

## COMPENSATION AND REWARD SYSTEM OF EMPLOYEES IN A BUSINESS ORGANIZATION A FOCUS ON TOTAL NIGERIAN PLC

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### **Abstract**

*The objective of the study is to find out how much impact the reward system of TOTAL Plc Asaba has on its employees. The theories assumes expectancy theory according to Victor Vroom and Remuneration method with a sample size drawn from a population of 200 obtained from 2006 National census figures. The sample size was determined using Yaro Yameni's random sampling technique. The questionnaire was the major instrument used to obtain data. All the hypothesis tested received statistical significance findings for His research indicated that a significant relationship exist between fair reward system and improved employee performance in Nigeria Asaba Plc. The study recommends a develop reward policies and practices that support the achievement of business goals.*

## INTRODUCTION

Rewards can be either intrinsic or extrinsic. An intrinsic reward stems from rewards that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals. While extrinsic rewards are those that are external to the task of the job, such as pay, work condition, fringe benefits, Security, promoting, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organizational level, and may be largely outside the control of industrial manager rewards. On the other hand are those rewards that can be termed 'psychological rewards' and examples are opportunity to use one's ability, a sense of challenge and achievement receiving, appreciation, positive recognition and being treated in a caring and considerate manner.

An intrinsically motivated individual according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. He further suggested that for an individual to be motivated in a work situation, there must be a need, which the individual would have to perceive as a possibility of satisfying through some reward. If the reward is intrinsic to the job, such desire or motivation is intrinsic. But if the reward is described as external to the job, the motivation is described as extrinsic.

Good remuneration has been found over the years to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organization productivity. Also, with the present global economic trend, most employers of labour have realized the fact that for their organizations to compete favourably, the performance of their employees goes a long way in determining the success of the organization. On the other hand, performance of employees in any organization is vital not only for the growth of the organization but also for the growth of individual employee. An organization must know who are its outstanding workers, those who need additional training and those not contributing to the efficiency and welfare of the company or organization. Also, performance on the job can be assessed at all levels of employment such as; personnel decision relating to promotion, job rotation job enrichment e.t.c. And, in some ways, such assessments are based on objective and systematic criteria, which include factors relevant to the person's ability to perform on the job. Hence, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is performing the task or job assigned to him or her. And based on this information, decision affecting the future of the individual employee will be made.

Therefore, a careful evaluation of an employee's performance can uncover weaknesses or deficiencies in a specific, job skill, knowledge, or areas where motivation is lacking. Once identified, these deficiencies may be remedied through additional training or the provision of the needed rewards.

The view that specific rewards will encourage increase in production has not always been sustained, even though management has often attempt to spur production by such offerings and has often attributed production increase to them. Throughout the years production has increased for many reasons in addition to the particular motivation and has erroneously over simplified a highly complex phenomenon. Since then psychologists have been especially concerned with understanding an individual through his motives and acquires a body of knowledge in this field that often differs from the layman's knowledge. It is necessary to review briefly from the psychological point of view what is known about motivation at the present time.

In Nigeria, interest in effective use of rewards to influence workers performance to motivate them began in the 1970s. The performance of workers has become important due to the increasing concern of human resources and personnel experts about the level of output obtained from workers due to poor remuneration. This attitudes 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 workers 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. In view of this, this study attempts to identify the impact of compensation and reward system on the performance in an organization in Nigeria.

Nigeria is reputed to be the sixth largest producer of oil in the world. Recent exploratory works have indicated that the country has an even larger reserve of natural gas than petroleum. The country therefore has the potential of becoming a leading, industrialized (if the potential are property harnessed) nation in the world in the not-too-distant future due to his natural endowment. The current state of affairs in the nation in general as relating to the workforce motivation makes it necessary to temper this optimum with caution. "The workers are on strike again. "Over what" They are asking for another pay rise after the one granted just few months ago"

These statements and comments and many similar ones are reported frequently in the dailies and are commented upon by watchers of development in various industry and service organization. The questions are often asked as to what workers in general and particular want from their employers. These questions are not peculiar to the civil servants or services organization in Nigeria alone. Recently, the federal government announced an upward review of the minimum wages in the civil service. Almost, immediately after the announcement, there was a nation-wide agitation by workers in the states and local government "bureaucracies to benefit from the largesse. It would appear as if money, and more money, if what workers ever ask for, but the fact is that money is a motivator in this part of the world.

Money only plays the role of common denominator of all things. There is a general notion that if only management can identify other things that can motivate work force apart from money. Perhaps there will be a dramatic reduction in the demand by workers for pay rises, less times will be spent on the annual ritual of management/workers union negotiation meetings.

The aims of this research is to find out from empirical studies whether workers given the right incentives other than money can put in their best to contribute to the productivity and growth of the organisations to achieve the following objectives, amongst others: Reduce labour turnover, increase worker's productivity, Redesign and put in place appropriate labour laws and policies eliminate or reduce industrial unrest, Improve management and staff relations, create a productivity culture in the organization.

**Research Questions**

The research questions are as follows:

1. Is there any significant relationship between fair reward system and improved employee's performance in Nigeria?
2. Is there any significant relationship between fair reward system and improved organizational, performance (increase productivity and efficiency) in Nigeria?

**Research Hypotheses**

1. H<sub>0</sub>: There is no significant relationship between fair reward system and improved employees' performance in Nigeria.
- H<sub>1</sub>: There is significant relationship between fair reward system and improved employees' performance in Nigeria.
2. H<sub>0</sub>: There is no significant relationship between fair reward system and improved organizational performance (increased productivity and efficiency) in Nigeria.

H<sub>1</sub>: There is a significant relationship between fair reward system and improved organizational performance (increased productivity and efficiency) in Nigeria.

Expectancy theory is about the mental processes regarding choice, or choosing. It explains the processes that an individual undergoes to make choices. In the study of organizational behaviour, expectancy theory is a motivation theory first proposed by Victor Vroom of the Yale School of management. The expectancy theory of motivation explains the behavioural process of why individuals choose one behavioural option over the other. This theory explains that individuals can be motivated towards goals if they believe that; there is a positive correlation between efforts and performance, the outcome of a favourable performance will result in a desirable reward, a reward from a performance will satisfies an important need, and/or the outcome satisfies their need enough to make the effort worthwhile.

**Remuneration Strategy Theory**

Remuneration strategy is how the organization positions it's remuneration, or pay levels. The organization may implement any of the following pay levels.

**Benchmarking:** The organization positions its salaries in relation to the market. That is on what other organizations in the same industry are offering.

- The organization can adopt a total cost of employment strategy, which covers base pay with variable pay, incentives, and benefits. The organization may use base salary plus add-ons in the form of incentives; or benefits.
- The organization may use incentives as its remuneration strategy or annual salary increments.

The remuneration strategies discussed above have to be aligned with the overall business strategy. The alignment of remuneration strategies with business strategy helps the organization to procure the level of skills necessary to meet the strategic objectives of the organization.

**Deciding the Remuneration Approach**

The choice and appropriateness of the remuneration approach would depend on the following.

- i. **Affordability:** Considers the costs associated with pay. If the organization were newly established, the focus would be to achieve sustainability and viability; thus, affordability would usually influence the original pay levels adopted by the organization. If the organization were well established, the key driver would be competitiveness.
- ii. **Salary Administration:** Is to offer choice per pay, grade, i.e. different pay rates for each pay grade.
- iii. **Benchmarking:** Organizations have to implement pay levels that are externally equitable with what the competitive are offering.
- iv. **Cost Control:** Is choosing a pay strategy that reduces overhead costs.
- v. **Business Alignment:** Considers the role of remuneration in supporting the overall performance level of the organization.

Uluch, D and Goldsmith (2005) believes that as the organizations are growing and becoming established, the usefulness of employees is appreciating; thus, the competitive pay approach would be the most appropriate pay strategy used to attract, motivate and retain employees. The competitive pay approach rewards employees with market related salaries, and provides additional incentives in the form of annual bonuses, profit sharing, and gain sharing. The organization is

required to tailor the rewards according to the needs of the individual. The organization also has to consider the cost implication associated with each pay strategy.

The remuneration strategy is usually guided by the objectives of remuneration and reward systems. The sub-problem of this study is to identify the objectives and strategies of rewards systems. The above discussion gives an overview of some of the strategies that organizations can adopt are total cost of pay, base salary plus benefits annual salary increments, and incentives. The appropriateness of each pay strategy is guided by the objectives of the reward and pay systems.

### **The Evolution of Motivational/Reward Concepts**

Notions of motivation have their roots in the philosophical principle of hedonism namely that individuals tend to seek pleasure and avoid pain. Hedonism assumes a certain degree of conscious behaviour on the part of individuals whereby they make international decisions or choices concerning future actions. In theory, people rationally consider the behaviour alternatives available to them and act to maximize positive results and to minimize negative results. These assumptions were however gradually moved from the realm of philosophy to the more empirically based science of psychology. Even then, motivation is relatively a new concept in psychological theory it entered the discipline as “instinct, only to be reformulated as “drive”. There are basically four (4) theories of motivational concept and a brief comment on each of them will enhance the understanding of the nature of motivation. The theories are:

**Instinct Theory:** Drive Theories: Hedonic Theories: and Cognitive Theories.

One of the greatest exponents of instincts theories was McDougall, and he defined instinct as an inherent or innate psychophysical disposition which determines its possessor to perceive and to pay attention to objects of a certain class to experience an emotional excitement of a particular quality upon perceiving such an object, and to act in regard to it in a particular manner, or at least, to experience an impulse to such actions.

Instinct is purposive directing or guarding the organism to suitable objects or actions in the interest of its needs. Another notion of instinct was that of unconscious motivation or behaviour and this was the basis of the work of Freud who argued that most behavioural tendencies were not necessarily those of that individuals “consciously” determined would be in their best interests.

### **Motivation/Reward**

The word “motivation” was originally derived from the Latin word “Movere” which means ‘to move’ though this could be an inadequate description for what is meant. Some definitions include that by Vroom, (1983) “a process governing choices made by persons or lower organisms among alternative forms of voluntary activity” and Amaeshi, U.F (2006) “the contemporary (immediate) influence on the direction Herzberg, F.B. Monser and B.B. Synrman (1999) “motivation have to do with set of independent and dependent variable relationships that explains the direction, amplitude and persistence of an individual’s behaviour, holding constant the effects of aptitude, skill and understanding of the task, and the constraints operating in the environment”. Perhaps we can distinguish common factors to all these definitions, namely: what energizes human behaviour; what directs or channels such behaviour and how such behaviour is maintained or sustained. And it is also possible perhaps to say that these are the true components of motivation and each would appear a very essential part of factor in understanding human behaviour at work. From these three components we can characterize motivation as:

1. An energizing force within an individual that ‘drives’ him to behave in some ways, and environment forces that often triggers these drives:
2. Goal oriented on the part of the individual behaviour is directed towards something (and)
3. System oriented a process of feedback from the environment to the individual, which either reinforces them from their course of action and redirects their efforts.

### **ALIGNING OF PAY WITH BUSINESS STRATEGY**

The principle of alignment is that every aspect of an organization’s activities should be integrated to achieve corporate goals.

In the absence of a meaningful pay system such as pay for performance and skills and competence pay, it is unlikely that employees would perform well and make the organization successful. The ultimate goal of pay system is to align the goals and interests of employees, with the goals and interests of the organization. This is to make employees think, feel and act like owners of the business. For employees to feel like owners of the company, business goals must include employees, and rewards provided for goal accomplishment Herzberg, F.B. Monser and B.B. Synrman. (1999).

In a first paced global economy faced with competitive pressures, scarcity of human resources and technological changes, organizations are making long term plans for survival and growth. Technology offers for much more flexible work patterns and roles that are met by a wider range of skills, which affects the pay structures that are in place. In a competitive market, pay structures have to respond to the pressures by replacing traditional narrow grades with broad structures.

In trying to respond to the global competitive pressures, organizations are aligning their new strategies, with the evolving organizational work structures and culture. While some values, culture and structures have changed, pay has remained

stagnant over the years. This may affect the change process and commitment of employees to the organization’s goals. For organizations to be successful, the reward strategy should change as the company evolves since the reward and compensation system communicate the new expectations and key messages linked to the long term success of the organization for employees’ performance and for accomplishing the organization’s vision and values. (Uluch, D and Goldsmith. (2005).

The organization becomes what it rewards, and a reward programme can either drive, or diminish organizational performance. Organizations should ask questions such as “what are we currently rewarding” rather than what we need to reward” An effective rewards’ strategy enables organizations to deliver the right amount of rewards to the right people, at the right time, for the right reason.

**Different Pay System to Motivate Employees**

Employees contribute to the success of the organization therefore, employers should create conditions that inspire employees to utilize their skills. Properly managed remuneration system such as pay for performance and pay for skills and competencies, allow employees to be productive, utilize their skills and improve growth and profitability of the organization.

Employees should be involved in building the organization as their involvement creates lasting successful relationship. Nwizu, G. (2011).

**TABLE OF TOTAL REWARD COMPONENTS: THE BETTER WORK FORCE DEAL**

Individual Growth	Compelling Future
Investment in people Development and training performance management career enhancement	Vision and values company growth and success company image and reputation strike holdership win-win overtime.
Total Pay	Positive Work place
Base pay Variable pay, including stocks Benefits indirect pay Recognition	People Focus People focus Leadership Weak itself Involvement & Communication Trust and Commitment

Total pay and a positive work place are at the foundation of reward management. The way employees view work environment and remuneration package is essential to attracting and keeping employees but these two components are not enough when faced by global competition.

Individual growth and a compelling future address the issues of competitive pressure; thus for an organization to survive, all the four components (total pay, positive work place individual growth and compelling future) should be present. The overall objectives of any profit making entity and growth, profits, quality products and increased return on investment. These can only be attained when the work forces’ competencies and skills are developed. Egwuridi, P.C (1981) views the four components discussed by Zingheim as the components of a total rewards strategy. Reward system is not just about money; it is also concerned with those non-financial rewards that provide, intrinsic and extrinsic motivation. Intrinsic rewards are inherent in job design such as interesting and challenging job, degree of feedback, task variety, and autonomy. Extrinsic rewards arise from the factors of job context that include financial rewards, development rewards and social rewards. Financial rewards encompass base pay, variable pay, and benefits; these financial rewards are always of primary importance in reward management, and the organization has to find the right mix of financial and non-financial rewards. The objectives of this study are to evaluate the financial rewards used in motivating, retaining, and improving organization’s success as per literature review.

**Job Analysis:** Is a process of identifying and documenting the duties of a job through use of job description. Job description is an essential factor, when making pay decision because in the obsence of clear job descriptions, employers feel work overload, role conflicts and ambiguity. Herzberg,F.B. Monser and B.B. Syndrman. (1999) ).

**Job Evaluation:** Involves the systematic evaluation of the job description that results from job analysis. The purpose is to rank jobs in order of importance and to reveal the relative worth of each job within the organization and to establish pay structures that are internally equitable and consistent with the organizational goals. Nwizu, G.( 2011).

**Market Survey:** Is when organizations offer salaries that are similar to what other employers in the same industry pay, in order to attract, retain, and motivate employees. The use of market surveys help organizations to make salary comparisons by structuring their pay levels on what other employers in the same industry pay their employees. Herzberg,F.B. Monser and B.B. Syndrman. (1999).



**Pay Structuring:** is when organizations use information that is obtained from the job evaluation exercise and from market surveys to establish differentiated pay rates to be used for each grade Uluch,D and Goldsmith (2005). Base pay is the largest component of total pay for non-executive employees. It also serves as a benchmark for other cash incentives such as profit sharing, which is expressed as a percentage of base pay. As overtime increases costs, Vroom, V.H and Dec, E.L (1983) suggests that overtime should be eliminated for the following reasons.

- Overtime increase labour costs much more than it increases output.
- Overtime bolsters inefficiencies by allowing employees to increase production time, although they could have finished their work within the normal working hours.
- Skilled employees are not willing to train and develop other employees for the fear of losing overtime premiums.

**Skills and Competence Based Pay**

Skills based pay is a payment method in which pay progression is linked to the number and depth of skills that individuals develop and use. It is paying for the horizontal acquisition of skills and the vertical development of skills needed to operate at a higher level by undertaking a wider range of tasks. The emphasis on skills development is necessitated by rapid developments in technology and changing manufacturing methods that require flexibility. Herzberg,F.B. Monser and B.B. Syndrman. (1999) ).

**Objectives of Skills and Competency Based Pay**

Organizations that use many job grades create inefficiencies, high salary costs and high priced product. Efficiency can be enhance by increasing the skills base of employees through training and development. Training increases productivity and reduces costs associated with wastages. Skills based pay creates employees commitment by offering employees a chance to develop their careers. One of the reasons for employee turnover is lack of career progression and skills –pay system addresses this problem

Rewards that an individual receives are very much a part of the understanding of motivation. Research has suggested that rewards now cause satisfaction of the employee to be affected, which directly influences the performance of the employee. Vroom, V.H and Dec, E.L (1983) conclude that factors influence the performance with regards to work. Firstly, it depends on the amount received and the amount the individual feels he or she should receive. Secondly, comparison to what others collect influences peoples performance and thirdly, and 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 only because they lead to other rewards. All these observations suggest the need for a diverse reward system. The study basically adopted the same method as Hersberg et al (1929) and it shows some support. For the influence of motivations on job performance. Herzberg’s two factor theory of motivation, which separated job variables into two groups; hygiene factors and monitors. They made use of a sample of 692 subjects 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 not lower occupational levels “hygiene factors” or extrinsic job factors were more valued. In this work they concluded that an organization that satisfies both intrinsic and extrinsic factors of workers got the best out of them.

**PRESENTATION OF DATA**

Analysis of questionnaire issued and returned by the respondents.

Sampled Zonal Office	Total Distributed	Total Returned	Percentage Returned (%)	Total not Returned	Percentage not Returned
Asaba	200	170	85%	30	15%

Source: Asaba 2017

The data for analysis were derived from the respondents contained in the questionnaire administered. The questionnaires were administered to the sampled zonal office which will serve as a representative of the Total Nigeria Plc.

A total of 200 questionnaires were distributed. Out of the 200 questionnaires issued, only 170 were dully filled and returned to the researcher by the respondents and 30 were not returned which represents 15% of the questionnaires not returned. Therefore, the 170 questionnaires which was fully filled and returned to the researcher were used for the presentation and analysis of this research study as shown in the table above.

**DATA ANALYSIS**

To appreciate the reliability and accuracy of the research findings, the researcher would be analyzing the responses given by the respondent in their questionnaire.

**Table 1: Response Rate**

No of Questionnaire Distributed	No of Questionnaire Returned	Percentage (%)
200	170	85%

Source: Field Survey, 2017

The above table shows that out of 200 questionnaires representing 100% were sent out to Total Nigeria Plc, 85% were dully completed by the respondents and returned to the researcher.

**Respondent’s Demographic Profile**

**Table 2: Gender Distribution**

Respondents	Responses	Percentage (%)
Male	119	70%
Female	51	30%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The table above shows that there are 70% of male and 30% of female in the sample. This indicates that male respondents are more than female respondents.

**Table 3: Age Distribution**

Respondents	Responses	Percentage (%)
21 – 30 Years	61	35.6%
31 – 50 Years	86	50.6%
Above 50 Years	23	15.5%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From the table above 21-30 years represented 35.6% of the respondents. 31 – 50 years represented 50.6% of the respondents while 13.5% represents respondents above 30 years. This indicates that more people within the age of 21 – 30 years making up the respondents and population study for this research.

**Table 4: Marital Status**

Respondents	Responses	Percentage (%)
Married	100	59%
Single	70	41%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The above table shows that 59% of the respondents are married while 41% of the respondents are single. This indicates that most of the respondents are married.

**Table 5: Educational Qualification**

Respondents	Responses	Percentage (%)
FSLC	-	-
WASCE/GCE	30	18%
OND/NCE	30	18%
B.Sc/HND	60	35%
M.Sc/Ph.D	50	29%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The above table shows that 18% of the respondents are WASCE/GCE holders, 18% of the respondents are OND/NCE holders, 35% of the respondents are B.Sc/HND holders while 29% of the respondents are M.Sc/Ph.D holders.

**Table 6: Position in the Corporation**

Respondents	Responses	Percentage (%)
Directors	10	5.9%
Asst. Directors	40	23.5%
Admin Officers	40	23.5%
Accounting Officers	30	17.7%
Others	50	29.4%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The above table shows that 5.9% of the respondents were Directors, 23.5% of the respondents were Assistance Directors, 23.5% of the respondents were Accountants, 17.7% of the respondents were Accounting Officers, while 29.4% of the respondents indicated that they have other positions other than the ones stipulated above.

**Section 2:**

**Interpretation and Analysis of General Question**

**Table 7: There is a significant relationship between four reward system and improved employee’s performance in Nigeria.**

Respondents	Responses	Percentage (%)
Agree	80	47%
Strongly Agree	60	35%
Disagree	20	12%
Strongly Disagree	10	6%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The table 7 above show that 80 respondents representing 47% agree, 35% strongly agrees, 20 of the respondents representing 12% disagree while 10 of the respondents representing 5% strongly disagree.

**Table 8: There is a significant relationship between four reward system and improved employee’s performance in Nigeria.**

Respondents	Responses	Percentage (%)
Agree	60	35%
Strongly Agree	70	41%
Disagree	30	18%
Strongly Disagree	10	6%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

The table 8 above shows that 35% agree, 70 of the respondents representing 41% strongly agree, 18% of the respondents disagree while 6% of the respondents strongly disagree.

**Table 9: The impact of compensation and reward system improve the performance of employees in an organization.**

Respondents	Responses	Percentage (%)
Agree	75	44%
Strongly Agree	55	32%
Disagree	25	15%
Strongly Disagree	15	9%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From the table above 44% of the respondents agree, 32% of the respondents strongly agree, 18% of the respondents disagree while 9% of the respondents strongly disagree.

**Table 10: Relationship exists between four reward system and improved employee.**

Respondents	Responses	Percentage (%)
Agree	90	53%
Strongly Agree	50	29%
Disagree	20	12%
Strongly Disagree	10	6%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From table 10 above, 53% of the respondents agree, 29% of the respondents strongly agree, 12% of the respondents disagree while 6% of the respondents strongly disagree.

**Table 11: The compensation and reward of employees affects their performance in the organization.**

Respondents	Responses	Percentage (%)
Agree	65	38.2%
Strongly Agree	45	26.5%
Disagree	35	20.6%
Strongly Disagree	25	14.7%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017



From table 11 above, 38.2% agree, 26.5% of the respondents strongly agree, 20.6% of the respondents disagree, while 14.9% of the respondents strongly disagree.

**Table 12: Motivation in Total Plc is based on monetary system only.**

Respondents	Responses	Percentage (%)
Agree	100	58.8%
Strongly Agree	30	17.6%
Disagree	25	14.8%
Strongly Disagree	15	8.8%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From table 12 above 58.8% of the respondents agree, 17.6% of the respondents strongly agree 14.8% of the respondents disagree, 8.8% of the respondents strongly disagree.

**Table 13: Employee’s are compensated after a particular job done for the benefit of the organization.**

Respondents	Responses	Percentage (%)
Agree	65	38.2%
Strongly Agree	45	26.5%
Disagree	35	20.6%
Strongly Disagree	25	14.7%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From table 13 above, 38.2% of the respondents agree, 26.5% of the respondents strongly agree, 20.6% of the respondents disagree while 14.9% of the respondents strongly disagree.

**Table 14: Company’s reward system is fairly related to employee’s input performance in an organization.**

Respondents	Responses	Percentage (%)
Agree	85	21%
Strongly Agree	20	12%
Disagree	65	38%
Strongly Disagree	50	29%
<b>Total</b>	<b>170</b>	<b>100%</b>

Source: Field Survey, 2017

From table 14 above, 21% of the respondents agree, 12% of the respondents strongly agree, 38% of the respondents disagree while 29% of the respondents strongly disagree that the company’s reward system is fairly related.

**TEST OF HYPOTHESIS**

**Hypothesis 1**

H<sub>0</sub>: There is no significant relationship between four reward system and improved employees performance in Nigeria.

H<sub>1</sub>: There is a significant relationship between four reward system and improved employees performance in Nigeria.

In testing hypothesis 1, data on table 7 will be used.

Using the correlation formular

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

Where:

r = Degree of relationship

n = Number of observation

∑ = Summation of distribution

x = Independent variable

y = Dependent variable

Responses	X	Y	XY	X <sup>2</sup>	Y <sup>2</sup>
Agreed	5	80	400	25	6400
Strongly Agree	4	60	240	16	3600
Disagreed	3	20	60	9	400
Strongly Disagreed	2	10	20	4	100
<b>Total</b>	<b>14</b>	<b>170</b>	<b>720</b>	<b>54</b>	<b>10.500</b>

$$r = \frac{4(720) - (14)(170)}{\sqrt{(4(54) - (14)^2)(4(10500) - (170)^2)}} = \frac{2880 - 2380}{\sqrt{(216 - 196)(42,000 - 28900)}} = \frac{(20)(18100)}{\sqrt{300}} = \frac{262,000}{500} = 211.9$$

$$r = 0.97$$

**Decision:** In the calculation above, since 0.97 is close to +1 the null hypothesis is rejected and accepts the alternative hypotheses which states that there is a significant relationship between four reward system and improved employees performance in Nigeria.

**Hypothesis 2**

H<sub>0</sub>: There is no significant relationship between four reward system and improved organizational performance (increased productivity and efficiency) in Nigeria.

H<sub>1</sub>: There is a significant relationship between four reward system and improved organizational performance (increased productivity and efficiency) in Nigeria.

In testing hypothesis 2, data on table 8 will be used.

Using the correlation formular

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

Where:

r = Degree of relationship

n = Number of observation

∑ = Summation of distribution

x = Independent variable

y = Dependent variable

Responses	X	Y	XY	X <sup>2</sup>	Y <sup>2</sup>
Agreed	5	60	300	25	3600
Strongly Agree	4	70	280	16	4900
Disagreed	3	30	90	9	900
Strongly Disagreed	2	10	20	4	100
<b>Total</b>	<b>14</b>	<b>170</b>	<b>690</b>	<b>54</b>	<b>9500</b>

$$r = \frac{4(690) - (14)(170)}{\sqrt{(4(54) - (14)^2)(4(9500) - (170)^2)}} = \frac{2760 - 2380}{\sqrt{(216 - 196)(38000 - 28900)}} = \frac{(20)(9000)}{\sqrt{380}} = \frac{182000}{380} = 426.6$$

$$r = 0.89$$

**Decision:** In the calculation above, since 0.89 is close to +1. Therefore, null hypothesis is rejected and accepts the alternative hypotheses which states that there is a significant relationship between four reward system and improved organizational performance (increased productivity and efficiency) in Nigeria.

### Conclusion

Thus research examined the effect of organizational reward system and employee productivity. However, the two hypothesis tested show that there is a relationship between fair reward system and improved employee/organizational performance (increased productivity and efficiency) in Nigeria Total Plc, it assumes that employees expect fairness when being rewarded for work done and people becoming demotivated, reduce their input or seek change improvement, whenever they feel their inputs are not being fairly rewarded. The main trust of this research is based on three principles:

- 1) People develop beliefs about what is fair reward for one's job contribution and exchange.
- 2) People compare their exchange with employer to exchange with other-insiders and outsider called references.
- 3) If an employee believes his treatment is inequitable compared to others, he or she will be motivated to do something about it..... that is, seek justice.

### Recommendations

With regards to the findings of this study and conclusion proffered. It becomes imperative that certain recommendations should be made to serve as a guide for practical actions.

- 1) The Nigerian Total Plc should develop reward policies and practices that support the achievement of organizational goal.
- 2) They should provide rewards that attract, retain and motivate employees and help develop high performance culture.
- 3) Maintain competitive rates of pay.
- 4) Reward people according to their contribution to the company.
- 5) Recognize the value of everyone who makes an effective contribution to the company not just exceptional performers.

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