Reward Management And Organizational Performance: A Study Of Universities In Edo State

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ABSTRACT
This work examined the effect of reward on organizational performance in universities in Edo State. The study aimed to determine the effect of salary increase, cash bonus, recognition, promotion and career development on organizational performance. Relevant conceptual, theoretical and empirical literatures were reviewed. This research work is anchored on equity theory. Survey research design was employed in the study. Six universities comprising of two private universities, two state-owned universities and two federal universities were sampled for the study. The population consists of 3974 academic staff of the selected universities. A sample size of 365 was determined using Taro Yamene formula. Questionnaire was employed as the major instrument of data collection. The data generated were analyzed using frequency tables, percentages and multiple regression analysis. The study found that salary increase, cash bonus, promotion, recognition and career development have significant effect on organizational performance. The study concludes that reward has a significant positive effect on organizational performance in the sampled universities in Edo State. Based on the conclusion, it was recommended that universities management should ensure constant review of their reward policy to reflect current realities so as to motivate their employee to be committed to improved performance among others.

Keywords: Reward Management, Organizational Performance

INTRODUCTION
Human resource provides basis for an organization to achieve sustainable competitive advantage. Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain competent workforce. Nowadays, human asset is considered to be the most important asset of any organization and in order to get the efficient and effective result from human resource, employee motivation through rewards and fringe benefits are necessary (Zaman , 2011). Malhotra and Ahmed (2007) define rewards as ‘all forms of financial return, tangible services and benefits an employee receives as part of an employment relationship’. It is without doubt that every employee expects some level of reward after delivering a function or task. Employers expect employees to deliver or execute designated duties to their satisfaction whilst employees also expect their employers to assure them of adequate wages and salaries (rewards) after they dutifully deliver what is expected of them. According to the oxford dictionary; performance, which originates from the word ‘perform’, is to carry out, accomplish or fulfill an action, task or a function. The reward for executing a task or a function is what is termed as motivation. Even though people work for salary or wages (rewards), there are numerous ways of rewarding (motivating) employees according to the task or function performed. In any organization, rewards play an important role in building and sustaining the commitment among employees that ensures a high standard of performance (Ngwa, Adeleke, Agbaeze, Ghasi & Imhanrenialena, 2019). Most organizations have gained substantial improvement by entirely complying with the organizational strategy of well-balanced reward and recognition programs for employee. Reward refers to all categories of financial benefits, tangible services and benefits that an employee receives as...
part of employment relationship with the organization (Siwale, Hapompwe, Kukano & Silavwe, 2020). Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the effort of an employee for a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization.

Rewards and organizational performance cannot be divorced (Suzanne & Luthans, 2006). This is because rewards provide the much needed stamina that propels performance in the organization. Organizations with poor motivation system tend to perform dismally (Razwan & Ali, 2010). Secondly it is because performance is supreme to defining any organization’s viability and relevance (Yamoah, 2013). Consequently, it is incumbent of all stakeholders in the management of any organization to develop strategies to improve performance through the provision of these incentives. Research done by Heng, (2012) found out that employee’s performance is dependent on the way they are treated in the organization despite high salary. It is a fact that all employees would wish also to be appreciated and feel valued at their workplace. This is what Abraham Maslow referred to as the social affective need at workplace which is a very powerful tool in shaping employees behavior towards better delivery of results. Despite the competing two ideologies on the most effective form of reward which is more significant to employees, there is one major consensus that reward controls employees level of motivation and significantly affect organizational performance.

In modern era like other sector, higher educational are anticipated to produce leadership qualities among the students and promote the social justice. In achieving the mission and goals of the institutions, many factors should be taken into consideration especially job satisfaction, as they play vital role in students and national developments. Nowadays the role of higher institutions became wider than ever, as higher institutions role shifted from traditional role of imparting education towards the contribution in the economic development through knowledge sharing and talent development (Göransson & Brundenius, 2010). Doherty (2013) recent dispute seems to be a logical justification of this evolution. He stressed the need of an environment and reward systems in the higher institutions that not only holds university employees but empowered them to achieve the objective of producing endowed workforce. Based on the foregoing, this study examined the effect of reward on organizational performance in universities in Edo State, Nigeria.

**Objectives of the Study**

The broad objective of this study is to examine the effect of reward and fringe benefits on organizational performance. Specifically, the study intends to:

1. Determine the extent to which salary increase affect organizational performance.
2. Investigate the extent to which cash bonus affect organizational performance.
3. Examine the degree to which promotion affect organizational performance.
4. Investigate the extent to which recognition affect organizational performance.
5. Examine the degree to which career development affect organizational performance.

**Research Questions**

The following research questions will guide this study:

1. To what extent does salary increase affect organizational performance?
2. To what extent does cash bonus affect organizational performance?
3. To what degree does promotion affect organizational performance?
4. To what extent does recognition affect organizational performance?
5. To what degree does career development affect organizational performance?

**Hypotheses**

The following postulations stated in null form guided this study.

H_{O1}: Salary increase has no significant effect on organizational performance.
H_{O2}: Cash bonus has no significant effect on organizational performance.
H_{O3}: Promotion has no significant effect on organizational performance.
H_{O4}: Recognition has no significant effect on organizational performance.
Ho: Career development has no significant effect on organizational performance.

**REVIEW OF RELATED LITERATURE**

**Reward**

Rewards refer to all form of financial returns and tangible services and benefits an employee receives as part of an employment relationship. “Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility” (Colin, cited in Waruni, 2014). Reward is the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Ajila & Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significant importance.

Reward system according to Armstrong (2001) consists of an organization’s integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their markets worth. The reward system is developed within the framework of the organization’s reward philosophy, strategies and policies and contains arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. Reward system according to Obisi (2003) is a prize given to employees as an inducement towards their performance. Robert (2005) defines reward system as the process of developing and implementing strategies, policies and systems which help the organization to achieve its objectives by obtaining and keeping the people it needs and increasing their motivation and commitment.

Effective, appropriate, timely, and market-driven rewards can be motivational for managers and employees alike. Experience and research in the science of success reinforces the concept that effective and timely feedback can be motivational for morale and enhanced productivity (Kock, 2007). Studies demonstrate that there is a positive relationship between the resources available to employees, fairness of the compensation, the amount of information exchanged between employees and managers, and workers’ level of stress and burnout on the job (Schaufeli & Bakker, 2004).

**Organizational Performance**

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard *et al.* (2009), organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc). Organizational performance is the ultimate dependent variable of interest for researchers concerned with just about any area of management (Devinney *et al.*, 2010). This broad construct is essential in allowing researchers and managers to evaluate firms over time and compare them to rivals. In short, organizational performance is the most important criterion in evaluating organizations, their actions, and environments.

There are several methods that have been put forward for measuring organisational performance at employee and organisational level. One group of performance measures which is traditional are financial and accounting based and these were based on the assumption that organisation performance is only measured in quantifiable units. These financial measures include income or sales from operations, rate of return on investment and residual income (Warren *et al.*, 2008). Without disregarding the merits of the financial and accounting measures in assessing performance, the fact that they were cost based and backward looking provided little motivation (Manzoni & Islam, 2009).

Taljaard (2003) indicated that, performance can be measured by the performance appraisal and it was broadened to include the management tools. Performance can also be measured in terms of some output produce such as the quality or quantity of job, job design and others (Jalaini, 2013). Furthermore, Taljaard (2003) also claimed that there are some researchers quoted that the job performance should be designed in order to achieve the organizational objective. Nevertheless, it has been demonstrated that when certain specifiable conditions exist, reward systems can motivate workers to increase their performance (Jalaini *et al.*, 2013).
Theoretical Framework

This research work is anchored on equity theory. This theory was first advocated by Adam (Ogundele, 2006). The concept of equity stipulates that justice and fairness should dominate, for example in reward system (Obisi, 2005). Fajana (2002) defines inequity as an injustice perceived by a person when he compares the ratio of his rewards to his inputs efforts with the ratio of another comparable person’s outcomes to his inputs and finds that they are not equal. According to equity theory, the motivation of individuals in organization is influenced by the extent to which they feel that they are being treated in a fair and equitable manner (Obisi, 2003). When people feel that they are being treated in an inequitable and unfair fashion, the theory argues that they will be motivated to engage in activities aimed at restoring feelings of equitable treatment (Onabanjo, 2004).

This theory also asserts that employees input take the form of work volume and quality, performance, knowledge, compensation, praise and advancement in opportunities (Faems, Sels, DeWinne, & Maes, 2005). The employee compares his or her input/outcome ratio with the perceived ratio of others in a social context and if the employee believes there is a sense of inequality, the theory posits that the employee adjusts his or her efforts to bring things into harmony. The employees normally adjust their behaviors to attain equilibrium through withdrawal, reduced input, cognitively adjust his or her perception or by addressing the situation with the employer.

This theory was adopted on the basis of its emphasis on rewards and performance which are the key variables under this study. The Equity theory postulates that employees seek to achieve a balance between inputs or efforts and outcomes or rewards received or anticipated, Boxall & Purcell (2008). This implies that in a school system where employee benefits, compensation, recognition or incentives are equitably distributed and consistently provided, the workforce tend to put more efforts in terms of teaching or playing a key role in the teaching process so that the school’s mean grade can be improved.

Empirical Review

Ngwa, Adeleke, Agbaeze, Ghasi and Imhanrenialena (2019) investigated the effect of reward system on employee performance among selected manufacturing firms in the Litoral Region of Cameroon. Specifically, the study examined the degree to which profit sharing affects employee commitment; ascertains the effect of flat-rate systems on employee work values; and appraises the influence of collective bargaining reward systems on employee cohesiveness. 538 employees drawn from a population of 5146 employees of ten selected manufacturing firms within the Cameroon Littoral Region were sampled for the study. Percentages and regression analysis were employed in analyzing the data. The findings revealed that, profit sharing had a significantly positive effect on employee commitment in manufacturing firms; flat rate systems had a significantly negative effect on employee work values in manufacturing firms; and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. The study concluded that there is a positive link between reward systems and employee performance.

Siwale, Hapompwe, Kukano and Silavwe (2020) investigated the impact of Reward System on Organisational Performance in Brentwood Suppliers Limited in Lusaka, Zambia. The purpose of the study was to explore the impact of reward systems on employee performance; assess the effectiveness of existing reward system and whether there was a correlation between reward system in the organization and an increase in the performance of the employees. Descriptive statistics and correlation analysis were employed in analyzing the data. The findings revealed that the existing reward system of Brentwood suppliers was ineffective and must be revised; there was a relationship between rewards systems and employee performance.

Onyango (2014) examined the effects of employee rewards policy on organization performance in public primary schools in Rachuonyo North Sub County. A total of 349 questionnaires were returned for analysis of data. This was 87% return rate on the Questionnaires. The study found out that there is a positive correlation (r=1.181) between employee benefits and organization performance. Employees compensation accounts for 5.5% of the organization performance (r=.055). Employee Incentives is positively correlated with organization performance by 38.7% while promotion accounts for 34.6%
The study further found out that Employee compensation significantly and positively \((p=0.004)\) affect organization performance. Employee Promotion significantly \((p=0.000)\) affect organization performance.

Wasiu and Adebajo (2014) examined reward system and employees performance using selected public secondary schools in Lagos State. The findings revealed that there is a significant relationship between employee’s performance and salary package, employee job allowances and performance and in-service training and employee’s performance.

Saira, Madiha, Sumaira and Anam (2014) examined the impact of financial and non financial rewards on employee motivation. The researchers have conducted a survey in Astro films (PVT) situated in Lahore City of Pakistan. A questionnaire was developed to guess the opinion of employees working in these organizations. A semi structured interview was conducted for getting an insight about their motivation. The researchers have found from the survey that there are different factors that affect the motivation of employees which can be classified into two categories; financial and non financial rewards.

Oyira, Regina, Nkamara, Lukpata, Uwa and Mbum (2015) investigated the effect of reward system on health care workers performance in Teaching Hospital. It examined the relationship among monetary and non-monetary rewards and employees’ performance in University of Calabar Teaching Hospital (UCTH). Desk survey was used in gathering relevant information. Primary sources were questionnaire, observation and interview, while secondary data were gathered from internet, textbooks, journals and libraries. Chi-square statistical tool was used and the findings revealed the monetary reward had a positive impact on employees’ performance while non-monetary rewards had a negative effect on employees’ performance.

Kikoito (2014) examined the impact of reward systems on the organizations performance in Tanzanian banking industry. The data was analyzed with use of descriptive statistics (SPSS and excel) and data presented as frequency distribution tables and histograms. The findings of this study showed that the three commercial banks in Mwanza city offer both extrinsic (salary, bonus and promotion) and intrinsic (praise, recognition and genuine appreciation) rewards to their employees. However, the results found that employees were not satisfied with the current reward packages and salary level was viewed to be too low and did not reflect cost of living in Mwanza city. The study further indicated the intrinsic (non financial) rewards were not satisfactory to employees.

Aktar, Sachu and Ali (2012) examined the impact of intrinsic rewards (recognition. Learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh as is in this study. Multiple regression analysis was employed. The study found that each factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees’ performance.

**METHODOLOGY**

The research design adopted for this study is survey research design. The area of this study is Edo State. This study centers on universities in Edo State. In this study, one federal university (University of Benin), two state university (Ambrose Ali University, Ekpoma and Edo University, Iyamho), two private university (Igbinedion University, Okada and Benson Idahosa University, Benin City) were studied. The population of the study is three thousand and nine hundred and seventy four (3974) academic staff of the selected universities. Taro Yamane was employed to determine sample size of 365. The study used structured questionnaire to collect data from the sampled academic staff of selected universities in Edo State. Regression analysis was employed in analyzing the data.

**RESULTS**

Multiple regression analysis was employed to determine the effect of the independent variables on the dependent variable. The essence is to ascertain the effect of reward on organizational performance. The results are presented in tables 1, 2 and 3.
Table 1: Summary of Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.174&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.530</td>
<td>.617</td>
<td>3.197</td>
<td>2.745</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Career Development, Salary, Recognition, Cash Bonus, Promotion
b. Dependent Variable: Organizational Performance

Source: SPSS Ver. 21

Table 4.1 above indicates that $R^2$ which measures the strength of the effect of independent variable on the dependent variable have the value of 0.530. This implies that 53.0% of the variation in organizational performance is explained by variations in reward variables (salary increase, cash bonus, recognition, promotion and career development). This was supported by adjusted $R^2$ of 61.7%. The Durbin-Watson statistics was employed to check for autocorrelation in the model. Durbin-Watson statistics of 2.742 show that the variables in the model are not auto-correlated and are therefore, reliable for predications.

Table 2: ANOVA Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>112.562</td>
<td>5</td>
<td>22.512</td>
<td>72.203</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>3587.511</td>
<td>351</td>
<td>10.221</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3700.073</td>
<td>356</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Career Development, Salary, Recognition, Cash Bonus, Promotion
b. Dependent Variable: Organizational Performance

Source: SPSS Ver. 21

The $F$-test is applied to check the overall significance of the model. The $F$-statistic is instrumental in verifying the overall significance of an estimated model. The $f$-statistics value of 72.203 in table 2 above with probability value of 0.004 shows that the independent variables has significant effect on dependent variable. This shows that salary increase, cash bonus, recognition, promotion and career development can collectively explain the variations in organizational performance. This shows that reward has a significant positive effect on organizational performance.

Test of Hypotheses

Here, the five hypotheses formulated earlier in this study were tested using the $t$-statistics and probability from the coefficient result of the multiple regression analysis. The results are presented the table 3 below.

Table 3 Coefficients of the Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>22.159</td>
<td>1.757</td>
<td></td>
<td>12.612</td>
</tr>
<tr>
<td>Cash Bonus</td>
<td>1.040</td>
<td>.040</td>
<td>.054</td>
<td>2.003</td>
</tr>
<tr>
<td>Salary</td>
<td>.056</td>
<td>.042</td>
<td>.071</td>
<td>2.340</td>
</tr>
<tr>
<td>Promotion</td>
<td>1.108</td>
<td>.042</td>
<td>.140</td>
<td>3.580</td>
</tr>
<tr>
<td>Recognition</td>
<td>.083</td>
<td>.043</td>
<td>.102</td>
<td>2.924</td>
</tr>
<tr>
<td>Career Development</td>
<td>.028</td>
<td>.041</td>
<td>.037</td>
<td>2.693</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

Source: SPSS Version 21.0
Hypothesis One
Ho: Salary increase has no significant effect on organizational performance. Table 4.3 above indicates that salary increase recorded a t-statistics value of 2.340 with a probability value of 0.001 which is statistically significant at 5% level of significance. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. This implies that salary increase has a significant positive effect on organizational performance.

Hypothesis Two
Ho: Cash bonus has no significant effect on organizational performance. Cash bonus recorded a t-statistics value of 2.003 with an alpha value of 0.007. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. This implies that cash bonus has a significant positive effect on organizational performance.

Hypothesis Three
Ho: Promotion has no significant effect on organizational performance. Promotion recorded a t-statistics value of 3.580 with a probability value of 0.000 which is statistically significant at 5% level. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. It is therefore concluded that promotion has a significant positive effect on organizational performance.

Hypothesis Four
Ho: Recognition has no significant effect on organizational performance. Recognition has a t-statistics value of 2.924 with a probability value of 0.005 which is statistically significant at 5% level. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. It is therefore concluded recognition has a significant positive effect on organizational performance.

Hypothesis Five
Ho: Career development has no significant effect on organizational performance. Career development has a t-statistics value of 2.693 with a probability value of 0.009 which is statistically significant at 5% level. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. It is therefore concluded career development has a significant positive effect on organizational performance.

DISCUSSION OF FINDINGS
This work examined effect of reward on organizational performance with particular reference to universities in Edo State. A total of six universities comprising of two federal government owned universities, two states owned universities and two private universities were sampled for the study. The unit of the study comprises of the academic staff in the sampled universities. Data generated questionnaire were analyzed using percentages and multiple regression analysis. The study found that salary increase has a significant positive effect on organizational performance. This agrees with the findings of Ojoromi (2012) that salary and wages improves the performances of the employee’s in an organization. It also tallies with the findings of Olatunji and Sarat (2014) that wages and salaries serves as motivational tool and that wages and salaries has significant relationship with workers performance in Nigerian organisation. Iyida (2015) found that found that increase wage enhances the productivity of workers.

The study also found that cash bonus has a significant positive effect on organizational performance. This tallies with the findings of Wasiu and Adebajo (2014) that significant relationship exists between reward and employee performance. This also agrees with the findings of Hatie (2012) that intrinsic rewards have significant influence on employee results. The results further showed that promotion has a significant positive effect on organizational performance. This agrees with the findings of Onyango (2014) that promotion significantly affect organization performance. This also tallies with the findings of Odoh (2011) that promotion has significant effect on productivity of Nigeria workers.

The result also revealed that recognition has a significant positive effect on organizational performance. This agrees with the findings of Nnaji-Ihedinmah and Egbunike (2015) that intrinsic and extrinsic rewards have significant effect on employee performance. The study further shows that career development has a
significant positive effect on organizational performance. This agrees with the findings of Apeyusi (2012) that a positive relationship exists between reward and corporate performance.

CONCLUSION AND RECOMMENDATIONS
This work examined effect of reward on organizational performance with particular reference to universities in Edo State. Academic staff in six universities comprising of two federal government owned universities, two state owned universities and two private universities were sampled for the study. Data generated questionnaire were analyzed using percentages and multiple regression analysis. The study found that salary increase has a significant positive effect on organizational performance. The study also found that cash bonus has a significant positive effect on organizational performance. The study further found that promotion has a significant positive effect on organizational performance. Recognition was also found that have significant positive effect on organizational performance. Similarly, career development was found to have a significant positive effect on organizational performance.

Rewarding employees is associated with the motivation of the workforce of organization for better performance. The rationale behind the use of rewards policy is that motivated employees become satisfied in terms of fulfilling their wants, both financial and non financial. Rewards create a win-win situation for organization and its employees. The employees feel happy and satisfied as they experience feelings of achievement and self-worth, which create job satisfaction and translates into improved work performance. At the same time, the organization increases its performance. Furthermore, reward facilitates greater levels of satisfaction and competency among employees. As a result, employees have more interest, excitement, fun and confidence in performing tasks which leads to enhanced performance. Therefore, motivating employees through reward strategy enables an organization to accurately predict its present and future performance thereby enabling it to plan its operations more effectively. Based on the foregoing, the study concludes that reward has a significant positive effect on organizational performance in the sampled universities in Edo State.

The study recommends that A balance should be created by university authorities in adopting which motivational measures to use since this study indicate that both extrinsic and intrinsic reward are capable of influencing one aspect of employee behavior or the other. Managers should employ the two in order to get the best performance from the employees. Also, Universities should carry out a survey to determine what appeals most to the employee in order to know the right reward for their employees. This will help to bring out the best in them. Furthermore, Universities should ensure constant review of their reward policy in order to ensure that they are in line with the current realities so as to motivate their employee to be committed to improved performance.

REFERENCES


