

## **Effect of Non-Monetary Rewards on Productivity of Employees Among Selected Government Parastatals In ABIA State, Nigeria**

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**Abstract:** *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.*

**Keywords:** *Non-Monetary Rewards, Productivity, Employees, Government, Parastatals, Abia State, Nigeria*

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### **I. Introduction**

In a world characterized by increased global competition and a rapidly changing business milieu, companies and organizations are first to continuously re-evaluate how they work. Many times, organizations may drastically change their method of operations, which put great focus on the Human Resource (HR) strategies and operations of an organization. Companies often claim that their employees or human capital are their most important asset. As such, work motivation and effort towards humanizing the work place has become a subject of serious focus (Oztopioik and Landmark, 2007).

Although research on the effect of incentive on employee's productivity has been a prominent area of interest in human resource management, it has been largely ignored by public sector scholars (Reilly, 2003). This may have been impinged on the fact that the goods of the public sector is different from those of the private sector and contemporary scholars of public administration believe that while private sector employees are motivated to maximize their own utilities, public sector employees should seek to maximize the social welfare of the people in the society (Wright, 2000).

Luthans (2000) highlighted two types of rewards which are monetary or financial (extrinsic) and non-monetary or non-financial (intrinsic) reward and both can be utilized positively to enhance employees performance. Financial rewards means pay-for-performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non financial rewards are non monetary/non cash and it is a social recognition, praise and genuine appreciation etc.

Lotta (2012) agreed that financial incentives are indeed effective in motivating employees. Also, Ojokuku and Sajuyigbe (2009) found out that financial incentives (pay satisfactions dimensions) have

significant effect on employee's performance. But Perry *et al*, (2006) discovered that financial reward is not the most motivating factor and financial incentives have a de-motivating effect among employees (Srivastava, 2001).

Nelson (2004) noted that praise and recognition are the most efficient intrinsic reward that enhances employee performance while Jensen *et al* (2007) see intrinsic reward as a tool that motivates employees to perform as expected.

Reward had been seen to be a vital instrument in employee performance. A well rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self development are also being honed and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees.

Akerele (1991) blamed the productivity of Nigerian workers on several factors, among them is employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity.

While research on the impact of incentives on employees' productivity has been a prominent area of interest in human resource management; it has been largely ignored by public sector scholars (Behn, 1995; Reilly, 2003). This may have been occasioned by the fact that the goals of the public sector is different from those of the private sector; and contemporary scholars of public administration believe that while private sector employees are motivated to maximize their own utilities, public sector employees should seek to maximize the social welfare of the people in society (Wright, 2000). In other words, employees in the public sector should possess a motivational need for public service. This is referred to as public service motivation (March and Olsen, 1989; Perry, 2000; Wright, 2000). What this implies is that, incentives that are directed towards the self aggrandizement of private sector employees would not apply to public servants.

It is on this note that the present study becomes relevant. Employing the non- financial incentives of Locke's (1968) goal setting theory of motivation; the study sets out to know whether non-monetary rewards affect the productivity profile of a sample of workers among selected Government parastatals in Abia state, Nigeria.

## **II. Methodology**

The study area is Umuahia city in Umuahia North Local Government Area of Abia State, Nigeria. Abia State is one of the states that make up south eastern Nigeria with Umuahia as capital. Abia State occupies about 5,834 square kilometers, with an estimated population of 4,222,476, is low-lying with a heavy rainfall of about 2400 mm/year especially intense between the months of April through October which favors both food and cash crops like, yam, cassava, rice, plantain, banana, maize, palm produce, cocoa and rubber.

The simple random sampling was employed in selecting the respondents sampled in this research. As the research is focused on motivation of workers, the population of the research was the entire management and staff of Abia state Water Board Corporation. The research sample precisely consisted of 120 respondents randomly selected from the organization. The respondents consulted are those that gave full, required and necessary information which the researcher desired for the study.

A number of statistical tools were employed in analyzing data obtained for the study. These included the use of the Pearson's correlation coefficient and the multiple regression analysis.

### **Model Specifications**

The implicit form of the multiple regression is specified thus;

$$Y = f(X_1 \dots X_n, e) \dots \dots \dots (1)$$

Explicitly stated as,

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + e \dots \dots \dots (2)$$

$\beta$ 's = coefficients of the parameters  $X_i$   $i = 1, 2 \dots K$

$X_1$  = sex (male=1; female=0)

$X_2$  = age (years)

X<sub>3</sub> = marital status (married=0; otherwise=0)

X<sub>4</sub> = education (years)

X<sub>5</sub> = post/rank (senior=1; junior=0)

X<sub>6</sub> = income (Naira)

X<sub>7</sub> = working experience (Years)

Y = productivity Index

The Pearson's correlation coefficient is stated as:

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}} \quad \text{--- (3)}$$

Where r = correlation coefficient

Y = Productivity index

X = Non monetary reward received

n = sample size

### III. Results And Discussion

The level of productivity of employees using the productivity index (ratio of remuneration to number of days worked) in the study area was determined by the use of descriptive statistics and the result shown in Table 1 and discussed appropriately.

**Table 1: Analysis of the productivity level of respondents in the study area**

Productivity index	Frequency	Percentage
1-10	32	50
11-20	21	32.9
Above 20	11	17.2

Source: field survey data, 2014

As shown in Table 1 above, majority (50%) of the sampled respondents in the study area had a low productivity pattern of between 1 – 10, 32.9% had an average productivity pattern of between 11-20 while, 17.2% of the respondents in the study area had high productivity pattern of above 20 monthly.

On the determination of the factors that affect productivity of employees in Government parastatals in the study area, multiple regression analysis was performed. The four functional forms of multiple regression analysis were tried and the linear form was selected as the lead equation. The linear form result revealed highest R<sup>2</sup> of 0.955, highest F-statistics of 855.176, standard error of estimates of 1.38659 with ten significant variables all at 1% level of significance.

**Table 2: Analysis of factors affecting productivity of employees in the study area**

Parameter	Exponential	+Linear	Semi-log	Double log
Constant	623.750 (16.609)***	62.339 (25.872)***	6.176 (9.874)***	41.062 (4.978)***
Sex	-9.764 (-12.023)***	-8.547 (-13.830)**	-0.742 (-3.364)***	-1.243 (-6.967)***
Marital Status	-87.532 (-11.840)***	10.244 (6.901)***	-0.193 (-5.255)***	-8.551 (-5.265)***
Age	17.325 (8.024)***	-1.693 (-11.938)***	2.026 (5.268)***	2.399 (5.059)***
Education	12.872 (8.345)***	3.942 (11.164)***	-0.180 (-1.966)*	-0.075 (-0.222)
Position/Rank	62.387 (17.499)***	25.352 (23.510)***	2.075 (7.428)***	5.097 (6.508)***
Experience	30.669 (-13.817)***	0.000 (-0.001)	-2.115E5 (-3.914)**	-1.685 (-3.455)***
Monthly income	-5.704 (-4.231)***	0.000 (-19.186)**	0.014 (0.694)	-0.135 (-0.455)

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Days of work	-3.602 (-1.559)	-0.963 (-8.268)***	0.089 (2.949)***	2.711 (5.340)***
NMR	-6.693 (-10.475)***	-2.088 (-10.327)***	-0.438 (-8.373)***	-1.213 (-8.645)***
NMR Received	6.991 (14.517)***	5.144 (22.351)***	0.295 (4.949)***	0.428 (4.048)***
Responses	-11.485 (-7100)***	-11.252 (-11.232)**	-2.030 (-7.825)**	-2.600 (-7.318)***
F	725.758	855.176	36.387	43.855
R <sup>2</sup>	0.994	0.995	0.885	0.903
R <sup>-2</sup>	0.992	0.993	0.861	0.0.882

\*\*\*, \*\* and \* indicates significance at 1, 5 and 10 percent levels respectively.

Source: Computed from field Survey data, 2014.

The results in Table 2 show that among the variables considered as factors that influence the productivity of employees of Government parastatals in the study area, sex, marital status, age, education, position/rank, monthly income, days of work, non-monetary reward, non-monetary reward received and responses where all significant at 1-percent level of significance.

The R<sup>2</sup> (coefficient of determination) which shows the total variation of the dependent variable accounted for by the independent variables was 0.995 (i.e. 99.5%). The F-statistic value (855.176) was also significant at 1% indicating that the model was adequate.

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 parastatals in the study area respectively. The respective negative significant contribution of these variables at 1-percent level implies that a decrease in any of the variables leads to a decrease of the productivity of the employees and vice versa.

On the other hand, 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 results are in conformity with the results of Perry *et al* (2006), whose studies discovered same.

On assessing the relationship existing between non-monetary rewards and the productivity of employees of government parastatals in the study area, the correlation analysis was employed and the result is presented in Table 3.

**Table 3: Examination of the relationship existing between non-monetary rewards employee productivity**

Variables	Productivity index	NMR Received
Productivity index	1	0.759**
NMR Received	0.759**	1

Value in parenthesis is the p-value

\*\* indicates significance at 5 percent level.

Source: Field Survey data, 2014.

The correlation between non-monetary rewards received and employee productivity as shown in Table 3 is 0.759 (P<0.05). This showed that number of non-monetary reward received and productivity of employees of the sampled government parastatals have a positive relationship which is significant at 5%. Hence, non-monetary reward has much contribution on the productivity of employees of government parastatals and vice-versa.

#### IV. Conclusion And Recommendations

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 reward strategy. In our country Nigeria, where human resources are found to be plenty, non-monetary rewards can be used as a vital

instrument in employee performance and productivity as motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation.

The study concludes 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 inputs.

More so, there is need for intensive training programmes to be conducted by government and non-government agencies for awareness about high efficiency and productivity through effective non-monetary packages for staff with its associated good decision making, innovations, participation in implementation of government schemes, time and financial management and efficient utilization of their potentials.

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