Monetary Incentives And Employee Performance Of Manufacturing Firms In Anambra State

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ABSTRACT
This study examined the effect of monetary incentives on employee’s performance in manufacturing firms in Anambra State. The objectives of the study was basically to ascertain the relationship between salary, wages, fringe benefits bonuses and commission and workers’ performance in manufacturing firms under study. The study formulated four research questions and four hypotheses in line with objective of the study. Related literature were reviewed under conceptual framework, theoretical framework, empirical review. The study adopted survey research design. This study was conducted in the three senatorial zones of Anambra State. Primary and the secondary sources of data were employed. The population of the study consists of the staff of selected manufacturing firms which is 1,019 staff. Taro Yamane’s formula was used to determine the sample size of 287 from the manufacturing firms and sampling technique was Stratified sampling technique while the research instrument used for data collection was the questionnaire. The questionnaire was pre-tested with supervisor and specialists in data analysts. The reliability of the instrument was done using spearman rank order correlation coefficient and the sectional coefficients and the average were respectively 0.80, 0.60, 0.80, and 0.70. The Pearson product moment correlation coefficient formula was used for test of hypotheses. The study revealed among others that there is a significant positive relationship between salary and wages and workers performance and there is a significant positive relationship between commission and workers performance. The study concludes that monetary incentive stigma is seen as one of the most important strategies in the human resource management function as it influences the productivity and growth of an organization. Based on the findings, the study recommends among others that monetary incentives like bonuses, performance based rewards, should be provided to attract, retain and motivate employees for better performance and Commission to employees should be considered in the distribution of reward types to deserving employees for maximum employee performance.

Keywords: Salary, Wages, Bonuses and Workers’ Performance

INTRODUCTION
Organizational performance is a complex phenomenon largely affected by the ability and motivation of the workforce in any firm. One of the major problems facing most employers in both public and private sectors is how to motivate their employees in order to improve performance. The field of Economics is largely based on the assumption that financial incentives improve performance (Igbaekemem, 2014). In consideration of the era of global hyper competitiveness in the business world, incentives are fundamental imperatives to derive maximum employee inputs, retention, commitment from workers and industrial harmony between the workforce and manufacturing concerns. It is generally believed that effect of financial incentives is unambiguously positive; a large monetary incentive improves employee performance. Thus, employees of an organization have motives and inner desires that are expressed in the form of actions and efforts towards job roles to meet their needs. Employee motivation is the level of energy, commitment, and creativity that a company's workers apply to their job (Ebrurajolo, 2004). The issue of employee performance cannot be over emphasized. The most important thing for an organization is the devotion and loyalty of its employees, which is achieved if the employees are paid...
with better rewards. Rewards are highly concerned to overcome dissatisfaction and to increase performance of employees (Mehta, 2014). Despite the fact that reward management has received substantial research attention, this has dwelt more on developed and emerging economies (Carton, 2004; San, Theen, & Heng, 2012), with little done in the developing economies (Agwu, 2013). Various researchers have come up with various ways to motivate people at work. However, because human beings are different from one another in terms of needs, culture, religion etc. so does what motivate them also varies. Some employees are motivated by financial and other incentives and some non-financial incentives. Managers continuously seek for ways to create a motivating environment where employees will work at their optional levels to achieve the organizational objectives. Since human resource is the most valuable resource of any organization, it must activate, train, develop and above all motivate in order to achieve individual and organizational goals. According to Silverman (2004), the central tenet of the distinction is that rewards are promised from the outset, whereas recognition is afforded in a post hoc manner. He also posits that the essential distinction is that incentives are forward looking while rewards are retrospective and that the difference is necessary when defining the objective of pay for performance. In most business and other organizations, money is actually used in keeping an organization adequately staffed and not primarily as a motivator. Any bonus scheme for manual workers should be related to criteria which are meaningful to the employees and which are capable of being measured consistently. The incentive to achieve one particular objective for example, increased volume, should not act as an incentive to worsen other standards of achievement like quality. It is therefore, important to know what induces a worker most, as many people have different needs and aspirations. Therefore, this research work examined the effects of monetary incentives on workers ‘performance in Nigerian organizations with references to selected firms in Anambra State.

**Statement of the Problem**

There have been several problems associated with financial incentives on workers’ performance on the part of workers and managers in various business organizations. These are; Poor incentives package which have been a major factor affecting employees’ commitment and productivity, employees lack of willingness to increase their performance because they feel that their contributions are not well recognized by their organizations and Management lacks the necessary skills that could help in the formulation of a good monetary incentive policy. The success and the survival of any organization are determined by the way the workers are remunerated and rewarded (Lawler, 2003). The reward system and motivating incentives will determine the level of employees’ commitment and their attitude to work. According to Kreitner and Kinicki (2007), incentives are the compensation for doing work well given to a worker in the form of both financial and non-financial incentives. However, for any organization to achieve its objective in any competitive society, employers of labour must have a thorough understanding of what drives the employees to perform efficiently and reward them accordingly. There is an increasing need for organizations to develop reward systems that motivate staff to work harder. To this effect, this study attempts to critically analyze the effect of monetary incentives on employee performance in firms within the three senatorial districts of Anambra State.

**Objectives of the Study**

The main aim of the study is to examine the effect of financial incentives on employee performance. The specific objectives are:

1. To evaluate the relationship between salary, wages and employee performance.
2. To determine the extent of relationship between fringe benefits and employee performance.
3. To assess the extent of relationship between bonuses and employee performance.

**Research Questions**

The following research questions were formulated to achieve the objectives of the study:

1. To what degree does salary and wages have a motivating potential in increasing employee performance in an organization?
2. What is the extent of relationship between fringe benefits and employee performance?
3. What is the extent of relationship between bonuses and employee performance?
Hypotheses
The following null hypotheses were formulated to guide this study:

**H₀₁:** Salary and wages have no significant positive effect on employee performance.

**H₀₂:** Fringe benefits have no significant positive effect on employee performance.

**H₀₃:** There is no significant positive relationship between bonuses and employee performance.

REVIEW OF RELATED LITERATURE
Conceptual Framework
Financial Incentives
The most important resources any organization possesses are its people. Therefore, it is also very important for organization to seek for ways to encourage positive attitude in order to strengthen themselves and their profit margin. Organization needs human beings and because human nature though very simple can be very complex too. This makes it a task for organizations to know how to motivate its employees. An understanding, appreciation of human nature is a pre-requisite to effectively motivate employees. Financial incentives involve granting of reward in terms of money such as commissions, bonuses etc. Examples of financial rewards include base pay, cost of living adjustments, short term incentives, and long term incentives (Aguinis, 2013). The available empirical evidence documents that monetary rewards are among the most powerful factors affecting employee motivation and performance. Herman (2012) found that an employee’s productivity increased by an average of 30% after the introduction of individual monetary incentives. Other types of rewards and interventions do not seem to have such a powerful effect (Stajkovic & Luthans, 2001). However, what employees say is the value of monetary rewards does not always reflect what they think or what they actually do (Rynes, Gerhart, & Minette, 2004). The reason why monetary rewards can be a powerful motivator of employee performance and also help attract and retain top performers is that they help meet a variety of basic needs (e.g., food, shelter) and also higher-level needs (e.g., belonging to a group, receiving respect from others, achieving mastery in one’s work) (Long & Shields, 2010). For example, monetary rewards provide employees with the means to enhance the well-being of their families, as well as pay for leisure activities with friends and colleagues, thereby helping satisfy the higher-level need to belong in groups. Employees can also use monetary rewards to purchase status symbols such as bigger houses (satisfying the higher level need for respect from others) and pursue training, development, or higher education (satisfying the higher-level need for achieving mastery). Further, monetary rewards in and of themselves are often valued as a symbol of one’s social status and acknowledgment of one’s personal accomplishment (Trank, Rynes, & Bretz, 2002). In sum, monetary rewards can improve employee motivation and performance because they can satisfy a wide range of low- and high-level needs (Long & Shields, 2010).

Employee Performance
Employee performance in the organization is very important to determine company's success and profitability. According to Chien (2004) found that a successful organization require employees who are willing to do more than their usual job scope and contribute performance that is beyond goal's expectations. Employee’s performance is also important in undertaking of the flexible performance to be critical to organizational effectiveness in an increasingly competitive environment (Aryee, Chen and Budhwar, 2004). Nowadays, most of the companies will facing contemporary challenges and require put more attention on enhancing employees' performance (Gruman and Saks, 2010). Therefore, company need to concern on recent trends in the organizational in order can create workers knowledge to facilitate in the desired advanced economies. Hence, to engage in effective performance, management needs to allow employees to have more authority to design their job and roles. Thus, at the end, employees will discover their job more fit between employees' skills, needs and values. Furthermore, organizational policies and daily practices need to interact well to builds prior standard in employees' performance (Gruman and Saks, 2010).

Some authors suggest that successful service firms such as banking will invest resources or maintaining the long term relationships in the programs in order to increase job satisfaction and employees’ performance (Karatepe, Uludag, Menevis, Hadzimehdagic and Baddar, 2006). Besides, nowadays
frontline employees also play a critical role in the organization change, because they are the people who interact more frequent with the customers. Moreover, self-efficiency, trait competitiveness and effort are used to predict frontline employee performance. Meanwhile, self-efficiency can influence the motivational and emotional reactions of the employees; therefore this will increase their confident and make them more enjoy in their job.

**Theoretical Framework**

**Herzberg two factor model and Expectancy theory**

The theoretical foundation of this study is anchored in Herzberg two factor model and Expectancy theory of work motivation. Although there are many competing theories of motivation, these theories may all be at least partially true and help to explain the behaviour of certain people in specific times. Reviewing these theories of motivation facilitates our understanding of how monetary and non-monetary Incentives can motivate employees to perform in organizational setting. Herzberg two factor model of employee motivation is one of the widely discussed need-based theories of employee motivation. Fredrick Herzberg Two-Factor Theory is the aftermath of landmark study of 203 accountants and engineers interviewed to determine factors responsible for job satisfaction and dissatisfaction. According to Werner and Desimone (2006), Herzberg claimed that people have two sets of basic needs, one focusing on survival and another focusing on personal growth. Herzberg contended that factors in the workplace that satisfy survival needs or hygiene factors, cannot provide job satisfaction but only prevent dissatisfaction. These hygiene factors are pay and security, working conditions, interpersonal relationship, company policy and supervisor. The personal growth factors he considered as motivators are achievement, recognition, the work itself, responsibility, advancement and growth. Herzberg argued that the motivator factors create feelings of job satisfaction but their absence will not necessarily lead to job dissatisfaction. Herzberg two-factor model implies that management must not only provide hygiene factors to avoid dissatisfaction but also must provide motivators (intrinsic factors) for the job itself to have motivating potential. Their motivation-hygiene theory constitutes a good framework for the validity of the argument that non-monetary incentives can be as effective as monetary incentives in the motivation of personnel. Expectancy theory was first proposed by Victor Vroom who asserts that motivation is a conscious choice process (Werner and Desimone, 2006). According to this theory, people choose to put their effort into activities that they believe they can perform and that will produce desired outcomes. Expectancy theory argues that decisions about which activities to engage in are based on the combination of three set of beliefs: expectancy, instrumentality and valence. Expectancy is concerned with perceived relationship between the amount of effort an employee puts in and the resulting outcome. Instrumentality refers to the extent to which the outcomes of the worker's performance, if noticed, results in a particular consequence; valence means the extent to which an employee values a particular consequence.

The implications of their theory is that if an employee believes that no matter how hard he works he will never reach the necessary level of performance, then his motivation will probably be low in respect of expectancy. As regards instrumentality, the employee will be motivated only if his behavior results in some specific consequence. If he works extra hour, he expects to be incentives while for valence, if an employee is rewarded, the incentives must be something he values. An increasingly large number of organizations have explained how incentives, particularly money could be linked to desired behavior and performance outcomes to improve effectiveness (Beer and Cannon, 2004). The powerful role that monetary incentives can play in influencing behavior has been widely acknowledged over time. Early motivation theories such as expectancy theory have demonstrated intuitive appeal and its basic components have received empirical support. Over the years, organizational research demonstrates that employees are motivated more than just monetary incentives alone. However, many organizations rely solely on financial incentives. These are a whole host of alternative motivators that can influence employee behavior and enhance motivation (Silverman, 2004).
Empirical Review

Falola (2014) examined incentives packages and employees’ attitudes to work: a study of selected government parastatals in Ogun State, South-West, Nigeria. A descriptive research method was adopted for this study using one hundred twenty valid questionnaires which were completed by members of staff of four (4) selected government parastatals in Ogun State, South-West Nigeria using stratified and systematic sampling technique. The data collected were carefully analyzed using percentage supported by standard deviation to represent the raw data in a meaningful manner. The results show that strong relationship exists between incentives packages and employees’ attitudes towards work and the workers are not satisfied with the present incentives packages. The summary of the findings indicates that there is strong correlation between the tested dependent variable and independent construct.

Onu, Akinlabi and Fakunmoju (2014) studied motivation and job performance of non-academic staff in private universities in Nigeria with particular reference to Babcock University. Data for the study were collected through a well-structured questionnaire delivered to the employees of the university. The study employed regression and correlation analysis to test the hypotheses whether remuneration, recognition and incentives boost the job performance of employees. The findings of the study revealed that there exist strong positive relationship and significant effect of incentive, remuneration and recognition on job performance and that incentive motivational factor has the highest contribution to boost the job performance of employees in Babcock University.

Muogbo (2013) studied the impact of employees’ motivation on organizational performance; a study of some selected firms in Anambra State Nigeria. The study used descriptive statistics (frequencies, mean, and percentages) to answer three research questions posed for the study. The spearman rank correlation coefficient was used to test the three hypotheses that guided the study. The result obtained from the analysis showed that there is an existing relationship between employees’ motivation and organizational performance. The study revealed that extrinsic motivation given to workers on an organization has a significant influence on the workers performance.

Mehta (2014) studied Impact of Monetary Rewards on Employee Performance and Job Satisfaction (An Empirical Study of the Insurance Sector of Pakistan). The purpose of the study was to ensure the impact of monetary and non-monetary rewards on employee performance and job satisfaction in insurance companies of Pakistan. This research study is descriptive and quantitative in nature. A questionnaire was designed as a tool to examine the insight of selected insurance companies of Pakistan (both public and private) regarding rewards, employee performance and job satisfaction. This F-test is used to test the hypothesis, whether it confirms or does not confirm the null hypothesis. The result of this study shows that these monetary rewards have a significant impact on Employee Performance and Job Satisfaction. The conclusion is that Monetary rewards and Non-Monetary have an impact on Employee Performance and Job Satisfaction.

Oni-Ojo, Salau, Dirisu, and Waribo, (2015) examined Incentives and Job Satisfaction: Its Implications for Competitive Positioning and Organizational Survival in Nigerian Manufacturing Industries. This paper assessed the attitude of workers towards incentive and their satisfaction to work. A sample of 127 valid respondents selected from the managerial and non-managerial staff and data collected were analyzed using Statistical Package for Social Science (SPSS) through descriptive statistics and regression. The findings revealed that financial rewards encourage workers externally; while non-financial rewards can satisfy employees internally by making them feel like a valued part of an organization. Also, it was indicated that some employees seem to be satisfied and content with their job not because they derive pleasure from the work itself but because there are no other alternatives. It was recommended that manufacturing industry needs to embark on the restructuring of jobs and responsibilities in ways that would facilitate competitive advantage without sacrificing the basic objective of the organization.

Abdul, Muhammad, Hafiz, Ghazanfar, and Arslan (2014) studied the Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). The purpose of this research is to measure the impact of compensation on employee performance. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, Indirect Compensation and employee performance. The data was collected from different banks of Pakistan. The
data collected were analyzed in SPSS 17.0 Version. Different analytical and descriptive techniques were used to analyze the data. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance. ANOVA results reveal that education have not same impact on employee performance. It concluded from different results that Compensation has positive impact on employee performance.

Wallace, Karanja, Charles and Edward. (2013) examined the role of employee incentives on performance: a survey of public hospitals in Kenya. The paper attempts to examine the role of employee incentives on performance in public hospitals in Kenya. Data obtained was entered, cleaned and analyzed through the Statistical Package for Social Sciences software. A total sample of 205 participants was targeted in the study. However, the researcher was able to receive 202 questionnaires from the respondents, giving a response rate of 98.53 percent. The study adopted a descriptive approach based on a correlation design with emphasis on a cross-sectional survey, by considering employee incentives as an independent variable and performance as a dependent variable respectively. The findings revealed that employee incentives played a key role in enhancing performance at both individual and organizational levels, while providing an opportunity for initiatives which are deemed to be instrumental in merging theory and practice in human resource management and development in the public health sector.

Met Ibrahim and Juhary. (2015) Studied monetary reward and job satisfaction and its influence on employee Performance: Evidence from Malaysia. This quantitative study investigated the direct effect of monetary motivation on employees’ job performance and mediating effect of job satisfaction on the relationship between monetary motivation and employees’ job performance at oil and gas offshore production facilities in Malaysia. Data were collected using self-administered survey questionnaire from convenience-sampled 341 employees of selected oil and gas companies in Malaysia. Data analyses were performed using the Statistical Product and Service Solution 21. The results of regression analysis and Sobel’s calculation showed that, at the .05 level, there was a significant direct effect of monetary motivation on employees’ job performance, and job satisfaction partially mediated the relationship between monetary motivation and employees’ job performance. The results of this study could assist employers and human resource managers in the development and implementation of their remuneration policy and strategy.

Okwudili, (2015) studied Effect of Non-Monetary Rewards on Productivity of Employees among Selected Government Parastatals in Abia State, Nigeria. The study analyzed the effect of non-monetary rewards on the productivity of employees among selected Government Parastatals in Abia State, Nigeria. A total of 78 civil servants were selected across the parastatal in Abia State using simple random sampling technique from which data and information were elicited from the questionnaire. Analytically, the study employed descriptive statistics, multiple regressions and the Pearson’s correlation coefficient. The analysis of factors affecting productivity of employees in Government Parastatals in the study area using the multiple regression analysis indicated that Sex of the respondents, Age of respondents, monthly income, days of work in a month, type of non-monetary reward received and responses of respondents with respect to their judgment on effect of non-monetary reward on their productivity all revealed a negative significant contribution to the productivity of the sampled Government parastatal in the study area respectively. More so, marital status of the respondents, Educational qualification of the respondents, position/rank, and number of non-monetary reward received revealed a positive significant contribution all at 1-percent level of probability respectively to the productivity of the employees of sampled government parastatals in the study area. The Pearson’s correlation coefficient values indicated that non-monetary rewards and productivity of employees have a positive relationship which is significant at 5% level of probability (2-tailed). The study concludes that higher productivity and efficiency of employees in government Parastatals is possible with the effective exploitation of human resources through non-monetary rewards and recommends amongst others that Government should motivate their staff more by involving them in self-developmental programs with good remuneration payment, incentive packages etc. that will signify that the organization needs their personal outputs.
Mohammad (2015) examined the effects of monetary reward, non-monetary reward and Distributive fairness on employee performance: a study of the Phosphate Mines Co. Jordan. This study aims to examine the relationship between monetary reward, non-monetary reward, distributive fairness and employee performance among 3,800 workers in Phosphate Mines Co, Jordan. The cross-sectional surveys through questionnaire were used to fulfill the objectives of this research. Data were generated from 246 employees who were selected by simple random sampling. Descriptive, correlation and regression analysis were used to analyze data and to test the hypotheses. The overall finding indicated that monetary, non-monetary and distributive fairness had a significant correlation with employee performance. However, only distributive fairness had influence on the employee performance in Phosphate Mines Co, Jordan. The study recommends that to increase the employees performance in this organization, the management should re-evaluate the justices of the employment policies related to the employees’ rights. This will enhance the employee performance and can be one of the competitive advantages for Phosphate Mines Co, Jordan.

METHODOLOGY
Survey research design was adopted in this study. The study was carried out in Anambra State. The data for this study was derived from two major sources, namely primary and the secondary sources. The population consists of One thousand and nineteen (1,019) the staff of the selected Manufacturing Industry in Anambra State. Statistical formula by Taro Yamane was used to obtain a sample size of 287. In a quest to attach the validity feature to the questionnaire designed for this study, the questionnaire was pre-tested. Spearman rank order correlation coefficient was used in testing the reliability of the research instrument.

Method of Data Analysis
The need to enhance easy comprehension and analysis prompted the use of descriptive statistical method of analysis like the frequency distribution table, simple percentages. Furthermore, the Pearson product moment correlation coefficient formula was used:

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}$$

Nevertheless, T-test for test of significance was adopted to equally estimate for the significance of the coefficient and to ascertain whether the claim of the null or alternative hypothesis would still remain valid after the test.

$$T_{cal} = \sqrt{\frac{n-2}{1- (r)^2}}$$

Data Presentation, Analysis and Interpretation
This section deals with the presentation and analysis of data collected from the population under study through questionnaires and interviews. Two hundred and eighty seven (287) copies of the selected companies under study out of the number thirty-two (32) copies representing 11% of the questionnaires did not respond, thirty (30) copies representing 10% of the total questionnaire administered were not properly completed and could not be used for any manner of analysis. Two hundred and twenty-five (225) copies representing 78.4% of the population selected for the study were duly completed and used for the analysis. The analysis is based on frequency distribution and simple percentages.

Testing of Hypotheses
Under this section, the research hypotheses will be tested.

Hypothesis One
Ho: There is no significant positive relationship between salary, wages and employee performance.
Hi: There is a significant positive relationship between salary, wages and employee performance.
### Table 4.2.1 Calculation of correlation coefficient for hypothesis one

<table>
<thead>
<tr>
<th>S/N</th>
<th>OPTIONS</th>
<th>X POINTS</th>
<th>Y POINTS</th>
<th>XY RESPONSES</th>
<th>X²</th>
<th>Y²</th>
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</thead>
<tbody>
<tr>
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<td>108</td>
<td>540</td>
<td>25</td>
<td>11025</td>
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<tr>
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<td>344</td>
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<tr>
<td>3</td>
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<td>6</td>
<td>18</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
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<td>Disagree</td>
<td>2</td>
<td>13</td>
<td>26</td>
<td>4</td>
<td>169</td>
</tr>
<tr>
<td>5</td>
<td>Strongly Disagree</td>
<td>1</td>
<td>12</td>
<td>12</td>
<td>1</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>15</td>
<td>225</td>
<td>940</td>
<td>55</td>
<td>18770</td>
</tr>
</tbody>
</table>

**Source:** Field Survey, 2019

Using the Pearson product moment correlation coefficient formula given as:

\[
r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}}
\]

\[
r = \frac{5(940) - (15)(225)}{\sqrt{[5(55) - (225)][5(18770) - (50625)]}}
\]

\[
= \frac{1325}{1470}
\]

\[
r = 0.90
\]

The correlation coefficient \( r = 0.90 \) as shown above is an indication that there is a significant positive relationship between salary and wages and workers performance. Nevertheless, there was a need to equally estimate for the significance of the coefficient and to ascertain whether the claim of the null hypothesis would still remain valid after the test. T-test for test of significance was adopted as follows:

\[
T_{cal} = \sqrt{\frac{n-2}{1-(r)^2}}
\]

Substituting the value of the correlation coefficient \( r = 0.87 \) in the above formula. We obtained the result:

\[
T_{cal} = 3.57
\]

But \( t_{0.05, 3} = 2.35 \)

Therefore the null hypothesis was rejected since \( T_{cal} = 3.57 > T_{tab} = 2.35 \), and the alternative which suggest that salary and wages have a motivating potential in increasing employee performance in an organization.

**Hypothesis Two**

Ho: There is no significant positive relationship between fringe benefits and employee performance.

Hi: There is a significant positive relationship between fringe benefits and employee performance.
Using the Pearson product moment correlation coefficient formula given as:

\[ r = \frac{n\sum xy - \sum x \sum y}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}} \]

\[ r = \frac{5(917)-(15)(225)}{\sqrt{[5(55)-(225)][5(17913)-(50625)]}} \]

\[ r = 0.88 \]

The correlation coefficient \( r = 0.88 \) as shown above is an indication that there is a significant positive relationship between fringe benefits and employee performance. Nevertheless, there was a need to equally estimate for the significance of the coefficient and to ascertain whether the claim of the null hypothesis would still remain valid after the test. T-test for test of significance was adopted as follows:

\[ T_{cal} = \sqrt{\frac{n-2}{1-(r)^2}} \]

Substituting the value of the correlation coefficient \( r = 0.87 \) in the above formula. We obtained the result:

\[ T_{cal} = 0.88 \sqrt{\frac{5-2}{1-(0.88)^2}} \]

\[ T_{cal} = 3.21 \]

But \( t_{0.05}, 3 \approx 2.35 \)

Therefore the null hypothesis was rejected since \( T_{cal} = 3.21 > T_{tab} = 2.35 \), and the alternative which suggest that fringe benefits have an impact on employee performance.

**Hypothesis Three**

Ho: There is no significant relationship between bonuses and employee performance.

Hi: There is a significant positive relationship between bonuses and employee performance.
Table 4.2.3 Calculation of correlation coefficient for hypothesis three

<table>
<thead>
<tr>
<th>S/N</th>
<th>OPTIONS</th>
<th>X POINTS</th>
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</thead>
<tbody>
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<td>225</td>
<td>931.4</td>
<td>55</td>
<td>18916</td>
</tr>
</tbody>
</table>

Using the Pearson product moment correlation coefficient formula given as:

\[ r = \frac{n \sum xy - \sum x \sum y}{\sqrt{(n \sum x^2 - (\sum x)^2)(n \sum y^2 - (\sum y)^2)}} \]

\[ r = \frac{5(931.4) - (15)(225)}{\sqrt{5(55) - (225) \cdot 5(18916) - 50625)}} \]

\[ \frac{1282}{1482} \]

\[ R = 0.87 \]

The correlation coefficient \( r = 0.87 \) as shown above is an indication that there is a significant positive relationship between bonuses and employee performance. Nevertheless, there was a need to equally estimate for the significance of the coefficient and to ascertain whether the claim of the null hypothesis would still remain valid after the test. T-test for test of significance was adopted as follows:

\[ T_{cal} = \sqrt{\frac{n-2}{1-r^2}} \]

Substituting the value of the correlation coefficient \( r = 0.87 \) in the above formula. We obtained the result:

\[ T_{cal} = 0.87 \sqrt{\frac{5-2}{1-(0.87)^2}} \]

\[ T_{cal} = 3.056 \]

But \( t_{0.05}, 3 = 2.35 \)

Therefore the null hypothesis was rejected since \( T_{cal} = 3.056 > T_{tab}=2.35 \), and the alternative which suggest that there is a significant positive relationship between bonuses and employee performance.

**DISCUSSION OF RESULTS**

From the data analyzed, it is obvious that monetary incentive play a vital role in increasing employee performance. This is in line with the view of Jack Welch that “If you pick the right people and give them the opportunity to spread their wings - and put compensation and incentive as a carrier behind it - you almost don’t have to manage them.” The results of the hypotheses tests formulated from the four objectives of this study were discussed below;
The first hypothesis is that salary and wages have a motivating potential in increasing employee performance in an organization. This is consistent with the view of Laura (2016); she asserts that the salary a worker is paid by his employer can have a great influence on his performance in the administration. An employee doesn’t simply view his salary as an amount; he sees it as the value his employer places on him as an employee. The level of appreciation he feels can have a direct impact on his overall performance.

The second hypothesis indicated that fringe benefits have an effect on employee performance. This is in consistent with the view of Mussie, Kathryn & Abel, (2013), they asserted that employees increasingly value employee benefits as part of their overall compensation package. This is what management theorist Frederick Hertzberg would call a ‘hygiene factor’. The idea is that if you don’t give people enough hygiene factors they will be demotivated, but not necessarily motivated.

The third result of the hypothesis shows that bonuses have an effect on employee performance. This is in consistent with the view of Ruth (2016), she asserts that Bonuses for whatever reason affect employee performance in a number of different ways such as improving employee morale, motivation and productivity.

**Summary of Findings**

The major findings of the research work were summarized below:

1. There is a significant positive relationship between salary and wages and employee performance.
2. There is a significant positive relationship between fringe benefits and employee performance.
3. There is significant positive relationship between bonuses and employee performance.

**CONCLUSION**

Monetary incentive stigma is seen as one of the most important strategies in the human resource management function as it influences the productivity and growth of an organization. Hence, modern corporate organizations have deemed it imperative to incorporate effective monetary incentive scheme for workers as part of their corporate goals and objectives. This is believed to shape a work force focused on strategic performance goals and capable of achieving them.

This research work is also about monetary incentives and workers performance. The total incentive scheme is based on a rethinking of employee incentive and investment systems into an employee-driven system. Monetary Incentive scheme have been raising questions about the structure of existing and often rigid pay systems for some time.

Therefore, this study’s idea of monetary incentive goes beyond pay alone to propose an incentive system - a group of variables that together encompass the varieties of kinds of monetary incentives that today’s employees want from work. Pay is among them, of course (including both base pay, or salary, and one-time pay received in form of overtime or bonuses). But in addition to monetary incentive, contemporary employees want and are increasingly demanding incentive diversity and incentive choice. In today’s diverse, employers are finding that employees want a range of different things from the work place. Employees will even exchange some level of base pay to get some of the other things they want.

Conclusively, the significance of effective monetary incentive scheme cannot be overemphasized in a bid to attracting and motivating employees for improved organizational productivity. A major task from a human resource management and industrial relations perspective is to understand how to design and administer monetary incentive policies that best meet the goals of employers and employees in the employment exchange. In this sense both the employers and the employees benefit and in general positively and significantly influence the overall corporate performance.

There is a relationship between employee performance and monetary incentive, it is possible to recognize the existence of a trend that suggest that incentive, when both concept have a properly designed manage, these can influence the employees to show better performance.
RECOMMENDATIONS
Finally, the study recommends that:
1. Monetary incentives like bonuses, performance based rewards, should be provided to attract, retain and motivate employees for better performance.
2. Non-monetary incentives like autonomy, recognition and praise should be offered to employees to promote employee retention, loyalty and performance of employees. Providing Fringe benefits improves employee performance.
3. Bonus pay improves employee morale, motivation and productivity, organization acknowledge it in their organization.

REFERENCES


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