

UNIVERSITY OF CAPE COAST

REWARD SYSTEMS AND EMPLOYEE PERFORMANCE: THE CASE OF  
MON-TRAN GHANA LIMITED IN ACCRA

VIVIAN TETTEY

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MON-TRAN GHANA LIMITED IN ACCRA

BY

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Management.

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## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature .....

Date

.....

Name: Vivian Tettey

### Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature..... Date .....

Name: Dr Nicodemus Osei Owusu

## ABSTRACT

This study has been influenced by the purpose to assess reward system among agency employees and understand how reward system impacts agency employees the most among Mon-Tran Ltd, Accra. The specific objectives that guided the study were; to analyse the perceptions of employees regarding Mon Tran ltd reward systems; to assess the relationship between reward system and employee performance; to examine the extent to which financial and non-financial rewards influence employee performance. The study adopted a quantitative methodology. The design of the study was descriptive, with a sample of 196, out of which 146 responded from the 190 questionnaires which were successfully distributed. The main instrument used for this study was a structured questionnaire with statistical tools such as; mean, standard deviation (SD), frequencies, percentages and linear regression analysis. The study adopted a simple random technique. The study findings first indicated that the employee have a satisfactory perception about the reward system of the company and that should in some extend be involved in the designing of their reward system. The study also revealed that there is a significant and strong positive relationship between employee performance and extrinsic rewards. The results of the study however, also pointed out that, there was an insignificant effect between intrinsic rewards and employee performance. The study recommended that management of Mon-Tran ltd should provide the opportunity for consulting their employees on designing and determining appropriate reward systems.

## KEYWORDS

Intrinsic Reward

Extrinsic Reward

Reward System

Mon-Tran ltd

Agency Employment

Employee Performance

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**DEDICATION**

To my family

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## CHAPTER ONE

### INTRODUCTION

#### **Introduction**

The purpose of this study is to examine the rewards system in Mon-Tran Ghana Limited and its relationship with employees' performance. The study also seeks to analyse the perception of employees in relations to reward system of Mon-Tran ltd, and the extent to which reward system influences performance.

#### **Background to the Study**

A thorough understanding of incentive structure is critical to developing a viable theory of the firm, since these incentives determine to a large extent how individuals in an organization behave (Baker, Jensen & Murphy, 1988). Generally, employee satisfaction can be described as the positive feeling or attitude exhibited by individual employees towards their job. This feeling is experienced when employees value or appreciate the jobs they do, when the financial and non-financial rewards they receive is worth the risk related to their jobs and when their employers makes them feel like they are asset to the organization they work for. In recent times, the business environment has become extremely unpredictable and as a result, managers and for that matter, business owners are beginning to appreciate the need to retain best employees, increase customer satisfaction, strengthen work force, improve organizational culture, increase sales and most importantly, succession planning.

Motivation has been extensively researched. In the mid twentieth century the foremost significant motivational theories came up, namely Maslow's hierarchy

of needs, Herzberg's two-factor theory and Vroom's expectancy theory (Obiekwe, 2016). Those researches centered on motivation in general and employee motivation more particularly. In the preceding years different definitions of motivation were defined, eg. Herzberg, Mausner, & Snyderman, (1959) defined employee motivation as performing a work-related action because you want to. Normally it is agreed that employee motivation can be distinguished in intrinsic and extrinsic motivation (Staw, 1976). Staw indicates that one of the first efforts to make that distinction was in Herzberg's Two-Factor Theory. Nevertheless, the discourse on intrinsic and extrinsic motivation is more from latter years (e.g. Amabile, 1993; Deci & Ryan 2000). The discourse on how intrinsic and extrinsic motivation can enhance employee performance (Ramlall, 2008).

In early studies of employee rewards, motivation and performance, Taylor (1911) conducted a study on motivation levels of employees who received a piece-rate-pay based on production hours and units. In his study, he concluded that employees are fully motivated by pay. Further, he concluded that employees are inspired to perform better, and produce higher number of production units, when they know the monetary rewards associated with the performance. However, Taylor's conclusion was later criticized by Mayo (2004), who argued that monetary rewards are not sufficient to inspire performance since employees tend to get bored with job assignments that are routine, thus reducing performance regardless of monetary rewards.

Africa as a continent has used rewards systems from pre-colonial days. However, Africa's pre-colonial employee rewards were not as advanced as the

monetary extrinsic systems used in Europe (Dewhurst, Guthridge & Mohr, 2010). Employees who worked in farms received higher rewards when the harvest was bountiful as a way of showing appreciation and recognition. Since the early 1950's multinational hotels like Hilton started establishing foot on the African continent and since then as established by Ahmad (2009), rewards have been used in the Africa as a way of enhancing employee performance, and organizational competitive advantage.

Today it is very important to consider the problem of employee motivation, because with obtaining answer to the question which motive is the most common driver of human work and activities, we establish the ability to motivate employees to achieve successful business results. Lack of motivation influences the lack of results, while strong motivation will stronger ambitions, which provides encouragement and helps in achieving own goals (Urošević, Karabašević, Maksimović & Stanujkić, 2016).

### **Statement of the Problem**

According to a study performed by Zhang (2012) on the impact of performance management system on employee performance, developing and planning performance management system should consider the employee ability, organizational asset and performance. The system should be suitable for the real ability and organization's situation. But it is equally important to note that the nature of the job should also be taken into consideration. This is because an organization may have what it takes to motivate its employee and still choose to cheat them simply because the employees may not be aware of what their other

colleagues in other institutions enjoy. More so, the outcome of a study done by Eshun (2011) place rewards as a motivation tools for employees' performance, employees expect to get rewards at the end of each year and managers do give it, there is a high level of predictability around it. As noted by Atchison, (2003), because the rewards are predictable, it loses its motivational appeal and becomes an entitlement.

Recent meta-analyses indicate that both financial and nonfinancial incentive motivators have a positive impact on individual Performance (Stajkovic & Luthans, 1997). Previous studies have shown that when this is properly implemented, then incentive motivators are effective mechanisms for enhancing individual performance (Kluger & DeNisi, 1996; Komaki, Coombs, & Schepman, 1996; Stajkovic & Luthans, 2003). As Bandura & Cervone (1986) argued, "human behavior . . . cannot be fully understood without considering the regulatory influence of response consequences" (p. 228). In fact, as much as human agency is rooted in social systems (Bandura, 1999), individual work performance is at least partially determined by organizational reward systems (Rynes & Gerhart, 1999). However, this does not assume that different reinforcing contingencies produce uniform effects. And that is what this study seeks to achieve. To determine which reward system impacts the agency employee the most.

Private individuals have pioneered the establishment of recruitment agencies to solve unemployment issues (Asare-Berkoh, 2013). These agencies attempt to create a "perfect" mapping of jobs to individuals in the country. They act as a link between individuals and the firms with vacant positions. Recruitment



agencies are perceived to satisfy the requirement in Section 3 sub section 1 of the Labor Act 651, by helping individuals to find work under satisfactory, safe, healthy conditions and also to receive a salary for it.

According to Ghana Web (2012), there are 99 recruitment agencies in the country. The number of recruitment agencies in the country has been increasing over the past years and is expected to continue to increase. Most of the studies on motivation and employee performance were conducted among employees in mainstream employment by the individual companies, however the issue of motivation and performance has not been researched on among employees in the employment of recruitment agencies like Mon Tran. This study seeks to fill the gap in literature to provide a holistic understanding of motivation and performance, especially with respect to agency employees.

### **Purpose of the Study**

This study is being conducted to investigate assess reward system among agency employees and understand reward system impacts agency employees the most.

### **Objectives of the Study**

1. Analyse the perceptions of employees regarding Mon Tran ltd reward systems;
2. Assess the relationship between Reward system and employee performance.
3. To examine the extent to which extrinsic rewards influence employee performance.

4. To examine the extent to which intrinsic rewards influence employee performance.

### **Research Question**

1. What is the perception of employees regarding Mon Tran ltd reward systems?
2. What is the relationship between reward system and employee performance?
3. What is the effect of Extrinsic rewards on employee performance?
4. What is the effect of Intrinsic rewards on employee performance?

### **Significance of the Study**

The results of this study will underscore the fact that managers need to identify motivational factors and strategically design to address them for the persistent encouragement and employee satisfaction. Encouraged and satisfied employees will directly contribute to smooth running of activities of the organization that eventual lead to the productivity. The relationship between motivational factor and employee performance will help develop unique motivational packages to fit employee needs. The aim of this research will give some insight for managers on designing human resource practices that could boost motivation of agency employees and hence can increase organizational performance.

The results of this study will be used by human resources practitioners to make decisions regarding reward options of reward systems that they should consider for their respective organizations. This study will add value and

knowledge to the body of researchers and academicians. Researchers can utilize these findings as a basis for testing hypothesis, or conducting further research, while academicians can utilize it for literature review, conducting further studies, or confirming findings through study hypothesis on the same.

### **Limitations**

First and foremost, the time span within which to complete this work was not enough to allow for a comprehensive study of the research area. This constrained the researcher in rushing to get the work done within the specified time. A wider time frame more than was used for this study would have helped the in-depth analysis of the findings of this study. Financial constraints provided a challenge for the work; this limited the coverage of the entire employees of Mon Tran ltd.

### **Delimitation**

This study is being conducted among employees of Mon Tran ltd working in institutions at Accra Central.; Standard Chartered Bank - NIA Branch, Enterprise insurance - High street branch because they can easily be accessed for data. The terms as used in this study has been defined below;

### **Reward**

Dewhurst et al (2010), defines rewards as both financial and non-financial benefits that are given to employees for good performance at work, or for accomplishing assigned duties, as stipulated in an organizational structure, strategies, policies, and processes.

## **Employee Performance**

Employee performance is defined as the successful completion of tasks, responsibilities or assignments by a selected employee or group of employees based on set performance objectives and indicators of efficiency and effective utilization of available resources (Dewhurst et al., 2010).

## **Intrinsic Rewards**

Ryan and Deci (2000) define intrinsic rewards as those rewards that are inherent within a job and are available in job for example employees' ability, receiving appreciation, recognition, challenges and achievement, and behaviour that shows understanding and concern as to enhance awareness, ability and confidence in the person being mentored.

## **Extrinsic Rewards**

Farooqui and Nagendra (2014) define extrinsic rewards as the fringe and pay advantages employees get from an organization. This includes promotion opportunity, career advancement, bonuses among others.

In this study, rewards and motivation will be used interchangeably.

## **Organization of the Study**

This study is organized into five chapters. Chapter one, which is the introductory chapter, presents a background to the study, problem statement, objectives of the study, the hypotheses, significance, and scope of the study as well as organization of the study. Chapter two contains the review of relevant literature; both theoretical and empirical literature that underpins effects of motivation on the performance of Mon Tran ltd. Chapter three presents the methodological

framework and techniques employed in conducting the study. Chapter four analyses the data and discusses the results and main findings with reference to the literature. The final chapter presents the summary, conclusions and recommendations of the study.

## CHAPTER TWO

### LITERATURE REVIEW

#### **Introduction**

This literature review talks about reward system and its relationship with employee performance, the extent to which financial rewards influence employee performance and the extent to which non-financial rewards influence employee performance. It also highlights the theories underpinning the study as well as the general concepts of rewards system.

#### **Theories Underpinning the Study**

Rewards have been shown to motivate performance when certain conditions exist (Blinder, 1990). Individuals are best motivated when they believe that their behaviour will lead to certain outcomes that are attractive and that performance at a desired level is possible. Motivation therefore best explains element of reward and the effect it has on performance. There are so many theories that could be used to explain this study however the research would adopt the following motivational theories;

1. Herzberg's Two-Factor Theory of Motivation
2. Abraham Maslow's Hierarchy of Needs Theory

#### **Herzberg's Two-Factor Theory of Motivation**

The Two-factor theory by Fredrick Herzberg is also referred to as the motivator hygiene theory, and has its exploration based on employee satisfaction in organizations (Herzberg, 2005). The theory postulates that “hygiene and motivational factors are responsible for satisfaction and discontentment”. Factors

for motivation are those aspects on job that lead people in focusing on performance in their work, and also give people the performance standards that are expected in an organization. Factors for motivation are those well thought-out to have a direct relationship with the work done (Locke & Latham, 2002). The factors are inclusive of working atmosphere aspect, for instance, supervisory practices for pay, policies of a company and other working conditions.

Herzberg (2005) discovered that factors that influence the satisfaction on job were dissimilar from those causing dissatisfaction on job. He came up with the theory of motivation-hygiene in a bid to explain his results. In his study, he referred to the factors either causing satisfaction or dissatisfaction as factors for hygiene, and the usage of the term ‘hygiene’ was prompted by the fact that the factors for employee maintenance are usually meant to keep away employees from dissatisfaction, however, these factors are far away from providing satisfaction. Herzberg’s (2005) pointed out that accomplishment; the job itself, advancement, responsibility, recognition and growth are the strongest factors that lead to the satisfaction of employees, in turn leading to improved performance of employees.

However, Herzberg’s (2005) pointed out that the policies of a company, supervision, the relationship of employees with their Boss, work environment, relationship with colleagues and the amount of salary leads to either the satisfaction or dissatisfaction of employees. Herzberg (2005) logically reasoned that since the factors accounting for satisfaction are dissimilar from those that cause dissatisfaction, the two types of feelings may not be explicitly considered as opposites of each another. Thus, the contradictory of satisfaction can never be

dissatisfaction; rather, the opposite is ‘no satisfaction’. Therefore, the two factor theory became established through a comprehensive investigation of the two conflicting factors, hence; Herzberg came up with term “the two factor theory” or “the hygiene motivational theory” (Ngatia, (2015).

According to Herzberg (2005) hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent or non-existent at workplace, then they lead to dissatisfaction. In other words, hygiene factors are those factors which when adequate or reasonable in a job, pacify the employees and do not make them dissatisfied. Hygiene factors according to Herzberg include: pay, fringe benefits, physical working condition, status, interpersonal relations, and job security.

Again, according to Herzberg (2005), the motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include; sense of achievement, growth and promotional, meaningfulness of the work.

### **Maslow’s Hierarchy of Needs Theory**

Abraham Maslow developed this concept on the basis that human beings have basic needs (ILO Report, 1976) that need to be met in order to survive. He explained further that as the lower-level needs are satisfied on the needs ladder, the



high-level needs are activated. If a man faces a favourable environment, then his potentials will be realised and he will become a self-actualised man (Adelabu, 2005; Graham & Messner, 1998; Ingersoll & Smith, 2003; Maslow, 1943; Maslow, Frager, Fadiman, McReynolds & Cox, 1970; Robbins & Galperin, 2010). These five needs postulated by Maslow are experienced by most individuals and groups who look for satisfaction around them to perform.

According to Maslow (2007) human beings possess five needs that are most basic. Maslow's (2007) categorized the first need as that of deficiency, which entails inadequacy in physiological requirements, as well as affection and safety wants. He categorized the second type growth requirements, which are basically addressed in terms of self-fulfilment. He customized growth requirements via an addition of two more requirements which are known as, understanding, knowing as well as aesthetic pleasure. His belief was that any person who lacked contentment with his employment, not unless confident necessities offered, for instance self-actualization, was well thought-out as the most favourable human state, which ultimately results in satisfaction. Also, he has a strong belief that only few persons have ever had a chance to achieve a sense of self-actualization. The general argument by Maslow (2007) was that, "when other things are equal, people tend to satisfy their lowest level of felt need before moving on to higher level needs."

Applying these theories to this study point to the fact that, when conditions at work conveniently portray these intrinsic and extrinsic rewards, or lower and higher level needs in the case of Maslow or hygiene and motivator factors in the case of Herzberg, then the motivated and satisfied employee will perform creditably

in achieving organizational goals. The above theories are not without criticisms even though their existence has contributed a lot to organisational growth and effective implementation of human resource policies. For instance, Lawler III (1989) identified in their study that Maslow provided no empirical evidence as there was no support for the theory's substantiation. Graham and Messner (1998) in their study confirmed the findings of their predecessors Lawler III (1989) that there was little evidence that the need structures are organised along the dimensions proposed by Maslow. The critics of Herzberg's theory also presented a number of criticisms. Some of these detractors identified include the fact that Herzberg assumed a relationship between satisfaction and productivity, the research methodology used only looked at satisfaction and not productivity.

### **Conceptual Review**

This section of the literature review presents a review and definition of concepts as used in this study. Included in the section will be a reviewed on the concepts of reward- intrinsic and extrinsic; employee performance and employee perceptions.

### **Perception**

The value of the reward system to an employee depends directly on her perception of its worth. Consequently, that will influence the employee's performance. In making decisions, individual or group perceptions of certain issues are pertinent in giving meaning to their interpretations. What one perceives of a person, an object and an organisation may differ from another individual or group's perception. The Attribution theory has been developed to explain the different ways

individuals judge other people (Kelly, 1972). Making judgments about others positively or negatively depends on three factors, distinctiveness, consensus and consistency (Kelly, 1972, Robbins, 2005).

Kelly further explains that an individual may display different behaviour in different situations, depending on its state being usual or attributed as internally influenced or unusual and attributed as externally influenced. This is referred to as distinctiveness. On the other hand, if all employees respond in the same way when faced with a similar situation, their behaviour shows high consensus. However, from the attribution perspective, if all employees respond in the same way, that is if consensus is high, then it is seen as an external attribution to the employees' behaviour. But if some employees' behaviour differs in response to that situation the conclusion is that there is an internal attribution to the behaviour exhibited, that is low consensus.

Finally, if the behaviour of the employee is consistent then the judgement on such an individual could be interpreted. For organisational goals to be achieved and employees to perform, their perception of the work situation becomes the basis for performance. The employer should assess how employees perceive their jobs and perform tasks and reward them accordingly. However, since perceptions differ, when issues are tackled effectively whether in favourable or unfavourable work environment and considering gender differences, culture and other factors already mentioned in the discussions, the employee responds accordingly (Nolen-Hoeksema & Rusting, 2003). Lack of expected reward allocations like promotion opportunities, staff training and development programmes, and dissatisfaction with

the working conditions and management systems influence the judgement of the employee's behaviour. As a result, the employee's perception of reward system affects their performance.

### **The Concept of the Reward System**

A reward according to dictionary definition, is something given or done in return for good received. Reward can be tangible (buying a football for a child who came first in his end of term exams) or intangible (praise); it could also be financial (in terms of cash) and non-financial (non-cash such as promotion).

Reward systems differ from one organization to the other. The task of developing a strategic rewards framework for organizations is usually challenging but necessary to survive in the competitive and changing market place. The process however cannot be copied from the organizations but needs to be designed, developed and grown within the unique environment of the organization (Wilson, 2003). It is necessary for employees of every organization to be mindful of the relationship between how they perform and the rewards they get. Sometime, applying performance management programs will assist management in planning and monitoring performance by effecting proper measuring tools which will be used as a way of strengthening good behaviour among employee as well as productivity.

In the organizational settings or business world and from the human resource perspective, reward systems, are positive outcomes that are earned as a result of an employee's performance. These rewards are aligned with organizational goals. When an employee helps and organization in the achievement of one of its

goals, a reward often follows. Rewards serve many purposes in organizations. They serve to build a better employment deal, hold on to good employees and to reduce employee turnover. The principal goal is to increase people's willingness to work in one's company and to enhance their productivity.

Rewards that are used for appreciating employees in an organization benefits both the workers and the employers. When workers are acknowledged for suitable performance as well as productivity, they acquire augmented morale, satisfaction for their job and in addition to involvement in executive functions. As a result, organizations experience superior effectiveness and competence on top of an augment in sales and efficiency. Through organizational rewards, workers and employers enjoy an affirmative and fruitful working environment. Dewhurst et al (2010), defines rewards as both financial and non-financial benefits that are given to employees for good performance at work, or for accomplishing assigned duties, as stipulated in an organizational structure, strategies, policies, and processes. From this definition, there are two basic types of rewards in the workplace;

### **Extrinsic (Financial) Rewards**

The first type of rewards is monetary rewards. People work so as to satisfy their requirements and these requirements may be met by monetary rewards. Monetary rewards are refund in cash and in form of money for a given work done by workers in the company (Hansen, 2010). Workers would go any level to enhance their cash income as they will do something to avoid their source of income from being removed. The fact that workers fear to lose their jobs, cash has been a very efficient motivator only because money is necessary for continued existence in an

economy (Dunham, 1976). Monetary reward in modern society is the most transferable means of satisfying fundamental requirements (Kohn, 2009). Physiological satisfaction, protection and social requirements may only be attained with money (Kepner, 2010).

The effort-to-performance expectation is sturdily persuaded by the performance assessment which is frequently part of the reward system. A worker is probable to use extra effort if he or she understands that performance will be assessed, appraised, and rewarded. The expectancy of performance-to-outcome is influenced by the level to which the worker thinks that performance will be followed by rewards (Ocran, 2010). Lastly, every reward or potential reward has to some extent different value for every individual. An individual can want a promotion more than reimbursement; somebody else can want only the opposite (Nelson, 2009). When a company rewards a whole work group or team for its performance, collaboration among the members typically enhances. Though, competition among different teams for rewards may cause decline in whole performance under definite situations. The most general team or group rewards are plans of gain sharing, where worker teams which meet certain objectives share in the gains measured against performance targets (Pearsall, Christian, & Ellis, 2010). Frequently, programs of gain sharing emphasize on quality enhancement, reduction of cost, and other quantifiable results (Kepner, 2010).

Despite the positive role monetary rewards have played, employees have a tendency to have different approach and a manner towards money rewards (Hansen, 2010). The most general of the different reaction to salary and wages by employees

is that once it crosses lowest levels, it is regarded as a measure of fairness. (Kohn, 2009) posited non-monetary rewards as extreme benefits made accessible to staff and are regarded as an addition to salaries and wages. It contains direct as well as indirect reimbursement (Pearsall et. al. 2010, 2010). The direct reimbursement can contain profit-sharing, illness pay, pension plans, and so on (Kerachsky, 2009). The indirect reimbursement can include welfare services, social as well as recreational facilities, etc. Pay, if merely it could be correctly packaged would somehow lead to the desired approach to work. Perception of employee of his pay with respect to other employees of same position could influence the satisfaction, which he obtains from the job. The aim of monetary rewards is to reward workers for outstanding performance through money (Nelson, 2009). Monetary rewards contain profit sharing, stock options, and project bonuses, scheduled and warrant bonuses (Ocran, 2010). The aim of monetary rewards is also to reward employees for brilliant job performance by opportunities. Few of the financial rewards are explained below;

### **Bonuses**

Bonuses come in various forms and there have been arguments as to the reasons why organizations prefer to use bonuses to motivate their workforce. Before discussing the diverse reasons why institutions make use of bonuses to inspire workers there is the need to distinguish how additional benefits are given. To elaborate further, Pink (2009), explains that there exist two procedures of satisfying an employee. Firstly, in attendance are the dependent satisfiers or what he referred to as “if then satisfiers” that assures a direct repayment if a particular form of an act is accomplished or attained. In other words, there is also “now-that”

compensations. These types of payments are given in remembrance of the work done or appraised duty performance.

A singular contended reason pertaining to the reason institutions work with bonus systems of diverse categories is that firms look at them as a worthy instrument to lure and maintain capacity as postulated by (Gomez-Mejia & Balkin, 2011). This reason is most at times justifiable by institutions as a consequence of bonuses being an organizational standard. In an event to appeal to the finest employees, the institute arranges bonus systems that suggest a reasonable relationships and circumstances. An additional pertinent argument developed is that additional benefits offer institutions through a flexible emolument possibility. Subsequently the company is not creating an everlasting fiscal or monetary obligation, the danger of coming up with additional benefits compensation as a branch of the incentive scheme is considered to be of low consequence than raising the base pay level in the view of Lazear & Shaw (2009), as this form of incentive gives the industry with a particular cost flexibility. Rendering on Lazear & Shaw (2009), the best vital motive to connect compensation to an act is to intensify or raise workers' outcome. This is constructed on a presupposition that extrinsic motivation will be geared towards an advance enactment. Additional benefits are consequently at times used as a dependent incentive to attract higher work performance by workers. The reasons for employee motivation via additional benefits are carefully connected to the perceived reason of supporting the workers.



## **Salaries**

Organizations employ people in the event of effectively performing duties of the procedures and setups of their firms. Workers who are well-organized and operational in accomplishing responsibilities and objectives are worthy of a better income package which could be wage or salary. Salaries are the remuneration paid or payable to employees for work performed on behalf of an employer or service provided. They are typically paid directly to an employee in the form of cash or in cash equivalent, such as by cheque or by direct deposit into the employee bank account or an account directed by the employee. Wages and salaries provide direct satisfaction to the employees as they are helpful in meeting their basic needs suggested by Maslow, (1987).

Research conducted by William (2010) revealed that 74% of employees believe their salaries are more important to them than bonuses as salaries are regular and certain. In addition, Fox (1981) backs the point that previous circumstances of income remain the most valuable asset for employee's accomplishments. Workers who are seen at the lower level of institutional income schemes generally portray high prospects of career advancements through their wages and salaries (Mathauer & Imhoff, 2006). On the other hand, Herzberg(2005) proposes that Salary is one of the hygiene factors hence money does not lead to high levels of motivation but impact on motivation in a way.

## **Intrinsic (Non-Financial) Rewards**

Non-monetary gifts reward the performance of employees through opportunities and perks. The rewards are inclusive of recognition, opportunities for

training, independent working environment and so forth. The non-financial rewards are crucial to a worker due to their ability of allowing workers to acquire new skills as well as to pursue opportunities for advancement. For instance, a worker who graduated recently from school may consider a training program that is exemplary as better compared to his salary because of the feeling that the training has the ability to benefit him or her in the career that he holds (Ocran, 2010).

Although standard organizations often have hardship experiences when offering incentives that are non-monetary, the extremes are not a negative as they could be thought of. This means that the benefits are higher when utilizing non-monetary gifts in organizations. Non-financial awards have the ability of enhancing creativity among the associates of an organization because when employees become aware that they will receive gifts that lack a monetary value, they tend to work even harder so as to rise above the limits as opposed to just complying with organizational rules and requirements (Pearsall et. al. 2010). This occurs because competitions among the employees are normally curbed so that every employee can work to better his career life as well as to achieve the goals of the organization that he/she works for.

For instance, when workers become informed that they may get a T-shirt, they tend to work harder in order to give a better outcome in every task that they are assigned. This has the implication that non-monetary incentives enhance teamwork in organization, from the management up to the lower level employees (Ballentine, McKenzie, Wipocki & Kepner, 2007). Through an economy of downward spiral that is normally constant, employers have a duty to keep on

finding out about what rewards are appropriate for employee motivation without necessarily having to break the bank (Appelbaum, Bailey, Berg, & Kalleberg, 2000). Non-financial rewards are known to motivate employees on job performance as also develop interest on the organizations that they serve. As a result, the interest in job by employees creates happiness, which in turn leads to job satisfaction; thus benefiting both the organization and the employee (Sorauren, 2000).

La Belle (2005) posit that different individuals have different perceptions of rewards and believes that such factors are the main driving force of satisfaction and that they help boost the employee to work harder and better, due to the motivation that it brings about. Some specific non-financial rewards are reviewed below:

### **Career Advancement**

Lack of opportunity for advancement or growth can cause a high turnover rate for any organization. If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee. The job should be described precisely, without raising false hopes for growth and advancement in the position. Since employees generally want to do a good job, it follows that they also want to be appreciated and recognized for their work. Even the most seasoned employee needs to be told what he or she is doing is right once in a while (Shamsuzzoha, 2007). Lack of opportunity for advancement through seniority or otherwise may result in dissatisfaction that simmers in an employee's mind until he

or she finally quits. In the case of jobs having no real future, applicants should receive a full explanation before they are hired.

Growth and development are the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity (Bratton and Gold, 2003). The important factors in employee growth that an employee looks for himself are work profile, personal growth and dreams, and training and development. Career development is vital for both the employees and employers. Career development is mutual beneficial process because it gives imperative outcomes to employer and employees. To gain and maintain competitive advantage organizations required talented and productive employees and these employees need career development to enhance and cultivate their competencies to perform effectively (Fatima, 2011).

### **Recognition**

In today's work surrounding that is high paced, there has been reports that today's workforce put into consideration how their work is acknowledged by their employers, however, efforts on this have normally reported as infrequent and rare (Recognition Rewards Enterprises, 2007). Deeprose (1994) argues postulated that recognizing employees in an organization causes a fundamental outcome on the productivity of employees. When recognition as a reward is used in an effective manner, it results in the performance of employees that is improved. In the real sense, workers have always taken recognition as part of what they feel; it results in improved work, which in turn leads to improved performance in turn to an

organization's efficiency. The above explained reason led to Danish and Usman (2010) affirming that if rewards such as recognition are given via appropriate implementation, they generate an ample working atmosphere which has the ability to motivate workers that so that their achievements can be high. Deeprose (1994) did mention that managers that are good have a way of recognizing their workers via things which deem better to acknowledge the accomplishments they make in their assignments, and they compensate their employees by offering them tangible rewards.

Alam, Saeed, Sahabuddin and Akter (2013) did an investigation on the outcome of employee recognition as a factor predicting the contribution of employees, and results showed that there exists a strong correlation between financial rewards and the contribution of employees. Nonetheless, Murphy (2007) conducted a survey online to study the special effects that financial and non-financial gifts have on employee labour turnover. The study's results exposed that there was no noteworthy dissimilarity was observed in employee turnover. Zaman, Hafiza, Shah, & Jamsheed, (2011) conducted a study on the type of relationship existing between rewards and employee motivation on employees taken from three non-profit companies in Pakistan.

### **Training**

There is a positive relationship between training to organizational performance Cooper-Hakim & Viswesvaran (2005). The anticipation of future monetary benefits, promotions and recognition motivates the employee to adapt new skills and technology at the training program. Nyaribo (2016) suggests that a

good training program should start with a needs assessment and then inconsistency between actual and standard performance of trainee is analyzed. After determining who wants the training and what sort of training should be given, the training program is implemented. The last step of the process is to evaluate the effectiveness of training programs. Training has a positive impact on the employee performance.

The lack of training will result in ignorance of the manager about the skills, competencies and knowledge that are decisive for the performance improvement and employee level of motivation and commitment. Organizations conduct training programs due to dynamic changes in the business environment which increases the motivation of employees. As a result, the employees are promoted due to the training provided to them. Firms who spend more on training of the employee are more developed as the human resource training enhances the productivity more than any other resources (Blundell & MaCurdy, 1999). Khatri (1999) concluded that employees are motivated to be trained because they foresee an increase in their confidence level, self-esteem and career satisfaction.

### **Employee Performance**

Development of organizations relies on various factors that are meant for improving sustainability in relation to the effectiveness of an organization. When productivity is improved, the commitment of workers is as well improved because the values of an organization, its culture and also the norms improve. Systems in organizations are usually based on culture that is effectively established because it helps in keeping working environments strong. The most important aspect of employee performance is that it helps in improving the establishment of a strong

organizational culture in an organization. In this regard, the performance of workforce has long been considered as a foundation for many organizations because it leads to the expected developments. Employee' loyalty has its basis on the awareness as well as the knowledge of the culture of an organization, which in turn improves the behaviour of organizations whose operations are objective driven (Brooks, 2006). The culture of organizations has been broadly discussed in a study conducted by Administrative Science quarterly (as cited in Pettigrew, 2009). Employee's basis regarding norms and values on the management of a particular organization aids in the improvement of the performance of employees. Quality awareness leads to improved employee as well as organizational development.

The extent to which the achievements of a particular employee fulfil the mission of the organization that he/she works for is normally known as 'performance' (Cascio, 1989). Performance as a concept has earlier on been understood in different ways by various academicians and researchers; however, the majority of scholars have always related performance with transactional efficiency dimension and the efficiency of an organization towards achieving its goals (Stannack, 1996; Barney, 2001). An employee's job is put together by the degree to which an employee achieves targets as per the definition of the organization's mission, which in turn gives the definition of performance boundaries (Cascio, 1989). Particular researchers have been long identifying dissimilar deliberations, attitudes and viewpoints of performance because it aids in measuring contributed inputs as well as output measures of effectiveness that result in transactional relationship (Stannack, 1996).

An organization's ability in establishing the ideal association with resources such as capital demonstrates effective as well as efficient resources management (Daft, 2000). For achievement of goals and organizational objectives, ample strategies have since the beginning of time been premeditated on the basis of the performance of organizations (Ricardo & Walde, 2001). The equity that has its foundation on elevated returns aids in successful managerial skills of an organization resources in order for performance to improve (Ricardo & Walde, 2001). McClay, Campbell & Cudeck (1994) have defined the performance of a job as those actions or behaviors that are crucial to the organizational goals.

Similarly, Campbell (1990) views 'performance' as demonstrated behavior or something that is done by employees for the performance of an organization and the assessment is affected via the outcome of performance that is operational in relation to sales, turnover, income, volume in addition to shareholders dividend that has been declared by an organization, the quality and service quantity. In this regard the performance on job as a concept cannot be termed as a concept that is singly unified, rather, a concept having numerous viewpoints that contains a variety of behaviors. For instance industries dealing with services produce goods that are insubstantial and services quality has its predictions done according to the performance that is immediate from employees that are in service. Thus, the conclusions based on these arguments are that the performance on job is obtained via employees efforts (O'Hara, 2011).

Managers have the ability to influence performance as well as cohorts in an indirect way via the creation of a suitable working environment for employees, the



development of a philosophy that is suitable that aids employees in shaping their commitment to the achievement of the goals set by the organization they are working for as well as in the articulation of strategies as stated by Avery (2004). Further, Brown and Leigh (1996) affirmed that the climate of an organization is normally anticipated to possess links that are progressive the satisfaction of workers, the satisfaction of customers, monetary performance as well as employees turnover. Blanchard and Witts (2009) argued that in case institutions fail to take time in actively recognizing and rewarding high-quality performance, job desire for workers deteriorates with each triumph that goes unrecognized. The feedback in performance gives motivation to the workers' desire so that they do even better.

Agarwal (2008) asserted that if workers are engaged in decision making and also participation in transformations execution of those issues affecting them, they are capable of implementing transformations at a faster rate accompanied by higher performance as opposed to workers who in their organizations only get informed about the revolution. In the same note, across (2005) contended that workforce does not execute duties well in circumstances where there is no recognition and independence is not ascertained, predominantly when workers have already acquired skills that are adequate for working autonomously.

## **Empirical Review**

### **Empirical Studies on The Relationship Between Rewards and Performance**

Sarin and Mahajan (2001) concluded that Managers can draw four implications from their findings. First, when it is easy to evaluate individual performance in the team, rewarding members differently on the basis of their

position/status in the organization is likely to result in higher satisfaction among team members, because senior team members bear a disproportionate share of the risk and responsibility associated with the team. Second, organization should consider investing in more accurate and unbiased methods of evaluating individual team members. Because both position-based and equal rewards exert a negative influence on performance when ease of individual evaluation is low, better evaluation systems may minimize perceptions of unfairness and inaccuracies in the distribution of rewards. Third, for long or less complex projects, process-based rewards have a negative influence on team performance, whereas outcome-based rewards enhance performance. Fourth, for risky projects and highly competitive or relatively stable industries, outcome-based rewards exhibit a nonlinear and monotonically decreasing relationship with product quality. Under these conditions, linking rewards to the projects outcomes has a detrimental effect on product quality.

According to Murphy (2015), reward practices do have a relationship with performance. He said in both the primary and secondary research, he found evidence to support the use of a more comprehensive or total rewards approach to how employers managed and designed rewards systems. Responding to employee needs and expectations should govern an organizations rewards systems. These expectations may ultimately change the standard practice of formal policies that govern the organization in question. A total rewards design within a modern multinational organization above all needs to be relevant to current needs and expectations. It should always be developed in real time. Rewarding should not

only be applied to individual employees within the organization but also to teams that perform excellently. Incentives given for good behavior usually improve the relationship between the employees and management because employees feel that they are being appreciated for their efforts and good work. This leads to increased employee morale, better customer care as well as increased productivity.

Long-term rewards are awarded to employees who have been performing well. Such an employee will become loyal to his or her organization and it reduces employee turnover. Long term rewards includes being made partner, or cash benefits that mature after many years of service or at retirement. These rewards are very strategic for retaining the best human resources (Yokoyama, 2007). Dobre (2013) concluded in his studies conducted on employee motivation and organizational performance that “people seek security and the underlying needs are fundamental to people’s existence. After these needs are satisfied, people will focus more on job performance. People also see social systems, so the sociability aspects of effective organizations cannot be neglected.

Last but not least, personal growth is also important to people, as self-actualization and the need for achievement and growth are very powerful needs that influence the development of effective organisations”. He added that “Management should evaluate employee suggestion scheme and use the feedback from the workforce to improve the organization environment and fulfill their needs and skills. People are different and they are motivated by diverse needs, such as physiological needs, safety requirements and self-actualization needs. Thus, focusing on employees at every level of the workforce and analyzing each

department of the organization will provide detailed accurate information regarding the needs of employees”. If employees feel appreciated for their work and are involved in decision-making, their enhanced enthusiasm and motivation will leads to better productivity and loyalty.

Research has suggested that rewards now cause job motivation and satisfaction, which leads to performance. An intrinsically motivated individual, according to Ajila (1997) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. He further suggested that for an individual to be motivated in a work situation there must be a need, which the individual would have to perceive a possibility of satisfying through some reward.

Njanja et al., (2013) undertook a study on Effect of Rewards on Employee Performance. Their conclusion was that cash bonuses had no significant effect on employee performance. Those who had received and those who had not received perceived it to affect their performance the same; hence it did not have a significant effect on performance. They stated that Rewards have been known to have a positive effect on employee performance. However no rewards system is perfect, this is because motivation is personal and what motivates one employee could be different from what motivates the next. Therefore, the organization should get to know their employees well so that they can employ the right motivational strategy.

In a research conducted by Boamah (2014), it was concluded that opportunity for advancement, appreciation for work done, salary, promotions and

other factor were the main source of motivation for employees of Brong Ahafo Education Directorate. This is due to the service having greater percentage of well-educated young and energetic people in the service with less people nearing the retiring age who seek ways to improve their lot. He added that On employees' satisfactions, it can also be concluded that, as much as opportunity for advancement, appreciation for work done, promotions, and good relations with peers etc. leads to their satisfaction, the kind of salary they receive, relationship with their superiors, and working conditions, and others are a major dissatisfaction. He further stated that, performance determinants such one's qualification, experience, working environment, compensation package, job security among others combine with favourable motivational factors have effects on performance and vice versa. Therefore, there is relationship between motivation and performance, and motivation does have effect on employees' performance.

According to Tsede and Kutin (2013), Ghanaian organisations could utilise total reward strategy to stay ahead of competition as it establishes distinctive set of rewards that serve as a differentiator in the recruitment market and may be difficult for competitors to replicate. Further, it seems the combined effect of both financial and non-financial rewards creates a deeper and long-lasting impact on employees' performance and commitment towards sustainable organisational success. Non-financial rewards therefore appears to bind employees more strongly to the organisation as they deliver positive psychological contract that meet those special individual needs. In a study conducted by Addai (2012) on Effects of Non-Financial Rewards on Employee Performance in the Health Sector, it was revealed that

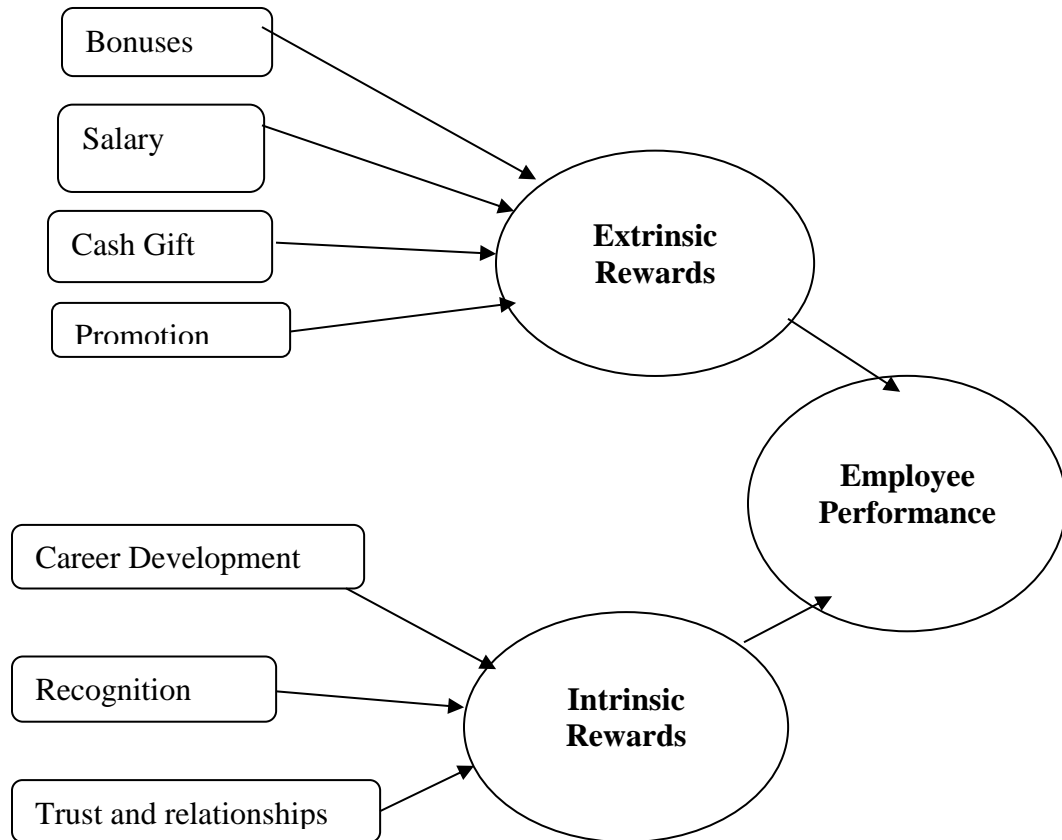
performance will be affected when appropriate performance management structures are in place. Although financial rewards are necessary, they are short term motivators and that the adoption of non-financial rewards is essential.

Eshun, (2011) concluded in a study on Reward as a motivational Tool for employee performance that managers need to have an understanding of what drives employees to perform. They added that individuals have various degrees and levels of needs which they attempt to achieve and so the satisfaction of one need therefore does not serve as an end of his motivational quest but a platform to achieve an even higher need. They further explained that while monetary rewards may be important to employees at the beginning of their employment, their needs, desires and aspirations change over time, thereby culminating in more complex motivational goals.

### **Conceptual Framework**

As this study examines the relationship between rewards and performance, staffs of Mon-Tran Ghana Limited have been taken as population. Performance is the dependent variable and financial and non-financial rewards are the independent variables. The framework of the proposed conceptual model is shown below. The dependent variable, which is performance of employees is an important factor in an organization, which is measurable in relation to organizational and employee productivity. Also, organizational employee performance can also be measured in terms of how effective the operations are, in addition to service delivery, which is the main goal of an organization. Employee performance can be measured in terms of independent variables, which are the financial and non-financial rewards,

including bonuses, salaries, cash gifts, career development, recognition and training. Each independent variable mentioned above has a specific influence in the dependent variable which is employee performance.



**Figure 1: The Conceptual Framework**

Source: Author's own construct, Tetey (2018)

Bonuses are recognised as a good reward system which potentially stimulates employees to work hard as there is an anticipation of additional entitlements. This can also be said of salaries and cash gifts as they improve the living standard of employees and performance alike. Recognition enhances job satisfaction, which in turn enhances employee performance. Additionally, career

development leads to increased knowledge and skills meant to handle responsibilities given to employees, in turn leading to an increased performance. This means that employees develop a positive attitude towards their work, in turn leading to enhanced employee performance in the workplace. Finally, when employees are given the requisite training and development, it will improve their skills and experience leading to their effectiveness and performance.

### **Chapter Summary**

The chapter reviewed relevant literature to the study. The review first of all touched on theories that were important to highlight and guide the conduct of this study. The chapter further reviewed concepts and terms in reward systems; financial and non-financial rewards were identified as types of reward systems in the review. The review again brought out the work of other researchers who have researched into the financial and non-financial rewards on employee performance in various areas. From their studies, there was a solid support for cash as an encouraging element. On the other hand, there were researchers who totally differ with cash as the sole crucial stimulus confirming that cash does not meaningfully impact on employee performance. Non-financial rewards when efficiently used are equally as significant. The chapter was then summed up with a conceptual framework of the study.



## CHAPTER THREE

### RESEARCH METHODS

#### **Introduction**

This chapter presents the methodology used to carry out this study. Research methodology articulates how the researcher went about his/her study and the logic behind each method used. The rationale is to help the researcher to systematically solve the research problem. Elements to be discussed under this section include; research design, research approach, research area, population, sample and sampling techniques, instrument, and data collection procedure, validity and reliability and data analysis.

#### **Research Approach**

Sekaran and Bougie (2016) postulated that, the epistemological underpinning of a quantitative motif holds that there exist definable and quantifiable social facts. The study therefore employed the quantitative research approach based on the nature of the study purpose under consideration, specific objectives, hypotheses and the nature of the primary data to be collected and analyzed. Creswell (2014) asserted that quantitative approach deals with explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics).

This approach typically begins with data collection based on a hypothesis or theory and it is followed with application of descriptive or inferential statistics (Tashakkori & Teddlie, 2010). Quantitative methods are frequently described as deductive in nature, in the sense that inferences from tests of statistical hypotheses

lead to general inferences about characteristics of a population. Quantitative methods are also frequently characterized as assuming that there is a single “truth” that exists, independent of human perception (Lincoln, Lynham & Guba, 2011). It was also found that the findings from quantitative research can be predictive, explanatory, and confirming (Williams, 2007 as cited in Bernard & Bernard, 2012).

### **Study Design**

According to Singh (2006), research design is essentially a statement of the objective of the inquiry and the strategies for collecting the evidence, analysing the evidences and reporting the findings. Research design is a plan or a guide which specifies how data relating to a given research should be collected, measured and analysed (Sekaran & Bougie, 2016). According to Kothari (2004), research designs deal with creation of decisions regarding the techniques which are utilized in gathering data, the type of strategies and instruments for sampling, and ways in which the constraints of time and cost can be dispensed. According to Sekaran and Bougie (2016), and Saunders and Lewis (2016) research design can be categorised into three broad categories based on the purpose of the study; namely, exploratory, descriptive and causal designs. This study adopted the descriptive survey. Descriptive design is often employed by researchers in order to afford them the opportunity to describe and understand the characteristics of the study variables (Sekaran and Bougie, 2016). This design was important for use in the study because it offered the researcher opportunity to describe and examine the study variable for the reward systems and employee performance.

## **Study Organisation**

Founded in 2004, Mon-Tran Limited is a wholly-owned Ghanaian company that provides business support services to numerous corporate institutions. The company has fully operational offices in Accra, Tema, Takoradi, Cape Coast, Tarkwa, Kumasi, Sunyani, Tamale, Wa, Bolgatanga, Ho and Koforidua. Mon-Tran Ltd is a Human Capital Development, Placement and Business Support Services provider. Over the past five years Mon-Tran Ltd has provided a wide range of support services mainly to the Banking and Financial institutions, Courier and Telecommunications. Mon-Tran is an equal opportunity employer with over 4,000 employees across the country. The company applies their services on behalf of their clients to relieve them of their administrative and transactional burden. This frees them to focus on their essential, core activities and business growth. The key services Mon-Tran provides include; Human Resource Recruitment and Placement; Training and Development and HR Outsourcing Service.

## **Population**

Population is the entire aggregation of causes that meet a designed set of criteria (Graneheim & Lundman, 2004). Ngechu, (2004), explains the term population as a set of elements, events, people, or group of items under a research-based investigation. According to Leedy and Ormrod, (2010) population can be seen as the target group about which the researcher is interested in gaining information and drawing conclusions. For this research, the target population covers the total number of employees who subscribe to the services of Mon-Tran Ghana Limited in Accra central. There are about 400 agency workers of Mon-Tran

Ghana Limited in Accra. The population was chosen because Accra holds the largest number of Mon Tran agents making data readily available. These workers have the right perception of Mon-Tran's reward system.

### **Sample and Sampling Technique**

The study adopted a simple random sampling technique in collecting data from respondents to the study. According to Bryman (2016), the simple random technique is a probability sampling procedure that ensures each case in the population has an equal chance of being included in the sample. Therefore, this technique affords each individual in the population to have an equal chance of being included and selected in the sample. From a population of 400 agency workers, a sample of one hundred and ninety-six (196) workers was selected for the study. The sample for this study was selected from the population, in accordance with a study conducted by Krejcie and Morgan, (1970), which illustrates a table for determining the sample size from a given population. Individual employees were selected using the Excel random number generation method. The sample size determination table is attached as appendix B.

### **Data Collection Instruments**

Collecting data for a study involves using certain research instruments and procedures for collecting the data. A questionnaire was used in the collection of information from respondents on their respective knowledge on some rewards systems and how they affect their performance in the organisation. A questionnaire is a written document in survey research that has a set of questions given to respondents or used by an interviewer to ask questions and record the answers

(Neuman & Kreuger, 2003). A questionnaire could be answered by the person from whom information is sought or through an interpreter. The questionnaire included closed-ended items, in which the questions permit only certain responses such as 'yes' or 'no' or the Likert type to choose from answers provided in the questionnaire. The questionnaire is attached as appendix A.

Groves, Fowler, Couper, Lepkowski, Singer and Tourangeau (2011) posit that there are distinct advantages in using questionnaires rather than interview methodology. One of such advantage is that questionnaires are less expensive and easier to administer than personal interview. Groves et al (2011) indicates that mailed surveys, for example, are extremely efficient at providing information in a relatively brief period time at low cost to the researcher. The instrument is in four sections. Section A concerns the demographic description of the respondents, Section B is on the employee perception of reward system, Section C is on Extrinsic reward, Section D is on Intrinsic reward and Section E is on employee performance. The measurements for Extrinsic and Intrinsic rewards were adapted form Smith, Joubert, and Karodia (2015) and Kikoito (2014). And the measurements of performance were adapted from Muchiri (2016).

### **Data Collection Procedure**

Primary was used for this study. Primary data are original data sources that are collected fresh and for the first time and therefore happen to be the original in nature. The primary data was collected using the survey method. This involved the distribution of questionnaires and collection of data from respondents. In other to achieve the objectives of the study, well designed questionnaires with close ended

questions were used. The questionnaires were distributed to the respondents by the researcher personally.

### **Validity and Reliability**

Reliability and validity are two key components to be considered when evaluating a particular instrument. Reliability, according to Bless and Higson-Smith (2000), is concerned with consistency of the instrument, and an instrument is said to have high reliability if it can be trusted to give an accurate and consistent measurement of an unchanging value. Reliability means dependability or consistency (Neuman & Kreuger, 2003). It indicates the likelihood that a given measurement technique will repeatedly yield the same description of a given phenomenon. The role of reliability is to minimize the errors and biases in a study (Yin, 2017).

The validity of an instrument, on the other hand, refers to how well and instrument measures the particular concept it supposed to measure (Brynam, 2016). They further argue that an instrument must be reliable before it can be valid, implying that an instrument must be consistently reproducible; and that once this has been achieved, the instrument can then be scrutinized to assess whether it is what it purports to be. To ensure validity of questionnaires, the researcher reviewed other relevant literature that served as evidence and supported the answers found using the questionnaire, relevance being determined by the nature of their research question and their own judgement (Brynam, 2016).

### **Results of the Cronbach's alpha**

In order to measure the reliability of the gathered data, Cronbach’s alpha was used. Table 1 shows Cronbach’s alpha of all indicators. The results in Table 1 provides the values of Cronbach’s alpha for all the variables. It appears from the table that the values of Cronbach’s alpha range between 0.789 and 0.804. These values are all equal or well above the minimum value of 0.70 as per Brynam (2016). Thus, it can be concluded that the measures have an acceptable level of reliability.

**Table 1: Reliability of scales and Cronbach’s alpha of study variables**

Variable	Items Retained	Cronbach's Alpha
Extrinsic Reward	6	0.804
Intrinsic Reward	8	0.752
Performance	6	0.789

Source: Field Survey, Tetey (2018).

### **Data Analysis**

The data was first put in topical and chronological order and was presented in a descriptive manner. Secondly, data were classified into categories, to allow the use of quantitative methods to be used to analyse some of the data collected. The Statistical Package for Social Sciences (SPSS) software version 22 was used in processing the data collected from the respondents. The data was analysed using descriptive statistics (frequencies, percentages, charts among others) and the multiple linear regression.

### **Ethical Issues**

According to Awases (2006), ethics is mostly associated with morality and deals with issues of right and wrong among groups, society or communities. It is therefore important that everyone who is engaged in research should be aware of

the ethical concern (Rubin & Babbie, 2016). The researchers will employ every effort to avoid as far as possible violation of ethical principles. Edginton & Chin, (2012) have identified the basic ethical consideration for research as; respondents being fully informed about the aims methods and benefits of the research, granting voluntary consent and maintaining the right of withdrawal. The rationale for the study, assurance of confidentiality and the right of withdrawal will be explained to the participants. The researcher in the conduct of this study educated the participants concerning the details needed for the study, the reasons why the information are being gathered, the rationale, as well as the way in which they were expected to participate. Again, the researchers assured them of the confidentiality of the information given.

### **Chapter Summary**

This chapter has provided information as to how the primary data for the study was collected, organized, analysed and presented for easy comprehension. This chapter also presents information on the design of the study and scientific approach it took in terms of approach to data needs, statistical techniques and systematic enquiry into the investigation under consideration.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### Introduction

This study sought to assess reward system among agency employees and understand reward system impacts agency employees the most. This chapter presents an analysis of the data collected from respondents. The main instrument used for this study is a structured questionnaire. The statistical tools employed here are; mean, standard deviation (SD), frequencies, percentages and linear regression analysis. The results are presented in tables to improve readability. In line with the main research goal, this chapter reflects on the core research objectives as outlined in chapter One. The first section discusses the demographic background of respondents; however, the second section discusses the research objectives which include:

1. Analyse the perceptions of employees regarding Mon Tran ltd reward systems;
2. Assess the relationship between Reward system and employee performance.
3. To examine the extent to which extrinsic rewards influence employee performance.
4. To examine the extent to which intrinsic rewards influence employee performance.

### Response Rate

Data was collected from employees of Mon-Tran Ltd working with various banks in Accra central. The population considered for this study was four hundred (400) employees and a sample size of 196 was chosen based on the Krejcie & Morgan (1970) sample size determination table (Attached as Appendix B). A total of one hundred and ninety (190) questionnaires were issued from which one hundred and forty-eight (148) were filled and returned which represents a response rate of 76%. According to Mugenda and Mugenda (2003), a 50 per cent response rate is adequate, 60 per cent is good and above 70 per cent rates very well. The success rate in this study could be attributed to the self-administration of the questionnaires applied by the researcher from which the intended respondents from the various regions were pre-notified on the actual date before the data collection. The response rate is represented in table 2 below.

**Table 2: Response Rate**

Questionnaire	Count	Percentage (%)
Returned	148	76
Non- Returned	48	24
Total	196	100.00

Source: Field survey, Tettey (2018)

### Descriptive Results for Socio-Demographic Characteristics

This section provides results on the nature of the respondents for this study. The demographic characteristics describe the nature of the senior staff used as respondents for the study. The data was collected across various biographical details. It describes the nature of the respondents of the study. The results are presented in Table 3.

**Table 3: Demographic characteristics for respondents**

		Frequency	Percent
<b>Gender</b>	Male	86	58
	Female	62	42
<b>Age</b>	20-29	52	35
	30-39	46	31
	40-49	30	20
	50 and above	20	14
<b>Working Years</b>	Below 1 year	30	20
	2-4 years	37	25
	5-9 years	46	31
	10 and above	30	20
	Missing	5	3
<b>Academic Qualification</b>	Diploma	38	26
	Bachelors' Degree	65	44
	Masters' Degree	35	24
	Other Certificates	10	7
	Total	148	100

Source: Field Survey, Tettey (2018)

The results from Table 3 show that majority of the staffs are males 86(58%) as compared to the females 62(42%). However, the distribution shows a relatively fair distribution of gender at Mon-Tran ltd. With respect to the age distribution of the respondents, the results indicate that the highly represented age group are those in the 20-29 age brackets 52(35%). This is followed by those in the brackets of 30-39 - 46(31%). The third highest age group are those in the 40-49 brackets 30(20%). The least group are the 50 and above year group 20(14%). The age distribution shows that Mon-Tran ltd has relatively younger staff members than the adult staff members.

With respect to the number of years the staffs are engaged in Mon-Tran ltd, majority of the respondents worked between 5 – 9 years 46(31%), followed by those within 2 – 4 years 37(25%). Also, staffs who were engaged below 1 year at and above 10 years at the time of the conduct of this research were 30 making a percentage of 20 for both below 1 year and above 10 years. It can be observed that, the distribution among the year ranges were fair. However, there were mission values of 5 (3%).

The highest academic qualification of the staffs was Bachelor's degree 65(44%); this is followed by Diploma 38(26%), master's degree 35(24%) and only 10(7%) had other qualifications. The demographic results show that the respondents are well distributed across gender, years of work and academic qualification. The implication is that, there can be some level of confidants in the responses obtained from the staff of Mon-Tran It.

## **Findings of the Research Questions**

This section presents results and analysis based on the three key questions of this study. Both descriptive and inferential statistics are used in analysing the data. As it has been indicated in the methods, the design of this research is descriptive and adopts a quantitative method. The results and analysis are presented chronologically based on the stated objectives of this study.

### **Research Question One: What is the perception of employees regarding Mon Tran ltd reward systems?**

For the first research objective, the study sought to measure the perception of the employees of Mon Tran ltd with respect to their current reward system. This was designed to gain insight into the organisation's current reward system, and establish to what extent it meets employee needs and expectations. In this study, it has been indicated that, the value of the reward system to an employee depends directly on her perception of its worth. Consequently, that will influence the employee's performance. As pointed out by Shea (2002), employee's perception of reward system affects their performance. For the first part of this objective, respondents were asked to indicate their level of satisfaction with reward system at Mon-Tran ltd, the results are shown in Table 4.

**Table 4: Fairness of rewards distributed at Mon-Tran ltd**

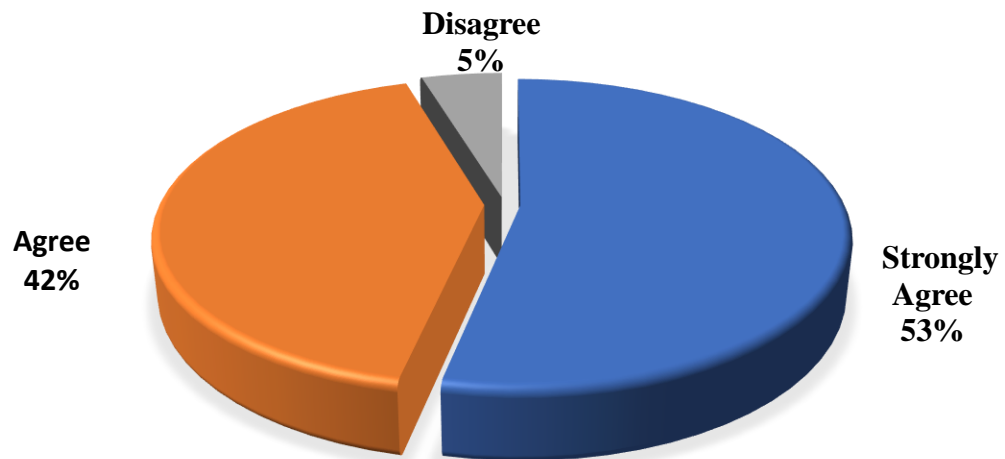
	Frequency	Percent	Cumulative Percent
Poor	32	21.62	21.62
Unsatisfactory	35	23.65	45.27
Satisfactory	56	37.84	83.11
Highly Satisfactory	25	16.89	100.00
Total	148	100.00	

Source: Field survey, Tettey (2018)

The results from Table 4 show that majority of the respondents (56) representing 37.84 percent were of the view that fairness in the distribution of rewards was satisfactory. This is followed by Unsatisfactory (23.65%) and poor (21.62%), the least group are respondents who rate fairness with distribution of rewards as highly satisfactory (16.8%). The results show differences in employee perception of fairness at Mon-Tran. However, the cumulative percent indicates that relatively a higher percentage of respondents perceive fairness in distribution of rewards (54.73%) as compare to (45.27%) who are unsatisfied with the rewards system and rewards distribution at Mon-Tran ltd.

The second part of the objective elicited the perception of respondents pertaining to the extent to which it is important to them to be rewarded for their contributions at the companies they work with. Since Mon-Tran assign these employees to various companies within the cities, the question sought to examine the extent to which they agreed that they must be rewarded for their individual contribution to these companies. The results are presented in figure 2. Respondents

were to indicate the extent to which they agree or disagree with the importance of rewarding their contributions. The results indicate that 53 percent Strongly Agree their individual contributions to the companies they work with must be rewarded. This is followed by 42 percent who also agree that contribution must be rewarded. Only 5 percent are of the view that individual contributions need not be singled out and rewarded. The results lead to the general conclusion that employees are motivated when their contributions are rewarded. A good reward system must provide recognition for individual performance.



**Figure 2: Importance of been rewarded for effort**

Source: Field Survey, Tettey (2018)

The final question in dealing with employee perception of reward system at Mon-Tran ltd, was to solicit employees' views on whether they had an input in designing reward packages attributed to them. Respondents were asked, do you

have any say in what comprise your reward package? And they were expected to reply yes or no.

**Table 5: Employee Input in Reward System**

	Frequency	Percent
<b>No</b>	91	61.5
<b>Yes</b>	57	38.5
<b>Total</b>	148	100

Source: Field survey, Tettey (2018)

The results from Table 5 show that the majority of the respondents, 91 representing 62 percent were of the view that they had no say in what comprised their reward package. However, 57 of the respondents representing 39 percent held that they did provide some level of inputs in determining their current reward packages. The difference could be that most agency employees have different contracts with the agency that grants them employment. As such based on the industry or employee qualifications and employer demands, rewards and employment conditions may differ from person to person.

**Research Question 2: What is the relationship between reward system and employee performance?**

A correlation analysis was conducted between reward and employee performance at Mon-Tran ltd. The relationship between the variables was tested using Pearson product moment correlation. Reward was measured in terms of both Intrinsic and Extrinsic reward. The results of the correlation presented below.



Employee performance was measured in terms of accomplishing duties, meeting results, goals and objectives and general performance. The results of the Pearson product moment correlation are presented in Table 6.

**Table 6: Correlation between Reward System and Performance**

		<b>Extrinsic Reward</b>	<b>Intrinsic Reward</b>	<b>Performance</b>
Extrinsic Reward	Pearson Correlation	1	.117	.897**
	Sig. (2-tailed)		.161	.000
	N	148	146	148
Intrinsic Reward	Pearson Correlation	.117	1	.153
	Sig. (2-tailed)	.161		.065
	N	146	148	146
Performance	Pearson Correlation	.897**	.153	1
	Sig. (2-tailed)	.000	.065	
	N	148	146	148

\*. Correlation is significant at the 0.05 level (2-tailed).

Source: Field survey, Tettey (2018)

The results of the Pearson product-moment correlation coefficient, shows that there was a positive relationship between Extrinsic Reward and Employee Performance [ $r = .897$   $n=148$ ,  $p=.000$ ], two-tailed. However, for Intrinsic Reward and Employee Performance [ $r = .153$ ,  $n=146$ ,  $p=.065$ ]. The results indicate that there is no significant relationship between Intrinsic Reward and employee performance. However, the relationship between Extrinsic Reward and employee performance is statistically significant. Cohen (1988) suggests the following guidelines for the interpretation of the magnitude of correlation coefficient;  $r=.10$  to  $.29$  or  $r=-.10$  to  $-.29$  small,  $r=.30$  to  $.49$  or  $r=-.30$  to  $-.49$  medium,  $r=.50$  to  $1.0$  or  $r=-.50$  to  $-1.0$  large. The results indicate a significant strong positive relationship between Extrinsic Reward and employee performance.

There results of this study lead to the conclusion that extrinsic reward and the performance of employees go in the same direction. It is compatible with the research done by Bretz et al. (1992) who stated that the performance of the study can be improved by qualified bonus system in the organization; and also it is adopted by the findings of Oyebanju's, (2009) study who found that different suitable payment systems such as compensation, allowances, fringe and bonus have significant relationships with performance. The fact that Intrinsic reward has an insignificant relationship with employee performance contradicts some studies done in the area. Andrew (2004) concluded that intangible rewards (intrinsic) such as recognition and appreciation plays an important role in motivating employees and raising their performance. However, in this study the case is different.

**Research Question Three: What is the effect of extrinsic rewards on employee performance?**

This question sought to examine the impact of extrinsic or financial rewards on the performance of employees of Mon-Tran ltd. Since relationship may not necessarily mean causality, a regression analysis was performed between the various forms of reward and employee performance. In this study, extrinsic reward has been defined by Farooqui and Nagendra (2014) as the fringe and pay advantages employees get from an organization. This includes promotion opportunity, career advancement and conducive workplace environment. Extrinsic reward and financial reward have been used interchangeably in this study.

For this analysis, respondents were presented with statement measuring the extent of extrinsic reward. It included annual bonuses, allowance, health benefits, salary and its increment. Respondents were to indicate on a scale of 1 to 5 the extent to which any of these was present. There results were then transformed to create the extrinsic reward variable and regressed against employee performance (Dependent Variable). The results are presented in the tables below. Table 7 presents the summary of the regression model on the effect of extrinsic reward on employee performance.

**Table 7: Model Summary of Extrinsic reward on Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.897 <sup>a</sup>	.805	.803	.31234

a. Predictors: (Constant), Extrinsic Reward

Source: Field survey, Tettey (2018)

The key values of concern in the model summary are the Correlation coefficient (R), the coefficient of determination (R-squared). From Table 7, the models show an R value of 0.897 which shows the value of the correlation between the independent variable (Extrinsic Reward) and the dependent variable (Employee Performance). Cohen (1988) suggests the following guidelines for the interpretation of the magnitude of correlation coefficient;  $r=.10$  to  $.29$  or  $r=-.10$  to  $-.29$  small,  $r=.30$  to  $.49$  or  $r=-.30$  to  $-.49$  medium,  $r=.50$  to  $1.0$  or  $r=-.50$  to  $-1.0$  large. Per the criteria by Cohen (1988), it can be concluded that Extrinsic Reward has a strong positive significant relationship with Employee performance. A position already established by the second objective.

According to Ringle, and Sarstedt (2011), the coefficient of determination represents the variation in the dependent variable that is accounted for by the independent variable. The results shows an R-squared of 0.805, this means that almost 81 percent of the variation in employee performance at Mon-Tran ltd is accounted for by extrinsic reward. In scholarly research that focuses on marketing issues,  $R^2$  values of 0.75, 0.50, or 0.25 for dependents variables can, as a rough rule of thumb, be respectively described as substantial, moderate, or weak (Hair, Sarstedt, Ringle, & Mena, 2012; Henseler et al., 2009). This leads to the conclusion the Extrinsic reward has a substantial variation on employee performance. The other 19 percent of the variation in employee performance may be accounted for by variables not considered in this model. Table 8 determines the statistical significance of the entire model.

**Table 8: ANOVA<sup>a</sup> of Extrinsic Reward and performance**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	58.732	1	58.732	602.033	.000 <sup>b</sup>
	Residual	14.243	146	.098		
	Total	72.975	147			

a. Dependent Variable: performance

b. Predictors: (Constant), Extrinsic Reward

Source: Field Survey, Tetey (2018)

The results of the ANOVA from Table 8 indicate a statistically significant figure of  $p=.000$ , a significant level of less than or equal to  $.05$  is necessary for social science research (Pallant, 2001). In this analysis, the  $\rho$ -value is well below  $.05$  ( $\rho = .000$ ). The table shows whether the model is statistically significant in interpreting employee performance among employees of Mon-Tran ltd. Therefore, it can be concluded that the R and  $R^2$  between Extrinsic Reward and employee performance is significant.

Table 9 indicates the magnitude of the impact of External Reward on the performance of employees of Mon-Tran ltd. The core part of this objective is to determine the predictability of Extrinsic reward on the performance of employees. Previous researchers had indicated that Extrinsic reward in the form of pay and fringe benefits had a significant effect on the performance of employees. The case of Mon-Tran ltd is provided for in table 9.

**Table 9: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.073	.184		-.396	.692
Extrinsic	.999	.041	.897	24.536	.000

a. Dependent Variable: performance

Source: Field Survey, Tettey (2018)

Table indicates a standardized Beta of .897 and this is significant at  $p=0.000 < 0.05$ , T-statistics= 24.536. The results show that Extrinsic Reward has a positive significant impact on the performance of employees of Mon-Tran ltd. The study has revealed the extrinsic factors in the form of Salary and working conditions, bonuses among others impact the employee performance. The results of this study are supported by the findings of Eshun, (2011); Murphy (2015); Sarin and Mahajan (2001) who have concluded that extrinsic and financial rewards do have positive significant effect on the performance of employees. As pointed out by Kohn (2009), monetary reward in modern society is the most transferable means of satisfying fundamental requirements. Physiological satisfaction, protection and social requirements may only be attained with money (Kepner, 2010). However, the findings contradict the findings of Njanja et al., (2013) who concluded that cash bonuses had no significant effect on employee performance. Those who had received and those who had not received perceived it to affect their performance the same; hence it did not have a significant effect on performance.

**Research Question Four: What is the effect of intrinsic rewards on employee performance?**

This question sought to examine the impact of intrinsic or non-financial rewards on the performance of employees of Mon-Tran ltd. In this study, Intrinsic reward has been defined by Ryan & Deci (2000) as those rewards that are inherent within a job and are available in job for example employees’ ability, receiving appreciation, recognition, challenges and achievement, and behaviour that shows understanding and concern as to enhance awareness, ability and confidence in the person being mentored. For this analysis, respondents were presented with statement measuring the extent of intrinsic reward. It included management belief in employee ability, challenging task, recognition, trust, healthy interpersonal relationships, development, teamwork and collaboration. Respondents were to indicate on a scale of 1 to 5 the extent to which any of these was present. There results were then transformed to create the Intrinsic reward variable and regressed against employee performance (Dependent Variable). The results are presented in the tables below. Table 10 presents the summary of the regression model on the effect of intrinsic reward on employee performance.

**Table 10: Model Summary of Extrinsic reward on Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.153a	.023	.017	.627

a. Predictors: (Constant), Intrinsic Reward

Source: Field Survey, Tettey (2018)

The Correlation coefficient (R) from the models shows a value of 0.153 as the value of the correlation between the independent variable (Intrinsic Reward)

and the dependent variable (Employee Performance). Per the criteria by Cohen (1988), it can be concluded that Intrinsic Reward has a small relationship with Employee performance. A position already established by the second objective. The results show an R-squared of 0.023, this means that only 2% percent of the variation in employee performance at Mon-Tran ltd is accounted for by intrinsic reward. In scholarly research that focuses on marketing issues,  $R^2$  values of 0.75, 0.50, or 0.25 for dependents variables can, as a rough rule of thumb, be respectively described as substantial, moderate, or weak (Hair, Sarstedt, Ringle, & Mena, 2012; Henseler et al., 2009). This leads to the conclusion the intrinsic reward has a weak impact on employee performance. Table 8 determines the statistical significance of the entire model.

**Table 11: ANOVAa of Extrinsic Reward and performance**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.359	1	1.359	3.455	.065 <sup>b</sup>
Residual	56.648	144	.393		
Total	58.007	145			

a. Dependent Variable: performance

b. Predictors: (Constant), Intrinsic Reward

Source: Field Survey, Tettey (2018)

The results of the ANOVA form Table 11 indicate a non-significant figure of  $p=.065$ , a significant level of less than or equal to  $.05$  is necessary for social science research (Pallant, 2001). In this analysis, the  $p$ -value is above  $.05$  ( $p = .065$ ).



The table shows whether the model is statistically significant in interpreting employee performance among employees of Mon-Tran ltd. Therefore, it can be concluded that the R and R<sup>2</sup> between Intrinsic Reward and employee performance is not significant. Table 12 indicates the magnitude of the impact of External Reward on the performance of employees of Mon-Tran ltd.

**Table 12: Coefficients<sup>a</sup>**

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1 (Constant)	2.906	.159		18.334	.000
Intrinsic Reward	.083	.045	.153	1.859	.065

a. Predictors: (Constant), Intrinsic Reward

Source: Field Survey, Tettey (2018)

Table 12 indicates a standardized Beta of .153 and this is not significant  $p=0.065 > 0.05$ , T-statistics= 1.859. The results show that Intrinsic Reward does have an impact on the performance of employees of Mon-Tran ltd. The study has revealed the extrinsic factors in the form of Salary and working conditions, bonuses among others impact the employee performance. The results show that recognition for work, trust, faith of management among other intrinsic reward do not spurn employees of Mon-Tran ltd to do more. The findings of this study is supported by the findings of Ajila and Abiola (2004) who found that there exists no significant

relationship between intrinsic rewards and workers performance. That is the value that workers place on the intrinsic rewards like praise, recommendation that they receive from their employees is very minimal and this does not increase their performances. The findings of Egwuridi (as cited in Ajila & Abiola, 2004) has also supported this research work, because his hypothesis that low-income workers will be intrinsically motivated was not confirmed and the expectation that higher income workers will place a greater value on intrinsic reward than low income workers was also not confirmed. This shows clearly the extent of value placed on extrinsic rewards.

The findings of the study in terms of intrinsic reward however conflicts with other empirical studies conducted in the area of motivation. Researchers such as Dobre (2013); Yokoyama (2007); Murphy (2015) among others who concluded that there was a positive significant relationship between intrinsic motivation and employee performance. The results of this current study make much sense based on the nature of the employment of agency employees, that they work hoping the company they are assigned to buys them from their contract, the results brings home the understanding that extrinsic reward is of utmost importance to them. Since most of these employees do not belong to and are not paid by the company they are assigned to, their focus is usually not on the praise and recognition offered by their place of assignment. This explains why extrinsic rather than intrinsic rewards provide them with the impetus to do their jobs.

## Chapter Summary

The chapter has provided an analysis of the data with respect to the key objectives of the study. The chapter began with a provision of key descriptive characteristics to understand the nature of the respondents of this study. The key demographic results have indicated that males are more than female employees at Mon-Tran ltd. The first objective was concerned with the assessing the perception of employees of Mon-Tran ltd on their reward system. The results indicated most of the employees were satisfied with the current reward system. And a lot more were holding the view that it is imperative their contribution to the individual companies be rewarded.

The second objective sought to determine the relationship between reward system and employee performance at Mon-Tran ltd. The results showed that there was a positive significant effect between Extrinsic reward and employee performance. However, there was found no association between extrinsic reward and employee performance. The third and fourth objectives sought to establish causality between the reward systems and the performance of employees. The findings of the study led to the conclusion that Extrinsic reward significantly impacted employee performance while intrinsic had no effect on the performance of individual employees. This goes on to say that though staffs appreciate intrinsic rewards, such reward however has no influence on their performance.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This chapter presents an overview of the entire study. It consists of a presentation of the summary and draws conclusions based on the study findings on the topic; Reward Systems and Employee Performance: A Case of Mon-Tran Ghana Limited in Accra. In addition to that, the chapter presents an overview of the analytical tools employed in this study and the results based on the objectives of this study, recommendations based on the key findings of the study and suggestions for further research.

#### Summary of the Study

This study has been persuaded by the purpose to explore the impact of reward systems and employee performance in Mon-Tran Ghana Limited in Accra. The specific objectives that guided the study are to;

1. analyse the perceptions of employees regarding Mon Tran ltd reward systems;
2. assess the relationship between Reward system and employee performance.
3. examine the extent to which financial rewards influence employee performance.
4. examine the extent to which non-financial rewards influence employee performance.

The study was a descriptive survey design which adopted a quantitative methodology. The population considered for the study was four hundred (400) employees of Mon-Tran Ltd. From a population of 400 employees, a sample size of one hundred and ninety-six (196) employees was selected for the study based on the Krejcie and Morgan (1970) criteria. Questionnaires were used in the collection of information from respondents on their respective knowledge on how they feel reward systems influence their performance. Out of the 196 sample size, questionnaires administered to one hundred and ninety (190) employees to provide response of which one hundred and forty eight filled and returned representing a response rate of 76%. Based on the claims of Mugenda and Mugenda (2003), a response rate of 76% is very good for analysis. The data was analysed using descriptive statistics; mean standard deviation (SD), frequencies, percentages and linear regression analysis.

Beginning with the socio-demographic part of the results, the results from Table 3 show that majority of the staffs are males 86(58%) as compared to the females 62(42%). However, the distribution shows a relatively fair distribution of gender at Mon-Tran ltd. With respect to the age distribution of the respondents, the results indicate that the highly represented age group are those in the 20-29 age brackets 52(35%). This is followed by those in the brackets of 30-39 - 46(31%). The third highest age group are those in the 40-49 brackets 30(20%). The least group are the 50 and above year group 20(14%). The age distribution shows that Mon-Tran ltd has relatively younger staff members than the adult staff members. With respect to the number of years the staffs are engaged in Mon-Tran ltd, majority

of the respondents worked between 5 – 9 years 46(31%), followed by those within 2 – 4 years (25%). Also, staffs who were engaged below 1 year at and above 10 years at the time of the conduct of this research were 30 making a percentage of 20 for both below 1 year and above 10 years. It can be observed that, the distribution among the year ranges were fair. However, there were missing values of 5(3%).

The highest academic qualification of the staffs was Bachelor's degree 65(44%); this is followed by Diploma 38(26%), master's degree 35(24%) and only 10(7%) had other qualifications. The demographic results show that the respondents are well distributed across gender, years of work and academic qualification. The implication is that, there can be some level of confidence in the responses obtained from the employees of Mon-Tran Ltd as judged by the findings.

For the first objective of this study, the researcher sought to answer the question; “what is the perception of employees regarding Mon Tran Ltd reward systems?” In this objective the researcher addresses the satisfaction of employees towards the reward system, the extent to which the reward system is important to them and whether or not the employees were involved in the designing of the reward system. With regards to satisfaction level, the study discovered that in general the employees of Mon-Tran Ltd were satisfied with the reward system being administered in the company. Again, a good percentage (54%) of the employees of the company indicated that the rewarding them for work they have really done is much more important to them in improving their performance. It can be concluded therefore that the management of Mon-Tran Ltd should not take lightly the reward that offer to the employees. However, it was discovered that the agency does not to

some extent involve the employees in the decisions relating to design of the reward system.

The second objective as per the study was designed to assess the relationship between reward system and employee performance. The researcher employed the Pearson product moment correlation in the determination of this relationship particularly between extrinsic/intrinsic rewards and employee performance. The study revealed that, only the extrinsic reward system had significant and positive strong relationship with employee performance. Intrinsic reward was found out to be insignificantly correlating with employee performance ( $p = 0.065 > 0.05$ ).

The third research objective in this study sought to address the question; “what is the effect of extrinsic rewards on employee performance?” Here, the extrinsic reward variables as per this study- annual bonus, allowance, health benefits, salary and its increment; were regressed against performance. The R value of 0.897 per the regression analysis indicated a strong positive effect of extrinsic rewards on employee performance. This was followed by assessing the statistical significance of the regression model. The  $p$ -value was found to be well below .05 ( $p = .000$ ); followed by a Beta also .897 a strong impact of the independent variable on the dependent. On the bases of the analysis it can be said that extrinsic rewards had a strong and significant impact on Employee performance in Mon-Tran Ltd.

On the final objective, the researcher’s intention was to provide answer to the research question; “what is the effect of intrinsic rewards on employee performance?” It was found out however that, even though there exist an effect of intrinsic reward on employee performance, the effect was not significant in

influencing employee performance. The  $R^2$  value ( $R^2 = 0.23$ ) can be concluded that intrinsic rewards contribute less to employee performance as compared to other variables not captured in this study. This was obvious in the p value;  $p = .065$ , which is an insignificant result to influence employee performance.

### **Conclusions**

This section presents conclusions drawn from the results of this study. The study has buttressed the fact that employee's perception of any reward system is key in determining their performance. The results proved that though majority of employees were satisfied with reward system at Mon-Tran ltd, the cumulative percentage of those left unsatisfied is relatively high (45%). This shows that reward system at Mon-Tran ltd does not serve the interest of its entire employees. The results of the employee inputs in determining reward system shows that most of the workers are not consulted. The study concludes that employee engagement in determining reward system is imperative and as such every worker must have a say in determining their reward system.

The results of this study have brought out a unique dimension of studied on reward system with its particular application on agency employees. The conclusion that could be drawn from both the results of the correlation and the regression analysis is the fact that based on the nature of the employment of most of these workers, it is the financial and extrinsic benefits attached to their employment that will provide them with the urge to perform well. The conclusion of this study is that extrinsic reward has an impact on employee performance among employees employed by an employment agency.



When managers take time to invest in extrinsic rewards, employees feel valued by their organization and thus work extra hard to enhance their performance, so they can be rewarded even more. Intrinsic rewards in the form of praise, recognition, trust of management is needed by these employees but they are not what will cause them to perform better. In main stream employment, a worker knows that staying overtime, meeting targets, collaborating with other team members may results in higher performance appraisal scores and improve their chances of promotion. However, among employment agencies, since the goal is to earn a decent salary, finish your contract and look out for other opportunities, the only thing that can push employees to act more is if performing higher will result in a better pay check or has some monetary or fringe benefits

### **Recommendations**

Based on the findings of this study, it is recommended that management of Mon-Tran ltd provides the opportunity for consulting their employees on designing and determining appropriate reward system. Incentives should be designed and administered with the full participation of employees or their representatives. Consideration must be given to the different needs of employees. This will improve employee perception of reward system at Mon-Tran ltd. This also includes steps to ensure that individual employees' contribution at their assigned units of work do not go unrewarded. Reward system should be clear and easily understood, it should have bearing on organizational goals, be fairly administered and aim at ensuring equity among the employees. The study also leads to the recommendation that Mon-Tran ltd invest in their employees by providing better salaries and wages that

show management commitment to rewarding work in an equitable manner; and also invest in paid leave and bonuses as a way of motivating employees towards enhanced performance.

### **Suggestions for Further Research**

Bearing in mind the limitations of this study, we recommend that a broader study be undertaken to consider the role that demographic variables play on the relationship between reward systems and employee performance. This will provide a whole new look on the reward -employee performance relationship.

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## APPENDICES

### APPENDIX A

University of Cape Coast

College of Distance Education

Department of Business Studies

Questionnaire on Reward System

Dear Respondent,

I am conducting a research on **“Reward Systems and Employee Performance: A Case of Mon-Tran Ghana Limited In Accra.”** You are invited to participate in this study as an employee of this organization. Your experience and opinions are significant to the research and your involvement is crucial to the success of the study. I can assure you that all information obtained will be held in the strictest confidence and will only be used for academic purposes only.

**Please respond as you deem fit with a tick [√].**

#### **Section A: Demographic information of respondents**

1. Sex distribution of respondents

a. Male [ ]      b. Female [ ]

2. Age distribution of respondents

a. 18-25 years [ ]      b. 26-34 years [ ]      c. 35-44 years [ ]      d. 45 and above [ ]

3. Marital Status

a. Single [ ]      b. Married [ ]      c. Others [ ]

4. Working experience (measured in number of years) with Mon-Tran Ltd

- a. Less than a year [ ] b. 1-3 years [ ] c. 4-6 years [ ] d. 8- 10 years [ ]
5. Educational Level- a. Diploma [ ] b. Degree [ ] c. Post-graduate [ ]

**Section B: Perception of Reward system at Mon-Tran ltd.**

6. How equitable or fair are rewards distributed at Mon-Tran ltd?
- a. Highly Satisfactory [ ] b. Satisfactory [ ] c. Unsatisfactory [ ]
- d. Poor [ ]
7. It is important for me to be rewarded for my Contribution to the Company I work with.
- a. Strongly Agree [ ] b. Agree [ ] c. Strongly Disagree [ ] d. Disagree [ ]
8. Do you have any say in what comprise your reward package?
- a. [ ] Yes b. [ ] No

**SECTION B: EXTRINSIC REWARD**

This section seeks to determine how you perceive the extrinsic reward provided by the company you work with. For each of the following statements, please indicate your level of agreement with each of the following statements. **The ratings range from 1 to 5; where 1= least agreement and 5= highest agreement.**

Statements	1	2	3	4	5
1. The salary paid is commensurate to the work done					
2. I receive Company Contribution to Further Education					
3. I am paid Benefits, such as Health Insurance and Pension					
4. There is annual salary increment					

5. I receive an annual bonus					
6. I am paid travelling allowance during your annual leave					

**SECTION C: INTRINSIC REWARD**

The following set of statements describes your feelings towards your current job in terms of Intrinsic rewards provided. For each of the following statements, please indicate your level of agreement. **The ratings range from 1 to 5; where 1= least agreement and 5= highest agreement.**

Statements	1	2	3	4	5
1. The management believes in my ability to perform					
2. I am assigned Challenging Tasks that Fit my Abilities					
3. The trust the management has in me enhances my performance					
4. I receive recognition for my work					
5. I enjoy healthy interpersonal relationships					
6. I have well-articulated objectives I am are required to achieve					
7. I always have a feeling of ongoing development.					
8. There is a feeling of teamwork and collaboration					

**Section D- Employee performance**

The following set of statements describes your performance as a result of the reward system in place both by Mon-Tran ltd and the institution you work with. For each of the following statements, please indicate your level of agreement. **The ratings range from 1 to 5; where 1= least agreement and 5= highest agreement.**

Statements	1	2	3	4	5
1. The reward system enables me to accomplish my duties					
2. The anticipation of reward enhances my performance					
3. I am able to achieve more when I am rewarded					
4. The current reward system offered at your bank motivate you to perform the work diligently					
5. You are held accountable for achieving specific measurable results					
6. More often than not, your department meets its goals and objectives					

**Appendix B**

*Krejcie and Morgan's sample size determination table*

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384