

# Reward Strategy and Employee Performance in Selected Banks in Anambra State

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**Abstract:** - The major purpose of this study was to determine the various strategies, which managers should adopt to improve workers morale and productivity in an organization: A study of UBAPlc, First Bank Plc, and Access Bank Plc in Anambra State. The specific objective was to ascertain the influence of training and development on employee performance. In conducting the research, a sample of three hundred and twenty three (323) respondents responded to the questionnaire. These respondents were selected using a non-probability sampling method (purposeful/ judgmental method). The data gathered were analyzed simple regression analysis. It was revealed that training and development of employee has significant positive effect on employee performance in the banks under study ( $P = .001 < .05$ ). It was concluded that training and development always improves employee performance because it gives the employees the reason to continue to put in more effort. Hence, it was recommended among other things that the management of banks under study should provide automated office, regular course, and adequate training for staff of all categories, this will sharpen their skill and they will become more efficient and productive.

**Keywords:** Reward Strategy, Workers Performance, Training, Employee Performance

## 1. INTRODUCTION

Today's organizations are operating in a very dynamic and highly competitive environment. To remain relevant in the market, they have to be able to respond quickly to the ever changing client/stakeholder needs/demands. This means that employees need to enhance their performance. Nowadays, employee's job performance has attracted much interest from researchers. It has been realized that the only way organization can withstand the increasing global competition is to improve employee's performance. Njanja, Maina, Kibet and Njagi (2013) state that employees' performance is vital for organization's survival in today's competitive market.

Employees could be motivated to enhance their work performance through different means. One means to do this is by rewarding their efforts. Thus, appropriate reward strategic practices are crucial for influencing workers performance in an organization. As human beings with feeling and power of perception, workers are very concerned about the manner of, and equity in, rewards that they receive from their organization in exchange for their inputs. Thus, they often weigh the conditions of their work. They are motivated when their perceptions reflecting their work conditions are favourable. This condition of work centers on reward strategic practices. An effective reward strategic practice is meant to

attract high quality workers from the labour market, commit them to the organization, retain the best employees the organization already have, and motivate employees to work harder to help the organization achieve high productivity and its strategic goals (Kazami, 1998).

There are different forms of reward which could be recognition of workers effort or special contributions, direct financial reward (wages and salaries, incentives, commissions, and bonuses) and indirect reward – financial benefits like pensions, health care benefits/sick leave, enrolment in training and development programs and employer paid insurance and vacations/holidays (Ngige, 2011). The purpose of reward system or reward strategy is to provide a systematic way to deliver positive consequences. These positive consequences reflect rewards upon contributions to desired performance (Wilson, 2003). The only way employees will fulfill the employer's dream is to share in their dream (Kotelnikov, 2010). Reward Systems are the mechanisms that make this happen, because reward compliments exchanges between employers and employees.

It is unfortunate that some organization's management have not fully recognized the importance of reward in motivating employees in their organization. Thus, employees' feelings towards the reward have been recognized to affect worker's level of performance. Many managers feel that they can achieve the organizational objectives through exercising the assigned power and authority and have shown less concern directed to the welfare of the workers. As a result, employees in return show lackadaisical attitude to work due to dissatisfaction in reward.

Herzeberg theory of motivation recognizes that employees by nature have less motivation to work but are influenced by external forces among which include praises, compensation, training programs and recognition. Similarly, Vroom (1964) stresses the importance of adequate incentives to the employees stating that workers are motivated to achieve some goal to the extent that they expect that a given level of effort on their part will help them achieve the goal. This implies that an employee is motivated to work if he/she expects that increased effort will lead to increased reward which will in turn lead to an increased performance. It is against this backdrop that this study was necessitated to examine the relationship between reward strategy and employee performance.

### *Statement of the Problem*

The banking sector has over the years faced a number of challenges which include; increasing competition, high rate of technological advancement in the banking services and demand for increased performance. Certain conditions or factors can make workers to perform effectively or ineffectively on their jobs. Generally, evidence of efficiency is seen in the attitude of workers towards their jobs. Often times, banks working conditions are not conducive for staff and most time the work life balance of employees are not adequately paid attention to. Specifically, reward strategic practices of most banks are nothing to write home about. As a matter of important, there is need for a shift by commercial banks to reward strategic management as a means to enhance organizational performance. Moreover, some banks use outsourced staff that they pay less than the benchmark average, and besides do not get promoted no matter their contributions. As a result of this poor reward system, the workers seem to lack the zeal or the motivation to work; hence their performance is affected.

The interest of this study arises as a result of some gaps observed in the literature. Indeed, previous studies have examined reward and performance, but most, to the best interest of the researcher have taken reward as a specific construct without examining various reward strategies as they relate to performance. In this study, training and development is looked at as a construct of reward strategy. The need for this independent examination of training and development as a reward strategy is important given that employees can be influenced by it. This, therefore, necessitated the study to empirically look at the role training and development play as a construct of reward strategy in influencing employee performance.

### *Objectives of the Study*

The general objective of this study is to examine various reward strategy that banks adopt for improving workers performance in an organization. Specifically, the study aims to:

1. Determine the influence of training and development on employee performance in the banks under study.

## II. REVIEW OF RELATED LITERATURE

### *Conceptual Framework*

#### *2.1.1. Reward Management*

Reward Management entails the processes concerned with the design, implementation and maintenance of reward systems that are geared to the improvement of organizational, team and individual performance (Armstrong, 2009). Under reward management organizations utilize different kinds of reward systems in order to control and steer individual behaviour. Thus, by designing reward and pay systems, which are aligned with the business strategy and other organizational practices, managers, can help drive both individual and organizational

performance (Lawlei, 1995). Reward management or rather rewards include systems, programmes, strategies and practices that influence the actions of people.

#### *2.1.2. Employee Performance*

In the organizational context, performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization. Employees are a primary source of competitive advantage in service-oriented organizations (Luthans & Stajkovic, 1999; Pfeffer, 1994). In addition, a commitment performance approach views employees as resources or assets, and values their voice. Employee performance plays an important role for organizational performance. Employee performance is originally what an employee does or does not do. Performance of employees could include quantity of output, quality of output, timeliness of output, presence at work, cooperativeness (Güngör, 2011). Macky & Johnson pointed that improved individual employee performance could improve organizational performance as well.

### *2.2. Theoretical Exposition*

#### *2.2.1. Training and Development and Employee Performance:*

It is a method of paying people for the ability to perform now and in the future (Armstrong, 2009). In other words, the organization pays for the employee's range depth, and types of skill and knowledge rather than for the job little he or she holds (Sperling & Hicks, 1998). Rewards are related to the employee's ability to apply a wider range or a higher level of skills to difficult jobs or tasks. In view of this, competencies are regarded as demonstrable knowledge, skills and behaviours that enable performance (Cofsky, 1993).

In view of this, skills, knowledge and competency training and development of an employee can benefit both the employer and the employees' in organizations. Career opportunities involve the recognition by the employee to further their career and establish new career objectives. Thus, skills, knowledge and competency training and development; and career opportunities not only help the employee but they also add value to the organization or help improve the productivity of the organization (Coffey, 2013).

#### *2.3. Theoretical Framework*

This work is anchored on Herzberg's (1950) Two-factor theory of motivation and Vroom's Value / Expectancy Theory of motivation.

##### *2.3.1. Herzberg's Two-factor theory*

This theory was advanced by Herzberg in the late 1950's. Herzberg propounded that job dissatisfaction and job satisfaction arose from two separate set of factors that is why it was termed the two factor theory. They are dissatisfiers and satisfiers. Dissatisfiers (hygiene factor) included salary working condition and company policy all of which affected

the context in which work was conducted. The most important of these factors is company policy which many individuals judge to be a major cause of inefficiency and ineffectiveness. Satisfiers (motivating factors) include achievement, recognition, responsibility and advancement of all related to the job content and the rewards of job performance. Herzberg's work was inferential in the growth of job enrichment programs, here both satisfiers and dissatisfier can be present for a person. Underscores how important it is that managers understand the differences between human beings when designing motivational approaches.

### 2.3.2. *Vroom's Value/Expectancy Theory*

This theory was developed by Vroom (1964). This theory is based on the following two premises.

- a. People subjectively assign values to the expected outcomes of various courses of action and therefore have preferences among the expected outcomes.
- b. Any explanation of motivated behaviour must take into account not only the end that people hope to accomplish but the extent to which they believe that their own actions contribute to produce the outcomes is preferred from the above premises, Vroom (1964) advanced the following theoretical propositions.

The force (motive) on a person to perform a given act is based on the weighted value of all the possible outcomes of the act multiplied by the perceived usefulness of the given act in the attainment of these outcomes, it seems clear that his behaviour is affected not only by his preferences among outcomes but also by the degree to which he believes these outcomes.

For motivation to be effective, it depends on expectations that one can successfully accomplish the tasks and expectations that performance will result in the desirable outcome of their behavior on the job, their motivation will depend on the degree to which they can perform effectively and the degree to which high productivity is likely to help them financially.

### 2.4. *Empirical Review*

Coffey (2013) examined the Relationship between reward management and recognition in the workplace. The study looked at influence organisation to consider an appropriate and effective approach to recognition that would result in a way of motivating employee and to investigate the role the recognition of employees' could play on how they are motivated. The study has a population of 275. Simple least square regression method to test hypotheses. The study found out that that employee who get recognised tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative.

Osibanjo, Pavithra, & Adeniji (2014) carried out a study to find out compensation management and organisational commitment in developing economies in Banking Sector of Frisalabad, Pakistan. The study was a descriptive survey method of analysis and Chi-square. The study found out that benefit has direct link with job stability and similarly training

and salary package have strong link with organisational commitment.

Kirunda (2004) examined performance based rewards and the performance of teachers in private secondary schools. The study has both qualitative and quantitative technique and descriptive and relational statistics with Pearson Product Correlation Coefficient and regression analysis. The study reveals that the most commonly used types of performance based reward in private secondary school are public appreciation, promotion, package/presents and duty allowance and overtime pay, performance based reward affects the performance of teachers by motivating them and increasing their productivity and efficiency.

Eshun & Frank (2011) examined reward as a motivational tool for employee performance. The study adopted descriptive survey method with 240 participants. One Way ANOVA was to test the hypotheses. The study found out that enhanced motivation can be attained when managers do their best to design the work setting so they become motivators themselves while at the same time eliminates demotivating factors at the workplace.

Alexander, Dahlavist, & Andreas Matsson (2013) examined the impact of extrinsic and intrinsic rewards on employee motivation in Lansforsakringar Skane Insurance Company. The study has a population of 275. Simple least square regression method was to test hypotheses. The study found out that the study has provided implications that extrinsic reward are to some extent old fashioned and employees' are nowadays searching for rewards beyond solely monetary rewards.

Keijzers (2010) examined employee motivation and performance in banking sector of Ghana. The study adopted descriptive survey method of analysis and Chi-square. The study has 231 participants as sample size of the study. The study revealed that intrinsic factors could contribute in a greater extent to employee motivation than extrinsic factors.

### 2.5 *Gap in Literature*

This present study reviewed other studies related to this present study. The other studies revealed examined reward strategies and employee performance in different part of this world, and Africa inclusive. However, none of the studies reviewed to the best of knowledge of the researcher was carried out in Anambra State, let alone carried out in any bank in Nigeria. In order to fill in this gap, this study seeks to examine reward strategy and employee performance in selected banks in Anambra State, Nigeria.

## III. METHODOLOGY

This study adopted a descriptive survey research design. The study population consists of 1665 employees (UBAplc, First Bank of Nigeria and Access Bank plc). The sample size of the study is 323 arrived at using Taro Yamane Formula. The instrument used in data collection was a questionnaire. The questionnaire was structured in a Likert Scale format. It has

five scales; Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strongly Disagree (1). It contains ten (10) items, five (5) each for the dependent and independent variables. The instrument was validated using content and construct validity. Cronbach Alpha coefficient was used in determining the internal consistency (reliability) of the research instrument. The coefficient obtained was .845, Simple regression Analysis was used in analyzing the data. The significance level used was .05 (5%). A total of 300 (92.88%) copies of the distributed copies of questionnaire

were analysed because some of the 323 distributed copies of the questionnaire were not returned while some of the returned ones were not answered correctly or mutilated.

IV. DATA PRESENTATION AND ANALYSIS

Test of Hypotheses

H<sub>1</sub>: Training and development of employee has significant effect on employee performance in the banks under study

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	16.236	1.281		12.672	.000	
	Training and development	.259	.057	.255	4.544	.001	1.000 1.000

a. Dependent Variable: Employee performance

Source: Field Survey, 2019

Table 11 shows the results of hypothesis one. Training and development of employee has significant positive effect on employee performance in the banks under study (P = .001 < .05). This implies that training and development always improves employee performance because it gives the

employees the reason to continue to put in more effort. More so, the test results for the multicollinearity revealed that the value for multicollinearity is 1.000. This indicates that there is no multicollinearity for the model. Hence, the econometric model used for the study is fit and reliable for the study.

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.255 <sup>a</sup>	.065	.062	2.038	2.102

a. Predictors: (Constant), Training and development  
 b. Dependent Variable: Employee performance

Source: Field Survey, 2019

Table 2 shows the test results of Durbin-Watson which revealed that the Durbin-Watson has a value of (DW=2.102). This result shows that the predicting variables (independent variables) have no serial correlation. Therefore, training and development of employee has significant positive effect on employee performance in the banks under study. This implies that training and development always improves employee performance because it gives the employees the reason to continue to put in more effort.

Summary of Findings

Based on the discussion of findings, the findings of this study summarized below;

Training and development always improves employee performance because it gives the employees the reason to continue to put in more effort. This is because training and development such as in service training, simulation exercise,

seminar/conference/workshop, consultant training, teaching by example, influences the employee performance by increase in competence in banking activities, developed skills for activities, improved knowledge on activities, the ability to handle customers, and work without superiors like managers.

V. CONCLUSION

Based on the findings of this study, it is concluded that training and development such as in service training, simulation exercise, seminar/conference/workshop, consultant training, teaching by example, influences the employee performance by increase in competence in banking activities, developed skills for activities, improved knowledge on activities, the ability to handle customers, and work without superiors like managers.

*Recommendations*

Based on the findings of this study, the following are recommended:

1. Banks should always give training and development to their employees such as in service training, simulation exercise, consultant training, and teaching by example
2. Modern day automated office, regular course, and adequate training should be provided for staff of all categories, this will sharpen their skill and they will become more efficient and productive.

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