

**TITLE PAGE**

**EFFECT OF REWARD SYSTEM ON EMPLOYEES' PERFORMANCE IN  
FIRST BANK PLC, YAKUBU GOWON WAY, KADUNA**

**BY**

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**BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT  
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ADMINISTRATION AND MANAGEMENT**

**KADUNA POLYTECHNIC**

**JUNE, 2022**

## DECLARATION

I hereby declare that this project was written by me under the guidance and supervision of **Dr. Ibrahim M. Awwal** of the Department of Business Administration. I have neither copied someone's work nor has someone else done it for me. All references made to published literature have been duly acknowledged.

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## APPROVAL

This is to certify that this project titled “**Effect of Reward System on Employees’ Performance in First Bank Plc, Yakubu Gowon Way, Kaduna**” written by **Hilary Okoli, KPT/CBMS/19/43153**, has been read and approved as having met the requirements governing the preparation and presentation of project in Kaduna Polytechnic. It is hereby approved for its contribution to knowledge and literary presentation.

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## **DEDICATION**

This research project is dedicated to Almighty God.

## **ACKNOWLEDGEMENT**

My thanks and gratitude first of all goes to Almighty God for giving me the ability and strength to complete this programme successfully.

I am indeed grateful to my able supervisor Dr. Ibrahim M. Awwal for taking his time in going through the manuscripts and making appropriate corrections where necessary. May Almighty God bless you and your family abundantly (Amen).

My immense gratitude goes to H.O.D, Mr. Tunde Lawal and the entire lecturers in the Department of Business Administration for their intellectual supports in conducting this research work.

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Finally, my sincere appreciation goes to my friends, colleagues and well-wishers for their encouragements and advices.

May Almighty God bless you all (Amen).

## ABSTRACT

*This study was carried out to determine the effect of reward system on employees' performance in First Bank Plc, Yakubu Gowon Way Branch, Kaduna. The study specifically aimed to find out the influence of increase salary on employee performance, determine if intrinsic reward affects the performance of employees, and evaluate the effect of monetary reward on the performance of employee in First Bank Plc, Kaduna. Survey method was used for this study. The population consists of all the management and staff of First Bank Plc, Kaduna. A sample of 58 was drawn from population of 68 using Yamane formula. Three (3) research questions were raised to guide the study while a set of questionnaire was used to obtain data from the respondents. A frequency distribution table and simple mean score method was used to analyse the data obtained. The study found that increase salary influenced employee performance in First Bank Plc, Kaduna. The study further revealed that intrinsic reward significantly affects the performance of employees in First Bank Plc, Kaduna. More so, the study revealed that monetary reward has effect on the performance of employee in First Bank Plc, Kaduna. Some recommendations were made among others that organizations should make reward system attractive to the employees in order to motivate them so as to improve productivity. Also, the general conditions of service should be improved in order to motivate employees to higher level performance.*

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Organizations are been established with the aim of effectively utilizing of all the various resources that is been variable to achieve certain objectives. Among this resource is man, which is commonly seen as the most valuable asset and organization could use to earn competitive advantage and to be able to achieve its objectives. Hence, there is need for human resource management to ensure optimum productivity and the continuous existence of the organization (Baron, 2016).

Human resource has been tagged as the most valued asset of an organization as without human capital, all other resources of the organization cannot coordinate itself (Armstrong, 2013). Thus, human capital is an asset, an intangible asset that should be invested upon so as to provide long term commitment and high productivity in an organization. Therefore, there is need to reward employees in order to elicit their increased in productivity so as to help the organization to achieve its goals and objectives.

Organizations in today's environment seek to determine the reasonable balance between employee commitment and performance of the organization. The reward and recognition programs serve as the most contingent factor in keeping employees' self-esteem high and passionate. Armstrong (2013) stated that, it is among the functions of managers to motivate the employees successfully and influence their behavior to achieve greater organizational efficiency. Buchana (2013) is of the view that performance of job is the result of ability and motivation. Ability formulated through education, equipment, training, experience, ease in task and the mental and physical capacities. The

performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs. According to Wilson (2015), the process of performance management is one among the key elements of total reward system.

According to Baron (2016), reward system takes different steps in recognition of their work need fulfillment functions; these are money, incentives, compensation etc. When compensation or money is given, reward benefits, employee perks, and amenities are given, and non-wage remuneration benefits are given when a direct monetary reward is given to an individual worker, such as a salary advance, pension leave pay, and so on. Staff clubs, recreation facilities, picnics, dances, and end-of-year parties are examples of white services with no direct and identifiable monetary value. Salaries and earnings, as well as allowances and other service conditions, are all subject to negotiation.

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, 2014). Edward and Christopher (2016) have mentioned that most of the employees are not automatically will come to work, continue to work or work hard for the organization. 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 & Bretz, 2015). Forsooth, reward strategy and systems are competitive tools that can make employee show good performance and motivated them to work in the organization. It is against

this background that this study seeks to examine the effect of reward system on employees' performance in an organization.

## 1.2 **Statement of the Problem**

Studies has shown that instead of organization to pay attention on how employees will be rewarded appropriately, some organization concentrate more on other resources such as materials, machines and money. The effort is more on how to improve the production process with little or no consideration for human efforts. Human resource is very important if not the most important because it is the one that harnesses other resources in the organization. There is increasingly a need for organization to be in a position of understanding appropriate rewarding system that will motivates their employees for high organizational performance (Vance, 2012). What appropriate rewards that should form the employment package are currently challenging commercial banking performance (Ajila and Abiola, 2014; Aktar, Sachu & Ali, 2012). In Nigeria, various reward packages are used and these involve monetary (extrinsic) and non-monetary (intrinsic) rewards. For example in the context of monetary reward, salary increase is sought to be highly essential for employee's satisfaction.

In view of the fact that pay is important, both in its effect on employees and on account of its cost, organizations need to plan what they will pay employees in each job. An unplanned approach, in which each employees' pay is independently negotiated will likely result in unfairness, dissatisfaction, and rates that are either overtly expenses or so low that positions in the organization are hard to fill.

First Bank Plc, Kaduna as a reputable organization has numerous functions and overall productivity depends on its effectiveness and has been observed that reward package

have not achieved much in terms of ensuring maximum efficiency, in the light of these problems, that a research of this nature is needed to outline those limiting factors.

First and foremost, lack of proper and effective motivation, for example, inadequate facilities which hinder the effective performance of staff. Furthermore, management see reward package as a cost not a motivational tool for improving employee performance, hence do not implement such reward system in place.

### 1.3 **Objectives of the Study**

The major objective of the study is to examine the impact of reward system on employees' performance. However, the specific objectives are:

- i. To find out the influence of increase salary on employee performance in First Bank Plc, Kaduna.
- ii. To determine if intrinsic reward affects the performance of employees in First Bank Plc, Kaduna.
- iii. To evaluate the effect of monetary reward on the performance of employee in First Bank Plc, Kaduna.

### 1.4 **Research Questions**

In order to achieve the aforementioned objectives, the following questions were raised.

- i. What is the influence of increase salary on employee performance in First Bank Plc, Kaduna?
- ii. To what extent does intrinsic reward affects the performance of employees in First Bank Plc, Kaduna?
- iii. What is the effect of monetary reward on the performance of employee in First Bank Plc, Kaduna?

## 1.5 **Significance of the Study**

The study is important to First Bank Plc, Yakubu Gowon Way, Kaduna, as it intends to show how management can create an effective reward system for their staff and other motivational factors to promote workers towards achievement of goal.

It is envisaged that this research work would serve as a reference materials and guide to managers in their various organizations and also to future researchers who may wish to conduct further research in the same area of study, as the study will explore into various forms of reward system.

To the student, it is in partial fulfillment of the requirement for the award of Higher National Diploma in Business Administration and Management.

## 1.6 **Scope of the Study**

The study is strictly focused on the effect of reward system on employees' performance. The scope of this study particularly covered the First Bank Plc, Yakubu Gowon Way, Kaduna with emphasis on the Human Resource Management Department. The research covered some of the problems that may happen in the nearest future by which some of the workers could be motivated for higher productivity and performance. Hence, the study covered the period of five years, from 2017 – 2021.

## 1.7 **Limitations of the Study**

In the process of conducting the research, the researcher faced the problem of not been able to lay hands on research materials needed for the review of literature.

The inability to collect all the questionnaires administered was another problem faced by the researcher.

Finally, the researcher encountered the problem of not been able to have enough fund to carry out the research extensively.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter, the researcher consulted and assessed related write-ups, journals and other related literature to the topic under consideration. The chapter reviewed the conceptual framework, empirical studies as well as theoretical framework.

#### **2.2 Conceptual Framework**

##### **2.2.1 Meaning of Reward System**

Reward system as a factor of motivation can be viewed to be the situation whereby a particular organization provides some services which are of motivational value to the employees in general these services will actually increase the morale of the workers concerned (Basset, 2014). Therefore, reward system can be viewed in two perspectives, that is reward system in the sense of looking after the physical needs of employees and reward, in the sense of financial provision, which are explained as follows; reward system in the sense of looking after the physical needs of employees include the following according to Basset (2014).

- \* Health and safety of employees at workplace through:
  - a) Providing and maintaining plant and systems of work that are, so far safe and without risks of health.
  - b) Ensuring safety in use, handling, storage and transport of articles and substances.
  - c) Providing sufficient information, instruction training and supervision to ensure the health and safety of all employees.
  - d) Maintaining a safe place of work, and safe means of access and exit
  - e) Providing a safe healthy working environment adequate arrangement for reward.

\* Reward system in the sense of financial provision include pay and salary administration explain as follows:

**The Pay System:** according to Yodel (2017), this refers to the actual amount of money employees receive in exchange for their work, which could be in form of wages, salaries and other related pay therefore, the purposes of a payment policy in an organization are:

- a) To attract sufficient and suitable employees
- b) To retain employees who are satisfactory
- c) To reward employee for effort, loyalty, experience and achievement.

These purposes have to be achieved within an agreed budget for wages, salaries and related payments.

**The Wage System:** The term wage refers to a compensation paid for services rendered by employees. This could be paid on a daily, weekly and on monthly basis. Wages are mostly paid to casual workers, whose appointment is not permanent. Therefore, the payment of wages is the employers legal obligation to his or her employees (consideration). How much is to be paid and in what manner, is a matter of judgment or negotiation (Yodel, 2017). Hence the purpose of wages payment in an organization includes the followings:

- a) Attract, retain and motivate sufficient number of employees to meet production needs.
- b) Encourage the optimum productivity from employees
- c) Ensure a high level of quality of output
- d) Recognize the value of jobs in relation to each other
- e) Enable employees to share in the growth and prosperity of the organization.

- f) Ensure that labour costs are suitable controlled in relation to other costs and in relations to revenue.

**Wages Structure:** A wage structure is a hierarchy of job grades or rate. A grade is a wage band, through which a job holder possess by virtue of experience or skill, while a wage rate is the sum of money attached to a particular job (Weber, 2015). The differences between job grades and rates are called “differentials”. Thus, in an organization, for example, there will be a structure consisting of grades or rates for skilled workers (Managers, Supervisors, Accountants, Clerks, etc.), semi skills (Typist, Machine Operator, Mechanics, etc) and unskilled (Gardeners, Cleaners, Securities, etc).

Bowey and Lupton (2013) devised a basis for making comparisons between rates of pay in different organizations. They selected five factors for comparison between jobs.

1. Skill
2. Responsibility
3. Mental effort
4. Physical effort
5. Working conditions

Each factor was subdivided into a number of sub-factors, which were given a weighting as in the following example:

- |    |             |    |
|----|-------------|----|
| 1. | Education   | 5% |
| 2. | Training    | 5% |
| 3. | Experience  | 5% |
| 4. | Performance | 5% |
| 5. | Initiative  | 5% |

6.	Mechanical	5%
7.	Dexterity	5%
	Total weighting of skill	35%

**Salary Administration:** This is a process of determining monetary reward for services rendered by an employee in an organization (Basset, 2014). In the past, salaries and wages were settled through the process of collective bargaining, but in recent years, government has considered it necessary to exercise much more direct control over income through minimum policy. Agreement on salaries will have to cover such things as night duty and shift work, other incentives, guaranteed minimum weekly payment, holidays, allocation of work etc. The essence of salary administration is normally to accomplish three objectives, according to Basset (2014):

- a) To attract capable, competent and qualified employees into the organization
- b) To motivate worker towards greater and effective performance.
- c) To ensure the continued dedication, commitment and retention of workers in an organization.

### **Factors that Determine Salary Administration**

Basset (2014) opined that the following are factors that determines salary administration:

- a) The ability to pay
- b) The cost of living
- c) The labour market condition
- d) Difficulty of the job
- e) Government action
- f) Comparability
- g) Productivity.

## 2.2.2 Theories of Motivation

Several research studies on motivation have been undertaken by industrial psychologists and behavioral scientists. As a result, some theories about motivation and human behavior have been developed by researchers. Theories of motivation explore the sources of pleasure that people experience when they maintain equilibrium and preserve homeostasis by avoiding pain and over stimulation. The dynamic process of change itself has important implications for employees in modern organisations (Cook, 2018). In particular, it affects their basic need to know who they are as a secure anchor amid incessant change. Frequent changes in organisations and in technology influence the power structure, the skills needed to excel on the job, an organisation's values, and its managerial philosophy. Work motivation research began, as did the psychology of motivation in general, as a branch of individual psychology. However, more than theories of personality and human abilities, theories of work motivation traditionally have encompassed both individual and situational characteristics.

### 2.2.2.1 Abraham Maslow's Hierarchy of Needs Theory

Abraham Maslow proposed the theory called hierarchy of needs theory. Maslow believed that within every individual, there exists a hierarchy of five needs and that each level of need must be satisfied before an individual pursues the next higher level of need. The five levels of needs, according to Maslow are:

1. **Physiological Needs.** These needs essential to sustain life include food, water, air and sleep. According to Maslow's theory, if these needs are not met, then all other needs will not felt or be a source of motivation.
2. **Safety Needs.** This refers to the need to feel safe from physical and emotional harm. These needs include medical insurance, job security, financial reserves.

3. **Social Needs.** These needs are concerned with social interactions with others. The individual needs to feel a sense of belonging, affection, acceptance, and friendship.
4. **Esteem Needs.** Esteem is concerned with the feelings of self-confidence derived from achieving something and the sense of belonging. Esteem needs may be classified as internal or external.
  - Internal esteems are those related to respect and achievement.
  - External esteem needs are those such as social status and recognition that comes with the achievement.
5. **Self-Actualization Needs.** This level of needs is concerned with achieving ones full potential and dreams. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically, there are always new opportunities to continue to grow. This needs include truth, justice, and wisdom.

#### 2.2.2.2 Existence, Relatedness and Growth (ERG) Theory

ERG theory, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs. Instead of the five needs that are hierarchically organized; Alderfer proposed that basic human needs may be grouped under three categories, Existence, Relatedness, and Growth. The theory's name is based on the first letter of each need.

1. **Existence:** Refers to our concern with basic material existence motivators. Physiological and safety needs (such as hunger, thirst and safe condition)
2. **Relatedness:** Refers to the motivation we have for maintaining interpersonal relationships. Social and external esteem needs (such as involvement with family, friends, co-workers and employers).
3. **Growth:** Refers to an intrinsic desire for personal development.

Internal esteem and self-actualization need (such as the desire to be creative, productive and to complete meaningful tasks). The implication of this theory is that we need to recognize the multiple needs that may be driving individuals at a given point to understand their behavior and properly motivate them.

### 2.2.2.3 Two-Factor Theory of Fredrick Herzberg

The two-factor theory of motivation includes hygiene factors and motivators. The theory explains the factors that motivate individuals through identifying and satisfying their individual needs, desires and the aims pursued to satisfy these desires. Herzberg labeled factors causing dissatisfaction of workers as “hygiene” factors, and factors causing satisfaction of workers as “motivator” factors.

#### 1. **Hygiene Factors**

This includes company policies, supervision, working conditions, salary, and safety and security on the job. Examples would be when people felt they weren't paid enough, didn't like their supervisors, were not happy about their working conditions or were insecure in their jobs. However, if they felt that the maintenance factors were satisfactory, that is, their pay and other working conditions were good; they only maintained current levels of production and efficiency.

#### 2. **Motivator Factors**

They are factors that are intrinsic to the job, such as achievement, recognition interesting work, increased responsibilities, advancement, and growth opportunities.

- i. **Achievement:** Personal accomplishment or the feeling of having done a job well.
- ii. **Recognition** – Being recognized for the efforts and accomplishment of the work by receiving a company reward, promotion, or salary increase.

- iii. **Participation** – being involved in some responsibility of the work by making decisions and suggestions for the organisation.
- iv. **Growth** – challenge of the job itself; and the chance to learn a skill, acquire knowledge, and achieve development and advancement.

#### 2.2.2.4 Acquired-Needs Theory of David McClelland

David McClelland has contributed to the understanding of motivation by identifying three types of basic motivating need. He classified them as:-

- i. The need of power (N/PWR)
- ii. Need for Affiliation (N/AFF)
- iii. Need for Achievement (N/ACH)

All the three drivers power, affiliation and achievements of particular relevance to management. Since all must be recognized to make an organized enterprise work well.

i. **The Need of Power:**

Refers to influencing the activities or thoughts of a number of others. People with a high need for power have a great concern for exercising influence and control. Such individuals generally are seeking positions of leadership, they are frequently good conversationalists, though often argumentative, they are forceful, outspoken, hardheaded and demanding and they enjoy teaching and public speaking.

ii. **Need for Affiliation:**

People with high need for affiliation usually derive pleasure from being loved and tend to avoid the pain of being rejected by a social group. Those high in need for affiliation are attracted to jobs having much interaction with others and opportunities to establish friendship and be part of a tightly knit group i.e. Nurses, social workers and clergy.

iii. **Need for Achievement:**

The need is reflected in striving to accomplish difficult but feasible goals and later receiving feedback about personal performance. Those high in need for achievement do well in challenging jobs with moderate risks.

They have desire for success and fear of failure, they are restless, like working long hours, do not worry unduly about failures, entrepreneurs, engineering, sales, accounting and management are jobs well suited for those with high need for achievement.

### **2.2.2.5 Applicability of the Theories in Reward System**

Theoretically, the use of rewards in order to induce desired behaviour is still strong motivation. All the theories of motivation recognize the concept of reward system as a tool for motivating an employee, which can be in a form of money pay, increase or bonuses. These theories are as follows:

#### **The Maslow's Need Hierarchy Theory**

The main idea in Maslow's theory is that organizations should attempt to help satisfy employees low-order needs, clearing the way for them to become self actualized. Failure to satisfy this need, the worker will perform with little interest in striving to be as productive as possible on the job. In contrast, employees who are self actualized work up to their creative potentials and can be considered valuable assets to their organization.

Furthermore, providing an adequate salary helps ensure that workers physiological and safety needs are satisfied by enabling them to afford adequate food and housing. Social needs are often satisfied in an organization by coordinating company social gathering for executives and so on.

Through various forms of formal and informal recognition such as giving awards at company banquets may help satisfy their members. Esteem needs have been met through the example given here, it is possible for workers to become self-actualized and thereby to perform at the height of their potential and maximize the effective use of the organization human resources.

Finally, McClelland in his study focused on the need for achievement as a key human motive and one which is influenced by personality and by environment and this has important implications for management and supervisory training. If the need for achievement is influenced primarily by environmental factors, then clearly it is possible to develop training programmes design to increase the achievement motive in the employees concerned.

### **2.2.3 Theories as they Relate to Reward Package**

The motivational theories as earlier discussed explained how human behaviours are been influenced by certain motivational factors. However, the motivational theories discussed reward package in an organization as one of the motivational tools. Abraham Maslow's hierarchy of need theory (1954), identified five keys area of human motivation as it relates to the basic needs of human beings, he arranged. Then according to the order of preference going by this theory, human beings are been motivated to work or put their best at work. If the reward package is centered on their psychological needs, up to the self-actualization needs. The reward package of an organization can be effective if centered on those basic needs of an employee such as food, water, clothing, shelter, etc. when these needs are satisfied, the workers is assumed to perform his work diligently or effectively.

Herzberg motivator hygiene two factor theories (1959) identified two factors “satisfiers” and “dissatisfiers”. The “dissatisfiers” are group of needs based on the organizational context, their existence may not have any significant impact on job performance but, their absence may bring about dissatisfaction in the way jobs are been performed. The reward package of an organization may be termed as one of the factors in this group since salary and working conditions is inclusive under the group. A sound working condition and good salary structure will in the long run motivate an employee in performing his duty effectively.

In the second group, Herzberg listed “satisfiers” as having direct link to the organizational content and the individual employee, the satisfiers are motivators which motivate an individual employee to perform his work diligently. It is an individual quest for achievement, recognition, advancement that motivates him to work in order to achieve the desired level. The reward package in this regard, helps the employee to achieve in this future ambition by providing the playground for the employee to actualize his dream.

In McClelland, Needs Motivation Theory (1961) has contributed to understanding of motivation as it relates to reward package in an organization. McClelland classified the employee quest for power, affiliation and achievement as a factor predicting job performance. The reward package of an organization should be able to help an employee towards achieving those needs through the provision of good salary, promotion as at when due and opportunities to develop themselves through advance training.

The theories of motivation discussed above diversified the basic element required in preparing a reward package for employees in an organization, First Bank Plc as a case

study. The employees in the organization can be made to perform effectively through the identification of individual needs requirement as a factor for his/her job performance as being highlighted by the theories.

#### **2.2.4 Trade Unions and their Relevance to Reward Packages**

Trade union has been viewed as a collective employee organization established to protect employees from arbitrary actions by employers in matters of pay and working conditions, and as promote of the legitimate interest of people at work. The ability of trade unions to exercise power and influence other users of their service depends on the relative demand for that service.

Turning more specifically, to the formal elaboration of action categories and perception of unionism, it is worth emphasizing that in Weber's (2015) own interpretation, trade unions were understood to be a specific type of economic organization. Hence, the trade union constitutes a major instance of an "economically regulated organization" in which the overall economic activities of members are directly oriented to the order governing the group and in which regulations off ends and procedures of economic activities are sought by the directing authorities.

On this view therefore, perception may be interpreted in terms of a rational calculation of the advantage of unionism in respect to issues such as reward and safety. Hours and holidays, wages condition, job regulation and participation in management.

#### **2.2.5 The Impact of Reward System on Employees' Performance**

Organizations that make use of this motivational tool (reward system) have more chances of enjoying a higher productivity due to the fact that employees tend to put in their best in

carrying out their assignment tests when they are well catered for at their work places. By so doing, organizational performance is enhanced through employees' effort. Reward package has a positive impact on organizational performance (Stephen & David, 2014).

On the other hand, organizations that do not use this motivational tool tend to have a lower productivity since employees are not encouraged to put in more effort to improve their work behaviour in order to enhance the organizations survival and continuity.

In addition, reward system as a motivational tool has the following impact on organizational performances which are as follows:

1. **Job Satisfaction:** This means employees general attitude towards the job. The organizational reward system often has a significant impact on the level of employee job satisfaction. In addition to their direct impact, the manner in which the extrinsic rewards are dispersed can affect the intrinsic rewards of the recipients for example if everyone (worker) received an across-the-board per increase of 5%, it is hard to derive any feeling of accomplishment from the reward. However, if pay raises are related directly to performance, and employees who receives a healthy pay increase will more than likely also experience feelings of accomplishment and satisfaction.

Job satisfaction simply explains attitude of employees toward their job. In other words, it describes the level of happiness of employees in fulfilling their desires and needs at the work. Hence, it is the pleasurable feelings that result from an employee perception of achieving the desire level of needs. Job satisfaction as an intangible variable could be expressed or observed via emotional feelings. In other words, it hinges on the inward expression and attitude of individual employee with respect to a particular job. For instance, an employee satisfaction is high if the job provides

expected psychological or physiological needs. However, satisfaction is said to be low if the job does not fulfill the psychological or physiological needs (Cook, 2018).

2. **Personal Growth:** Personal growth is also called self-improvement and self-growth. This means an improvement in ability to perform a duty. Therefore, reward packages can lead to personal growth of employees in an organization. Successful personal growth requires motivation, the desire to improve, and the willingness to strive to make changes. You also need to be willing to get out of your comfort zone, and sometimes, do things that are uncomfortable, but are for your own good. An open mind and the desire to learn and grow are also important.

Personal growth is an ongoing process that starts from an early age, but mostly shaped by parents, teachers, and the environment. However to make the most of it, you need to become aware of the process, know what it is, and take the right steps to grow and improve yourself. Sometimes, problems and difficulties are the triggers that awaken the desire to grow, and lead to making changes in one's life. At other times, people are inspired to take steps toward personal growth after reading an inspiring book, watching a movie or reading about people who achieved success (Stephen & David, 2014).

3. **Feelings of Accomplishment:** This means one feeling of achieving his stated goals. Reward package enhance employees feeling of accomplishment which will induce them towards better performance. There are many goals we give ourselves. Some get done while others get pushed to the side. Sadly, more goals are being pushed to the side than there are goals getting done. Whether it be because of time management or no more desire to continue, many people give up on their goals. However, the feeling

of accomplishing a goal gives us the motivation we need to accomplish our other goals. We all feel great when we accomplish something.

The feeling of accomplishment invigorates us to raise our standards. Putting the giant check mark in front of a goal boosts this invigoration. In order to get the best feeling of accomplishment, you need to acknowledge the accomplishment. Writing down the goal and putting a giant check mark in front of the one you accomplished is the best way of doing that (Stephen & David, 2014).

4. **Achievement of Organizational Objective:** A better reward package brings about a better and satisfied worker and this in the long run will make a great impact on the organizational performance positively and thereby lead to achieving organizational objectives (Stephen & David, 2014). Organizational objectives are short-term and medium-term goals that an organization seeks to accomplish. An organization's objectives will play a large part in developing organizational policies and determining the allocation of organizational resources. Achievement of objectives helps an organization reach its overall strategic goals.

### **2.2.6 Influence of Increase Salary on Employee Performance**

Wilfred, Elijah and Muturi (2014) support that salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for performance. Similarly, salary is fixed amount of money or compensation paid to an employee by an employer in return of work done (Idrees, 2015). This implies that salary is the most obvious reward employee receives at work. Attractive salaries or pays are valuable tool and play an important role to increase employee's performance and also increase the performance of an organization (Muogbo, 2013).

According to Woods (2017), the payment of good salaries and wages is fundamental to the prerequisite for effective performance. In order to motivate people to put maximum efforts, it is essential that their various needs, especially as it concern their wages and other fringe benefits as far as practicable. It is worthy to note that, employee are often motivated by money and the salary a worker is paid has great influence on his performance in the organization. Employees see salary as the value of his employer place on him as a worker. Therefore, the level of appreciation a worker feel can have a direct impact on his overall motivation (Woods, 2017). A worker is likely to perform to his potential if he is happy with the salary he earns. A person earning a higher salary feels motivated to do a job in order to please his employer to retain his position. This implies that salary give an employee the feelings of security and accomplishment.

Bohan (2014) notes that traditional pay systems were based on the three factors such as; the job, maintaining the level of equality in standard pay among employees in the organization, and paying competitive salaries. In traditional pay systems, employees were not encouraged to acquire new skills and were not rewarded if they did. Increase of an employee pay depended on change on the cost of living and employees regarded the increase in pay as entitlement without accounting for their performance, or that of the organization (Bohan, 2014). This meant on one hand that an employee's salary increase did not in any way change his or her attitude to work such that he or she could put more effort to influence output in order to cater for the increase, and on the other hand increase the organization's volume of production. It also meant that a worker was likely to increase his skills of the job but the skills accumulated slowly and skills to be acquired were limited thereby leading to redundancy and monotony of work thus reducing an organization's volume of output. Swanepoel (2013) described that employee were

rewarded according to the position held without considering their performance. The increments in basic pay depended on internal and external assessment of jobs.

Shield (2017) views basic pay as an important part of total pays that is fixed and mainly time-based, rather than performance-based. Basis pay is the largest fraction of the total pay for non-executive employees. It also acts as a benchmark for other cash incentives such as profit sharing, which is expressed as a percentage of basic pay helps to attract and retain employees. Employees use basic pay to compare their job offers instead of using intrinsic rewards and other rewards not captured in the formal organizational framework up to including job security. In competitive market, organizations pay above the market rates to retain their employees. Lynch (2015) agrees that basic salary is the vital payment made by the employer to the employee for work done pay indicates the value that the employer put on the work performed by its employees.

Employees are paid depending on the skills and competencies that they possess, and not what the job is worth. It is employees who have market value, and not job (Shield, 2017). 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 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 skill development is necessitated by rapid developments in technology and changing manufacturing methods that require flexibility (Stuart, 2017).

According to Armstrong (2013), good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strike and poor performance by workers. Organizations are under financial strain with salaries

continually rising and becoming a major fixed expense. According to Livingstone (2019), regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by the labour unions who are concerned with the welfare of employees. In a competitive market, higher basic pay is used for attracting and retaining employees. Otherwise contradicting this rule has negative consequences on the part of the organization. Hence, basic pay communicates commitment to employees and is used as the baseline for assessing other pay systems such as skills and competency pay. Below is the model for salary increase:

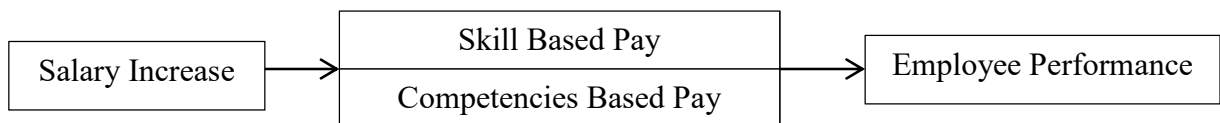


Figure 1: Model for Salary Increase

### 2.2.7 Effect of Intrinsic Reward on the Performance of Employees

Intrinsic rewards refer to those incentives that have been given to the employees of an organization. An intrinsic reward is an internal reward that employees achieve from completing their tasks or projects successfully. These rewards are mostly psychological and are based on the effort and abilities of a person. Intrinsic rewards elicit a positive emotional reaction and work to motivate employees to continue to improve as well as make lasting behavioral changes when needed (Ryan and Deci, 2020). For example, when someone completes a task successfully, they will often experience a sense of satisfaction and achievement. This intrinsic reward then motivates the employee to continue to complete that task successfully in the future to further experience those positive emotions. Examples of intrinsic rewards in the workplace include pride in your work, feelings of respect from supervisors and/or other employees, personal growth, gaining more trust from managers, doing work that is enjoyable, feelings of

accomplishment, learning something new or expanding competence in a particular area, allowing employees to choose which projects they work on, and being part of a team. The prior studies are in favor of the positive consequence of a reward system on the performance of the employees.

Devaro, Maxwell and Morita (2017) conducted their research in California, and they examined the relationship between training and internal motivation in organizations (profit and non-profit). The study concluded that training has a high frequency in non-profit organizations, and these non-profit organizations have lower base wages as compared with for-profit organizations. According to the study by Tymon Jr, Stumpf and Doh (2015), the intrinsic rewards experienced are a critical element in employee retention, satisfaction with the organization, and career success.

Stumpf, Tymon, Favorito and Smith (2013) focused on reducing employee dissatisfaction and withdrawal in major, consultant designed, change programs by increasing intrinsic rewards. The findings of their study showed that intrinsic rewards related positively with satisfaction with the organization and intentions to stay at both time periods, with programs supportive of employee innovation further enhancing employee satisfaction and retention more strongly during the change effort. Furthermore, Mosquera et al. (2020) evaluated the role of satisfaction with intrinsic rewards in the three largest real estate agencies in Portugal. The results of their study indicated that intrinsic rewards have a positive and significant impact on the job satisfaction of the employee. Bassett-Jones and Lloyd (2015) explained that intrinsic motivation and appreciation play a vital role in the satisfaction of employees rather than money and bonuses. Yang (2018) examined the individual performance and outcomes of his study and indicated that we cannot verify individual performance. Even so, he also claimed that if the performance of the

employees is observable, then organizations can use direct bonuses or relational contracts to motivate them based on their performance.

Ajila and Abiola (2014) explained that intrinsic rewards have a positive and significant influence on the performance of the employee in an organization. The results further indicate that intrinsic rewards such as career development, responsibility, recognition, and learning opportunities are less influential on the job performance of an employee as compared to extrinsic rewards like pay, bonuses, promotion, and benefits. The employees prefer to get immediate monetary benefits as compared to the recognition of their works. Barber (2012) determined that flexible benefits have a positive association with the performance of employees and satisfaction. Berdud (2016) conducted study in the healthcare sector of Spain and investigated the connection between incentives and internal motivation of the employees. He has collected the information with the help of interviews. The study concluded that doctors were intrinsically motivated due to two dimensions which included medical practice and pro-social dimension.

### **2.2.8 Effect of Monetary Reward on the Performance of Employee**

Diener and Biswas-Diener (2012) and Kasser and Ahuvia (2012) assert that, the idea of using monetary factors as inducements for employees to work well is not a new one, as there are records of some payment schemes as far back as the seventeenth century. In recent times, reward system such as bonus scheme, profit sharing, merit rating, psychological motivation, promotion, fringe benefits, social incentives and welfare have been introduced as better ways of motivating people at work for maximum productivity (Milkovich & Wigdor, 2017; Srivastava, Locke & Bartol, 2017).

The importance of money as a motivator has been consistently downplayed by most behavioral scientists like Herzberg who point out the value of challenging jobs, feedback, cohesive work teams and other nonmonetary factors as stimulants to motivation (Harunavamwe & Kanengoni, 2013). However, money is the crucial incentive to work motivation because it is the vehicle by which employees can purchase the numerous need-satisfying things they desire (Robbins, 2013).

Bates (2016) indicates, for money to motivate, merit pay rises must be at least seven percent of base pay for employees to perceive them as motivating and to catch anybody's attention. Studies by Locke (2018) on the four methods of motivating employees indicated that money rated the second among lower-level employees. Though, such evidence demonstrates that money may not be the only motivator, but it's difficult to argue that it does not motivate.

In a survey, Ellis and Pennington (2014) asserts that direct financial reward played a critical role in attracting talented employees, and have a term impact on the motivational levels of employees. According to Armstrong (2013), in a much publicized study, Gupta and her colleagues analyzed thirty-nine studies conducted over four decades and found that cold-hard cash motivates workers whether their jobs are exciting or mundane in labs and real world settings alike. However, small raises can actually be dysfunctional in terms of motivation because employees become irritated that their hard work yielded so little.

### **2.3 Empirical Studies**

Babagana and Dungus (2015) examined the effects of staff remuneration on the performance of Ramat Polytechnic Maiduguri students from 1995-2011 in Borno state. Questionnaire was served to 45 respondents who are academic staff of the polytechnic from the five schools within the polytechnic (school of environmental studies, school of engineering and applied science, school of agricultural science and technology, school of management studies, and school of vocational and technical education). The data was analyzed using Pearson's Product Moment correlation and regression analysis using Microsoft excel. The findings showed strong positive relationship between staff remuneration, fringe benefits and staff nature of working conditions) and performance of Ramat Polytechnic Maiduguri students.

Edirisooriya (2014) examined the impact of extrinsic rewards and intrinsic rewards on employee performance: With Special Reference to ElectriCo Sri Lanka. Self-designed questionnaire was used as the primary data collection method. The data was analyzed using descriptive statistics and inferential statistics. The representative sample of 100 employees are selected from a population of 1075 employees in the ElectriCo. The results revealed that there is a positive relationship between extrinsic reward, intrinsic reward and employee performance.

Hameed, Ramzan, Zubair, Ali and Arslan (2014) examined the impact of compensation on employee performance (empirical evidence from banking sector of Pakistan). A questionnaire was designed to solicit response from the respondents on factors related to compensation like indirect compensation, wages, salaries and employees performance. Approximately 45 banks were included to collect data. 200 Questionnaires were

distributed among the full time working employees of banks and they were selected randomly. Correlation analysis and Regression analysis using SPSS 17.0 version to analyzed the collected data. The findings suggest that Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance.

Sajuyigbe, Olaoye and Adeyemi (2013) examined the impact of reward on employees performance in a selected manufacturing companies in Ibadan, Oyo State, Nigeria. Structured questionnaire was used to collect data from one hundred (100) participants through purposive sampling method and data were analyzed by multiple regression analysis with the aid of statistical package for social science (SPSS) version 16. Result showed that reward dimensions jointly predict employees' performance which accounted for 71% variance of performance.

Garlick (2019) carried out an online study of 1,913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included monetary rewards such as cash bonuses, gift cards, award points, and travel awards, as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences (Garlick, 2019). However, the primary issue the study investigated was whether offering cash bonuses really influenced employee attitudes, as well as other business outcomes. The results showed

that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service, or in increased profitability (Garlick, 2019).

## **2.4 Theoretical Framework**

For the purpose of this study, the following theories were employed to serve as the theoretical base of this research work.

### **2.4.1 Reinforcement and Expectancy Theory**

Gerhart, Minkoff and Olsen (2015) reinforcement theory states that a response followed by a reward is more likely to recur in the future (Thorndike's Law of Effect). Aswathappa (2017) asserted that a behaviour which as a rewarding experience is likely to be repeated. The implication for remuneration is that high employee performance followed by monetary reward will make future employees performance more likely. Buchan et al (2016) suggest that behaviour can be modified if individuals receive the reward at the time they exhibit the desired behaviours. An important assumption in this theory is that rewards can become an acquired right if they are delivered on a regular basis.

### **2.4.2 Equity Theory**

Buchan et al (2016) equity theory posits that because employees in organizations expect to be rewarded like other employees for similar levels of input, the distribution of rewards becomes important. It is the perceived equity of the effort-reward balance that is

important in determining the employees' level of motivation. Aswathappa (2017) the theory emphasizes equity in pay structure of employees' remuneration. Employees' perception on how they are being treated by their firms is of prime importance to them. The dictum "a fair day work for a fair pay" denotes a sense of equity felt by employees. When employees perceive inequity it can result in lower productivity, high absenteeism or increase turnover.

### **2.4.3 Agency Theory**

According to Buchan et al (2016) an agency relationship occurs whenever one party (the principal) hires another person (the agent) who possesses specialized knowledge and skills. Agency theory focuses on the divergent interests and goals of the organization's stakeholders and the way that remuneration can be used to align these interests and goals. The remuneration payable to employees is the agency cost and that it is natural that employees expect high agency cost while the employer seek to minimize it. Thus, these theories posit that the remuneration in the form of wages or salaries can be agreed upon on the basis of the outcome or the behaviour of an employee (Aswathappa, 2017).

## **2.5 Summary of the Chapter**

The chapter reviewed the opinion of various scholars and authors on the subject matter. Having adequately discussed the aforementioned, it can be deduced that reward system is an indispensable tool to increase the performance of employees and its role in enhancing employee morale on the job cannot be over emphasized. It is seen to serve as the basis for useful organizational activities or goals directed behaviour. The organization as a corporate entity will not achieve its primary objectives if all other activities are in place but motivation is missing. The engine of such organizational vehicle is thus, without fuel to make the car move. Obviously, reward system is a strong pillar for the success of any organization and First Bank Plc, Yakubu Gowon Way, Kaduna in particular.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter gives a detailed description of the various research procedures adopted in the collection of data and the techniques used in presentation and analysis of data in the following order: Research design, area of the study, population of the study, sample size and sampling techniques, instrument for data collection, validity and reliability of the instrument, method of data collection, method of data presentation and analysis.

#### **3.2 Research Design**

Research design is a plan and structure of investigation that is conceived to obtain answers to the research questions and it can either be exploratory or descriptive (Coopers & Schindler, 2014). Survey research method was used for the purpose of this study. This was considered more appropriate because survey design generally can be used to investigate problem in realistic setting and it provides the researcher with a more accurate description of respondents' opinion. The survey research comprises of several variables and uses multi variant statistics to analyze data.

#### **3.3 Area of the Study**

The study was carried out in First Bank of Nigeria Plc, located at No. 64 Yakubu Gowon Way, Kaduna.

#### **3.4 Population of the Study**

A population is a group of people whom the outcomes of the research findings are generated from. It is generally the persons who possess certain characteristics or a set of features that make them fall within a certain group that is being studied or examined and

analyzed so as to attain a certain result (Frankel & Wallen, 2015). The population for this study was made up of sixty eight (68) comprised of management and staff of First Bank Plc, Kaduna.

### 3.5 Sample Size and Sampling Techniques

A sample size is a representative subset of the population to be studied and the findings generalized to the entire population (Schindler & Cooper, 2014). The degree of confidence related to the data has to be estimated and associated with the sample data size. The larger the population size, the smaller the percentage of the population required to get a representative sample, however Schindler and Cooper (2014) advise that the greater the desired precision of the estimate, the larger the sample should be.

Yamane formula was adopted in determining the sample size for this study, given as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample size

N = Population

e = Limit of tolerance error/margin of error

1 = Constant

N = 68 and e = 5% i.e. 0.05

$$n = \frac{68}{1 + 68(0.0025)}$$

$$n = \frac{68}{1 + 0.17}$$

$$n = \frac{68}{1.17} = 58.1197$$

$$n = 58$$

Therefore, the sample size for the study was 58. The sampling technique used in this work was stratified sampling technique because of its probability nature in the sense that everybody has equal chance of being selected.

### 3.6 Instrument for Data Collection

Primary and secondary methods of data collection were both used in this study. The secondary data were generated from published and unpublished text materials while primary data consists of a number of items in well-structured questionnaire that were administered to the respondents. The decision to structure the questionnaire is predicated on the need to reduce variability in the meanings possessed by the questions as a way of ensuring compatibility of responses. The questionnaire was developed by the researcher based on five points Likert's scale of Strongly Agree, Agree, Undecided, Disagree, and Strongly Disagree. The 5 points Likert scale is shown thus:

	SA	A	UD	D	SD
Grade Point	5	4	3	2	1
Range	4.5-5.0	3.5-4.4	2.5-3.4	1.5-2.4	0.5-1.4

**Key:**

- SA - Strongly Agree = 5
- A - Agree = 4
- UD – Undecided = 3
- D - Disagree = 2
- SD - Strongly Disagree = 1

### 3.7 Validity and Reliability of the Instruments

One important way of ensuring that the right instrument has been used and correct measurement taken is that the outcome must be in consonance with two major criteria

for measuring quality known as validity and reliability (Osuala, 2009). Validation by experts as opined by Nwana (2013) is an effective method for content validation of research instrument.

To obtain the validity of an instrument, three experts were required to vet and cross-check the items generated in the questionnaire in order to ensure accuracy and clarity of the instrument. The facial validation was done by the supervisor of this project, Dr. Ibrahim M. Awwal as well as Mr. Tunde Lawal and Mr. Kayode Adejumo. Their modifications and corrections resulting from their observation and constructive criticisms were used in improving the final draft.

Reliability has to do with consistency obtained from the results of the application of the instruments. An instrument is reliable if it consistently gives the same or similar result. To obtain reliability for factual questions, Ogbu (2014) suggest that internal checks in the form of logical test to the questionnaire should be conducted. In line with this, a number of questions were built into the questionnaire to give a clue on the respondents' consistency of response.

Besides, pilot study was also conducted on 10 staff of the organization to pre-test the efficacy of the questionnaire. This was meant to test the appropriateness of the items in the questionnaire to elicit the needed responses. The choice of a small sample for pilot study is in agreement with the view held by Nworgu (2010) who opined that pilot testing is usually done on a smaller scale than the main study but under similar conditions. And the 10 staff used in the pilot study did not participate in the actual study.

### **3.8 Method of Data Collection**

The researcher personally administered the questionnaire to the respondents through the use of hand to hand method of distribution. Several call-back visits were made for the

collection of the completed questionnaires. The returned questionnaires formed the basis for the data presentation and analysis.

### 3.9 Method of Data Presentation and Analysis

Data collected from the respondents were presented in tables and analyzed accordingly with the aid of arithmetic mean and simple percentage. The choice of these tools is because they are very convenient and more appropriate to enable the readers to comprehend the findings of the study.

- i. Simple Percentage: This was used in the analysis of each of the questions relating to respondents' demographic variables.
- ii. Mean Score: This was adopted in analyzing each variable in the questionnaire.

The mean score has the formula given by the equation below:

$$\text{Mean (X)} = \frac{\sum fx}{\sum f}$$

Where:

$\sum$  = Summation

f = Frequency

x = Variables

Each value of the acronyms on the 5 point likert's scale was multiplied by the corresponding frequency of the variable. The frequency (f) columns was multiplied by (x) to get function of x (fx). The mean score of each of the variable was obtained by dividing the sum total of (fx) by the sum of (f).

$$\frac{5 + 4 + 3 + 2 + 1}{5} = \frac{15}{5} = 3.0$$

Therefore, the mean scores of 3.0 and above were regarded as agreed responses, while points below the mean average of 3.0 were treated as disagreed responses.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 Introduction

This chapter presents the analysis of the data collected in the course of the study. The data collected and presented with the aid of a frequency distribution table. A total number of 58 questionnaires were produced and administered out of which 50 were filled and returned. The 50 questionnaires formed the basis for the data analysis and interpretation.

#### 4.2 Characteristics and Classification of Respondents

**Table 4.2.1:** Gender Characteristics of Respondents

<b>Sex Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Male	20	40
Female	30	60
<b>Total</b>	<b>50</b>	<b>100</b>

**Source:** Field Survey, 2022

The above table indicates that 60% of the respondents were female while the remaining 40% of the total respondents were male. This implies that there are more female than the male.

**Table 4.2.2:** Age Distribution of Respondents

<b>Age Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
20-29 years	10	20
30-39 years	20	40
40-49 years	14	28
50 years and above	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

**Source:** Field Survey, 2022

The table above indicates that 20% of the total respondents had their ages between 20-29 years, 40% of the respondents had age ranging between 30-39 years, 28% of the respondents belong to age bracket of 40-49 years while the remaining 12% of the total respondents fall between the age range of 50 year and above. This shows that there are more of respondents within the age range of 30-39 years in the hostels, and which implies that most of respondents are within the active and productive age of their career.

**Table 4.2.3:** Respondents' Educational Qualification

<b>Educational Qualification</b>	<b>Frequency</b>	<b>Percentage (%)</b>
NCE/ND	13	26
HND/B.Sc	30	60
Postgraduate	7	14
<b>Total</b>	<b>50</b>	<b>100</b>

**Source:** Field Study, 2022

Table 4.2.3 above indicates that 26% of the respondents are NCE/ND holders, 60% of the respondents are HND/B.Sc holders, while 14% of the respondents were postgraduate degree holders. This implies that there are more HND/B.Sc holders than other qualifications in the study area.

### 4.3 Data Presentation and Analysis

This section presents the data and discusses the findings of the study, which set out to examine the effect of reward system on employees' performance in First Bank Plc, Kaduna. The findings were based on analysis of the 50 valid responses from the respondents.

**Table 4.3.1:** The influence of increase salary on employee performance in First Bank Plc, Kaduna.

S/N	Variable		SA	A	UD	D	SD	$\Sigma$ FX	X	Remark
1	Salary has direct positive effect on employee performance	f	10	20	4	10	6	50	3.4	Agree
		x	5	4	3	2	1	<u>168</u>		
		fx	50	80	12	20	6	50		
2	Salary promotes the quality of work life of an employee	f	12	22	7	6	3	50	3.7	Agree
		x	5	4	3	2	1	<u>184</u>		
		fx	60	88	21	12	3	50		
3	Salary increment leads to commitment.	f	14	18	9	6	3	50	3.7	Agree
		x	5	4	3	2	1	<u>184</u>		
		fx	70	72	27	12	3	50		
4	The rewards can be tangible or psychological and still be beneficial.	f	16	26	0	4	4	50	3.9	Agree
		x	5	4	3	2	1	<u>196</u>		
		fx	80	104	0	8	4	50		
5	Salary as motivation influences the employees for higher productivity.	f	14	20	2	4	10	50	3.5	Agree
		x	5	4	3	2	1	<u>174</u>		
		fx	70	80	6	8	10	50		

**Source:** Field Survey, 2022.

$$\text{Grand Mean} = \frac{18.2}{5} = 3.6 \text{ (Agree)}$$

From the table illustrated above, it shows that variable 1, 2, 3, 4 and 5 were accepted with the mean scores of 3.4, 3.7, 3.7, 3.9 and 3.5 respectively which are all higher than the cut-off point of 3.0. This implies that increase salary has influence on employee performance in First Bank Plc, Kaduna, as salary has direct positive effect on employee performance, salary promotes the quality of work life of an employee, salary increment leads to commitment, the rewards can be tangible or psychological and still be beneficial, and salary as motivation influences the employees for higher productivity. According to Livingstone (2019), regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by the labour unions who are concerned with the welfare of employees.

**Table 4.3.2:** How intrinsic reward affects the performance of employees in First Bank Plc, Kaduna.

S/N	Variable		SA	A	UD	D	SD	$\Sigma FX$	X	Remark
6.	Intrinsically motivated employees tend to be more engaged in their work.	f	16	22	4	4	4	50	3.8	Agree
		x	5	4	3	2	1	<u>192</u>		
		fx	80	88	12	8	4	50		
7.	Employees are more creative when motivated intrinsically.	f	18	21	5	4	2	50	4.0	Agree
		x	5	4	3	2	1	<u>199</u>		
		fx	90	84	12	8	2	50		
8.	Intrinsic reward motivates employees to continue to improve as well as make lasting behavioral changes when needed.	f	10	30	2	6	2	50	3.8	Agree
		x	5	4	3	2	1	<u>190</u>		
		fx	50	120	6	12	2	50		
9.	Employees with high levels of intrinsic reward reduce total labor costs	f	10	15	12	8	5	50	3.0	Agree
		x	5	4	3	2	1	<u>147</u>		
		fx	50	40	36	16	5	50		
10.	Intrinsically motivated employees are more creative than those who require outside influence to get motivated.	f	17	15	8	6	4	50	3.7	Agree
		x	5	4	3	2	1	<u>185</u>		
		fx	85	60	24	12	4	50		

**Source:** Field Survey, 2022.

$$\text{Grand Mean} = \frac{18.3}{5} = 3.7 \text{ (Agree)}$$

From the table illustrated above, it shows that variable 6, 7, 8, 9 and 10 were accepted with the mean score of 3.8, 4.0, 3.8, 3.0 and 3.7 respectively which are all higher than the cut-off point 3.0. This implies that intrinsically motivated employees tend to be more engaged in their work, employees are more creative when motivated intrinsically, intrinsic reward motivates employees to continue to improve as well as make lasting behavioral changes when needed, employees with high levels of intrinsic reward reduce total labor costs, and intrinsically motivated employees are more creative than those who require outside influence to get motivated. This finding is supported by Ajila and

Abiola (2014), who explained that intrinsic rewards have a positive and significant influence on the performance of the employee in an organization.

**Table 4.3.3:** The effect of monetary reward on the performance of employee in First Bank Plc, Kaduna.

S/N	Variable		SA	A	UD	D	SD	ΣFX	X	Remark
11	Monetary reward motivates employees for maximum productivity.	f	10	20	4	10	6	50	3.4	Agree
		x	5	4	3	2	1	<u>168</u>		
		fx	50	80	12	20	6	50		
12	Monetary reward attracts and retain talented employees	f	12	22	7	6	3	50	3.7	Agree
		x	5	4	3	2	1	<u>184</u>		
		fx	60	88	21	12	3	50		
13	Monetary reward decreases turnover with greater job satisfaction.	f	14	18	9	6	3	50	3.7	Agree
		x	5	4	3	2	1	<u>184</u>		
		fx	70	72	27	12	3	50		
14.	Monetary reward surges positive culture based on achievement.	f	16	26	0	4	4	50	3.9	Agree
		x	5	4	3	2	1	<u>196</u>		
		fx	80	104	0	8	4	50		
15.	Monetary reward leads to greater sense of employee empowerment.	f	14	20	2	4	10	50	3.5	Agree
		x	5	4	3	2	1	<u>174</u>		
		fx	70	80	6	8	10	50		

**Source:** Field Survey, 2022.

$$\text{Grand Mean} = \frac{18.2}{5} = 3.6 \text{ (Agree)}$$

From the table illustrated above, it shows that variable 11, 12, 13, 14 and 15 were accepted with the mean score of 3.4, 3.7, 3.7, 3.9 and 3.5 respectively which are all higher than the cut-off point 3.0. This implies that monetary reward motivates employees for maximum productivity, monetary reward attracts and retains talented employees, monetary reward decreases turnover with greater job satisfaction, monetary reward surges positive culture based on achievement, and monetary reward leads to greater sense of employee empowerment. This is in support by Robbins (2013), who stated that money is

the crucial incentive to work motivation because it is the vehicle by which employees can purchase the numerous need-satisfying things they desire.

#### **4.4 Summary of Findings**

Having carefully analyzed and interpreted the data collected, the following findings were obtained.

1. Increase salary has influence on employee performance in First Bank Plc, Kaduna, as salary has direct positive effect on employee performance, salary promotes the quality of work life of an employee, salary increment leads to commitment, the rewards can be tangible or psychological and still be beneficial, and salary as motivation influences the employees for higher productivity.
2. Intrinsically motivated employees tend to be more engaged in their work, employees are more creative when motivated intrinsically, intrinsic reward motivates employees to continue to improve as well as make lasting behavioral changes when needed, employees with high levels of intrinsic reward reduce total labor costs, and intrinsically motivated employees are more creative than those who require outside influence to get motivated.
3. Monetary reward motivates employees for maximum productivity, monetary reward attracts and retain talented employees, monetary reward decreases turnover with greater job satisfaction, monetary reward surges positive culture based on achievement, and monetary reward leads to greater sense of employee empowerment.

## 4.5 Discussion of Findings

The data presented and analyzed were not just revealing but deserve further discussion thus:

**Research Question 1:** *What is the influence of increase salary on employee performance in First Bank Plc, Kaduna?*

In providing answer to the above research question, variables 1, 2, 3, 4 and 5 of the data analyzed in table 4.3.1 with grand mean score of 3.6 which is greater than the cutoff point 3.0 was utilized. This shows that increase salary influenced employee performance in First Bank Plc, Kaduna.

**Research Question 2:** *To what extent does intrinsic reward affects the performance of employees in First Bank Plc, Kaduna?*

To provide answer to the above raised research question, variables 6, 7, 8, 9 and 10 of the data analyzed in table 4.3.2 were established with the grand mean of 3.7 which is also greater than the cutoff point 3.0. This implies that intrinsic reward significantly affects the performance of employees in First Bank Plc, Kaduna.

**Research Question 3:** *What is the effect of monetary reward on the performance of employee in First Bank Plc, Kaduna?*

To provide answer to the above raised research question, variables 11, 12, 13, 14 and 15 of the data analyzed in table 4.3.3 were established with the grand mean of 3.6 which is also greater than the cutoff point 3.0. This implies that monetary reward has effect on the performance of employee in First Bank Plc, Kaduna.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

The study examines the effect of reward system on employees' performance in First Bank Plc, Kaduna. Research questions guided the study. A survey method was used for this study. A sample of 58 was drawn from the population of 68 which comprises of management and staff of First Bank Plc, Kaduna and stratified sampling technique was adopted in determining the sample size. A questionnaire developed by the researcher based on 5 point likert scale was used for the collection of primary data for the study.

The instrument was tested on 10 staff of the organization and 58 questionnaires were produced and administered out of which 50 were filled and returned. The 50 questionnaires formed the basis for the data analysis and interpretation. Data collected for the three research questions were presented in a table analyzed using mean statistics, so as to confirm its degree of conformity with the objectives of the study earlier put forward, and on the basis of which the major findings of the study were revealed and discussed for valid research conclusion and appropriate recommendations.

#### 5.2 Conclusion

Within the framework of this research, the researcher has tried to evaluate the reward system given to improve employees' performance. Though some reward system have been provided, there is still room for improvement in order to enhance efficiency and profitability in the organization.

It is therefore concluded that increase salary has influence on employee performance in First Bank Plc, Kaduna, as salary has direct positive effect on employee performance, salary promotes the quality of work life of an employee, salary increment leads to commitment, the rewards can be tangible or psychological and still be beneficial, and salary as motivation influences the employees for higher productivity.

The study further concluded that intrinsically motivated employees tend to be more engaged in their work, employees are more creative when motivated intrinsically, intrinsic reward motivates employees to continue to improve as well as make lasting behavioral changes when needed, employees with high levels of intrinsic reward reduce total labor costs, and intrinsically motivated employees are more creative than those who require outside influence to get motivated.

Finally, the study concluded that monetary reward motivates employees for maximum productivity, monetary reward attracts and retain talented employees, monetary reward decreases turnover with greater job satisfaction, monetary reward surges positive culture based on achievement, and monetary reward leads to greater sense of employee empowerment.

### **5.3 Recommendations**

The researcher wish to make the following recommendations with the strong belief that they will go a long way in improving employees' performance. They are as follows:

1. Organizations should make reward system attractive to the employees in order to motivate them so as to improve productivity.
2. The general conditions of service should be improved in order to motivate employees to higher level performance.

3. A good pay structure that will meet the basic needs of the employees should be implemented in order to enhance the performance of employees.
4. Fringe benefits like full medical services, canteen facility, and quick payment of gratuity and pension on retirement should be available to make workers feel cared for and make them offer their best to the organization.
5. Payment of monetary compensation should be commensurate with the work done. Also, method of payment should be prompt and convenient that is, workers should not suffer hunger or have chain of debts before they receive salary.

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## APPENDIX I

### INTRODUCTION LETTER

Department of Business Administration,  
College of Business and Management  
Studies,  
Kaduna Polytechnic,  
Kaduna State.

18<sup>th</sup> April, 2022.

Dear Respondents,

#### **EFFECT OF REWARD SYSTEM ON EMPLOYEES' PERFORMANCE IN FIRST BANK PLC, YAKUBU GOWON WAY, KADUNA**

I am a final year student of the above named institution, currently conducting a research on the above topic. In this regard, you have been duly selected as a respondent. This research is part of the requirement for the award of Higher National Diploma (HND) in Business Administration and Management. Your response to the attached questions can make the research a tremendous success.

I wish to appeal to you to assist this study by kindly sparing a few minutes to complete this questionnaire. You are not required to disclose your identity. Be rest assured that your responses will be treated in strict confidence and used for the stated academic purpose only.

Thanks.

Yours faithfully,

**Hilary Okoli**  
KPT/CBMS/19/43153  
The Researcher

**APPENDIX II**  
**QUESTIONNAIRE**

**INSTRUCTION:** Please tick [  ] the appropriate choice.

**SECTION A: Personal Data**

1. Sex: (a) Male [  ] (b) Female [  ]
2. Age: (a) 20-29 [  ] (b) 30-39 [  ] (c) 40-49 [  ]  
(d) 50 and above [  ]
3. Educational Qualification: (a) NCE/ND [  ] (b) HND/B.Sc [  ]  
(c) Postgraduate [  ]

**SECTION B: Research Questions**

The acronyms given in the boxes are as follows:

- SA** = Strongly Agreed  
**A** = Agreed  
**U** = Undecided  
**D** = Disagreed  
**SD** = Strongly Disagreed

**Research Question 1:** What is the influence of increase salary on employee performance in First Bank Plc, Kaduna?

S/N	Variable	SA	A	U	D	SD
1.	Salary has direct positive effect on employee performance					
2.	Salary promotes the quality of work life of an employee					
3.	Salary increment leads to commitment.					
4.	The rewards can be tangible or psychological and still be beneficial.					
5.	Salary as motivation influences the employees for higher productivity.					

**Research Question 2:** To what extent does intrinsic reward affects the performance of employees in First Bank Plc, Kaduna?

S/N	Variable	SA	A	U	D	SD
6.	Intrinsically motivated employees tend to be more engaged in their work.					
7.	Employees are more creative when motivated intrinsically.					
8.	Intrinsic reward motivates employees to continue to improve as well as make lasting behavioral changes when needed.					
9.	Employees with high levels of intrinsic reward reduce total labor costs					
10.	Intrinsically motivated employees are more creative than those who require outside influence to get motivated.					

**Research Question 3:** What is the effect of monetary reward on the performance of employee in First Bank Plc, Kaduna?

S/N	Variable	SA	A	U	D	SD
11.	Monetary reward motivates employees for maximum productivity.					
12.	Monetary reward attracts and retain talented employees					
13.	Monetary reward decreases turnover with greater job satisfaction.					
14.	Monetary reward surges positive culture based on achievement.					
15.	Monetary reward leads to greater sense of employee empowerment.					