

# Reward Systems and Organizational Performance of Public Universities in South-South, Nigeria

OKWUISE, U. Young & UZOECHINA, Philomena Nkemdilim

Department of Business Administration, Faculty of Management Sciences, Delta State University, Abraka, Nigeria

DOI: <https://doi.org/10.51244/IJRSI.2023.101022>

Received: 11 October 2023; Accepted: 18 October 2023; Published: 17 November 2023

## ABSTRACT

The study examined the effects of reward system on organizational performance of public universities in South-South, Nigeria. The specific objectives were to determine the extent to which dimensions of reward systems (employee salary increase and promotion) affect organizational performance. The study adopted the survey research design and data was collected by structured questionnaire using five point scales. The study population consist 2,133 academic staff of three (3) selected public universities from South-South, Nigeria. The unit of analysis was academic staff of the selected public universities and the Bowley's proportional allocation formula was used to draw a sample size of 337 respondents. Two research hypotheses were formulated and tested at 0.05% level of significance. Data obtained were analyzed using descriptive statistics (simple percentages, frequency counts, mean and standard deviation and Pearson correlation), diagnostic statistics (variance inflation factor) and inferential statistics (simple regression). Findings indicated that employee salary increase ( $f$ -value = 10.69; prob-value =  $0.0001 < 0.05$ ) significantly affect performance public universities, while employee promotion ( $f$ -value = 0.03; prob.-value =  $0.8585 > 0.05$ ) insignificantly affects performance of public universities in Nigeria. In view of the findings, there is the need for government and universities authorities to formulate and implement policies that are employee-driven and recognizes the peculiarities of academic staff in terms of their physical and psychological needs; this includes amongst others, giving academic staff authority to seamlessly undertake core academic and administrative activities within public universities devoid of government interference. However, the study established that when employees are adequately rewarded, the goals and objectives of the institutions can be realized and hence performance will be increased.

**Keywords:** Reward System, Salary, Promotion, Organizational Performance

## INTRODUCTION

In this era of globalization where businesses have gone beyond national boundaries and employees are protected by international laws and rules of engagement, reward systems have become formidable and competitive tool for effective management of organizations. The advent of globalization brought about pressure on business management by making it to be proactive, innovative, creative and strategic so as to survive the intense competition in the business environment which now transcends national boundaries (Ezigbo, 2021). Reward System (RS) as a vital tool is used by management to channel employees' motivation in desired ways such as better-functionality and to improve organizational performance (Uzochukwu, Nwankwo & Okafor, 2023).

RS is one of the techniques for talents attraction and retention and it need to be significant and meaningful to the employee; adequate employees' reward shows that such an organization values its workforce (Kawara, 2021). For instance, when employees feel valued, they feel better about doing their job. RS is, therefore, one of the dynamics that have the capability to improve the performance of employees and those of the organization by augmenting productivity, quality of performance and discouraging negative work attitudes from employees to be in line with the goals and objectives of the organization.

Fundamentally, organizations are established with the aim of effectively and efficiently utilizing various available human and non-human resources to achieve certain objectives. Among these resources is human, which is commonly seen as the most valuable asset which organizations use to earn competitive advantage and achieve their goals. Human Resources (HR) have been tagged the most valuable asset of any organization, its strategic approach emphasized a ‘tight fit’ between individual needs, rights, ambitions and goals within the organization which make the reward system vital in the affairs of the emerging scholars and the Human Resource Management (HRM) practitioners (Kawara, 2021; and Uzochukwu, et al, 2023).

The emergence of strategic HRM posed great threat to traditional personnel management and industrial relations because it evolved from the core approach of organizational relationship. Strategic HRM views the workforce as an asset that should be invested upon so as to provide long-term commitments and high performance in an organization. As the organization strives to achieve one or more objectives through exhaustive utilization of human capital, so also, employee aims towards achieving individual purpose (objectives) while working for the organization. Reward system is an instrument used by employees to realize their individual objective while working for the organization (Kawara, 2021; and Obiaga & Itakpe, 2021).

Notwithstanding the role reward system plays in enhancing organizational performance, it aids in attracting and retaining suitable employees, encouraging efficient management- employee relationships and minimizing tension and conflicts in the organization (Ezigbo, 2021). Conflict in the organization arises when employees feel that they are denied or about to be denied of their benefits; thus, the importance of reward system is to provide a good platform for equity and fairness distribution of employees’ benefits. Reward system ensures that both intrinsic and extrinsic needs of employees at all levels are adequately provided (Bayon, 2019). By having a good reward system in place, organizational goals can be realized in the most efficient way.

### **Statement of the Problem**

It is widely acknowledged that poorly motivated or rewarded workforce would lead to increased or high employees’ turnover, low performance, unhealthy relationship among the employees etc. The lack of satisfaction being expressed by lecturers might be due to poor reward system being used by the Federal and State governments.

Job dissatisfaction, uncertainty and insecurity have led to major brain drain from Nigeria to other countries for greener pasture; these individuals seeking greener pasture cut across different profession, and lecturers are not left out. This trend is on the increase as more lecturers, doctors, nurses etc are itching to leave the country. According to Uzochukwu, et al (2023), organizational policies on reward system contribute to the levels of satisfaction that employees derive from their organizations.

Furthermore, there are some factors that need to be addressed if public institutions in Nigeria need to thrive. Among these factors, salary increase, bonus, promotion and performance-recognition can be the major ones that highly influence the performance of organizations and satisfaction of employees on the other hand. Thus, the desire to find a way out of this unpleasant situation that has bedeviled tertiary institutions in Nigeria and to chart a way forward has aroused the interest of the researcher in carrying out this investigation as to whether reward system will affect the performance of public tertiary institutions in the south-south, Nigeria.

### **Research Questions**

1. To what extent does salary increase affect organizational performance of tertiary institutions in south-

south, Nigeria?

2. To what extent does employees' promotion affect organizational performance of tertiary institution in south-south, Nigeria?

### **Objectives of the Study**

The broad objective of this study is to investigate the effects of reward systems on organizational performance in selected tertiary institutions in south-south, Nigeria. The specific objectives are to:

1. determine the effect of salary increase on organizational performance of tertiary institutions in south-south, Nigeria.
2. examine the effect of employees' promotion on organizational performance of tertiary institutions in south-south, Nigeria.

### **Hypotheses of the Study**

The following research hypotheses were formulated and tested at 0.05% level of significance:

#### **Hypothesis I**

Ho: There is no significant relationship between salary increase and organizational performance of tertiary institutions.

#### **Hypothesis II**

Ho: There is no significant relationship between Employees' promotions has no significant effect on organizational performance of tertiary institutions.

## **REVIEW OF RELATED LITERATURE**

### **Reward System (RS)**

The term Reward System (RS) refers to all form of financial returns and tangible services and benefits an employee receives as part of an employment relationship. Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility (Waruni, 2014). Reward is the compensation which an employee receives from an organization for exchanging of service offered by the employee or as the earnings for work done (Lin, 2017). Reward also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Manzoor, Wei & Asif, 2021). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significant importance.

A reward system is seen as one of the most important strategies in the Human Resource Management (HRM) function, as it influences the performance of employees and growth of organization (Obiaga & Itakpe, 2021). Hoole & Hotz (2016) asserted that private sector organizations always try to align their reward strategy with the human resource strategy which finally leads to create integration between reward strategy and organization's business strategy. Reward system influences performance by recognizing and rewarding good performance and by providing incentives to improve it. This means additional remuneration or benefit to an employee in recognition of achievement or better work. Mehmood, Ramzan and Akbar (2013) pointed out that rewards play a vital role on increasing employee performance and change the behavior of dissatisfies employees.

Armstrong (2012) defined reward as a benefit that is provided in recognition of achievement, service, commendable behavior etc. It is only given to an employee only after he has provided evidence of his positive behavior and achievements. The aim of a reward is to show the employees that their work and efforts within the organization are valued and is given as an appreciation for the work already completed. They are used to improve morale, increase performance and encourage employees to contribute their best quality of work. Reward system is the instrument used to increase employees' performance. It seeks to attract and retain suitable employees, encourage good employee relationship and commitment. Mehmood et al (2013), explicates reward system is the requirement of any organization to attract, hire and retain most suitable employee to gain competitive edge in a competitive environment. He further explains that reward system inspiring the employee to work harder and faster because employee needs motivation to put extra effort on their task. Uzochukwu, et al (2023) believed that reward system should match with the organizational culture and the strategy in order to achieve sustainable competitive advantage.

### **Salary and Organizational Performance**

In an organizational setting, development incentives entail formal education, training, and other forms of development incentives like payment of good salaries and cash bonuses to employees, which can help them grow both professionally and otherwise (Noe, Clarke & Klein, 2014). The general belief in the literature has been that employee salary is one of the most fundamental development incentives that organizations can offer to their workforce. There has been number of comprehensive reviews and researches which looked at how employee salary can affect employee satisfaction, commitment, among others (Bell, Tannenbaum, Ford, Noe & Kraiger, 2017; London, 2011; Molloy & Noe, 2010); these researches leave little doubt that employee salary is valuable for facilitating meaningful employee growth.

When employees are well paid, they become more and more motivated to contribute their quota or best to the success of the organization (Bedwell, Weaver, Salas & Tindall, 2011). Prior empirical studies had revealed that increased employees' salaries will lead to increased organizational growth and success. Regardless of the above viewpoints in the literature, there have been little empirical studies that had assessed whether employee salary will affect organizational performance, particularly as it concerns public tertiary institutions in Nigeria; a gap which this study seeks to satisfy.

### **Promotion and Organizational Performance**

Mathis et al. (2013), promotion occurs when an employee is transferred from one position to another in a higher reward, responsibility and level in the organization. While Robbins and Judge (2013) state that employee promotion will provide opportunities for personal growth, more responsibility, and increased social status. If job promotion is good, it provides satisfaction to employees. Job promotion is an increase in workforce or employees in better jobs, compared to previously greater responsibilities, achievements, facilities, higher status, higher proficiency demands, and additional wages or salaries and other benefits (Neck et al., 2018).

Kinicki and Fugate (2017), employee promotion occurs when an employee moves from one job to another, which is higher in payment, responsibility and level. Job promotion is one way to motivate employees to work. Work motivation is generally as awards, prizes for past efforts and achievements. Work motivation includes unique feelings, thoughts and past experiences that are part of the company's internal and external relations. Work motivation can also be interpreted as individual encouragement to take action because they want to do it. If individuals are motivated to work, they will make positive choices to do something, because it can satisfy their desires. Scandura (2017) argued that work motivation consists of the need for achievement, the need for strength and the need for affiliation. The research results of Gathungu et al. (2015)

show that job promotion affects significantly on organizational performance.

## **Theoretical Framework**

This study is anchored on hybrid theories of Herzberg's motivation, Resource-based view, Human capital, Maslow's hierarchy of needs and Peter's Principle theories in explaining the link between employee reward and organizational performance of public universities in the South-South, Nigeria. The relevance of the theories to this current study is that when employees are adequately rewarded, the goals and objectives of the institutions can be realized and hence performance will be increased. Hence, goal achievements become tangible and glaring for both the workforce and the company.

## **Empirical Studies**

Quite a number of studies had examined the relationship between reward system and organizational performance of employees; however, most of these studies were done in developed nations, hence leaving a gap in the management literature on what is known about this research theme in developing country like Nigeria, particularly as reward system measures of acquisition and development affect the performance of employees of public institutions in South-South, Nigeria.

Consequent upon the above, this section captures some recent empirical studies (from 2012-2023) on the link between reward system and organizational performance of employees. For instance, Uzochukwu, Nwankwo and Okafor (2023) examined the relationship between reward system and employee's productivity in Nigeria hospitality industry employed simple regression and primary data (questionnaire) was the major instrument of data collection. The regression results revealed that reward system (particularly extrinsic rewards) significantly and positively influence employees' productivity in Nigeria.

Obiaga and Itakpe (2021) examined whether reward system affects employees' performance in the oil and gas industry in Rivers State, Nigeria. Questionnaire was the main instrument of data collection and multiple regression estimation technique was used in the analysis of data. The regression results showed that reward systems (salary, training and good work environment) significantly and positively affect employees' performance in the oil and gas industry.

Kawara (2021) investigated the nexus between reward systems and the productivity of employees in Catholic University of Eastern Africa. Questionnaire was the main instrument of data collection and multiple regression statistical technique was used in analyzing the obtained data. The regression results showed that reward systems (salary and promotion) significantly and positively affect employees' productivity in Catholic University of Eastern Africa.

Magdalene and Wilson (2020) examined effects of internal organizational policies on performance of government owned commercial banks in Kenya. The study was anchored on Theory of Information Asymmetry, Objective factor theory, Functional Theory of Labor Welfare, bureaucratic theory and Theory of the firm. This study used a descriptive research and the study targeted all the six government owned commercial banks in Kenya. The study collected primary data through the use of questionnaire which had open-ended and close-ended questions so as to collect both qualitative and quantitative study. The multiple regression results showed that commercial banks had implemented the internal rating system that had brought an improvement in the credit performance of the banks to a great extent.

Nizarwan and Fatwa (2020) examined the validity and reliability of organizational commitment scale and measure aspects and indicators that can form organizational commitment variables. The sampling technique used in this study is simple random sampling. The method of data collection uses a scale of organizational commitment. The Structural Equation Modeling (SEM) results revealed that the most dominant aspect

reflecting organizational commitment is a normative commitment with a loading factor of 0.926, and the weakest aspect reflecting organizational commitment is a continuance commitment with a loading factor of 0.807. Also, the results showed that all aspects and indicators are able to reflect and shape organizational commitment variables.

Puspita, Charles and Unang (2020) examined the influence of compensation, job promotions and job satisfaction on the performance of MercuBuana University's teaching staff. This type of research is a causal analysis using a quantitative approach. Questionnaire was distributed to 77 MercuBuana University employees from a total population of 332 employees using convenience sampling techniques. The analytical method used in this study is multiple linear regressions. The results showed that compensation, job promotions and job satisfaction simultaneously had a significant effect on performance. Partial compensation does not affect performance. Job promotion has a positive and significant effect on performance. Job satisfaction has a positive and significant effect on performance.

Kehinde and Adeagbo (2020) assessed the impact of reward system on employee performance in KPMG Nigeria. Questionnaire was the main instrument of data collection and multiple regression estimation technique was used in the analysis of data. The regression results showed that reward systems (salary, and conducive work environment) significantly and positively affect employees' performance in KPMG, Nigeria.

Nwamuo (2019) investigated the effect of reward on organizational performance in Nigeria breweries company South- East. The study aims to investigate the effect of salary increase, cash bonus and promotion on organizational performance and anchored on Equity theory. The study adopted survey research design on 337 respondents. Instruments used for the study was structured questionnaire. Findings showed that salary increase has a significant positive effect on organizational performance. The study concludes that reward has a significant positive effect on organizational performance in the sampled Nigeria breweries in South-East.

Muhammad, Nazaruddi, Isfenti and Yossie (2019) analyzed the effect of promotion, mutation, and organizational culture on employee performance. This type of research is based on descriptive quantitative methods with associative approaches. Population in this research is all employees at PT Perkebunan Nusantara IV Medan's totaling 116 respondents. Method of data analysis in this research used multiple linear regression models. The result showed that promotion, mutation and organizational culture of simultaneously and significantly affects the employee performance. From these three factors are the most dominant is the promotion.

Siswoyo, Supardi and Udin (2019) examined the effects of training and job promotion on work motivation and their implications on employee job performance. The study is accomplished in the Environment of the South Lampung Regency National Education Office on 215 respondents. The SEM results showed that (a) training and promotion had a positive and significant effect on work motivation, (b) training, promotion and work motivation had a positive and significant effect on job performance but (c) work motivation did not play any significant role in mediating the effect of training and job promotion for job performance. While job promotion had a more dominant direct effect than training in improving employee job performance, efforts to improve employee job performance will be more productive by providing job promotions to employees.

Salem et al (2019) explored the factors related to motivation and performance of academic staff at Sebha University. Also, the study was conducted to explore the effect of motivation on the performance of academic staff in term of teaching, research and publication. In addition, the study examined the role of motivation as a mediator on the relationship between the factors included in this study. The data were

collected by a questionnaire on 273 members of the academic staff from different faculties of the university. The results indicated that job satisfaction, salary, reward, and promotion significantly influenced motivation and performance of academic staff; however, training was insignificantly related to motivation and performance

Eneh, Nwekpa and Udu (2018) examined the extent to which salary increase as independent variable influences employee productivity in cement manufacturing firms in South-South, Nigeria. A study adopted survey design and questionnaire on 310 respondents from a population of 1,381 staff, using Taro Yamane sample size determination formula. The questionnaires collated were analyzed using Pearson Product Moment Correlation Coefficient. Findings revealed that salary increase has significant relationship with employee productivity in cement manufacturing firms in South-South, Nigeria. Further findings revealed that employees are motivated by monetary rewards and they are induced to expend greater effort in a task if those efforts are rewarded directly through performance-related pay.

Abreham (2017) conducted a study on the effect of promotion practice on job satisfaction using Dasha Bank S.C. as a case study. Quantitative research approach was implemented and 330 questionnaires were distributed out of which 312 of them were returned. Multi stage sampling method was used first by convenience sampling and then by applying simple random sampling employees were selected from stratum. The correlation result indicates positive relationship between the independent variables (perception of promotion and promotion opportunities) and the dependent variable (Job satisfaction) and negative relationship with the independent variable (promotion expectation) and dependent variable (job satisfaction). The regression result indicates that the independent variables have accounted for 44.5% of variance on the dependent variable.

Teferi (2017) conducted a study on effect of reward management practice on employees' performance with especial reference to catering and tourism training institute (CTTI). The data collected from the academic employees of Catering and Tourism Training Institute (CTTI). Explanatory method of research used since the study intended to explain cause and effect of relationship between reward and employee performance. The target population was academic staffs of CTTI. Total number of respondents in this study was 75 with 6 non-response rate. Primary data was gathered using adopted questionnaires. Findings indicated that reward practices have a positive influence on employee performance.

Judy (2017) conducted a study on the effects of incentives and rewards; and how they affect employee performance in Kenya. The study adopted descriptive survey design and structured questionnaires Findings indicated a positive link between financial incentives and employee performance. Also, the study revealed that all the incentives and reward systems are important though they have a different meaning to different categories of employees working for First Community Bank.

Hendra and Rezki (2016) conducted a study on the effect of wages on employee's performance are moderated by the quality of work life. The type of the data being used is the primary data in the form of a questionnaire. Sampling is done by stratified random sampling of 100 employees in a manufacturing company. Data was analyzed using linear regression and moderated regression analysis. The result showed a significant negative effect on the wages of employee's performance. Other finding is negative effect of wages which are moderated by the quality of work life is caused by the effect of intrinsic motivation (quality of working life) is more powerful than extrinsic motivation (wages). Quality of work life is quasi moderators that weaken the wages variable.

Peter (2014) examined the implementation of promotion procedures at Dar es Salaam City Council, assess the positive impact of promotion to the individual employees and organizational performance. Determine clients/customers satisfaction level with performance of the council in service delivery and identify the factors that hinder effective implementation of promotion practice to employees of Dar es Salaam City

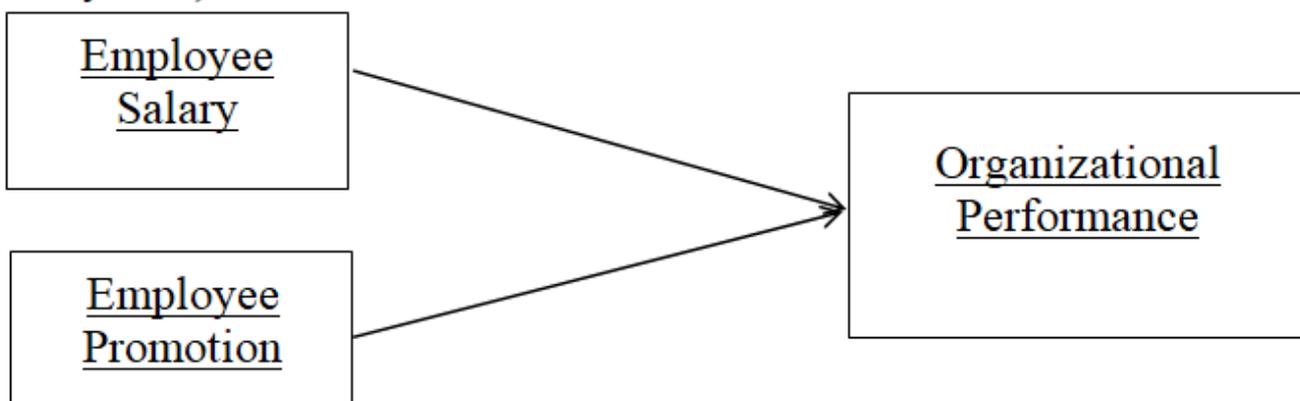
Council. Findings showed that employees were aware of promotion procedures, although there is need for human resource department to spell it well to all employees. Also the results show that promotion has impacts to individual and organizational performance as it induces motivation, good performance, good relations and increased remunerations.

Muuo (2012) investigated the influence of reward system on organizational performance in the public Primary Teacher Training Colleges in Nairobi Zone, Kenya. The study adopted several theories such as Maslow hierarchy of needs, Expectancy theory and Adams Equity theory and a conceptual frame work to support the theory. It also adopted a descriptive survey research design. Data was collected using questionnaires and the instruments were tested for reliability through split half method. Data analysis involved descriptive and inferential statistics for the dependent and independent variables. The study revealed that reward system is an important aspect in an organization as it influences organizational performance.

Whilst we acknowledged the robust empirical literature on Reward System and the performance of employees in developing countries, there is dearth of empirical studies that had focused on whether salary and promotion contributes significantly to the performance of public universities employees in South-South, Nigeria. Again, the lack of studies on the relationship between Reward System and the organization performance of employees of public universities employees in South-South in Nigeria has created a gap in the human resource management literature, which this study attempts to satisfy.

Figure 1: Conceptual Model of the Study

**(Reward System)**



Source: Conceptualized by the Researcher (2023)

**RESEARCH METHOD**

This study used the descriptive survey research design, which according to Ohaja (2006) and Saunders, Lewis and Thornhill (2019) is linked with describing, recording, analyzing and interpreting conditions that do not exist. The techniques further enabled the researcher to describe the role of Reward System on the organization performance of employees of public universities employees in South-South in Nigeria and incorporated quantitative research approach to better understand the relationship between the variables of interests such as how dimensions of reward systems (salary and promotion) affect organizational performance. In addition, the study also described common attributes among the sample population of the research. The study population consists of all the academic staff currently working in all public universities in South-South, Nigeria. Specifically, there are about two thousand, one hundred and thirty-three (2,133) number of workforce in the selected three universities in South-South, Nigeria (NUSSD, 2019). In this study, primary data was used, which were primarily sourced from questionnaire. This method was employed

in order to collect data from the study’s respondents. The questionnaire items were adopted from the work of Kaleem (2019) and designed to address issues on Reward System (salary and promotion) and organizational performance. The questionnaire was divided into two sections and designed on a 5-point scale of sturdily agree (SA), agree (A), impartial (IM), disagree (D) and sturdily disagree (SD). Section A items drew on the demographic information of the study respondents while section B addressed the research themes in areas of Reward System (salary and promotion) and organizational performance. Besides, the questionnaire was administered on a face-to-face basis in order to ensure that a significant amount of the questionnaire are fully completed and retrieved. The study used descriptive statistics (such as frequency counts, simple percentages, mean and standard deviation, Pearson Correlation, and variance inflation factor tests) were used in analyzing the data obtained from the field survey, specifically in the area of socio-demographic characteristics of the respondents and analysis of research questions. However, in order to validate the research hypotheses of the study, inferential statistical tool (simple regression) was used and the hypotheses were tested at 0.05% level of significance.

## DATA PRESENTATION AND ANALYSIS

### Analysis of Respondents’ Bio-Data

Table: 1 Demographic Variable of the Respondents

S/N	Variables	Frequency Counts	Percentage
1.	<i>Gender</i>		
	Male	186	55.19
	Female	151	44.81
	Total	337	100%
2.	<i>Age Distribution</i>		
	18-29 years	71	21.07
	30-39 years	108	32.05
	40-49 years	100	29.67
	50-60 years	58	17.21
	Total	337	100%
3.	<i>Religion</i>		
	Christian	247	73.29
	Muslim	72	21.43
	Others	18	5.22
	Total	337	100%
4.	<i>Marital Status</i>		
	Married	150	44.51
	Single	187	55.49
	Total	337	100%
5.	<i>Education qualification</i>		
	HND/B.Sc.	27	8.01
	M.Sc.	53	15.73
	PhD	257	76.26
	Total	337	100%
6.	<i>No of Years in Service</i>		

	Less than a year	–	–
	1-5 years	33	9.79
	6-10 years	47	13.95
	11-15 years	101	29.97
	15 years and above	156	46.29
	Total	337	100%

Source: Researcher Field Survey (2023)

Table 1 showed the demographic variables of the employees of the selected public universities in the South-South region of Nigeria. It can be observed that 186(55.19%) of the respondents were males while 151(44.81%) of the respondents were females; this showed that respondents were evenly distributed across the gender divide although there were more males than females respondents. In terms of age distribution, it showed that 71(21.07%) were between the range of 18-29years, 108(32.05%) between 30-39years, 100(29.67%) between 40-49years while the remaining respondents representing 58 (17.21%) between 50-60 years and above. Also, Christian employees constitute the majority in term of religion with 247(73.29%), followed by the Muslim with 72(21.43%) while others religions 18(5.22%). More also, out of the 337 respondents, 187(55.49%) were yet to be married while 150(45.51%) were married.

Furthermore, the highest educational qualifications of the respondents indicated that 27(8.01%), had obtained HND/B.Sc. degrees, 53(15.73%) had obtained M.Sc. degree while majority of the respondents representing 257(76.26%) had obtained PhD. Finally, the number of years the employees had been in service indicated that while majority of the respondents representing 156(46.29%) had been in active service for 15years and above, 33(9.79%), 47(13.95%), and 101(29.97%) had been in active service for 1-5years, 6-10years, and 11-15years respectively.

## DATA ANALYSIS

**Research Question 1:** To what extent does salary increase affect organizational performance of public universities in south-south, Nigeria?

Table 2: Descriptive Statistics Summary on Employee Salary and Organizational Performance on public universities in south-south, Nigeria

S/N	Items	Mean	Std. Dev
1	My salary is given in accordance to my responsibilities.	3.09	1.41
2	Salary adjustment/increment is made within a reasonable/logical time	3.05	1.48
3	The basis of payment, for example overtime payment is reasonable	4.26	1.10
4	The amount of basic pay I receive is fair relative to industry's average	3.51	1.36
	GRAND MEAN	3.47	

Source: Compiled by the Researcher, 2023

The summary descriptive statistics in Table 2 showed responses on employee salary and organizational performance of the public universities in South-South, Nigeria; the result revealed that all the items on Employee Salary (Esa) and the organizational performance scored above the mean benchmark of 2.50 (Item1 =3.09; Item 2 =3.05; Item 3 =4.26; & Item 4 =3.51); an indication that when there is increased in employee's salary, it tends to result to increased organizational performance.

Furthermore, Esa had a grand mean of 3.47, indicating that the studied tertiary institutions in South-South, Nigeria engage in employee’s salary increments of their workforce. Thus, we assert from the summary of descriptive statistics in response to the research question 1 that to an extent, salary increases affects organizational performance of tertiary institutions in South-South, Nigeria.

**Research Question 2:** To what extent does employees’ promotion affect organizational performance of tertiary institution in south-south, Nigeria?

Table 3: Descriptive Statistics Summary on Employee Promotion and Organizational Performance on Tertiary Institutions in south-south, Nigeria

S/N	Items	Mean	Std. Dev
1	We frequently receive commendation letters for good work done	2.39	1.42
2	Everyone has an equal chance to be promoted	3.95	0.72
3	The university’s promotion policy is clearly communicated to all Employees	2.18	1.24
4	Staff are promoted if organization objectives are met	2.38	1.33
	GRAND MEAN	2.72	

Source: Compiled by the Researcher, 2023

The summary descriptive statistics in Table 3 showed responses on employee promotion and organizational performance of the selected public universities in South-South, Nigeria; the result revealed that all the items on Employee Promotion (Epro) and the organizational performance scored above the mean benchmark of 2.50 (Item1 =2.39; Item2 =3.95; Item3 =2.18; & Item4 =2.38); an indication that every employee have equal chances of being promoted as long as they are due and qualified for the position they are applying for.

Furthermore, Epro had a grand mean of 2.72, indicating that public universities in South-South, Nigeria perceived that when there is equal opportunity for employee promotion, it tends to result to increased organizational performance. Thus, to some extent, employee promotion affects organizational performance of tertiary institutions in South-South, Nigeria.

**Pearson Correlation and Variance Inflation Factor Tests**

Table 4: Pearson Correlation result for reward system and organizational performance

	Orgperf	Esa	Prom
Orgperf	1.0000		
Esa	0.1759	1.0000	
Prom	0.0097	-0.0936	1.0000

Source: Compiled by the Researcher, 2023

In Table 4, the The Pearson correlation result showed for the dependent variable (organizational performance – Orgperf) and independent variable (reward system dimensions of salary – Esa and promotion – Epro) were presented. The correlation matrix showed that while employee salary ( $r = 0.1759$ ) and employee promotion ( $r = 0.0097$ ) were positively correlated with organizational performance. Thus, the results imply that there is positive relationship between employee salary and promotion and organizational performance

Table 5: Variance Inflation Factor (VIF) Result

Variable	VIF	1/VIF
Esa	1.04	0.9619
Prom	1.01	0.9910
Mean VIF	1.02	

Source: Compiled by the Researcher, 2023

The VIF result in Table 5 revealed that there is the nonexistence of multicollinearity problem in the empirical model of reward systems and organizational performance since the mean VIF =1.02 and is below the accepted mean VIF threshold of 10.0. Hence, the dataset satisfies another assumption of linear regression.

### Test of Research Hypotheses

The research hypotheses developed were tested at 0.05% significance level and presented as follows:

#### Hypothesis I

Ho: There is no significant relationship between salary increase and organizational performance of tertiary institutions.

Table 6: Regression Result for Employee Salary Increase and Organizational Performance

Parameters	Predictors			t-value
R-Squared	0.0309	Esa =	3.27	(Coeff.= 0.137)
R-Squared Adjusted	0.0280	Prob. =	0.001	
F-Value (1, 335)	10.69	Cons =	22.97	(Coeff.= 2.741)
Prob. F	0.0012	Prob. =	0.0000	

Source: Compiled by the Researcher, 2023

Table 6 showed the linear regression result for employee salary increase (Esa) and organizational performance (Orgpef) of the selected public universities in South-South, Nigeria. The R-squared is 0.0309 and this implies that the independent variable (Esa) explained 3.09% of the systematic variation in organizational performance of the selected public universities in South-South, Nigeria. The unexplained variation of 96.91% suggests among others that there are other variables that predict organizational performance which were not included in the empirical model of employee salary increase and organizational performance.

Furthermore, the f-value (10.69) and probability value (0.0001 < 0.05) indicates that employee salary increase significantly affects organizational performance. The regression coefficient showed that a unit increase in employee salary (Esa) will result to 13.7% increase in organizational performance. The t-value (3.27) and probability value (0.0001) revealed that employee salary increase (Esa) positively and statistically significantly affects organizational performance of the selected public universities under investigation. Thus, the null hypothesis was rejected while the alternative hypothesis was accepted; this implies that there is significant relationship between employee salary increase and the performance of

public universities.

### Hypothesis II

Ho: Employees’ promotion has no significant effect on organizational performance of tertiary institutions.

Table 7: Regression Result for Employee Promotion and Organizational Performance

Parameters	Predictors	t-value
R-Squared	0.0001	Prom = 0.18 (Coeff.= 0.008)
R-Squared Adjusted	-0.0029	Prob. = 0.859
F-Value (1, 335)	0.03	Cons = 29.29 (Coeff.= 3.105)
Prob. F	0.8585	Prob. = 0.0000

Source: Compiled by the Researcher, 2023

Table 7 showed the linear regression result for employee promotion (Prom) and organizational performance (Orgpef) of the selected public universities in South-South, Nigeria. The R-squared is 0.0001 and this implies that the independent variable (Prom) explained 0.1% of the systematic variation in organizational performance of the selected public universities in South-South, Nigeria. The unexplained variation of 99.9% suggests among others that there are other variables that predict organizational performance which were not included in the empirical model of employee promotion and organizational performance.

Furthermore, the f-value (0.03) and probability value (0.8585 > 0.05) indicates that employee promotion insignificantly affects organizational performance. The regression coefficient showed that a unit increase in employee promotion (Prom) will lead to 0.8% increase in organizational performance. The t-value (0.18) and probability value (0.859) revealed that employee promotion (Prom) positively and statistically insignificantly affects organizational performance of the selected public universities under investigation. Thus, the null hypothesis was accepted while the null hypothesis was rejected; this implies that there is insignificant relationship between employee promotion and the performance of public universities.

### DISCUSSION OF FINDINGS

The result provides support for hypothesis I, which is on employee salary increase and organizational performance (see Table 6). Thus, we found that when employees’ salaries are increased, organizational performance will increase in Nigerian tertiary institutions. This finding is supported by the Herzberg two-factor and Abraham Maslow theories which showed that a well formulated and implemented organizational policy on employees’ welfare and employees being able to satisfy their financial needs can mitigate dissatisfaction in the workplace and hence result to increased organizational performance. This is because employees’ survival needs can be addressed through increased employee salaries.

This finding is in line with the results of Kehinde and Adeagbo (2020); Yaya (2019); and Dugguh and Ayaga (2014) who found that that employee salary increase facilitates a satisfying work environment where employees derive a sense of being motivated to achieve organizational goals along with their career development. More so, the study fails to disagree with prior studies, thus suggesting that increased employee salaries would significantly and positively affect organizational performance.

The result provides support for hypothesis II, which is on employee promotion and organizational performance (see Table 7). Hence, we found that when employees’ perceive equal levels of promotion,

organizational performance will increase in Nigerian tertiary institutions. Lazear (2004) provides a theoretical model showing that the Peter Principle is a necessary consequence of any promotion rule when outcomes are a function of both a permanent and transitory (i.e., random) ability component.

This finding is line with previous research conducted by Uzochukwu, Nwankwo and Okafor (2023) and Obiaga Itakpe (2021); and Saharuddin and Sulaiman (2016), which showed that employees' promotion has a positive and significant effect on organizational performance. The inference is that job promotion can make better organizational performance. More so, the study fails to disagree with prior studies, thus suggesting that employee promotion significantly and positively affect organizational performance.

## CONCLUSION AND RECOMMENDATIONS

The importance of reward system in day-to-day performance of workers' duties cannot be over emphasized especially when it comes to being rewarded for job done. Human performance of any sort is improved by increased motivation. From the results of this study, it can be concluded that employee reward system matters a lot and should be a concern of the management of tertiary institutions and employees. The results of this study indicated that employees place a great value on different rewards given to them by their employers. The current system at the Nigerian tertiary institutions is not sufficient enough to consistently motive employees. Hence, development of informal mechanism such as involvement culture is a central and fundamental basis to enhance the level of performance in workplace. Based on the findings of the study, some recommendations were proffered:

1. That there is the need for government and universities authorities to formulate and implement policies that are employee-driven and recognizes the peculiarities of academic staff in terms of their physical and psychological needs. This includes amongst other giving academic staff authority to seamlessly undertake core academic and administrative activities within the public universities devoid of government interference. Such considerations will protect the autonomy and interest of academic staff which in turn will account for a greater job satisfaction and the consequential outcome of an enhanced organizational performance.
2. That tertiary institution should constantly engage in the promotion of academic staff that is due and qualified for positions they are applying for.
3. That management of public universities should view employee recognition as an important investment rather than one of the costly and non-essential practices that generate no significant benefit to tertiary institutions; thus, management of tertiary institutions should commit credible resources to the design and implementation of employee recognition programs to yield the needed outcome.

The study concludes that while reward system dimensions of employee salary increase significantly affect organizational performance, employee promotion insignificantly affects organizational performance; thus, increase in employees' salaries would not only facilitate the motivation of the workforce, they would result in increased performance in public universities in Nigeria.

## REFERENCES

1. Abreham, T., (2017). The Effect of Employee Promotion Practice on Job Satisfaction: The Case of Dashen Bank S.C. Sc Thesis, Addis Ababa University.
2. Armstrong, M. (2012). Strategic Human Resource Management: A Guide to Action. London: Kogan Page. Philadelphia, USA
3. Bayon, S. (2019). The Origin, Concept and Value of Performance Appraisal. International Journal of Economics, Commerce and Management, 1(3):111-113.
4. Bedwell, W. L., Weaver, S. J., Salas, E., &Tindall, M. (2011). Emerging conceptualizations of adult training and learning. In M. London (Ed.). The Oxford handbook of lifelong learning (pp. 450–471).

- Oxford: Oxford University Press.
5. Bell, B. S., Tannenbaum, S. I., Ford, J. K., Noe, R. A., & Kraiger, K. (2017). 100 years of training and development research: What we know and where should we go. *Journal of Applied Psychology*, 102(3), 305–323.
  6. Dugguh, S. I., & Ayaga, D. (2014). Job Satisfaction Theories: Traceability to Employee Performance in Organizations. *IOSR Journal of Business and Management*, 16(5), 11–18.
  7. Eneh, S. I., Nwekpa, K. C. & Udu, O. G., (2018). Salary Increase and Employee Productivity in Cement Manufacturing Companies in South-South, Nigeria. <https://api.semanticscholar.org/CorpusID:204918927>.
  8. Ezigbo, C. A. (2011). *Advanced Management Theory and Application*: Enugu: Emaculate Publications LTD.
  9. Gathungu, E. W., Iravo, M. A., & Namusonge, G. (2015). Effect of promotion strategies on the organizational commitment of banking sector employees in Kenya. *IOSR Journal of Humanities And Social Science*, 20(10), 36-45.
  10. Hendra, G. & Rezki, A. (2016). Wages and Employees Performance: The Quality of Work Life as Moderator. *International Journal of Economics and Financial Issues*, 5(Special Issue) 349-353.
  11. Hoole, C., & Hotz, G. (2016). The impact of a total reward system of work engagement. *SA Journal of Industrial Psychology/SA Tydskrifvir Bedryfsielkunde*, 42(1), a1317
  12. Kaleem, M. (2019). The Influence of Talent Management on Performance of Employee in Public Sector Institutions of the UAE. *Public Administration Research*; 8(2); 8-23
  13. Kawara, P. (2021). Effects of reward systems on employee productivity in catholic university of Eastern Africa. *International Journal of Recent Research in Commerce Economics and Management*, 1(2), 1-4
  14. Kehinde, F. & Adeagbo, C. (2020) Impact of Reward System on Employee Performance in KPMG Nigeria; *International Journal of Recent Research in Commerce Economics and Management*; 1 (2); 1-4.
  15. Kehinde, F. & Adeagbo, C. (2020). Impact of reward system on employee performance in KPMG Nigeria. *International Journal of Recent Research in Commerce Economics and Management*, 1(2), 1-4
  16. Kinicki, A., & Fugate, M. (2017). *Loose Leaf for Organizational Behavior: A Practical, Problem-Solving Approach*: McGraw-Hill Education.
  17. Lazear, E. P. (2004). Balanced skills and entrepreneurship. *American Economic Review*, 94, 208–211
  18. Lin, H.F (2017). Effects of Extrinsic and Intrinsic Motivation on Employee Knowledge Sharing Intention. *Journal of Information Science*. 33 (2): 135-158
  19. London, M. (2011). Lifelong learning: Introduction. In M. London (Ed.). *The Oxford handbook of lifelong learning* (pp. 450–471). Oxford: Oxford University Press.
  20. Magdalene, M. M. & Wilson, M., (2020). Effects Of Internal Organizational Policies On Performance Of Government Owned Commercial Banks In Kenya. *International Academic Journal of Law and Society*; 1(3); 1-27
  21. Manzoor F, Wei L, & Asif M. (2021) Intrinsic Rewards and Employee's Performance With the Mediating Mechanism of Employee's Motivation. *Frontiers in Psychology*, Vol 12. [frontiersin.org](https://www.frontiersin.org)
  22. Mathis, R. L., Jackson, J. H., & Valentine, S. R. (2013). *Study Guide for Mathis/Jackson/Valentine's Human Resource Management*, 14th: Nelson Education.
  23. Mehmood, S., Ramzan, M., & Akbar, M. T. (2013). Managing performance through reward system. *Journal Of Humanities and Social Science*, 15(2)
  24. Molloy, J. C., & Noe, R. A. (2010). "Learning" a living: Continuous learning for survival in today's talent market. In S. W. J. Kozlowski, & E. Salas (Eds.). *Learning, training, and development in organizations* (pp. 333–361). New York: Routledge.
  25. Muhammad, I. A., Nazaruddi, I., Isfenti S. & Yossie, R., (2019). The effect of promotion, mutation and organizational culture on employees' performance: Evidence from a plantation company in Medan, North Sumatra, Indonesia. *American International Journal of Business Management*

- (AIJBM), [www.aijbm.com](http://www.aijbm.com), 2(1); 22-27
26. Muuo, G. M. (2012). The Influence Of Reward System On Organizational Performance In Public Primary Teacher Training Colleges In Nairobi Zone, Kenya. <http://erepository.uonbi.ac.ke/bitstream/handle/11295/55764/Abstract.pdf?sequence=3>
  27. Ndichu, J. N. (2017). Effects of Incentives and Rewards on Employee Productivity in Small Banks in Kenya: A Case Study of First Community Bank. <http://erepo.usiu.ac.ke/11732/3402>
  28. Neck, C. P., Houghton, J. D., & Murray, E. L. (2018). *Organizational Behavior: A Skill-Building Approach*: SAGE Publications.
  29. Nigerian University System Statistical Digest (NUSSD) (2019). [https://www.nuc.edu.ng/wp-content/uploads/2021/07/2019-nigerian-university-system-statistical-digest-condensed-version-final-2\\_compressed.pdf](https://www.nuc.edu.ng/wp-content/uploads/2021/07/2019-nigerian-university-system-statistical-digest-condensed-version-final-2_compressed.pdf)
  30. Nizarwan, H., & Fatwa, T. (2020) *Affective commitment, continuance commitment and normative commitment in reflecting organizational commitment*. American International Journal of Business Management, 3 (8). pp. 148-156.
  31. Noe, R. A., Clarke, A. D. M., & Klein, H. J. (2014). Learning in the twenty-first-century workplace. *Annual Review of Organizational Psychology and Organizational Behavior*, 1, 245–275.
  32. Nwamuo, I. C. (2019). Effect of reward on organizational performance in Nigeria Breweries company South-East, Nigeria. *International Journal of Innovative Social Sciences & Humanities Research*, 7(4), 71-81.
  33. Obiaga, J. C. & Itakpe, S. O. (2021) Reward System and Employee Performance in the Oil and Gas Industry in Rivers State *International Journal of Innovative Science and Research Technology*; 6 (7); 165-178.
  34. Obiaga, J.C. & Itakpe, S.O. (2021). Reward system and employee performance in the oil and gas industry in Rivers State. *International Journal of Innovative Science and Research Technology*, 6(7), 165-178
  35. Ohaja, E. (2006). *Mass communication research and project report writing: Research design*, Lagos: John Letterman Publishers Limited.
  36. Peter, C. G. (2014). Impact of promotion to employees performance At Dar es salaam city council. <http://hdl.handle.net/11192/1180>
  37. Puspita, R., Charles, B. P. & Unang, T. H., (2020). The Influence Of Compensation, Job Promotion, And Job Satisfaction On Employee Performance Of Mercubuana University. *International Journal of Business Marketing and Management (IJBMM)* 5(2); 39-48
  38. Robbins, S. P., & Judge, T. A. (2013). *Organizational behavior*: Pearson education limited.
  39. Saharuddin, & Sulaiman. (2016). The effect of promotion and compensation toward working productivity through job satisfaction and working motivation of employees in the department of water and mineral resources energy North Aceh District. *International Journal of Business and Management Invention*, 5(10), 33-40.
  40. Salem, G., Alfagira, A., Abdul R. & Zumrah, B., (2019). The Factors That Affect Motivation Of Academic Staff To Improve Their Performance At Sebha University. *Journal of Education and Social Sciences*, 13(2); 18-31
  41. Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students*. (8 ed.) Pearson.
  42. Scandura, T. A. (2017). *Essentials of organizational behavior: An evidence-based approach*: Sage publications.
  43. Siswoyo, H., Supardi, S. & Udin, U., (2019). The effect of training and job promotion on work motivation and its implications on job performance: Evidence from Indonesia. *Management Science Letters*, 10, 2107–2112. [GrowingScience.com/msl](http://www.growing-science.com/msl)
  44. Teferi, H. M. (2017). Effect Of Reward Management Practice On Employees' Performance A Case Study on Catering And Tourism Training Institute. <http://etd.aau.edu.et/handle/123456789/12863>
  45. Uzochukwu, A. C., Nwankwo, E. C. & Okafor, S. O. (2023). Effect of reward system on employee's productivity in Nigeria hospitality industry. *World Journal of Advanced Research and Reviews*, 2023,

- 17(01), 361–373.
46. Uzochukwu, A.C., Nwankwo, E.C. & Okafor, S.O. (2023). Effect of reward system on employee's productivity in Nigeria hospitality industry. *World Journal of Advanced Research and Reviews*, 17(1), 361-373
  47. Waruni, A.E (2014). Impact of Rewards on Employee Performance: With Special Reference to Electro ICO. Reshaping Management and Economic Thinking through integrating Ecofriendly and Ethical Practices Proceedings of the 3rd International Conference on Management and Economics 26-27 February 2014 Faculty of Management and Finance, University of Ruhuma Sr. Lanka. Oral Presentation pp311-318.
  48. Yaya, J. A. (2019). Job Satisfaction among Librarians in Nigerian Public Universities. *Journal of Library Services and Technologies*, 1(1), 73–92.