE, IWD, TP				
e. Predictors: (Constant), PF, AE, IWD, TP, FM				
f. Predictors: (Constant), PF, AE, IWD, TP, FM, EW				

*Table 11* shown rate of significant variation of the dependent variable as predicted by the independent variables; where the lowest and highest significant level 27% (PF) and 53% (EW) respectively. Furthermore, it can be seen that from the 12 constructs of the study, 2 and 4 constructs from INT and EXT variables show level of relevant significant on EP. This simply implies that workers in the Nigeria manufacturing industry value extrinsic motivation than intrinsic satisfaction derived from doing their job. More specifically, *Table 13* shows that employees will increase performance if they perceive equitable wage (EW) in their employment relationship with their organisation; as this predicted highest variation of the dependent variable – EP.

## CONCLUSION

The study shows that there exists relationship between the organization intrinsic and extrinsic reward system on the performance of employees in the Nigeria manufacturing industry. The study further discloses that feed backs from supervisors (FM) and management appreciation on employee contributed effort (AE) are major intrinsic factors that stimulate performance of workers in the industry. While on the other hand, it further reveals that promotion (PF), equitable wage (EW), consistent training programs (TP) and payment of incentives (IWD) for work well done are significant factors that enhance effective performance of workers in the Nigeria manufacturing industry. This can then be concluded that extrinsic reward packages drive more effective performance of employees in the Nigeria industry compared to intrinsic rewards.

## IMPLICATION OF THE STUDY

Findings generated from this study will help strategic HR managers and other personnel managing affairs of engaged employees in the manufacturing industry in effectively planning their HR strategic planning and formulation of salient objectives that place more value in designing appropriate reward policy and culture that appraises extrinsic reward system in driving effective performance of the Human Capital resourcefully. The study will also help manufacturing organisations in setting priority in ensuring standardization of good quality production of products suitable in meeting market needs and revamp the economic standard of the country through effective implementation of reward system capable of increasing and improving effective performances of their employees.

### **LIMITATION OF THE STUDY AND SUGGESTION FOR FUTURE RESEARCH**

Data collected for this empirical study only appraised selected sectors in the south-west region of the country. Meanwhile, responsive approach of employees to reward system and performance vary from sector to sector and geographical zone; considering cultural differences and perception of the 6 geo-political zones in Nigeria. The rationale behind insignificant numbers of female folks in the manufacturing industry was not considered in the analysis of the study. In addition, perspective of the organization HR managers was not considered in understanding how performance is measured and reward in the industry. Therefore, considering these identified limitations that can weaken the generalization of the research results, the researcher suggests further research studies in these areas in ensuring generation of reliable, credible and applicable findings that generalized effectiveness of reward management and performance in the Nigeria Manufacturing Industry.

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