Effects of Employee Reward and Performance in Selected Small Scale Industries in Anambra State, Nigeria.

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Abstract
This study examines the relationship between reward and workers' performance within private sector organizations in Anambra State. A sample of 280 (employees of small scale industries) respondents to the research questionnaire determined at 5% level of significance for sample error, using Yamane's formula was selected from a population of 12,627 employees using proportional stratified random sampling method. Pearson product-moment correlation was conducted to test the relationship between intrinsic reward and performance; extrinsic reward and performance; and performance and job satisfaction. The results of this study reveal that intrinsic rewards have positive but insignificant influence on workers' performance while extrinsic rewards have positive but insignificant influence on workers' performance too. Comparatively, however, intrinsic rewards have stronger relationship than extrinsic rewards. The study further found that performance of employees of the small scale industries in Anambra State does not have a significant effect on their job satisfaction. The study, therefore, calls for government intervention in today's volatile operating environment of small scale industries in Anambra State by providing infrastructural development and small scale stimulus packages. With the above packages and development in place, manufacturers should develop basic salary structures for their employees through proper job analysis in line with government regulations which will link reward with performance. It is therefore imperative for employers to commit to creating appropriate incentive plans that will encourage workers to become more productive and satisfied.

Keywords: ***Employee Reward, Intrinsic, Extrinsic Reward, Job Performance***.

INTRODUCTION

In many competitive business environments, both locally and globally, it is common for companies to offer employees attractive, lucrative and competitive remuneration packages. According to Dewhurst, Gurthridge and Mohi (2010), these packages are directly linked or inter-related to improving individual's job competency, retaining higher achievers and finally achieving organizational goals. This was supported by Ong and Boon (2012) studies on reward system and performance within Malaysian manufacturing companies. The result shows that reward system implemented by organization will influence employee's behaviour and attitude toward their job if the rewards satisfy their needs and personal goals.

More so, in large organizations reward system is usually designed by management while in some small and medium enterprises (SME's) by the owners. They design reward system without consulting employees at the lower level thereby such rewards may not be able to satisfy employees' needs and expectation. This was in line with Mansor, Borhannudd and Yusuf (2012) studies, that different people may be influenced by different types of rewards. The implication is that employees are not willing to change their behaviour because they feel that their contributions are not well recognized by the organization.

Effective, fair and timely reward can be motivational for managers and employees alike. Lawler and Worley in Ong and Boon (2012) studies on reward system and performance within Malaysian manufacturing companies found out that when employees desire to get rewards, they will change their behaviour in order to achieve maximum level of performance required by the organization. On the other hand, Mansor et. al., (2012), posit on the effects of rewards towards job performance among chemical based employees. Result shows that if a reward is not commensurate with job performance, this can lead to low motivation.

This study arises because there are a number of workers who have not performed well in their job as they perceived that they must receive higher rewards than the company offers. When workers have this perception, they feel lazy to work and would solely depend on their monthly salaries. On the basis that a careful evaluation of an employee's performance can uncover weaknesses or deficiencies in a specific job skill, knowledge or areas where reward is lacking. Once identified, these deficiencies may be remedied through additional training or provision of the needed rewards.

The objective of this study, therefore, is to examine how reward management is ensuring better performance in Anambra State Small Scale Businesses.

DATA ANALYSIS

The observed responses from the questionnaires are presented in tables below.

Table 1: Opinion and mean scores of factors that affect extrinsic reward

S/No	Factors	Responses	means scores

		SA (4)	A (3)	D (2)	SD (1)	
1	My contract of service is rewarding	24	56	135	65	2.14
2.	My job is secured	54	56	68	102	2.22
3.	I enjoy the environment in the workplace	82	68	93	37	2.70
4.	I earn a good salary	20	31	142	87	1.94

Source: Research Survey, 2016

In order to answer the research question on the factors of extrinsic reward, we need to obtain a criterion for comparing the mean. Since the mean on this scale is

$$\frac{4 + 3 + 2 + 1}{4} = 2.5$$

Therefore, we accept as a factor if the mean score associated with it is equal to or greater than 2.5, and reject as factor if the mean score associated with it is less than 2.5. Following this criterion, since the mean score associated with the factor, *I enjoy the environment in my work place* is up to 2.5, the factor should be accepted as extrinsic rewards affecting performance in small scale industries in Anambra State

Table 2: Opinion and mean scores of factors that affect intrinsic reward

S/No	Factors	Responses				Means Score
		SA(4)	A(3)	D(2)	SD(1)	
1.	My work gives me sense of accomplishment	98	52	69	61	2.67
2.	I can work independently and creatively	52	78	112	38	2.51
3.	There is no health hazard in my work place	30	51	132	67	2.16
4.	I have good knowledge of my job	90	84	76	30	2.84

Source: Research Survey, 2016

In table 2, using 2.5 as criterion, the mean score associated with the factors: *my work gives me sense of accomplishment*, *I can work independently and creatively* and *I have good knowledge of my job* were 2.67, 2.51 and 2.84 respectively, should be accepted as intrinsic rewards affecting performance in small scale industries in Anambra State with the highest factor as, "I have good knowledge of my job."

Table 3: Opinion mean scores of performance factors

S/No	Factors	Response				Means Scores
		SA(4)	A(3)	D(2)	SD(1)	
1.	System of Supervision	60	100	70	50	2.61
2.	Conducive working condition	58	112	83	27	2.72
3.	Favourable personnel policy	30	102	113	35	2.45
4.	Performance for another Job than present responsibility	22	94	124	40	2.36
5.	Company personnel policy	30	102	113	35	2.45

Source: Research Survey, 2016

In table 3 the factors that affects performance as indicated from the means scores using the 2.5 criterion are conducive working condition and system of supervision with 2.72 and 2.61 means score respectively.

Table 4: Opinion and means scores of job satisfaction

S/No	Factors	Response				Means Scores
		SA(4)	A(3)	D(2)	SD(1)	
1.	Equitable salary administration	34	56	112	78	2.16
2.	Opportunity for advancement	10	27	102	141	1.66
3.	Compensation equitable to effort	26	30	96	128	1.84

4.	Performance for other job than present responsibility	22	94	124	40	2.35
5	Company personnel policy	40	100	110	30	2.54

Source: Research Survey, 2016

In table 4, since the mean scores associated with the factors, equitable salary administration, opportunity for advancement, compensation equitable to effort expended and performance of other job than present responsibility are below 2.5. The four factors should not be accepted as affecting job satisfaction in small scale industrial in Anambra State.

Testing of Hypotheses

The three hypotheses set up in this study were tested using appropriate statistical tool of Pearson product moment correlation usually used for computation of r for interval data

Hypothesis I

Ho: There is no significant relationship between extrinsic reward and workers' performance.

This will be calculated using data from table 1 and 3

Table 5:Determination of Pearson using raw score method

Extrinsic Rewards	Performance			
X	Y^2	X^2	y2	XY
180	200	32400	40000	36000
211	510	44521	260100	107610
432	503	186624	253009	217296
291	187	84681	34969	54417
$\sum x=1114$	$\sum y=1400$	$\sum x2=348226$	$\sum y^2=588078$	$\sum xy=415323$
$(\sum x)^2=1240996$	$(\sum y)^2=1960000$			

substituting from tables 5 in the formula

we have r =

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

were x and y = the original scores of the variable under consideration (extrinsic rewards and performance)

$$r = \frac{(4x415323)-(1114x1400)}{\sqrt{[(4x348226)-1240996)]\,[(4x588078)-1960000)]}}$$

$$\frac{1661292-1559600}{\sqrt{[(1392904-1240996)]\,[(2352312-1960000)]}}$$

$$\frac{101692}{\sqrt{151908x392312}} = \frac{101692}{\sqrt{5,9595331300}}$$

$$= \frac{101692}{244121.5503} \qquad =0.416 \qquad = r = 0.42$$

From the computation of Hypothesis 1, there is a positive but moderate weak relationship between extrinsic reward and workers performance in the small scale industries in Anambra State.

To test the significance of the coefficient r (0.42):

This is done by comparing the calculated r with the appropriate table of the Pearson r with n-2 degrees of freedom and given 0.05 level of significant. For r = 0.42 with df =2 where N=4 is 0.95.

Decision: Since r cal (0.42) < r critical (0.95) at 2 degrees of freedom and 0.05 level of significance, there is no reason to reject the null hypothesis, instead we accept the null hypothesis. We conclude therefore, that there is no significant relationship between the extrinsic rewards and workers performance in the small scale industries in Anambra State.

Hypothesis 2

H_0 There is no significant relationship between intrinsic reward and workers' performance. This will be calculated by using data from table two and three.

Determination of coefficient of correlation r

Table 6: Computation of Pearson correlation between intrinsic reward and workers' performance using mean the Deviation method.

Table 6: computation of Pearson correction between intrinsic rewards and workers' performance using row score method

Extrinsic Rewards	Performance			
X	Y	X^2	Y^2	XY

270	200	72900	40000	54000
255	510	65025	260100	130050
389	503	151321	253009	195667
196	187	38416	34969	36652
$\sum x$=1110	$\sum y$=1400	$\sum x^2$ 327662	$\sum y^2$ 588078	$\sum xy$=416369

$(\sum x)^2$=1232100 $(\sum y)^2$= 1960000

substituting from table 6 in the formula

we have $$r = \frac{N\sum xy-\sum x\sum y}{\sqrt{[(N\sum x^2) -(\sum x)^2] (N\sum y)^2-(\sum y)^2}}$$

where x and y = the original scores of the variable under consideration (intrinsic rewards and performance)

$$r = \frac{(4x416369)-(1110x1400)}{\sqrt{[(4x327662) -1232100] [4x588078)-1960000}}$$

$$\frac{1665476-1554000}{\sqrt{[(1310648-1232100)[2352312-1960000}}$$

$$= \frac{111476}{\sqrt{78548x392312}} \qquad \frac{111476}{\sqrt{30815322980}}$$

$$\frac{111476}{175542.93677}$$

$$r = 0.635$$

$$r = 0.64$$

The strength and direction of pearson r is moderately strong relationship. According to Ibanga in Awotunde and Ugodulunwa (2002), value of Pearson r between ±.51 and ±.75 interpretation should read moderately weak relationship.

To test the level of significant of the correlation for r = 0.64 with df = 2 where N = 4 at 0.05 level of significant, r tabulated = 0.95.

Decision: for r cal (0.64) < r critical (0.95) at 2 degree of freedom and 0.05 level of significant. There is no reason to reject the null hypothesis, instead we accept the null hypothesis, that there is no significant relationship between the intrinsic rewards and workers' performance.

Hypothesis 3

H_0: there is no significant relationship between workers' performance and satisfaction in the small scale industries in Anambra State.

Determination of correlation r

Table 7: computation of Pearson correlation (r) between workers' performance and Job satisfaction using raw score method.

performance X	job satisfaction Y	X^2	Y^2	XY
250	132	62500	17424	33000
510	309	260100	95481	157590
503	549	253009	301401	276147
187	417	34969	173889	77979
$\sum x$=1450	$\sum y$=1407	$\sum x^2$=610578	$\sum y^2$=588195	$\sum xy$=544716
$(\sum x)2$ 2102500	$(\sum y)2$ =1979649			

substituting from table 7 in the formula

we have $$r = \frac{N(\sum xy) - (\sum x)(\sum y)}{\sqrt{[(N\sum x^2) - (\sum x)^2)] [(NVy^2) - (\sum y)^2]}}$$

$$\frac{(4x544716) - (1450x1407)}{\sqrt{[(4x610578)-2102500] [(4x588195) -1979649}}$$

$$\frac{2178864-2040150}{(2442312 -2102500) (2352780 -1979649)}$$

$$\frac{138714}{\sqrt{339812 \text{ x } 37313}} = \frac{138714}{\sqrt{126794391400}}$$

$$\frac{138714}{356082.0009} = 0.389$$

$$r = 0.39$$

Computation of hypothesis 3, shows that there is a weak relationship between workers' performance and satisfaction with r = 0.39.

To test the level of significant of the correlation r = 0.39.

This was done by comparing the calculated r with appropriate table of the Pearson r with n-2 degrees of freedom and 0.05 level of significant. For r = 0.39 with df = 2 at p < .05 is not significant because r 0.39 is less than critical value of r = .95.

DISCUSSION OF RESULTS

The first hypothesis, states that there is no significant relationship between extrinsic reward and workers' performance. In order to test this hypothesis, the Pearson product moment correction was used. Table eight shows the result obtained.

Table 8: correlation between extrinsic reward and workers' performance

Correlation	R	tv	df	Sig level
Extrinsic reward and workers performance	0.42	0.95	2	0.05

Source: Results of Empirical Data, 2016

The table 8, value at 0.05 level of significance and with df of 2 is 0.98. From calculations and indications r < tv (ie. 0.42 < 0.95). Since calculated value (0.42) is less than the table value (0.95), the result is insignificant and the null hypothesis is therefore accepted. In other words there exists no significant relationship between extrinsic reward and work performance. The findings have collaborated with the work of Idemobi, Onyeizugbe and Akpunonu (2011) who investigated compensation management as tool for improving organizational performance in the public sector of Anambra State using Pearson product moment correlation. Result reveals that there is no significant relationship between financial compensation of Anambra State civil service and workers' performance. The findings also agree with the works of Ong and Boon (2012) on reward system and performance within Malaysia manufacturing company. Result shows that implementation of extrinsic reward proved to have an adverse relationship between financial performance of the organization.

The findings of this study have a contrary view to the finding of Mansor et.al. (2012) on the effect of rewards toward job performance. Result shows that there is a significant relationship between extrinsic reward and job performance.

The second hypothesis states that "there is no significant relationship between intrinsic rewards given to workers and their performances". The Pearson product moment correlation was also used in testing this hypothesis. The table 9 below shows the result obtained from the correlation and test of significance.

Table 9: correlation between intrinsic reward and workers performance

Correlation	R	Tv	df	Sig level
Intrinsic reward and workers performance	0.64	0.95	2	0.05

Source: Results of Empirical Data, 2014

Since r (0.64) is less than the tv (0.95), the result is insignificant and the null hypothesis is therefore accepted. In other words, there exists no significant relationship between intrinsic rewards and workers' performance. That is the value that workers place on the intrinsic rewards like praise, recommendation that they receive from their employers is very minimal and this does not increase their performance.

The findings of this study agree with the work of Ajila and Abiola (2004) on the influence of rewards on workers' performance. Results indicate that there is no significant relationship between intrinsic rewards such as verbal praise recommendation received by the workers for their performance. The findings of this study have a contrary view to the findings of Mansor et.al (2012) and that of Ong and Boon (2012) indication that there is a significant relationship between intrinsic rewards and performance.

The third hypothesis states that there is no significant relationship between workers' performance and job satisfaction. The Pearson product moment was also used in testing the hypothesis. The table 10 below shows the result from the correlation and test of significance.

Table 10: correlation between workers performance and job satisfaction

Correlation	R	Tv	df	Sig level
Workers performance and job satisfaction	0.39	0.95	2	0.05

Source: Results of Empirical Data, 2014

From table 10, r (0.39) is less than the tv (0.95), the result is insignificant and the null hypothesis is therefore accepted. Therefore, there exist no significant relationship between workers' performance and job satisfaction. The findings of their study have a contrary view to the findings of Onuorah and Okeke (2010) on the impact of job satisfaction on employee performance in the first bank of Nigeria plc, Awka branch, their result shows that there is a significant relationship between workers' performance and job satisfaction.

Implications of the Findings and Further Studies

The findings of this study can be a handy tool which could be used to provide solution to individual conflict that has resulted from poor reward system. Though, intrinsic and extrinsic reward are positively related but they are insignificant, while intrinsic reward are more positively related than extrinsic reward

This study is restricted to just select small scale industries in Anambra State. It is very pertinent at this juncture to suggest that more research should be conducted in both private and public sectors. It is also important for further studies to be carried out in order to do justice to all the factors that influence workers' performance, consequently, the ability to generalize the result of our findings is somehow restricted.

Conclusions and Recommendations

The importance of reward in the day to day performance of workers' duties cannot be over emphasized. According to the findings of this study, it has been established that workers' reward package matters a lot and should be a concern of both the employers and employees. It is imperative, therefore, for any organization to consider the needs and feelings of its work-force and not to overlook them, in order to maintain industrial harmony. It is the duty of the state government to provide essential infrastructural needs and services that will promote industrial harmony in the State. However, it is arguably important to note that the history of State creation in Nigeria was not necessarily to promote State progress and development. Rather, the creation of Anambra State and other States within former Eastern Nigeria was the federal military government's plan to weaken Igbo solidarity and ability to re-enact the secession of Biafra.

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