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EFFECT OF REWARD ON EMPLOYEE PERFORMANCE: A STUDY OF OYI LOCAL GOVERNMENT AREA

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ABSTRACT

The study focused on reward system and employee performance: A Study of Oyi Local government area of Anambra state. The specific objective of this work is to examine and its intrinsic and extrinsic reward and its relationship with employee's performance Oyi Local government area of Anambra state also to determine the efficiency of reward system in targeting employees productivity in University in Oyi Local government area of Anambra state and To examine the perceptions of employees and employers in relation to organizational reward system in Oyi Local government area of Anambra state. The study adopted expectancy theory propounded by Victor Vroom in 1964. The population of the study is 1470 staff. Survey method was adopted for the research and data were sourced from both primary and secondary sources. The finding of the study shows that reward system also influences the motivation of employees which consistently has an impact on their productivity and rewards are very important in every organization because it will bring out the employees best and the organization will achieve it set objectives. Based on the findings of the study the paper therefore recommends that that for organizations to have increase in terms of productivity, profit, market share and consistent demand for its product by its customers, there must be employee's involvement and this can only be achieved when employees are happy doing what they are doing and getting the reward they deserve

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1. INTRODUCTION

In a globalized world characterized by competition, access to latest technology and communication systems, and an unfettered access to financial markets around the word, the ability to attract and retain qualitative workforce, as well as keep them highly motivated has however become a great challenge. Employers now require their employees to do more with less, while employees on their part, are asking for more incentives. This requires that organizations should device a system that will strike a balance, if they want to continue to have increased performance. Puwanenthiren (2011) noted that organizations are increasingly realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. He went further to say that 'establishing this balance is one of the main reasons to reward employees.'

Reward system is essential to the organization as it has become important in managing employee's performance. Over the last 25 years, other elements in compensation have evolved to provide employers with a broad scope of reward, and thus, it motivates the employees. The reward systems are directly and indirectly involved in the vision and mission of the organization that gives sense to the employee that a reward system will benefit both parties. A study conducted by Latham (2012) to motivate and keep the employees motivated is an essential part of human resources and management within organizations. Reward systems have a huge impact on organizations to retain and motivate the employees and as a result of achieving high levels of performance (Barber and Bretz, 2000). Thus, organizations must develop programs such as reward systems to fulfil employees' needs and motivate them to work. Employee rewards system refers to programmes by different organizations to reward performance and motivate employees on individual and/or group level. In designing a reward system, the organization should specify group or organizational goals to be achieved and the specific behaviors or performance that will attract rewards. By so doing the rewards system will help management shape behavior of employees and at the same time achieve organization's goal. According to the Chartered Management Institute (2004), "the notion of rewards system is gradually replacing the traditional idea of a standard pay system, as it incorporates all aspects of employee compensation into the package". According to Fay and Thompson (2001) "Rewards systems have a critical role in determining the organization's ability to attract high potential employees and to retain high performing employees to achieve greater levels of quality and performance".

Most organizations have problems to decide the right reward systems and which reward system suit the most for the employees. A properly administered system of rewards can provide good quality of employee performance. If the organization does not have a proper reward system, it will lead to problems such as low employee morale, the unproductive performance of the employees, or it can lead to high turnover rate among employee (Wilson, 2004). Edward and Christopher (2006) have mentioned that most of the employees are not automatically will come to work, continue to work or work hard for the organization. A recent study by Anitha (2013) defined employee performance as an indicator of financial or other outcomes of the employee that has a direct connection with the performance of the organization as well as its achievement. The organization needs employees with high performance to meet goals, deliver products and services and to achieve competitive advantage in the market (Ojeleye, 2016). Performance is very crucial same as to reward system because when employees achieve their high level of performance, they want an adequate reward in return. If they cannot achieve the goals and show low performance in the organization, it will result in dissatisfaction (Ojeleye, 2016).

Reward system is the process of providing incentives and compensations whether financial or non-financial which an employee desires that the organization is prepared to offer in exchange for the employee's contribution to the organization. It is a very important tool that can be used to channel employee's productivity in many ways. It can also be an experimental solution for organizational problems if they are experiencing low productivity to push their employees and raise their moral level of competence and work involvement the purpose is to maximize their human capital. Chen and Hsieh (2011), Cameron and Pierce (2002). In some sales organization, reward system is also used to increase sales; normally they attract customers by giving extras of their product for a reduced price. Reward System deals with planning and execution of strategies and policies that are to reward employees justly and consistently according to the organizational values and to help the organization achieve planned goals. Reward can change the attitude of employees, if an employee gets a reward, he will be satisfied with his job and his attitude will be good towards customers and other employees. He will be loyal to the organization. If he cannot get a good reward with respect to his job his behavior may change towards the employees and he might not be loyal to the organization. According to Shields (2007), reward system is not solely concerned with financial rewards. It is also concerned with non-financial rewards such as recognition, communication, work environment, training and career development.

Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility, while citing Colin (1995). Ranjan (2016) opined that reward is one of the important tools for organization to motivate its employees at workplace. In present competitive business scenario, every organization needs to have competent and motivated human resource, so that organization can sustain in the market. Human Resource is one of the most important factors of production. The world has been changing fast nowadays. Competition is hitting up. New products, new technologies, new processes, new entrants, new substitutes are hitting the market regularly. In order to survive, corporate are virtually compelled to economize on every fronts- go after modern technology, restructure operations, explore new markets, find new use of existing products, innovate, experiment and find new ways of living and most importantly use of human resource productively. It is therefore important for a company to find out what motivates its employees so that employees can give their best to the organization. Employees will give their maximum to their organization when they feel that their efforts will be rewarded by the management. Therefore reward management is one of the important functions of Human Resource Management for attracting and retaining competent employees as well as facilitating them to improve their performance through motivation. "Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goals" (Baron, 2010).

Reward systems includes, practices and programs which influence the actions of employees. The aim of reward system is to provide a systematic way to deliver positive consequences. "Fundamental purpose is to provide positive consequences for contribution to desired performance" while citing Thomas B. Wilson, (1995). Rashmi & Ranjan (2016) affirms that "The only way employees will fulfill the employers dream is to share in their dream" Kotelnikov V, (2010).Reward system is an important mechanism that makes it happen. Employers can include recognition, bonuses, promotions, challenging assignment, or a simple thank you to motivate their employees. When employees are rewarded, they get work done and employers will get more than their expectations. Thus employees surpass their target or exceed their performance standard they should be rewarded as a way of motivating them. Motivated employees are assets for organization. A motivated person will result in a good performance as the employees know there is a reward waiting at the end of every month. Reward systems have a huge impact on organizations to retain and motivate the employees and as a result of achieving high levels of performance (Barber and Bretz, 2000). Forsooth, reward strategy and systems are competitive tools that can make employee show good performance and motivated them to work in the organization. Since the 1980s, developing countries such as United State and China have done many research and studies on a reward system

(Edward and Christopher, 2006; Lee and Wong, 2006; Paul, 1981; Sarin and Mahajan, 2001). Consequently, it is based on these antecedents that this study examines effect of reward on employee performance in Oyi Local Government Area of Anambra State, Nigeria.

1.1 Statement of Problem

The impact of reward on employee's performance cannot be over-emphasized. An employee's productivity is measured by the organization's reward system which makes most organizations give incentives to their workers in order not to lose them to another. In the recent times, hardly a week passes without a threat of industrial action by employees in one corner of the globe. An industrial dispute is caused by revolting employees who disturb industrial peace and rmony. Industrial disputes generally arise due to tensions between labour or the representatives of the employees and the management and gives rise to more issues. This may cause employees not to do their work, and affecting the quality and quantity of production. Continuous strikes, sit-ins and lock-outs disrupt the productivity in the organization leading to low revenue which in turn results to low profits, bonuses among others (Nwokocha, 2016). As it is the objective of every organization to make profits, it is important to establish the influence of employee-employer relations at work place because poor relations between employer and employees can have a negative impact in the organization. For example, there could be unrests and unnecessary tensions which would engulf the hearts and minds of the employers and employees instead of putting all the efforts in achieving organizational goals. Industrial disharmony between employers and employees could result to economic loss and economic depression (Anyango, 2015). Organizations are social systems where human resources are the most important factors for effectiveness and efficiency. They cannot succeed without their employees' efforts and commitment. But many organizations put first the profit and forget the employees who are the main contributors to the company's profits. The management of these companies tends to treat employees like machines. They do not know that employees need to be communicated to in a particular manner, develop trust and mutual relationship and even provide them with personal protective equipment at work place. Hence, it is against this the study sought to establish ways in which employers and employees can co-exist harmoniously and attain the organizational objectives. The key areas that determine this relationship are communication, maintenance of employees and reward of employees (Okoye, 2013). The study will address the problem of how reward system in the organization will affect the productivity of the workers, what ways will the reward system be useful and what would be its influence in the organizations long term practice. On the other hand, there is this challenge of not aligning the reward system to fit into each employees own needs perfectly. (Murphy, 2015) It also be noticed that there are misunderstandings between management and unions on how workers are to be rewarded.

1.2 Objectives of the Study

i. To examine intrinsic and extrinsic reward and its relationship with employee's performance in Oyi Local Government Area.
ii. To determine the efficiency of reward system in targeting employees performance in Oyi Local Government Area.
iii. To examine the perceptions of employees and employers in relation to organizational reward system in Oyi Local Government Area.

1.3 Research Questions

i. What is the relationship between the intrinsic and extrinsic rewards and employees performance in Oyi Local Government Area?
ii. How can reward system be used in targeting employee's performance in Oyi Local Government Area?
iii. What is the perception of employees and employers concerning the reward system in Oyi Local Government Area?

2. LITERATURE REVIEW

2.1 Conceptual Framework

What used to be called "pay" and then became "remuneration" is today often termed "reward". Reward refers to all of the monetary, non-monetary, and psychological payments that an organization provides for its employees as part of employees relations. Reward is special payment for special work. Organizational Reward System is one of the methods of achieving control in organizations as well as defining the relationship with the individual employee and the organization (Kerr and Slocum, 2005), Armstrong (1999), defines reward management processes are concerned with the design, implementation and maintenance of reward systems geared to the improvement of organizational, team and individual performance. Hellriegel et al (1999) says to be motivators, rewards must aligned with the things that people value. The rewards can be determined by simply asking the employees what they want. Employees will vary in their responses, because some employees value monetary rewards, whereas others value scheduling flexibility, especially training and development opportunities. Reward system is a framework to create performance reports in organizations. This approach enables management to translate mission goals and vision of the company, various business units and duties of directors to indicators related to performance evaluation (Bruggeman and Decoene, 2002). The core of reward systems is formed based on vision and strategy. This is actually the basis for financial goals; improve internal processes, customer satisfaction and employee growth and learning (Kaplan and Norton, 1996). Reward system contains the organizations policies, processes and practices for rewarding its employees in accordance with their contribution, abilities and artifice. It is progressed within the organizations reward philosophy, strategies and policies, and includes agreements in the form of processes, practices, structures and procedures which will provide appropriate types and levels of pay, benefits and other forms of reward (Armstrong, 2003). Taylor is the pacesetter of reward in the business world. He defined pay system as what makes a big change in productivity growth and industrial development in west. In those years, Gantt action got notable situation than Taylor in rewarding system, according to human factors and issues. Some systems are also based on the numbers, levels and skills of person's job.

Reward system has the following features:

- Reward should be fit to employee's role in implementing of organization responsibilities and goals.
- Reward should be equal, in other words, the reward to the employees, should be equal respect.
- Reward should be integrated, in other words, the application of reward management strategy should be balanced and comprehensive.
- Reward should have two results: motivational needs of employees and corporate business objectives.

Reward should be creating performance oriented and able to institutionalize performance management systems and performance excellence.(Kandula and Srinivas, 2007)Traditionally, job specifications, levels of compensation in the marketplace and the need to maintain equity among employees were used to determine the level of base salary, which was the traditional way of rewarding employees (Kerrin and Oliver, 2002). Nowadays the level of reward is more often determined by individual performance using bonus systems and individually set salaries based on individual achievement (Lawler, 1995). Thus, performance and rewards constitute significant parts of the reward system. However, how performance is defined, evaluated and measured differs between organizations, also the utilization and variety of reward types differ among organizations (Kerr and Slocum, 2005).

The full impact of reward on employee performance can better be appreciated when viewed from the angle of total rewards. "Definitions of total reward typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization" Thompson (2002 cited by Armstrong, 2009). "The reward system consists of all organization components - people, process, rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization" (Puwanenthiren, 2011). Bratton and Gold (2003) defined rewards as "all the cash, non-cash and psychological payments provided by an organization in return for their contribution". Work rewards indicate the benefits workers receive from their workplace and are considered the determinants of job commitment and satisfaction (Malhotra, Budhwar and Prowse, 2007). Gross and Friedman (2004) view rewards to include compensation (consisting of base pay, short and long term incentives), benefits (health issues, work/ life, and other benefits), and careers (training and development, career progression). Many writers agree that rewards can be broken down into two broad types - intrinsic and extrinsic (Mottaz 1985, Mahaney and Lederer, 2006, Hatice, 2012). Intrinsic rewards are derived from ''the content of the task itself and include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities and sufficient feedback regarding the effectiveness of one's efforts. Extrinsic rewards on the other hand comprise promotions, private office space and the social climate. Other examples include competitive salaries, pay raises, merit bonuses and time-off'' (Hatice, 2012).

2.2 Organizational Performance

Employee performance as proposed by scholars, it is based on the type of reward system in place within organizations (Bari, Arif & Shoaib, 2013). A study by Anitha (2013) suggested that employee performance is an indicator of financial or other outcomes of the employee that has a direct connection with the performance of the organization as well as its achievement. Hence, people in management such as top, middle, and lower management contributes significantly in performance (Xanthopoulou et al, 2009a). Employers found that it is difficult to understand the behavior of employees and how to attract, retain and motivate them for a longer period in the organization as their behavior keeps on changing.

In an organizational context of performance, employee performance is defined as the degree to which an organizational member contributes to achieving the goals of the organization. Employee performance is vital to an organization as they play as an imperative mechanism that contributed to the success of an organization. Most organizations can measure employee performance through the quantity of output, quality of output, timeliness of output and labor productivity (George, 2015). What employee does or does not do will affect the reputation of the organization. The successful of supervising, create and empower the employees is an important basis of organization performance (Christensen, 2011). Therefore, outcomes achieved by the employee can be measured by using indicators that can describe an employee's pattern of performance over time (Ying, 2004).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). (Richard et al, 2009). Organizational performance encompasses three specific areas of firm's outcomes: (a) Financial performance (profits, return on assets, return on investment etc). (b) Product market performance (sales, market shares, etc). (c) Shareholder return (total shareholder return, economic value added. Specialists in many fields are concerned with organizational performance which include strategic planners, operations, and finance, legal and organizational development. Organizational performance is the ultimate dependent variable of interest for researchers concerned with any area of management (Devinney et al, 2010). This broad contrast is vital in allowing managers to evaluate firms' overtime and compare them with rivals. Organizational performance is the most important criterion in evaluating organizations, their actions and environments. Yang (2008) explains that performance of individuals in the workplace cannot be verified. He asserts that organizations can use direct bonuses and rewards based on individual performance, if employee performance is noticeable. Gavrea et al (2012) emphasize that organizations have important roles in our daily lives and therefore successful organizations represent a key ingredient for developing nations. Continuous performance is the focus of any organization because it is only through performance that organizations are able to grow and progress. Organizational performance is one of the most important variables in the management research and arguably the most important indicator of performance. According to Njanja, Maina, Kibet, and Njagi (2013), many writers in human resource management suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of loyal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2006). This buttresses the need to measure individual performance of employees as a way of weighing the effect the reward system has on the workforce and by extension, the organization. In addition, It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008).Employee performance is defined as the employees' outcome or contribution in reference to the attainment of set goals (Herbert, John & Lee 2000). Performance may be used to describe what an organization's accomplishments in reference to processes, relevance, results, and success Nigeria National Development Program (1995). Employee performance is also defined as the achievement of set standards in terms of accuracy, and completeness over a specified period of time (Afshan et al., 2012). The level of employees' performance is dependent not just on their actual skills but also on the level of motivation exhibited by the individuals. Motivation is an inner drive or an external inducement to behave in a particular way. In typical situations, this is a way that will lead to rewards (Barney, 1991). Overachieving and talented employees are the driving force of all organizations so it is essential that, organizations strive to motivate and hold on to the best employees. The quality of human resources management is a critical influence on the performance of the institution (Dessler, 2003).

Effective employees use their knowledge and skills to do their jobs in the correct way. All the activities performed by employees in an organization regardless of their departments are interrelated and affect the overall performance of the organization. It is important therefore, that all section heads understand that the ineffectiveness of employees under their supervision adversely affects the performance of the organization as a whole. This poor performance lowers the organization's competitive advantage in the market (Chei et al, 2014). The conceptual model below was formulated carefully from the various literature reviewed. This model will guide our understanding of the subject throughout this research.

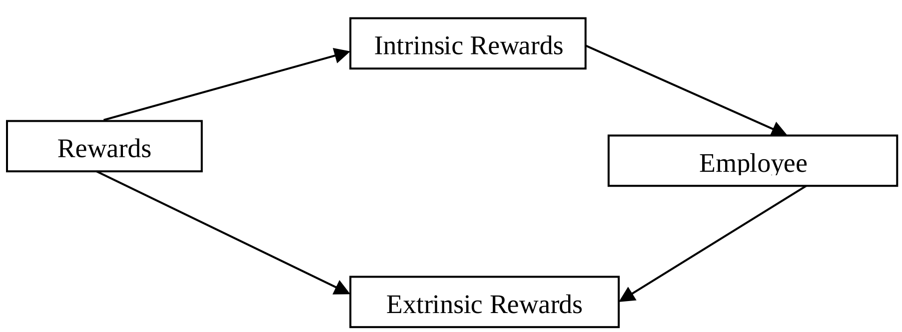

Figure 1. Relationship between the reward system and employee performance.
Source: Authors' Conceptualization

This framework sees rewards system as being made up of intrinsic rewards and extrinsic rewards. The intrinsic and extrinsic rewards will serve as independent variable while employee performance will be the dependent variable. Studies have shown that the reward process is a major control or influence mechanism available to organizations (Szilagyi, Jr. and Wallace, Jr. (1980). However, researchers do not agree on predictable influence on individual behavior, unless the individual/group goals are taken into account. While there seem to be an agreement that rewards should focus on achieving organization's goals, some environmental factors may help to determine the resultant effect. A proper understanding of the effect will help draw attention to the impact of reward on employee performance.

The reward system consists of all organization components- including people, process, rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization" Puwanenthiren, (2011). Armstrong (2009), on his part defined the reward system as consisting of a number of interrelated processes and activities which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. Puwanenthiren (2011) also identified three main components of a reward system to include; compensation, benefits and recognition. These components encapsulate the total rewards in an organization which include transactional and relational rewards. Benefits are described as forms of value other than payment that are provided to employees for their contribution to the growth of the organization. Benefits can come in two forms tangible and intangible benefits. Tangible benefits include contribution to retirement plans, life insurance, vacation pay, holiday pay, employee stock ownership plans, profit sharing and bonuses, etc. Intangible benefits on the other hand include, appreciation from a boss, likelihood for promotion, office space, etc. Compensation is described as base pay and or variable pay. Base pay is tied to the value of the job to the organization in relation to the market value and the expertise required to performing the job. While variable pay is based on the performance of the person in that role which include achieving set targets. Examples of variable pay are bonuses.

In considering the deployment of a robust reward system, the employer has to consider several options ranging from decisions on whether the reward would be periodic or instantaneous, cost savings or profit based individual or group based. All these ingredients are very vital to designing a good reward system. The productivity of employees is so important because of the increasing concern of human resources and personnel experts about the level of output obtained from employees due to poor remuneration. This attitude is also a social concern and is very important to identify problems that are obtained in industrial settings due to non-challant attitudes of managers to manage their employees by rewarding them well to maximize their productivity. All efforts must be geared towards developing workers interest in their job so as to make them happy in giving their best to their work, this will ensure industrial harmony. Rewards that an individual receives are very much a part of the understanding of motivation. Lawler (1985) concluded that factors influence the performance with regards to work. Firstly, it depends on the amount received by the employee and the amount the individual feels he or she should receive. Secondly, comparison to what others collect influences peoples performance. Thirdly, employee's satisfaction with both intrinsic and extrinsic rewards received affects overall job performance. Fourthly, people differ widely in the rewards they desire and in the value they attach to each. And the fifth, that many extrinsic rewards satisfy individuals only because they lead to other rewards. All these observations propose the need for a diverse reward system. In the study carried out by Jibowo (1977) on the effect of motivators and hygiene on job performance among a group of 75 agricultural extension workers in Nigeria. The study mainly adopted the same method as Herzberg et al. (1959) and it shows some supports for the effect of motivators on job performance. In another study carried out by Centers and Bugental (1970), they also based their research on Herzberg's two-factor theory of motivation, which separated job variables into two groups: hygiene factors and motivators. They made use of a sample of 692 individuals to test the validity of the two-factor theory. And it was discovered that at higher occupational level, "motivators" or intrinsic job factors were more valued, while at lower occupational levels "hygiene factors" or extrinsic job factors were more valued. From this work they concluded that an organization that satisfies both intrinsic and extrinsic factors of workers get the best out of them.

Bergum and Lehr's (2012) study investigated the influence of monetary incentives on performance which showed that the employees in the experimental group who received individual incentives performed better than those in the control group. Daniel and Caryl (2017) studied the ability of the investment model to predict job satisfaction and job commitment. The result showed that job satisfaction was best predicted by the reward and cost value of the job. And job commitment on the other hand was best predicted by a combination of rewards, cost values and investment size. Assan (2015) also studied the effect of extrinsic and intrinsic job factors on job motivation and satisfaction, which leads to performance. It showed that though there was no significant difference in motivational level and job satisfaction across various categories of workers in different organizations. Egwuridi (2012) also investigated motivation among Nigerian workers using a sample of workers of high and low occupational levels. The hypothesis that low-income workers will be intrinsically motivated was not confirmed, and the expectation that higher income worker will place a greater value on intrinsic job-factors than low-income workers was also not confirmed. This shows clearly the extent of value placed on extrinsic job factors. Akerele (2015) observed that poor remuneration is related to profits made by organization. Wage differential between high and low income earners was related to the low morale, lack of commitment and low productivity.

Nwachukwu (1994) 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 therefore reduced their productivity.

Another study carried out by Wood (2013) investigated the correlation between several workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly committed employees who were more intrinsically focused on their job did not demonstrate satisfaction equal with company estimates of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation. Gibson, Ivancewich and Donnelly (2000) say motivation is a concept we use when we describe the forces acting on or within an individual to initiate and direct behavior. We use the concept to explain differences in the intensity of behavior and also indicate the direction of behavior. Snell (2014) says motivation is everything. Without motivation even the most talented employee will not deliver to his or her potential. With motivation, others will perform way above the level expected of their intelligence and academic ability. He further asserts that an organizations employee is its business. They are the company. They project the image of the organization that the customers see. They alone hold the power to provide a high quality standard of service and boost or reduce the organizations profits.

Also, in a related study, Kulkarni (2015) compared the relative importance of ten factors such as pay, security, etc. which are extrinsic to the job, and other intrinsic factors like recognition, self-esteem, responsibility etc. among80 white collar employees. And it was assumed that higher value will be placed on intrinsic rather than extrinsic job factors. Data was gained through personal interviews in which individuals were asked to rank each factor according to its importance. The result did not uphold the assumption and it shows two extrinsic factors adequate earnings and job security as the most important. Also, it was established that there were no regular trend between the findings of this study and similar studies using blue-collar workers, except in ranking of adequate earnings and job security.

The above are empirical works carried out by different researchers in the areas of reward and productivity. Judging from all these empirical studies and findings, one may generally conclude that a good reward system can be expected to result in higher productivity.

2.3 Gap in Literature

The researcher has being able to review to the works of other scholars as it relates to reward and employee performance. However, none has been able to critically examine reward and employee performance in Oyi Local Government Area. This research work will cover this gap examine reward and employee performance in Oyi Local Government Area.

2.4 Theoretical Framework

The study adopts Expectancy theory which was propounded by Victor Vroom in 1964. This theory aims to discover the extent to which employees are motivated by money. Expectancy theory holds that money is a significant motivator for most people and that it can guide to specific directions (Thorpe & Holman, 2000). In a theoretical context, performance-related-pay has important advantages like attracting and retaining qualified employees, improving individual and organizational performance, improving motivation and job satisfaction and linking individual to organizational objectives (Thorpe & Holman, 2000). Furthermore, Armstrong and Murlis (1998) argue that money is an important motivator to people for two very significant reasons. First it has an active role as it can cover needs; money is a substantial means of identifying people's value and impact. Hence, money is a means of improving individual self-esteem but also a way to gain the esteem of others. Again, in an organizational context, payments, as well as career opportunities, and the reputation of the organization, can be factors for joining a company (Armstrong & Murlis, 1998).

Armstrong & Murlis (1998) contend that it is clear that pay can motivate and reinforce a desirable behavior and that in order to achieve lasting motivation attention has to be paid in non-financial motivators as recognition. Recognition is one of the most powerful motivators and praise should be given judiciously.An opposite perspective supported by psychologists question the effectiveness of money as a motivator. Similarly, sociologists consider payments and especially those based on individual performance, to be a means of management control, which creates resistance and conflict in the workplace (Thorpe & Holman, 2000). Finally, the advocates of total quality management believe that these kinds of payments are a means of perpetuating gender inequality. An answer to these problems is that these difficulties are surmountable via more effective reward systems (White & Drucker, 2000).

2.4.1 Equity Theory

The principles of this theory are also major determinants of reward system and employees productivity. Equity theory consists of important matters like executive remuneration, equal value, and comparable worth. Adams (1963) as a psychologist also argued that there is little interest in the level of payments than the perception of fairness among the others, which can determine an employee satisfaction. Thus, equity is rarely accepted and usually people react to inequity by decreasing their personal effort, demanding more equitable treatment and attempting to find alternative employment (Adams, 1963). Furthermore, the unfair distribution of rewards can lead to lower levels of commitment, higher levels of absence and turnover and finally to a worse organizational performance. Therefore, the realization of equity in rewards must be a primary objective for the organization. According to Pfeiffer's point of view (1998), organizations with better payments and rewards are more productive than their competitors that pay less. Higher payments are likely to attract and retain the most motivated and qualified employees who can be the basis for competitive strategies based on innovation, quality and price. Motivators can also be the participation of the employees in designing the rewards systems and the high rate of internal equity by minimizing the differential between the highest and the lowest paid and by using analytical and formal job evaluation schemes (Wood, 1996).

3. METHODOLOGY

3.1 Research Design

This study has been conducted at individual level rather than corporate level as rewards concerned with individuals. Survey research studies both large and small population by selecting and studying samples chosen from the population to discover the relative incidence, distribution and interrelations of sociological and psychological variables (Osuala, 1981). This study explored descriptive research design which involves the process of refining the data. In addition to being descriptive, the study is also said to be correlation in design because there was intent to establish the relationship between organizational rewards and employee productivity. Correlational designs aims to ascertain if there are significant associations between two variables (Reid 1987).

3.2 Area of Study

Oyi is a Local Government Area in Anambra State, Nigeria. It is home to the Oyi people. The towns that make up the local government are Nkwelle-Ezunaka, Awkuzu, Ogbunike, Umuneba, Umunya and Nteje. Oyi/Ayamelum is a Federal Constituency represented by Hon Chinedu Eluemuno at the Federal House of Representatives, Abuja. Oyi have had many Council Chairmen including Chief Okonkwo Onuigbo, Engr. Nnamdi Nwadiogbu (From Ogbunike). The origin of Oyi people is the same for all the "OLU" sub group of the Eri-Awka Igbo. The Olus are the distinct river-side Igbo people of the lower Anambra plain (Anambra River Basin), encompassing the entire old Anambra Division of the 1920s to the 80s, parts of today's Awka North LGA of Anambra State and the excision of the former Uzo-Uwani LGA of now Enugu State. A number of Olu people also speak Igala language. In fact, Igala kingdom is considered to have been founded by an Olu 'refugee' prince. Olu trace their origin to Eri (Eru, Nri, Nru). Onitsha and Ogbaru areas by character and dialect, are sometimes considered as Olu (though with specific associations). It is said that the more ancient forms of Igbo Tradition and Cultural practices like music, marriage ceremony and religious worships are those still practiced by the Olu.

3.3 Population of the Study

The population of the study comprised of different categories of employees in Oyi Local Government Area of Anambra State with a total population of 1470.

3.4 Methods of data collection

There are two methods of data collection which are going to be used in this research, namely, secondary and primary data collection.The secondary collection is from books, journals, academic contexts, case studies, industry reports and online references. Questionnaires are used for primary data collection.

4. DISCUSSION OF FINDINGS

Armstrong (1999) defines reward management processes as processes that are concerned with the design, implementation and maintenance of reward systems geared to the improvement of organizational, team and individual performance. Hellriegel et al (1999) says to be motivators, rewards must aligned with the things that people value. Grant (2008) established a study in which, motivation enforced the employee's outcomes such as persistence, productivity and performance. Reward system also influences the motivation of employees which consistently has an impact on their productivity. Research studies have proved that rewards now cause job motivation and satisfaction, which leads to performance and productivity. Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they believe their efforts are important to the success of the team, and their jobs are fun, challenging, and rewarding (Mahaney and Lederer 2006). Reward systems are planned with the objective of increasing organizational productivity, and rewarding those who achieve an anticipated level of performance.Since man cannot be fully satisfied, mangers should find ways of satisfying his or her employees in order for them to find a greater fulfillment of all their needs. Reward in this sense is very important. With appropriate reward an employee will put in his or her best. Also reward when properly implemented can bring about increase in organizational productivity. With proper reward to employees, organizations to a large extent will produce standard and sophisticated goods. Rewards are very important in every organization because it will bring out the employees best and the organization will achieve it sets objectives. More also, with rewards to employees, organization productivity will be increased. Every organization should reward their employees so that they can put their best (Duru 2010).

Assan (1982) also studied the effect of extrinsic and intrinsic job factors on job motivation and satisfaction, which leads to performance. It showed that though there was no significant difference in motivational level and job satisfaction across various categories of workers in different organizations. Furthermore, the unfair distribution of rewards can lead to lower levels of commitment, higher levels of absence and turnover and finally to a worse organizational performance. Judging from all these findings, one may generally conclude that there is a significant relationship between organizational reward system and employee productivity.

Reward systems are a critical part of any organizations design. How they fit with the rest of the systems in an organization has an important impact on how effective the organization is and on the quality of life that people experience in the organization. Over the past decade, some new reward systems practices have become popular in order to align reward systems with the important changes that are occurring in the way organizations are designed and managed (Lawler, 1990; Schuster and Zingheim, 1992). Equally, a reward system denotes what is expected of the individual employees and what they may expect in return. Further, reward systems are ways of promoting individual and organizational behavior needed to achieve the organizational strategy and the organization's goals (Lawler, 1995; Kerr and Slocum, 2005).Reward system contains the organizations policies, processes and practices for rewarding its employees in accordance with their contribution, abilities and artifice. It is progressed within the organizations reward philosophy, strategies and policies, and includes agreements in the form of processes, practices, structures and procedures which will provide appropriate types and levels of pay, benefits and other forms of reward (Armstrong, 2003). Laura Reeves (2010) identified five top rewards which can help attract and retain employees and also impact their productivity, whether it appeals to the employee's intrinsic or extrinsic needs. These includes coaching of employees to acquire more skills and knowledge, creating an engaging culture in which staff members are empowered to be effective, giving incentive compensation such as bonuses for strong performance or specific target objectives that are aligned with work goals, developing relationships and complimenting and thanking each other for work done and investing in employee well-being at all career stages.

Rewards are used as an effective method to increase productivity. Reward system generates a manner of energy that can increase the effort of an employee to provide the best performance. It is a motivational factor that affects the workers behavior but adds value to the organizational system. Therefore, the realization of equity in rewards must be a primary objective for the organization has it affects employee's productivity. According to Pfeiffer's point of view (1998), organizations with better payments and rewards are more productive than their competitors that pay less. Higher payments are likely to attract and retain the most motivated and qualified employees who can be the basis for competitive strategies based on innovation, quality and price. It is hereby justified from these findings that reward system can be used in targeting employee productivity.

Rewards can be determined by simply asking the employees what they want. Employees will vary in their responses, because some employees value monetary rewards, whereas others value scheduling flexibility, especially training and development opportunities Employees and employers feel that justice is important in reward allocation process and to retain good employees in the organization, the manager musts be concerned about fairness and appropriately reward those who are worthy of it. Organizations are interested in reward management for two important reasons. First, the absolute cost of payment bearing on cost of payments bearing on cost effectiveness depends on organizations to organizations. Second affect, on employees work attitude and behavior, employee work effectively, to undertake training and accept additional responsibility (Bratton and Gold 1999). Reward can change the attitude of employees, if an employee gets a reward, he will be satisfied with his job and his attitude will be good towards customers and other employees. He will be loyal to the organization. If he cannot get a good reward with respect to his job his behavior may change towards the employees and he might not be loyal to the organization. Hellriegel et al 1999 says that to be motivators, rewards must be aligned with the things that people value. The rewards can be ascertained by asking the employees what they really want. Employees will differ in their answers because some employees value monetary rewards, whereas others value training and development opportunities. A study carried out by Wood (1974) investigated the correlation between several workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly committed employees who were more intrinsically focused on their job did not demonstrate satisfaction equal with company estimates of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation. Adams (1963) as a psychologist also argued that there is little interest in the level of payments than the perception of fairness among the others, which can determine an employee satisfaction. Thus, equity is rarely accepted and usually people react to inequity by decreasing their personal effort, demanding more equitable treatment and attempting to find alternative employment (Adams, 1963). These findings show that employees and employers have perceptions regarding reward system.

5. CONCLUSION AND RECOMMENDATIONS

The importance of reward in the performance of workers' duties cannot be over emphasized. This study is set to evaluate the effect of reward system on employee performance with references to in Oyi Local Government Area of Anambra state. From the above findings, it can be concluded that there is a significant relationship between organizational reward system and employee productivity. The results found from the hypotheses showed that workers place great value on the different rewards given to them by their employers. Hence, when these rewards are not given, workers tend to express their displeasure through poor performance and non-commitment to their job. It is therefore vital for the organization to consider the needs and feelings of its employees, because "a happy worker they say is a productive worker".

Having stressed the importance of a organizational reward system on the productivity of workers, this study can therefore be seen as a call for employers' sense of commitment to put in place appropriate reward system that will encourage employees to be more purposeful and improve their performance.

Based on the findings of the study, the following recommendations are made;

i. Reward system is strategic to improved productivity. Management should therefore ensure the principle of equity in formulating reward policies. This will guard against the negative consequences of inequity which can impair improved productivity.
ii. Oyi Local government management should strive to establish a balanced reward system between financial and non-financial rewards to employees. This is a strategic approach where organizations will not only be able to satisfy employees' needs but also simultaneously achieve higher employee performance, improve resource efficiency and enhance service quality through securing employee commitment to the realization of organizational goals.
iii. Organizational reward system should be structured to address the issue of employee satisfaction. This is because employee satisfaction has a bearing on employee commitment and productivity.

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