Incentives Packages and Employees’ Attitudes to Work: A Study Of Selected Government Parastatals In Ogun State, South-West, Nigeria

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Abstract

For any organization to compete favourably in the competitive society, employees’ attitudes and commitment towards work goes a long way in determining the employees’ performance and organization productivity. The main objective of this study is to examine the effect of incentives packages on employees’ attitudes towards work. A descriptive research method was adopted for this study using one hundred twenty valid questionnaires which were completed by members of staff of four (4) selected government parastatals in Ogun State, South-West Nigeria using stratified and systematic sampling technique. The data collected were carefully analyzed using percentage supported by standard deviation to represent the raw data in a meaningful manner. The results show that strong relationship exists between incentives packages and employees’ attitudes towards work and the workers are not satisfied with the present incentives packages. The summary of the findings indicates that there is strong correlation between the tested dependent variable and independent construct. However, employers of labour and decision makers should endeavour to review incentives packages at various levels in order to earn employees’ commitment and satisfaction.

Key Words: Incentives, Attitudes, employee, employers, performance, parastatals

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1. Introduction

The success and the survival of any organization are determined by the way the workers are remunerated and rewarded (Lawler, 2003). The reward system and motivating incentives will determine the level of employees’ commitment and their attitude to work. As noted by Dixit and Bhati (2012) poor incentives packages have been a major factor affecting employees’ commitment and productivity. However, for any organization for achieve it object in any competitive society, employers of labour must have a thorough understanding of what drives the employees to perform efficiently and reward them accordingly (Mueller, 2011). Besides, employees must be motivated through adequate incentives plans and reward systems and this will invariably encourage them to be proactive and have right attitude to work, thereby promote organizational productivity (Armstrong, 2007). However, in a highly dynamic organization, incentives strategies are deployed by employers of labour to ensure that the best brains are retained in the
best interest of the organization (Nelson, 2003). Consequently, productivity can only be enhanced if the employees are well motivated through adequate incentive packages that are proportional to their performance (Diener and Biswas, 2002, Stolovich et al., 2004, Michele and Rob, 2008, Mark 2011). Meanwhile, to avoid wrong perception and controversy by the employees, reward system must be clearly communicated to employees with job measurement which will drive the much needed motivational drive in the employees (Hartman, 2011). Incentives propel and influence employees attitudes in work place and as well stimulate understanding between the employer and the employee which will consequently cumulating into unprecedented performance for both the employees and the organization (Barbara et al. 2003; Heneman 1992). Employee satisfaction and performance are largely influence by incentives packages or reward system put in place by the organization (Osibanjo et al, 2012). Therefore, this study is to test the effect of incentives packages on employee attitudes among the public servant in Ogun State, Nigeria.

2. Literature Review

2.1 Incentives

Adequate incentives have been found to be one of the means through which organization can adopt to motivate and increase their workers’ performance. There are many studies in the literature, which examine the monetary and non-monetary incentives and their effects on organizational variables (Al-Nsour 2012; Scheepers 2009; Pouliakas 2008; Pınar 2008; Arnolds and Venter 2007; Kaya, 2007; Sezen 2002). Incentive programs are put in place by various organisations to compensate and reward performance of employees who perform more than expectation (Schiller 1996). Incentive packages are financial or non-financial rewards offered to employees to compel them to exert more effort into any giving task (National Commission on Productivity and Work Quality 1975). Incentives is a force that cause employees to behave in certain ways and on any given day, they may choose to work as hard as possible at a job, to work just hard enough to avoid a reprimand, or to do as little as possible (Griffin, 2002). Meanwhile, incentives are designed to get the maximum performance from the employees and help retain the most productive among them (Arnold 2013). Organization can consider a variety of ways to reward the employees for their work performance, but an organization need to consider using the best employee incentives to get the desired results. Incentives are an instrumental drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any giving task (Condy et al. 2003). “High productivity may be determined by workers employees’ ability to work and therefore employees that are not well rewarded produce less” Koontz (1984). Luthans (1998) divided these incentives into monetary incentives and non-monetary incentives which is also known as financial or non-financial incentives.

Meanwhile, employees could be intrinsically or extrinsically motivated. Intrinsic motivation is an inward drive coming from within the person which makes him to work effectively and efficiently toward the realization of organizational productivity (Ryan & Deci, 2000). It arises from natural psychological needs, such as needs for competence and autonomy (Deci & Ryan, 1985; Kasser & Ryan, 1996). It is a self-generated urge that comes from inside an employee and influences him/her to work harder. They are connected to job related and social incentives such as opportunity to use one's ability, interesting work, recognition of a good performance, development opportunities, a sense of challenge and achievement, participation in decision making, and being treated in a caring and thoughtful manner etc. On the
other hand, extrinsic motivation exists when behaviour is performed to attain externally administered incentives. Extrinsic motivation is related to “tangible” incentives such as wages and salaries, fringe benefits, cash bonuses, security, promotion, wall plaques, free dinner or movie tickets etc. (Pattanayak, 2005) Intrinsic and extrinsic incentives are two important tools in ensuring motivation, commitment and satisfaction of employees in the world of work. It is therefore possible to state that nonmonetary incentives as a motivational tool address both intrinsic and extrinsic motivation concepts. While monetary incentives may only be classified as a factor leading to extrinsic motivation. Therefore, for employees to remain efficient and highly productive, and competitive, management need to understand why individuals and group behave the way they do, so that they can be satisfied, happy and highly productive (Oyedijo, 1995).

2.2 Monetary incentives

Monetary incentives are used by employers of labours to retain their best brains and as well compensate them for a job well done and excellence of job performance through monetary form. (Nelson, 2003, Kepner, 2001) The incentive can come in many forms: basic salary, compensation, insurance, profit sharing, retirement plans, employee stock, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance bonuses, piecework, safety incentives, suggestion Awards etc (Pattanayak, 2005; Cole, 2002; Kepner, 2001). Monetary incentive is used to describe incentive payment plans which ties incentives directly or indirectly to productivity standard (Ubeku, 1975; Alaba & Owodunni, 2007).

2.3 Nonmonetary Incentives

Nonmonetary incentives are to reward employees for excellence job performance through opportunities (Kepner, 2001). It usually come in form of more enabling authority, award, participating in the management, promotion, holidays, better working environment, written recognition, gifts, formal dinners, informal parties, plaques, etc. (Ellis and Pennington, 2004; Spector, 2003; Chaing & Birtch, 2008; Hijazi, Awar & Mehbood, 2007). Meanwhile, in order to have a clearer understanding of incentive packages, it is imperative know the classification of incentive packages and this is depicted bellow:
CLASSIFICATION OF INCENTIVES

**MONETARY INCENTIVES**
- **DIRECT COMPENSATION**
  - Basic Salary
  - Commission
  - Bonus
- **INDIRECT COMPENSATION**
  - Insurance
  - Profit Sharing
  - Retirement Plans
  - Overtime pay
  - Travel Expenses
  - Subsidized Housing

**TANGIBLE NON MONETARY INCENTIVES**
- **TREATS**
  - Free Meal, beverages, Coffee break, Picnic, Birthday treats.
- **AWARD**
  - Plaques or Trophies
  - Certificates
  - Letter of Appreciation
- **KNICK-KNACKS**
  - Decorative

**INTANGIBLE NON MONETARY**
- **SOCIAL REWARDS**
  - Informal Recognition
  - Verbal Recognition
  - Office get-together
  - Use of company facilities
- **TASK-RELATED REWARDS**
  - More Responsibility
  - Meaningful work
  - Job Rotation
  - Special Assignment
  - Training & Development

Adopted from Pattanayak 2005, p264
2.4 Effect of Incentives On Workers Attitudes

Although employee attitudes such as satisfaction are not a major determinant of job performance (Spector, 2003) but contribute to (or discourage) absenteeism, reduction in the wastages, industrial accidents and they help establish the culture of the organization (Edward, 2009) Four major generalizations about employee attitudes and incentives as noted by Edward (2009) are (i.) employee satisfaction is influenced by how much is received and how much the individual thinks should be received. (ii.) employee satisfaction is affected by comparisons with what happens to others. (iii.) employees often misperceive the incentives of others. (iv.) overall job satisfaction is affected by how satisfied employees are with both the extrinsic and the intrinsic rewards they derive from their jobs.

2.5 Incentives Theories

Individual employee is motivated by different incentives or benefits and it is important to know how they are motivated and what can satisfy them in order to encourage them to have right attitudes to work which will invariably enhances employee performance and organizational productivity. The incentive theory is one of the major theories of motivation and suggests that employees are motivated to do things out of a desire for incentives (Bernstein, 2011, Hockenbury & Hockenbury, (2003). Maslow (1954) argued that employees are motivated to satisfy five need levels: physiological needs, security need, belongingness need, self esteems and self actualization organizations, the needs are generally satisfied by adequate wages/salary and the attractive incentive packages. Griffin, 2002). Hertzberg (1959) posited that satisfaction and dissatisfaction are driven by different factors; motivation and hygiene factors and employee’s motivation and commitment to work is proportional to employees’ satisfaction. Therefore, incentives is intrinsic drive that compel individual employee to attain both personal and corporate goal (Hockenbury, D. H. & Hockenbury, S. E. 2003). He added that motivation factors are instrumental to the willingness of employees to perform optimally, and this provides people with satisfaction such as achievement in work, recognition, promotion opportunities. These motivating factors are considered to be fundamental to the employees’ job performance. Expectancy theory by Vroom (1964) opined that motivation largely depends on the individuals’ expectations about their ability to perform any giving tasks in anticipation to receive desired and commensurate rewards, (Daft, 2003). The basis of the expectancy theory of motivation is the relationship between the effort, performance and outcomes, the impute of employees determines the reward package. Expectancy theory posited that individual or group effort leads to performance and the outcome of their performance is related to their incentive packaged. Sequel to the above, incentive packages is a motivating drive that enhances the employees’ right attitudes to work and this will invariably propel them to be committed and willing to work hard in anticipation of what they stand to get in return of the impute

2.6. the importance of the study

The survey became necessary because of the unproductive attitudes of employees towards work in the public sector. Having understood from the above literature reviewed that incentive packages are one of the major underlining cause that can make the employees perform optimally in their job. This study is however necessary because it will help with identifying the incentive packages that the management or the government, as the case may be, needs to put in place to
earn employees commitment and productivity. As obtained in the literature, incentives packages may be in form of monetary, tangible non-monetary and intangible non-monetary (Pattanayak 2005). These tend to influence employees’ attitudes and job performance therefore we propose the following hypothesis:

H₁: Monetary incentives packages have significant impact on employees’ productivity
H₂: Nonmonetary incentives packages have significant impact employees’ productivity

3. Research and Methodology

This study will focus on the effect of incentives packages on employees’ attitudes to work among the Nigerian public servants, however, as obtained in the literature reviewed above, we propose the following research model depicted in figure 1.

![Figure 1: proposed Study Model](image)

The empirical data for the study were collected through questionnaires, which were prepared absolutely for workers in four (4) selected government parastertals in Ogun State Government. Purposive and convenience sampling methods were adopted in selecting the parastartals and participants for this study. The research instrument was divided into two sections, the first tends to obtain the respondent biodata while the second part contains the items regarding the constructs of the subject matter and this was based on a five-point Likert scale (5-Strongly Agreed, 4- Agree, 3- Undecided, 2-Strongly Disagree, 1-Disagree) that best describes the extent to which the respondents agree with each item in the questionnaire. The methods that were used to analyze the data in this work was both the descriptive and inferential methods of analysis. The descriptive method was based on percentage while the inferential method of analysis employed Standard Deviation. The opinions of the candidates on each question are weighed using simple percentage. This is done so as to ascertain the average opinion of the respondents. A total of 150 copies questionnaires were administered within the scope of selected location, having sorted the returned questionnaires, only 120 copies of questionnaires representing 80% were validly used while 48 copies (20%) were either discarded due to improper
filling or unreturned. The study tends to add to the existing literature on incentives, reward system, employees performance and productivity.

Following from Table 1, 64.2% of the sample size were male while 35.8% were female, which implies that the population of male respondent is higher than female. Meanwhile, about 82.5% of the respondents were within an economically active population. Moreover, 46.7% of the respondents were married, while 38.7% were single and 18.5 divorced or separated, though the reason for their present marital status could not be ascertained as at the time of documenting this report. Regarding the years of work experience; 57.5% of the respondents had worked between 10 and 19 years; while 25% has put in between 1-9 years; 17.5% has spent 20 years and above, which makes the respondents authority in responding to questionnaire.

**Table 1: Demographic and Socio-economic Characteristics of Respondents**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
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<tr>
<td><strong>Sex:</strong></td>
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<tr>
<td>Male</td>
<td>77</td>
<td>64.2</td>
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<tr>
<td>Female</td>
<td>43</td>
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<td><strong>Total</strong></td>
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<td><strong>100%</strong></td>
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<td><strong>Age:</strong></td>
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<td>18-25</td>
<td>10</td>
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<td>26-35</td>
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<td>36-45</td>
<td>44</td>
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<tr>
<td>46-55</td>
<td>25</td>
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<tr>
<td>56 and above</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100%</strong></td>
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<tr>
<td><strong>Marital Status</strong></td>
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<tr>
<td>Single</td>
<td>43</td>
<td>35.8</td>
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<tr>
<td>Married</td>
<td>56</td>
<td>46.7</td>
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<tr>
<td>Others</td>
<td>21</td>
<td>18.5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
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<tr>
<td><strong>Educational qualification</strong></td>
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<td>WAEC/GCE/NECO</td>
<td>11</td>
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<td>OND/NCE</td>
<td>28</td>
<td>23</td>
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<tr>
<td>B.Sc/BA/HND</td>
<td>60</td>
<td>50</td>
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<tr>
<td>M.Sc/MBA &amp; Above</td>
<td>21</td>
<td>17.5</td>
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<td>Others</td>
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<tr>
<td><strong>Total</strong></td>
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<tr>
<td><strong>Year of Experience</strong></td>
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<td>1 – 9</td>
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<td>10 – 19</td>
<td>69</td>
<td>57.5</td>
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<tr>
<td>20 years &amp;above</td>
<td>21</td>
<td>17.5</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
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*Source: Researcher’s Analysis of Field Survey, 2013*
3.1 Hypotheses Testing

**Hypothesis One:** Monetary incentives packages have significant impact on employees’ productivity.

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<th>Table 2: Standart Deviation and Statistics</th>
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Results in the above table revealed that majority of the respondents agreed that salaries, bonus and allowances motivates employees to have prolific attitude towards work (Mean = 4.392; Std. Dev. = .725; $x^2 = 93.933; p < .05$). Also, greater percentage of the respondents established that well paid employees performs better in their job (Mean = 4.159; Std. Dev. = .860; $x^2 = 95.167; p < .05$). In addition, results showed that fringe benefit may influence employees performances (Mean = 3.400; Std. Dev. = 1.246; $x^2 = 19.167; p < .05$). Most of the respondents also agreed that profit sharing may facilitate effective performance (Mean = 3.958; Std. Dev. = 1.048; $x^2 = 75.583; p < .05$). Besides, majority of the respondents agreed that prompt payment of allowances will facilitate effective performance (Mean = 3.958; Std. Dev. = 1.048; $x^2 = 75.583; p < .05$).

Hence, it is therefore accepted that there is a significant relationship between employees’ incentives packages and productivity.

**Hypothesis Two:** Nonmonetary incentives packages have significant impact employees’ productivity

<table>
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<th>Table 3: Standart Deviation and Statistics</th>
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Sequel to the above result a larger percentage of the respondents established that good working conditions in an organization may improve employees’ performances (Mean = 4.125; Std. Dev. = .705; $\chi^2 = 105.800; p < .05$). In addition, most of the respondents agreed that training and development in an organization may have positive influences on employees performances (Mean = 4.183; Std. Dev. = .850; $\chi^2 = 119.083; p < .05$). Majority of the respondents also agreed that job security increases productivity (Mean = 3.442; Std. Dev. = 1.180; $\chi^2 = 22.500; p < .05$). As well, most of the respondents declared that any employee who expects promotion and dully promoted is bored to increase his/her efforts and performance (Mean = 3.417; Std. Dev. = 1.220; $\chi^2 = 19.417; p < .05$). Majority of the respondents were of the opinion that if employees are giving adequate award and recognition on a job well done, it will increase their efforts and performance (Mean = 3.417; Std. Dev. = 1.220; $\chi^2 = 19.417; p < .05$).

Therefore, it would be concluded that other incentives tend to have little motivational value if monetary incentives are perceived to be adequate. The alternative hypothesis which stated that other incentives tend to have little motivational value if monetary incentives are perceived to be adequate was accepted by this study. In effect, other incentives tend to have little motivational value if monetary incentives are perceived to be adequate.

4. Findings and Recommendations

The study examined the effect of incentives packages on employees’ attitudes towards work in selected government parastatals in Ogun State, South West, Nigeria. All the variables in the research were tested and it was found out that strong relationship exists among the variables having subjected the collected data to empirical analysis with the use of standard deviation. However, the results of the findings indicated that employees placed great value on the different incentives given to them by their employers. Hence, when these incentives are not commensurate with the employees’ expectations, they tend to express displeasure to the management and if it is not properly manage it can lead to poor performance, absenteeism, late coming and high employee turnover. It is therefore imperative for the organization to take into consideration what makes workers to be satisfied in order to earn their commitment thereby safe guard peaceful working environment and promote harmonious working relationship in the world of work. This implies that employees in the government parastatals can work better if there is improvement in the various incentives packages identified in this research work. The analysis showed that proposed hypotheses tested are accepted and the employees’ morale can be boosted by designing a new incentive framework that will meet the employees’ expectation because the ability of the organization to attract and retain employees depend on how much monetary and non-monetary incentives, it is prepared to offer. Poor wages and salaries as well as poor working conditions is a constant source of frustration to employees and when they engage management in constant strife, the result is decrease productivity. Promotion, better pay fringe benefit and other social incentives are essential factor that motivate the employees to increase productivity. It is therefore recommend that organization should strive to improve on monetary and non-monetary incentives package giving to their employees in order to get the best out of them. Efforts must also be intensified to ensure that employees are giving what is due to them without any delay. It is evident from this study that
Work Attitude is significantly influenced by Incentive Structure. The Implication is that the more preferred the incentive structure, the more positive employee work attitude will be.

5. Conclusion
The study looked at the interplay between incentive packages and employees’ attitudes to work in some selected government parastatals in Ogun State, South-West Nigeria and concluded that a number of incentives (monetary, tangible and non-tangible non-monetary) play a prominent and significant roles in enhancing employees right attitudes to work. Meanwhile, the present study is limited to incentive packages in selected government parastatals in Nigeria; further studies in this area should increase the sample size, attention should also be giving to the role of incentive packages on employees’ attitudes to work within the group. In addition, the method of data analysis used in this research work was limited to the use of standard deviation; further studies can engage some more detailed statistical method to arrive at findings that can be generalized.

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