



## **Effect Of Reward Management System And Organizational Sustainability In Manufacturing Firms Anambra State**

**Osuigwe, Oluchukwu Chidebe**

**Department of Economics,  
Nnamdi Azikiwe University, Awka, Anambra State, Nigeria  
Oo.oluchukwu@unizik.edu.ng**

### **ABSTRACT**

This work examined the effect of reward management system on organizational sustainability in selected small scale manufacturing firms in Anambra State, Nigeria. The study specifically is designed to determine the influence of appreciation system, fringe benefits and career development on organizational sustainability in small scale manufacturing firms in Anambra State, Nigeria. Relevant conceptual, theoretical and empirical literature was reviewed. This study is grounded on Expectancy Theory. Survey research design was adopted. The study was carried out in Anambra State, Nigeria. The population of study comprised 365 Small scale manufacturing firms in Anambra state, Nigeria. The sample size consists of 365 using entire population. With respect to this study, the researcher makes use of primary data. The primary sources of data include the questionnaire and oral interview. Questionnaire was used as the instrument of data collection. The questionnaires employed were Likert non-comparative scaling technique. The researcher used face and content validity in this research work. The researcher used test-retest method in order to test reliability of the research instruments. The study also employed Cronbach's alpha to verify the internal consistency of each construct in order to achieve reliability. Multiple regression analysis was used in testing hypotheses to assess the effect of reward management system management on organizational sustainability. P value was considered significant at level 0.05. The study found out that appreciation system, fringe benefits and career development has a significant positive effect on organizational sustainability in small scale manufacturing firms in Anambra State. The study concludes that reward management system management system has a significant positive effect on organizational performance in the sampled manufacturing firms in Anambra State. The study recommends that a balance should be created by manufacturing authorities in adopting which motivational measures to use since this study indicate that appreciation 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 and organizational sustainability. Management of manufacturing should ensure constant review of their reward management system policy in order to ensure that they are in line with the current Fringe benefits, so as to motivate their employee to be committed to improved performance and organizational sustainability.

**Keywords:** Appreciation System, Fringe Benefits and Career Development and Organizational Sustainability

### **INTRODUCTION**

Human resource provides a foundation for a business to attain sustainable competitive advantage (Waruni, 2014). Since organizations are working in a dynamic and competitive business environment, they need to build up plan to obtain and keep capable workers. Nowadays, human asset is well thought-out to be the most significant asset of any business and in order to get the efficient and effective outcome from human resource, worker motivation through reward management systems and fringe benefits are

essential (Zaman , 2011). Reward management systems play a significant function in building and supporting the dedication among workers that ensures a high standard of organizational sustainability (Wang 2004). Most businesses have attained a considerable enhancement by completely complying with the organizational policy of well-balanced reward management system and recognition programs for worker. Reward management system refers to the entire groups of financial remuneration, tangible services and benefits that a worker gets as component of employment relations with the business enterprise (Bratton and Gold 1994). Lawler (2003) described that there are two features that make a decision on how much a reward management system is attractive, the amount of reward management system which is offered and the attempt of a worker for a particular reward management system. Workers are definitely closer to their enterprise and execute superior job, while they get improved reward management system and recognition in their enterprises. Reward management systems increase the level of effectiveness and performance of the workers on their jobs and in the outcome thereof enhance the achievement of the enterprises..

Reward management systems and organizational sustainability cannot be separated (Suzanne & Luthans, 2006 and Fehr & John, 2004). This is because reward management systems offer the much needed strength that drives performance in the business enterprises. Organizations with ineffective motivation system are likely to perform gloomily (Razwan and Ali, 2010). Secondly it is because performance is utmost to defining any organization's viability and significance (Armstrong, Brown and Reilly, 2011 & Yamoah, 2013). As a result, it is incumbent of all stakeholders in the administration of any enterprise to build up tactic to enhance performance through the provision of these inducements.

Sustainability of every organization is highly dependent on its staff (Ali, 2013). Thus maximizing the overall organizational sustainability requires an understanding of those factors that encourages the employees to put in extra effort at work and also in enhancing their sustainability (Hafiza, Shah, Jamsheed & Zaman, 2011). Reward management system management is one of the important human resource management strategy for attracting and retaining high quality employee as well as facilitating them to improve organizational sustainability (Ibrar & Khan, 2015). Heng, (2012) found out that employee's performance is reliant on the way they are take care of in the enterprise despite high salary. It is a fact that all workers would wish also to be respected and esteemed at their place of work.

Reward management system systems is a broad construct that generally represents anything that employees may value and are willing to acquire in exchange for his or her contribution to work. Pratheepkanth (2011) describe reward management system to include all organisation components which may include people, processes, rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organisation. From both definitions, reward management systems can be described as tangible benefits one can receive from engaging in a specific task. Torrington, Hall, Taylor and Atkinson (2011) who argue that although there are few people who claim to enjoy work for the sake of it, most people work in large part because it provides a means sustaining livelihood. This implies that people generally are concerned with the amount of benefits (whether financial or non-financial) attached to their work. The positive relationship between reward management system systems (especially financial reward management systems) on organizational sustainability has been established in past studies (Osa,2014; Metha ,2014; Saleem, 2011).Based on the foregoing, this study examined the effect of reward management system on organizational sustainability in Anambra state, Nigeria.

### **Statement of the Problem**

Several organisations are still finding it difficult to establish an effective reward management system that fairly suits the employee demands in relation to organizational sustainability and over organisational profitability and this position is also shared by Dewhurst *et al*(2009) and Roberts (2004).There is a natural disparity between what people think they should be paid and what organizations spend in compensation thus affecting employees sense of accomplishment and this is a challenge employees in organizations face (World at Work, 2011). The unsteadiness in the manufacturing sector can throw those who work in it into all manners of psychological conditions such as feelings of job insecurity, occupational stress, burnout and loss of sense of accomplishment leading to reduction in their task performance and overall

performance on the job (Iwu & Ukpere, 2012). Considering the importance of reward management system systems in organizational sustainability of manufacturing organizations, it is disheartening to note that salaries and wages reward management system systems and practices in the manufacturing sector are largely disconnected from the demands of fairness, prevailing realities and moderation (Ejumudo, 2014). The environment created by the reward management system has the potency of constituting a cog in the much-desired process of initiating and sustaining motivation by a team of competent, efficient, goal-driven, proactive and value-adding employees in the organizations thus leading to counterproductive behaviors which consequently leads to reduction in organizational sustainability, reduction sales and profits by the organizations and business failures (Ejumudo, 2011).

Obikeze (2012) posits that a greater percentage of the employees in manufacturing companies have been major culprits of lateness to work and not keeping appointment to customers, very unfriendly and even become hostile while attending to customers, some lose focus and consequently supply wrong brand of products to customers and these result in long waiting time for customers to receive the needed goods and services, and the consequent low performance as some customers lose patience and consequently take their leave and even go the alternatives. The poor attitudes of the sales force such as lateness to work, delayed sales calls, lack of information for customers problems, could contribute to the low growth of organizational sustainability in SMEs manufacturing companies and these arises from the poorly structured and in some cases unavailable reward management system through lack of fringe benefits to workers, recognition and appreciation offered by the manufacturing companies to their employees (Obikeze 2012). Various organizations staff has shown that they have diverse needs that require a comprehensive total reward management system to meet the needs of various employees. As a result organizations has been faced with the challenge of implementing and offering competitive reward management systems to the workforce for the purpose of enhancing their performance as the lack of special recognition to acknowledge outstanding individual or team achievements with small cash awards, individual performance reward management systems based on specific organizational sustainability criteria and stock ownership reward management systems to professionals who meet specific goals have been neglected by management in several organizations (Kawara, 2014). Due to these, the conceptual and adaptive organizational sustainability has been on the decline leading to customer losses as the employees feel less motivated towards work and organizational profit will decline (Hafiza, Shah, Jamseheed, & Zamam, 2011).

Empirically the issue of reward management system and organizational sustainability has not being resolve. Nnaji and Egbunike, (2015); Sajuyigbe, Olaoye and Adeyemi, (2013); Zameer, Ali, Nisar and Amir(2014) studies found positive significant effect between reward management system and organizational sustainability while Akinbowale, Jinabhai and Lourens, (2013); Zameer, Ali, Nisar and Amir(2014); Markova and Ford (2011) studies negative significant effect between reward management system and organizational sustainability. Conflict founding abounds and the issue between reward management system and organizational sustainability has not being resolve. Therefore this work is set to fill this gap.

### **Objectives of the Study**

The broad objective of this study is to examine the effect of reward system on organizational sustainability. Specifically, the study intends to:

1. Examine the degree to which appreciation system affect organizational sustainability in manufacturing firms in Anambra state.
2. Examine the degree to which fringe benefits affect organizational sustainability in manufacturing firms in Anambra state.
3. Access the extent to which career development affect organizational sustainability in manufacturing firms in Anambra state.

### **Research Questions**

The following research questions will guide this study in line with the objectives:

1. To what extent does appreciation system affect organizational sustainability in manufacturing firms in Anambra state?

2. To what extent does fringe benefit affect organizational sustainability in manufacturing firms in Anambra state?
3. To what degree does career development affect organizational sustainability in manufacturing firms in Anambra state?

### **Hypotheses**

The following postulations stated in null form guided this study.

Ho<sub>1</sub>: Appreciation system has no significant effect on organizational sustainability in manufacturing firms in Anambra state.

Ho<sub>2</sub>: Fringe benefits no significant effect organizational sustainability in manufacturing firms in Anambra state.

Ho<sub>3</sub>: Career development has no significant effect on organizational sustainability in manufacturing firms in Anambra state.

## **REVIEW OF RELATED LITERATURE**

### **Conceptual Review**

#### **Reward management system Management System**

Reward management systems refers to all form of financial returns and tangible services and benefits an employee receives as part of an employment relationship. "Reward management system is the benefits that arise from performing a task, rendering a service or discharging a responsibility" (Colin, cited in Waruni, 2014). Reward management system 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). Reward management 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 management is a system developed within the framework of the organization's reward management system 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 system. Reward management system according to Obisi (2003) is a prize given to employees as an inducement towards their performance. Robert (2005) defines reward management 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.

Reward management system according to Armstrong (2009) can be described as an envelope of interrelated processes and activities that when put together ensures that reward management system management is carried out effectively for the benefit of the organisation and the people working there. Pratheepkanth (2011) define reward management system to include all organisational components – including the people, process, rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organisation". In both definitions, the emphasis is on reward management system as a means of stimulating positive employees' work behaviour towards the actualisation of the organisational goals and objectives. Danish and Usman (2010) emphasise this line of thought by arguing that reward management system systems play an important role in determining how significantly the employees are performing their job tasks and it also acts as a stimulant for employee motivation. Pratheepkanth (2011) described reward management system is an important tool that can be used by the management in challenging positive employee morale to work and work output and in so doing help in achieving the desired organisational outcomes. Thus, reward management system can be seen as a tool for bringing to the employees' awareness of the measure of value that the organisation attach to his or her work and the extent to which they are valued by the organisation. This in turn is expected to boost the employees' morale which ultimately increases organisational productivity.

According to Mehmood (2013) reward management system do not only play significant role in influencing and improving employees' morale but also assist in changing the negative attitude and behaviour which some workers have towards work and organisational processes. The opinion is that when employees perceive fairness in the established reward management system, it builds up their level of satisfaction with the management and this in turn helps in stimulating productive behaviour. In addition, properly administered reward management system is argued to help in improving other related employee processes such as legal compliances, labour cost control, perceived interest of management towards workers' wellbeing and other employee outcomes such as loyalty (Kerrin & Oliver, 2002). Furthermore, Carraher, Gibson and Buckley (2006) advocated the need for business organisation to administer fair and effective reward management system systems, arguing that it provides a leverage for attracting and retaining high performing and talent work staffs which is further argued to be the telling factor for increased organisational performance and productivity. From these scholarly viewpoints, it clear that administering effective reward management system is a prerequisite for organisations aiming to successfully achieve their goal of increased productivity and so in so doing fulfil the individual needs of the employees – which are actually the facilitators of such success.

Schoeffler (2005) identified three major dimensions to effective reward management systems: immediate term reward management systems; short term reward management systems and long term reward management systems. Immediate-term reward management system refers to those reward management systems given to the employee instantaneously for a given outstanding performance. According to Schoeffler (2005) immediate reward management systems (which may come in form of praise from the immediate supervisor) are given to employee soon as to encourage others in engaging in such outstanding performance. Short term administered reward management systems on the other hand, refers to performance-based incentives (such as cash benefits or special recognition) administered that are provided on monthly or quarterly basis by the management to provoke improved organizational sustainability s. Short-term incentives given for exceptional performance are very important as it usually improve the relationship between employees and the management; because it induces on the part of employees the feeling of being valued and appreciated for extra efforts on the job and good work, leading to increased employee morale, better customer care as well as increased productivity (Schoeffler, 2005). Lastly, long term reward management refers to measures taken by the management to ensure employee commitment and loyalty are gained in the long term. This may take any form – from the management regarding the employee as a business partner to the provision of adequate retirement benefits.

### **Organizational Sustainability**

Starting from and organizational focus on sustainable development, Silva and Quelhas (2006) described organizational sustainability as a search for equilibrium between what is socially desirable, economically viable and ecologically sustainable. According to Savitz and Weber (2007), a company is sustainable when it generates profits for shareholders, protects the environment, and improves the lives of the people with whom it interacts. Dyllick and Hockerts (2002) defined organizational sustainability as the capacity companies have for leveraging their economic, social and environmental capital for contributing towards sustainable development within their political domain represents the generation of wealth by and for society, by supplying goods and services. According to Azapagic (2003), a venture's economic viability is the central part of sustainable development, because only profits result in job growth, which in turn enables a community the possibility of improving living conditions. In a more direct approach, Dyllick and Hockerts (2002) assure that an organization's economic sustainability indicates that it has the capacity to realize its activities in a way that is both responsible and that results in considerable profits. Kranjc and Clavic (2005) stated that social sustainability in regards to organizations refers to corporate attitudes relating to employees, suppliers, contractors, consumers, and general impacts on the society beyond their own corporate domains.

Organizational sustainability means continuation. For an organization, it means that it has the elements necessary to carry on and constantly enhance its activities in pursuit of a defined mission. It thus has both a defined mission and some combination of goals and objectives, the attainment of which ensures the

successful pursuit of the mission (Joseph & Coblentz 2002). Sustainable organizations are not necessarily financially self-sufficient entities. Most organizations will never be able to carry out their missions with their own income (Dias, 2013). However, sustainable organizations are financially self-reliant. Through short-, medium and long term planning, competent and sufficient management and staff, visionary leadership, staff commitment to the organization's mission, craftsmanship skills, networking skills, an ongoing strategic planning process and a positive attitude among staff, they know what resources are available, or potentially so, how they will pursue them, and constantly seek diversified funding sources as they focus on their mission in all that they do. Sustainability is an approach born outside organizations that when enters the internal ambient lacks management tools. There is little in terms of how to systematically articulate these concepts so they become organizational actions and decisions (Munck, Munck, & Souza, 2011). As such, a set of tools become a necessity for the adequate management of OS, and the organizational competence approach has proven to be sufficient, as demonstrated in other empirical works (Souza, 2010; Bansi, 2013).

Organizational sustainability represents an ongoing process rather than a state of perfection. It is like a plant: it will grow and prosper if watered and cared for, but wither quickly if it is not. Furthermore, organizations are like a body: if one part is ill, the rest will not function like it should. If too many parts fail at once or in quick succession, the body dies. So keeping an organization sustainable requires a constant effort and unity of purpose focused on one overarching mission (Cella-de-Oliveira, 2012). Every staff member and manager must see both the forest and the trees or the organization becomes entangled in the underbrush. Sustainable organization needs to be strong institutionally, financially and morally.

### **Theoretical Framework**

This study is anchored on Expectancy Theory by Vroom (1968). The Expectancy Theory was first advanced by Vroom (1968) to explain employee motivation at work and later expanded and refined by the works of other scholars such as Porter and Lawler (1968) & Pinder (1987). The expectancy theory has three key elements: expectancy, instrumentality, and valence (Vroom, 1964). A person is motivated to the degree that he or she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be reward management system (instrumentality), and (c) the value of the reward management systems is highly positive (valence). Expectancy is a person's estimate of the probability that job-related effort will result in a given level of performance. Generally, estimates of expectancy by employees lie between two extremes. Expectancy, ranging from 0 to 1, is based on probabilities. If an employee sees no chance that effort will lead to the desired performance level, the expectancy is 0. On the other hand, if the employee is completely certain that the task will be completed, the expectancy has value.

Instrumentality is an individual's estimate of the probability that a given level of achieved task performance will lead to various work outcomes. As with expectancy, instrumentality ranges from 0 to 1. For example, if an employee sees that a good performance rating will always result in a promotion increase, the instrumentality has a value. If there is no perceived relationship between a good performance rating and a promotion, the instrumentality is 0. Valence is the strength of an employee's preference for a particular reward management system. Theoretically, a reward management system has a valence because it is related to an employee's needs. Valence provides a link to the need theories of motivation proposed by Herzberg, Maslow, and co. The reward management system such as promotion, peer acceptance, recognition by supervisors, might have more or less value to individual employees. Unlike expectancy and instrumentality, valence can be either positive or negative. If an employee has a strong preference for attaining a reward management system, valence is positive. At the other extreme, valence is negative. And if an employee is indifferent to a reward management system, valence is 0. The total range is from -1 to +1. Vroom suggests that motivation, expectancy, instrumentality, and valence are related to one another by the equation:  $M = E * I * V$  (Motivation = Expectancy \* Instrumentality \* Valence).

The multiplier effect in the equation is significant. It means that higher levels of motivation will result when expectancy, instrumentality, and valence are all high than when they are all low. If any one of the three factors is zero, the overall level of motivation is zero. Therefore, even if an employee believes that

his effort will result in performance, which will result in reward management system, motivation will be zero if the valence of the reward management system he expects to receive is zero, i.e. if he believes that the reward management system he will receive for his effort has no value for him (Lunenburg, 2011). Porter and Lawler (1969) have expanded this theory in order to identify the source of the values and expectations of individuals, and find the link between effort and performance with job satisfaction. The introduced variables are: predictors of effort, as a function of perceived value for the reward management system and the perceived probability of the relation between effort and reward management system; predictors of performance, since the latter depends not only on the effort but also on personal characteristics and skills; predictors of satisfaction, related to extrinsic and intrinsic reward management systems of the performance. The workers tend to be more satisfied if they perceive that their reward management systems as fair and adequate and the satisfaction influence the value that the workers attribute to the reward management systems in subsequent situations.

#### **Appreciation System and organizational sustainability**

The employees who are appreciated by intrinsic reward management systems within the organization not only perform well according to their job description but also get motivated positively for the welfare of organization and for them. Employees struggle when their organization appreciate their work, reward management system them, respect them and consider them as a vital part of the organization. The employees efficiently do their jobs, behave effectively in the organization, and remain loyal to their organization. Reward management system management system and performance appraisal techniques can be improved by paying attention on human resource management approaches that improve organizational sustainability. Every organization's reward management system should focus on these major areas; compensation, benefits, recognition and appreciation (Sarvadi, 2010). Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of reward management system and employees do note the types of benefit that their organization offers.

Recognition and appreciation are another integral component of a winning strategic reward management system. Recognition is to acknowledge someone before their peers for desired behaviour or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for his or her action. Such reward management systems help employees to gauge their performance and know whether they are doing good or bad (Sarvadi, 2010). In a Study conducted by ( Allen & Helms, 2002) revealed that it is very important for employers to research regularly on expressing an appreciation to encourage behavior of employees to reach strategic goals.

#### **Fringe Benefits and Organizational Sustainability**

According to Lawler (2003), there is a strong relationship with fringe benefits & organizational sustainability. Also fringe benefits are one of the key forces that drives organizational and organizational sustainability. Rynes, Colbert and Brown (2012) stated that as organization provides employees with something of value, employee in return provides the organization with something of value (Labour). Thomson and Rampton (2013) stated that there is a positive relationship between fringe benefits and performance. This is because when benefits are given out often, employees tends to easily relate it to performance. According to Torrington, Taylor and Hall (2006) their paper shows that when human beings are appreciated with benefits it will improve organizational sustainability. Santhapparaj and Alan (2015) examined the relationship between fringe benefit and organizational sustainability among the academic staffs in private universities in Malaysia. The result showed that fringe benefit is positively related to organizational sustainability. Sweet, Nelson and Moberg (2016) agreed that there is a positive influence of benefits on organizational sustainability and it can be observed in every field of life.

#### **Career Development and Organizational Sustainability**

Career development often used to close the gap between current performances and expected future performance. Beardwell, Holden and Claydon (2014) point out that career advancement is a form of motivation which is increasingly seen by managers as a mechanism for improvement. Greenhaus, *et al.* (2010) stated that career development is a continuous process of work life. Career development benefits not only the individual employee, but also the organization. The development of employees for future positions, an organization is assured of a supply of qualified, committed employees to replace the higher-

level employ. In addition, a career development practice enables organizations to develop and place employees in positions compatible with their individual career interests, needs, and goals. Career development practices are key strategic considerations for all organizations regardless of size, sector, market or profile. The development of the capacity and capability of the organization's managers has a fundamental impact on efficiency, effectiveness, morale and profitability of an organization. High performing organizations increasingly pay close attention to the validity of their recruitment practices and are becoming equally vigilant about developing their employees' career in order to ensure they achieve optimum performance both in the present and the future (Lee & Bruvold, 2013).

### **Empirical Review**

Several studies have been done on reward management system management and organizational performance in different parts of the world. Next is a discussion of some of recent studies Quresh, Zaman and Shah (2019) examined the relationship between extrinsic reward management systems, intrinsic reward management systems on organizational performance. The descriptive survey method was adopted for this study. Questionnaire was use to collect data from 470 respondents in Pakistan in cement industry. The study engaged Spearman's correlation method to test hypotheses formulated for the study at .01 level of significance. The study also found that recognition techniques (approches) used in cement factories are good for the maximum organizational performance. This study is relevant but different from the current study as the later is dealing with target population of white collar jobs, while the former examined factory workers.

Udo-Anyanwu and Amadi (2019) examined reward management system systems and job satisfaction of librarians in academic libraries in Imo State, Nigeria. It was carried out to determine the relationship between reward management system systems (extrinsic and intrinsic) and job satisfaction among library staff in tertiary institutions in Imo State. Correlational research design was adopted while the rating scale was used for data collection. The population of the study was made up of the one hundred and one (101) librarians working in the academic libraries studied. To answer the research questions, mean was used to answer the first research question, for research questions two and three, Pearson Product Moment Correlation (PPMC) was used. The hypotheses were tested using t-test of significance of correlation. The result of the study showed that majority of the library staff indicated that they were highly satisfied with their job. There is a positive relationship between level of extrinsic reward management system and extent of job satisfaction among library staff and there is a significant relationship between intrinsic reward management system and extent of job satisfaction among library staff. Implications: Based on the results of the study, the researchers recommended that; every effort should be made to sustain the satisfaction level of librarians, and that stakeholders should ensure that no form of reward management system is provided at the expense of the other since their combination yields a significant relationship.

Ahmed and Sadia (2017) explored the relationship between reward management systems and organizational sustainability of private banks in Pakistan. In addition, it also identifies the impact of reward management system on organizational sustainability.. The challenges for banking firms in current scenario are to retaining its employees. This study will help the bank managers to an implementation of reward management system. A sample of 92 respondents in three districts (Lodhran, Vehari, Khanewal) of south Punjab, Pakistan was taken from HBL, ABL, MCB, UBL and BOP banks. A structure Likert Scale format questionnaire has been used for data collection. Questionnaires consist of two parts; the first part of questionnaires comprises demographic respondent data while second part comprises three variables questions. In order to analyze the data, regression analysis has been used. The result of this study reveals that there is the presence of a relationship between intrinsic and extrinsic reward management systems on organizational sustainability and has a significant effect of intrinsic and extrinsic reward management systems difference on organizational sustainability of the banking sector in Pakistan.

Omokorede, (2017) studied reward management system and organizational performance of selected manufacturing companies in Lagos State, Nigeria. This study adopted survey research design. The target population comprised of 3105 staffs of technical/production department in the three manufacturing companies in Lagos state Nigeria Taro Yamane's formula was used to determine the sample size of 459 respondents. A structured questionnaire was used to generate data .The questionnaire was adapted with

Cronbachs Alpha test or the constructs of the variables ranging from 0.887-0.908, respectively. Data were analyzed using descriptive statistics (Frequencies, percentages, inferential statistics (regression).The findings revealed that there was a significant positive relationship between sense of accomplishment and employee task performance. Recognition & appreciation has a significant positive effect on organizational su performance.

Teferi, (2017) examined the effect of reward management system management practice on employees' performance with special reference to catering and tourism training institute (CTTI). Explanatory method of research was adopted. A questionnaire designed to collect the data on the factors related to reward management systems like pay/salary, benefit, promotion, working condition, responsibility, recognition and employee performance. The data collected from the academic employees of Catering and Tourism Training Institute. The target population was academic staffs of CTTI. Total number of respondents in this study was 75 with 6 non-response rate. Primary data was gathered using adopted questionnaires. Descriptive statistics was used to summarize the data. This includes Percentage, frequencies mean and standard deviation. Tables and other figural presentations were appropriately used. Correlation analysis was used to identify the relationship between reward management system and employee performance. The findings obtained indicated that reward management system practices have a positive influence on organizational sustainability.

Ihedinmah and Nnadozie, (2015) determined whether a relationship exists between rewards system and employee performance. More specifically, the study intends to address the relationship between intrinsic and extrinsic rewards on employee performance. A questionnaire designed in the likert-scale format was administered to employees of commercial banks in Awka Metropolis. Presentation and analysis of questionnaire was done using descriptive statistics, regression technique and two-way ANOVA. The empirical results indicated the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance.

Onyang, (2014) examined the effect of employee's rewards policy in any organization controls the behavior and pattern of work hence a major driving force towards organizational development. This is because employee rewards dictates the level of motivation essential for the attainment of individual and organizational goals. This study explored these two important variables in an organization. Employee rewards policy in this research was the independent variable with sub variable such as benefits, compensation, incentives and promotion. Organization performance was the dependent variable being measured by indicators such as quality, efficiency, productivity and effectiveness. This study adopted Equity Theory on the basis of its emphasis on rewards and performance which were the key variables. The research adopted descriptive survey research design and was located in Public Primary Schools in Rachuonyo North Sub County. The key respondents included Head teachers, Deputy Head teachers, Senior Masters, Teachers and Education Officers with a total sample size of 403 participants. The study used structured questionnaire. Test-retest technique was used to achieve Reliability with Cronbach alpha value of 0.776 being attained. 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 between employee benefits and organization performance. Employees compensation accounts for 5.5% of the organization performance. Employee Incentives is positively correlated with organization performance by 38.7% while promotion accounts for 34.6% ( $r=.346$ ). 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. The overall R Square value was 0.256 and Adjusted R is 0.247 demonstrating that employee rewards combined accounts for 26% of the organization performance. The study recommended that Teachers Service Commission should ensure that employee rewards are clearly spelt in the remuneration policy and are effectively implemented so as to enable performing employees do extremely well.

Mkasia (2014) examined the influence of reward management practices on the performance of employees at Nakumatt Holdings Limited. A total of 195 questionnaires were administered and the study managed to obtain 100 completed questionnaires representing. Descriptive statistics such as mean and standard

deviation were used to analyze the data. Regression analysis was used to test the relationship between the variables under study in relation to the objectives of the study. Analysis of variance (ANOVA) was used to confirm the findings of regression. The study concluded that both financial and non-financial rewards have a positive effect on the performance of employees at Nakumatt Holdings Limited. However, non-financial rewards had a greater influence since they involve rewards such as recognizing high achievers and excellent performers of the company and giving them promotion on merit, providing employees with a good working environment, offering employees training programs to its employees as well as giving them opportunities for career advancement and rewarding responsibilities. All this either equips the employee with the skills and motivation needed for excellent performance or creates a conducive environment for them to work.

Wasiu and Adebajo (2014) examined the place of reward systems on employee's performance in Lagos state. The study empirically examines data collected from selected secondary schools in the state to draw a nexus between employee reward system and job performance. In an attempt to address the problems, descriptive research design was adopted through survey research. 200 questionnaires were randomly administered to ten (10) sampled public schools in the state. Three hypotheses were formulated and tested at 95 percent (%) confidence level using statistical package for social science (SPSS). 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. The study therefore, recommends that adequate salary, allowances in terms of housing, health, hazard, transfer, involvement of teachers in decision making, establishment of teachers salary scale in line with other profession so as to promote job security.

Yasmeen, Farooq and Asghar (2013) examined the impact of rewards on organizational in Pakistan. The descriptive survey method was used for the study while a total of 160 respondents were purposively selected. The t-test statistical analysis was used to test the stated null hypotheses at .05 level of significance. The study revealed that there exists insignificant and weak relationship between salary, bonus and organizational. However it found that there exists moderate to strong relationship between promotions and organizational. Although these two studies are similar to the current study, they were conducted outside Tanzania and because of cultural difference and other idiosyncrasy raises; the impact of rewards on organizational sustainability could yield different outcomes in Tanzania.

Cherotich (2012) evaluated the effects of total reward on job satisfaction among bank employees in Nakuru, Kenya. The bank employees were targeted and a sample of 108 employees was obtained through stratified random sampling method. Data was obtained through use of questionnaires. It was noted that banks provided training, career development and promotion and this led to employee satisfaction. In his study on commercial banks in Kenya,.

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. The study adopted a descriptive survey research design to collect data for analysis. Four hundred and forty one (441) questionnaires were distributed to the population of the study, while only four hundred and fifteen (415) were returned in good faith. T-test was used for data analysis. The study found that each factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees' performance. In contrast, the study conducted by

## **METHODOLOGY**

Survey research design was adopted in this study. This study was carried out in Anambra State, Nigeria. The population of study comprised 365 Small scale manufacturing firms in Anambra state, Nigeria. The sample size consists of 365 using entire population. With respect to this study, the researcher makes use of primary data. The primary sources of data include the questionnaire and oral interview. Questionnaire was used as the instrument of data collection. The questionnaires employed were Likert non-comparative scaling technique. The likert scale that was used in this study were categorized between 1 and 5 where 1 represents strongly disagree to 4 strongly agree and neutral. The researcher used face and content validity

in this research work. The researcher used test-retest method in order to test reliability of the research instruments. The study also employed Cronbach’s alpha to verify the internal consistency of each construct in order to achieve reliability. Multiple regression analysis was used in testing hypotheses to assess the effect of reward management system management on organizational sustainability. P value was considered significant at level 0.05.

**DATA PRESENTATION AND ANALYSIS**

In this section, the data generated from the SMEs were presented, analyzed and interpreted. A total of three hundred and sixty five copies of questionnaires were distributed to the respondents, out of which three hundred and fifty seven copies of the questionnaire were properly filled and found relevant to the study. Therefore, the analysis was based on the three hundred and fifty seven relevant copies.

**Research Question One:** *To what extent does appreciation system affect organizational sustainability in SMEs manufacturing firms in Anambra state?*

**Table 1: Respondents’ Opinion on extent does appreciation system affect organizational sustainability**

	Frequency	Percent	Valid Percent
Valid	Strongly Disagree	36	10.2
	Disagree	29	8.2
	Undecided	8	2.3
	Agree	184	52.0
	Strongly Agree	93	26.3
	Total	350	100

Source: Field Survey, 2022/SPSS

Table 1 shows that greater percentages 52% of respondents agree that appreciation system affect organizational sustainability in SMEs manufacturing firms, 26% strongly agree, 2.3% are undecided, 8.2% disagree while 10.2%of respondents strongly disagree.

**Research Question Two:** *To what extent does fringe benefit affect organizational sustainability in SMEs manufacturing firms in Anambra state?*

**Table 2: Respondents’ View on the extent does fringe benefit affects organizational sustainability**

	Frequency	Percent	Valid Percent
Valid	Strongly agree	89	25.2
	Agree	165	46.6
	Undecided	15	4.2
	Disagree	48	13.6
	Strongly Disagree	33	9.4
	Total	350	100

Source: Field Survey, 2022/SPSS

Table 4.7 reveals that 25% of the respondents strongly agree that fringe benefit affect organizational sustainability in SMEs manufacturing firms, 47% agree, 4.3% are undecided, 13.7% disagree while 9.4% of respondents strongly disagree.

**Research Question Three:** *To what degree does career development affect organizational sustainability in SMEs manufacturing firms in Anambra State?*

**Table 3: Respondents’ view on whether career development affects organizational sustainability in SMEs manufacturing firms**

		Frequency	Percent	Valid Percent
Valid	Strongly agree	26	7.3	7.3
	Agree	202	57.1	57.1
	Neutral	68	19.2	19.2
	Disagree	10	2.8	2.8
	Strongly Disagree	44	12.4	12.4
	Total	350	100	100

Source: Field Survey, 2022/SPSS

Table 3 shows that 7.3% of the respondents strongly agree that career development affects organizational sustainability in SMEs manufacturing firms, 57.1% agree, 19.2% are neutral, 2.8% disagree, while 12.4% of respondents strongly disagree.

**The Results of the Regression Analysis**

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 management system management system on organizational sustainability. The results are presented in tables

**Table 4: Summary of Regression Result**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.174 <sup>a</sup>	.530	.617	3.197	2.745

a. Predictors: (Constant), Career Development , Appreciation system, Fringe benefits

b. Dependent Variable: Organizational sustainability

Source: SPSS Ver. 21

Table 4 above indicates that R<sup>2</sup> 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 sustainability is explained by variations in reward management system variables (Appreciation system, Fringe benefits and career development). This was supported by adjusted R<sup>2</sup> of 61.7%. The Durbin-Watson statistics was employed to check for autocorrelation in the model. Durbin-Watson statistics of 2.742 shows that the variables in the model are not auto-correlated and are therefore, reliable for predications.

**Test of Hypotheses**

Here, the three 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 5 Coefficients of the Regression Result**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22.159	1.757		12.612	.000
	Appreciation system	1.040	.040	.054	2.003	.004
	Fringe benefits	1.108	.042	.140	3.580	.000
	Career Development	.028	.041	.037	2.693	.005

a. Dependent Variable: Organizational sustainability

Source: SPSS Version 21.0

**Test of Hypothesis One**

Ho<sub>2</sub>: Appreciation system has no significant effect on organizational sustainability.

Hi<sub>2</sub>: Appreciation system has a significant effect on organizational sustainability.

Appreciation system 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 appreciation system has a significant positive effect on organizational sustainability..

#### **Test of Hypothesis Two**

Ho<sub>3</sub>: Fringe benefits has no significant effect on organizational sustainability..

Hi<sub>3</sub>: Fringe benefits has a significant effect on organizational sustainability..

Fringe benefits 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 Fringe benefits has a significant positive effect on organizational sustainability..

#### **Test of Hypothesis Four**

Ho<sub>5</sub>: Career development has no significant effect on organizational sustainability..

Hi<sub>5</sub>: Career development has a significant effect on organizational sustainability..

Career development has a t-statistics value of 2.693 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 career development has a significant positive effect on organizational sustainability..

### **DISCUSSION OF FINDINGS**

This work examined effect of reward management system on organizational performance with particular reference to manufacturing firms Anambra State. The unit of the study comprises of the employees of the sampled manufacturing firms. Data generated questionnaire were analyzed using percentages and multiple regression analysis. The results showed that appreciation system has a significant positive effect on organizational sustainability. This agrees with the findings of Onyango (2014) that appreciation system significantly affect organization performance. This also tallies with the findings of Odoh (2011) that appreciation system has significant effect on productivity of Nigeria workers.

The study also found that fringe benefits have a significant positive effect on organizational sustainability. This tally with the findings of Wasiu and Adebajo (2014) that significant relationship exist between reward management system and organizational sustainability. This also agrees with the findings of Hatice (2012) that intrinsic reward management systems have significant influence on employee results.

The study further shows that career development has a significant positive effect on organizational sustainability. This agrees with the findings of Apeyusi (2012) that positive relationships exist between reward management system and organizational sustainability.

#### **Summary of Findings**

In summary, the findings of the study are:

1. Appreciation system has a significant positive effect on organizational sustainability in manufacturing firms in Anambra state
2. Fringe benefits a significant positive effect organizational sustainability in manufacturing firms in Anambra state
3. Career development has a significant positive effect on organizational sustainability in manufacturing firms in Anambra state

### **CONCLUSION**

This work examined effect of reward management system on organizational sustainability with particular reference to manufacturing firms in Anambra state. Data generated through questionnaire were analyzed using percentages and multiple regression analysis. The study also found that appreciation, Fringe benefits and career development was found to have a significant positive effect on organizational sustainability. Based on the foregoing, the study concludes that reward management system has a significant positive effect on organizational sustainability in the sampled manufacturing firms in Anambra State.

## RECOMMENDATIONS

Based on the findings, the study recommends the following:

1. A balance should be created by manufacturing authorities in adopting which motivational measures to use since this study indicate that appreciation 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 and organizational sustainability.
2. Management of manufacturing should ensure constant review of their reward management system policy in order to ensure that they are in line with the current Fringe benefits, so as to motivate their employee to be committed to improved performance and organizational sustainability.
3. Management of manufacturing should ensure that their employees are trained in other to development their career on the level of services they render to the organization since performance-based reward management system brings out the best in the organization.

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