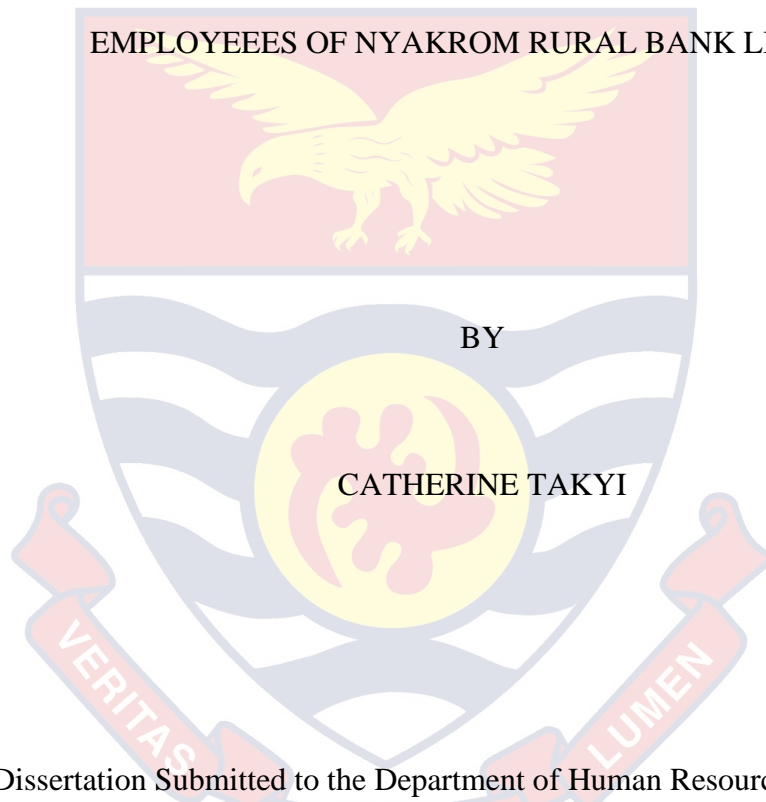


UNIVERSITY OF CAPE COAST

EFFECT OF STAFF INCENTIVES ON PERFORMANCE OF
EMPLOYEEES OF NYAKROM RURAL BANK LIMITED



Dissertation Submitted to the Department of Human Resource Management,
School of Business, College of Humanities and Legal Studies, University of
Cape Coast in partial fulfillment of the requirements for award of Master of
Business Administration Degree in Human Resource Management.

AUGUST 2020

DECLARATION

Candidate's Declaration

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

Candidate's Signature:..... Date:.....

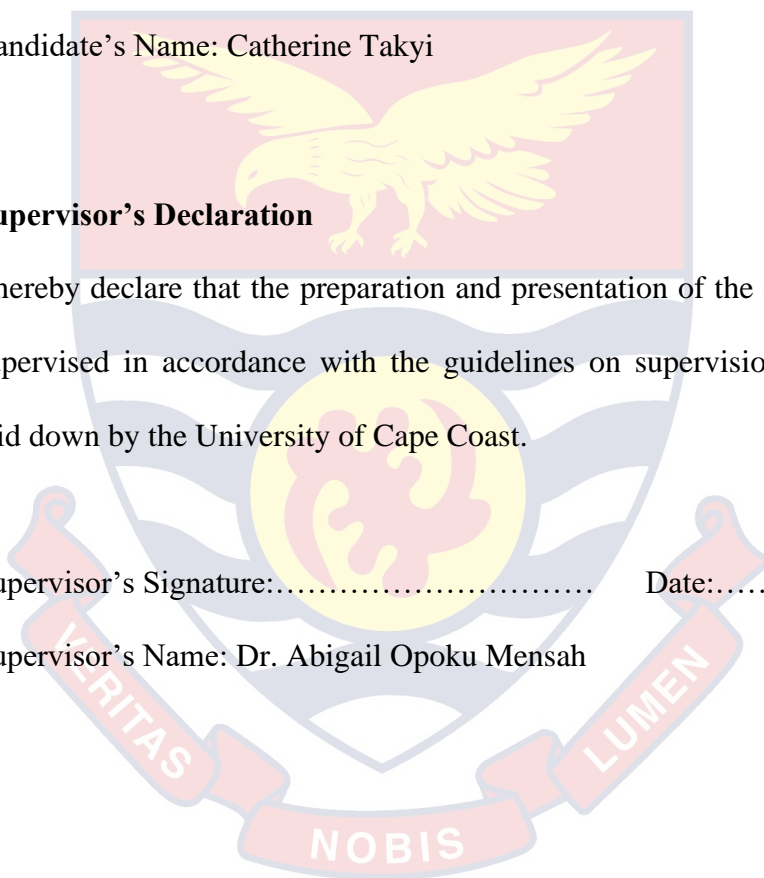
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Supervisor's Declaration

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.

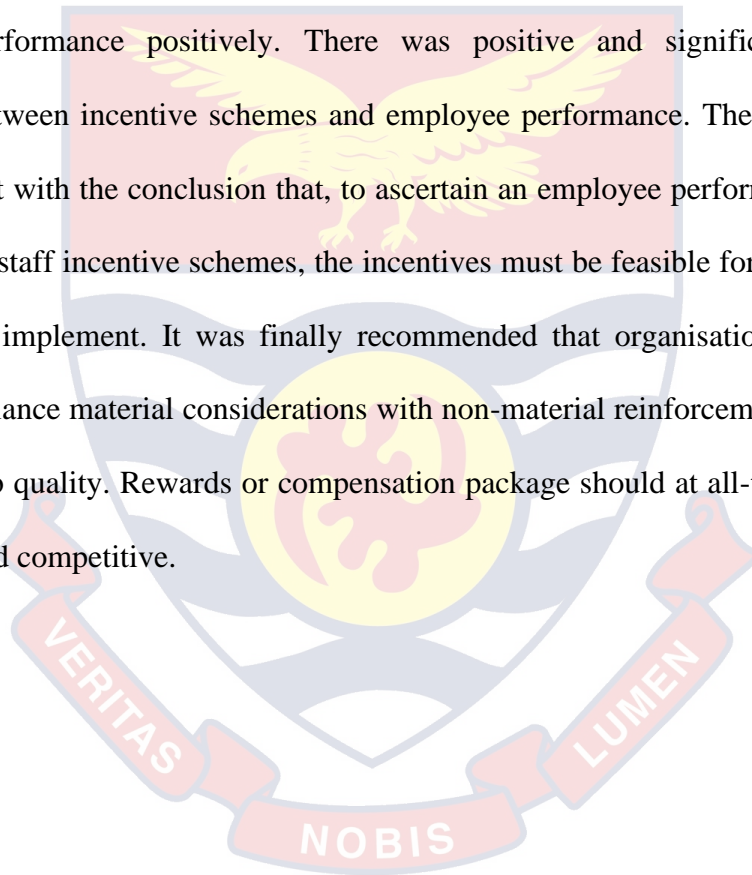
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Supervisor's Name: Dr. Abigail Opoku Mensah



ABSTRACT

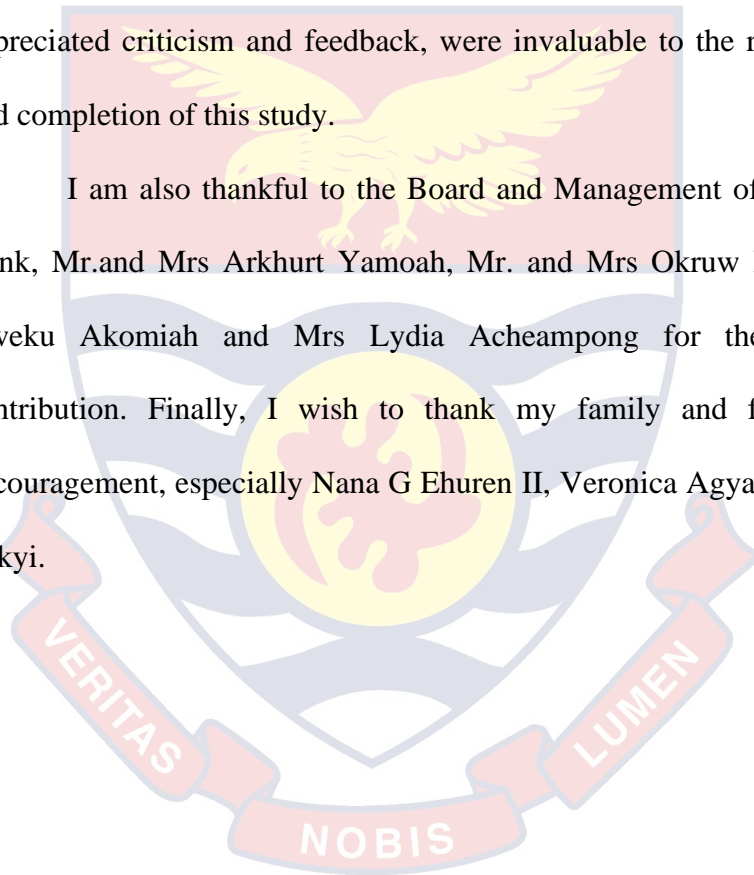
The study analyzed staff incentive schemes and employee performance at Nyakrom Rural Bank Limited. Data for this present study was collected through a questionnaire. The census method was employed which comprised of one hundred and thirty-five employees. Descriptive statistics and regression were used to analyse the data. The findings indicated that staff incentive scheme initiatives have the capability of enhancing employee performance positively. There was positive and significant relationship between incentive schemes and employee performance. The study also came out with the conclusion that, to ascertain an employee performance in relation to staff incentive schemes, the incentives must be feasible for the organization to implement. It was finally recommended that organisations should try to balance material considerations with non-material reinforcements to maximize job quality. Rewards or compensation package should at all-time be equitable and competitive.



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A study of this kind would not have been possible without the help of all those who contributed in diverse ways towards its success. I would also like to seize this opportunity to personally thank my supervisor Prof. Abigail Opoku Mensah. I cannot express the extent to which her patience and understanding allowed me to reach the end of this journey. Her encouragement, support, and above all, their prompt, constructive and greatly appreciated criticism and feedback, were invaluable to the research, writing, and completion of this study.

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DEDICATION

This work is dedicated to my mother, Felicia Ama Nyarkoh



TABLE OF CONTENTS

	Page
DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENTS	iv
DEDICATION	v
TABLE OF CONTENTS	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
CHAPTER ONE: INTRODUCTION	
Background to the Study	1
Statement of the problem	5
Purpose of the study	7
Specific Objectives	7
Research Questions	8
Research Hypothesis	8
Scope of the Study	8
Limitations	8
Significance of the Study	9
Organization of the Study	10
Definition of terms	10
Chapter Summary	11

CHAPTER TWO: LITERATURE REVIEW

Introduction	12
Theoretical Framework	12
Abraham Maslow's Hierarchy of Need Theory	12
Herzberg Theory	13
Overview of incentives	14
Types of incentives	16
Financial incentives	17
Non-financial incentives	19
The effects of incentives on employee performance	21
Reward Systems	22
Motivation Practices	23
Employee Performance	26
Performance Dimensions	28
Empirical Review	30
Chapter Summary	35

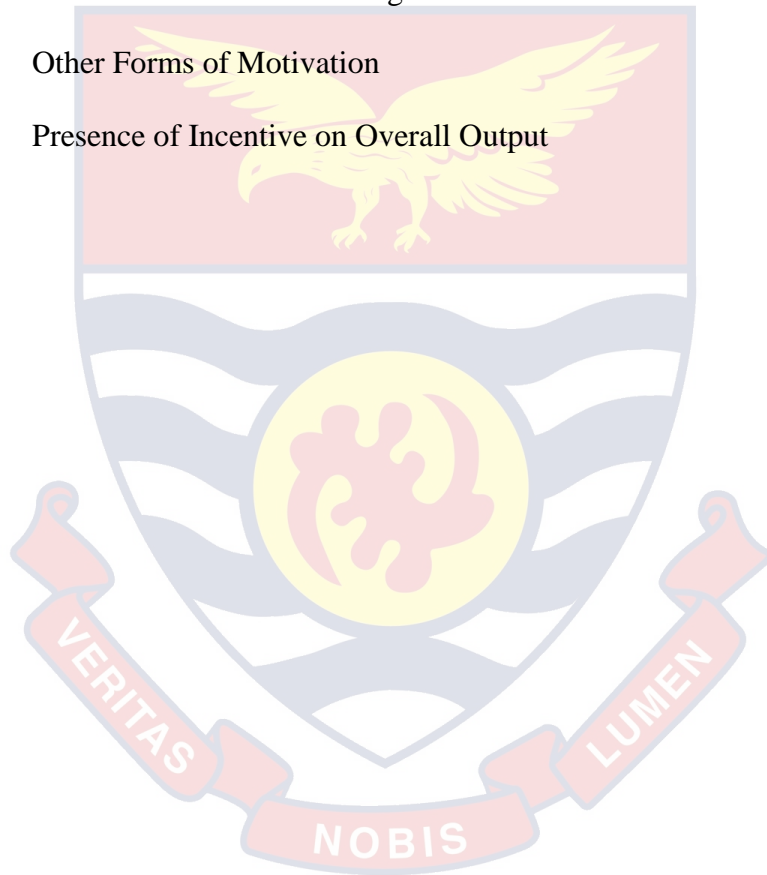
CHAPTER THREE: RESEARCH METHODS

Introduction	37
Research Design	37
Study Area	38
Study Population	39
Data Collection Instruments	40

Data Analyses	40
Ethical Consideration	41
Chapter Summary	41
CHAPTER FOUR: RESULTS AND DISCUSSION	
Demographic Distribution of Respondents	42
Incentive packages at Nyarkrom Rural Bank	43
Entertainment allowance	44
Rent and utility allowance	45
Contribution of incentive to performance	48
Challenges	57
Chapter Summary	62
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	
Introduction	64
Summary of Key Findings	64
Conclusion	66
Recommendations	67
Suggestions for Further Research	68
Chapter Summary	68
REFERENCES	69
APPENDIX	80

LIST OF TABLES

Table	Page
1 Demographic	43
2 How Workers Place on Rewards	49
3 Fairness of Incentive Package	50
4 Influence of Fat Salary as a Motivation	51
5 Career Advancement Package	52
6 Other Forms of Motivation	53
7 Presence of Incentive on Overall Output	56



LIST OF FIGURES

Figure	Page
1 Conceptual Framework of Perception of Performance Appraisal and Employee Performance	34



CHAPTER ONE

INTRODUCTION

Human resources now seen as the primary resource of a company's competitive advantage. Therefore, the way people are treated increasingly determines whether an organization will prosper or even survive. To ensure that people are treated fairly, organisations are acknowledging that they need to establish an equitable balance between employee contribution to the organization and the organization's contribution to the employee. The main objective of company incentive scheme is to attract, retain high performance employee, motivate, satisfy and get maximum employees' performance that helps owners pursue their interests, by achieving higher outcome and better quality. Incentives are often used by organizations to encourage their employees to work hard (Armstrong & Taylor, 2014).

Incentive systems refer to performance linked compensation paid to improve motivation and productivity of employees. They are designed to stimulate human efforts for improvement in the present and for the future goals. Incentives are used by organizations in order to reach certain goals, encourage a certain behavior and team-spirit for collective awards. Incentive systems are not universally applicable, but are likely to play a role in enhancing individual effort or performance where the conditions and the scheme designed are right (Manjunath & Rajesh, 2012).

Background to the Study

It is widely recognized that human resources are one of the key assets of an organization because most work are performed and achieved by people. To put it simply, the success of an organization greatly relies on the

performance of its employees. Therefore, there is the need of finding possible and effective ways to encourage people to exert extra effort beyond what is normally required among the employees (Tep, 2015).

While talking about motivation, one of the prominent ideas that comes to one's mind is the concept of incentives, which refers to anything that pushes or encourage employees to work harder and to perform better in order to achieve certain goals. It also believed that employees who are highly motivated would work energetically, effectively and successfully toward the achievement of organizational goals. According to this, the effectiveness of incentives as well as the correlation between incentives and quality of work performance in the organizations are well addressed in many studies and academic research (Boyle, 2007; Cadsby, Song & Tapon, 2007).

Paying for performance is a way of providing a monetary reward to an individual, which is linked directly to individual, team and organizational performance (Armstrong, 2005). Inspiring employees to productivity and superior performance is consider to be one way to attain greater returns. The ambition against incremental systems has taken place because management does not understand why employees need to be paid more for being in the job (Armstrong, 2005).

Employee incentive programmes go a long way towards ensuring employees feel appreciated, cared for and deemed worthwhile. This can go a long way to help with employee motivation. The greatest thing about motivation is that it is individualized and such programs are tailored to suit the needs and wants of employees. Motivation does not only encourage productive performance but also show employees how much the company

cares (Ryan, 2011). Perhaps the most vital impact of employee motivation is that of increased productivity or performance. This according to literature on the subject is the central aim of adopting employee motivational programmes thus, if you can increase employee motivation, productivity inevitably will follow suit (Ryan, 2011). Employee motivation promotes workplace harmony and increased employee performance. It is the key to long term benefits for the company. Motivated employees means staff retention and company loyalty, which in the short run will give birth to growth and development of business (Jishi, 2009).

According to the study conducted by PWC (2008), leaders who need their subordinates to make an extra effort and increase their productivity, an incentive system helps in performance increment. The evolution of the concept of human resource management in the minds of organizational leaders led to the recognition that the workforce was one of the key success factors in a strong, and competitive environment (Heery, 1996). Beginning from that, the way employees are selected, recruited, trained, challenged and involved has become an essential component in organizational success and sustainability. In each of these components, the employee incentive issue needs to play an important role in producing a well-equipped, high achieving, hardworking people, focused on organizational goals.

Employee performance has been diversely defined by a wide-ranging experts and authorities with different attributes but is strongly linked to employee and corporate efficiency. Daft (2014) defines corporate performance as the organisation's ability to attain its goals by using resources in an efficient and effective manner. Armstrong (2003) notes performance as a multi-

dimensional construct, the measurement of which varies depending on a variety of factors. Armstrong and Taylor (2010) state that ‘performance is defined as behaviour that accomplishes results. Performance management influences performance by helping people to understand what good performance means and by providing the information needed to improve it’. Reward management influences performance by recognising and rewarding good performance and by providing incentives to improve it.

Performance can be seen as a record of outcome achieved as well as person’s accomplishments. Performance can therefore be regarded as behavior the way in which organizations, teams and individuals get work done. Armstrong (2003) concluded that when managing the performance of teams and individuals, both inputs (behavior) and output (results) need to be considered. That is, performance management cover competency levels and achievements as well as objective setting and review. Bourne, Needy, Mills and Platts (2003) recognize employees as one of the most important stakeholders in their five facets of the performance prism. This supports Balmer and Gray’s (2015) assertion that for today’s knowledge organizations, the key to staying competitive is the ability to attract and retain skilled and motivated employees. Retaining rare skills and knowledge from the labour market requires employers to implement very good reward systems.

In recent times employees at Nyakrom Rural Bank have been complaining about how they are incentivised. They complain that the existing incentive packages are nothing to write home about hence management should address that concerns. All organizations are concerned with what should be done to achieve sustained high levels of performance through people. This

means giving close attention to how individuals can best be motivated through such means as incentives, rewards, leadership and importantly, the work they do and the organizations context within which they carry out that work.

A good understanding of the way in which an organization functions requires that at least some attention be organized and led toward the question of why people within the organization behave as they do on the job, and the ramifications of such behaviour for an organization. In this regard, a comprehensive understanding of the topic of employee incentives is crucial in order to comprehend more fully the effects of variation in other organizational factors particularly the pay system, employee recognition, organizational culture, management and leadership behavior, which are related to job satisfaction and work performance. This research is a case study of the role of staff incentive schemes on employee performance in Nyakrom Rural Bank Limited.

Statement of the problem

According to Armstrong, (2007) one of the most fundamental concern when the company or organization wants to achieve good work performance is to understand how to motivate its employees. As such therefore, it is important to understand the factors that motivate people and how such factors are to be employed. Reward management is one of the strategies used in organizations to improve organizational performance. Researchers, practitioners and scholars have established that there is a positive link between reward management and desired performance.

Currently, most employees of the company are discussing informally about the incentive schemes at hand and the researcher conducted a survey on

the company's incentives and found that the respondents were not satisfied with the absence of commission and share ownership and they are also concerned about their opportunity for career development (promotion) and training, because the promotion and the training strategy of the company is not fair, clear and justifiable. Even if the company promises to maximize the development and upgrading of its employee's skill and knowledge, it seems that it is not applicable as promised.

There has been plethora of research on incentive scheme and employee performance but the findings have been inconclusive. A study conducted by Mahmood (2016) found the existence of relationships between performance-based pay, career incentives, organizational benefits, and employee performance. He observed that organizations thrive through the instrumentality of people because they possess the required skills, competencies and knowledge needed for the execution of organizational planning and strategy. Hence, organizations should entrench a competitive total remuneration package that comprises of the properly-handled performance-based pay system, career incentives and various organizational benefits.

Other studies conducted by Agwu (2013), Sajuyigbe, Bosede and Adeyemi (2013) performance-based pay relates to employee performance and other kinds of reward packages, they stated that there will be improvement in employee performance if employee perceive fairness in the conduct of activities in the organization. Rewards and incentives are strategies used in organizations to improve organizational performance. Nyakrom Rural Bank is

an organization that offers essential banking services that support the rural sectors of the economy.

The management has established rewards in their organization; these include cash bonuses in pursuit of increasing employee performance so as to ensure prompt and quality service. However, the extent to which cash bonuses influence employee performance is not established. Also, the reward types in most organizations, such as Nyakrom Rural Bank are not performance based. Thus they are not linked in any way to business structure and employee recruitment, retention, motivation, performance, feedback and satisfaction.

Moreover, the recipients of these rewards in most organizations do not participate in the planning and the implementation of the reward systems in organizations. Hence the purpose of this study is to explore the impact of incentives on staff performance in Nyakrom Rural Bank Limited Therefore, the purpose of the study was to assess and examine this specific gap and prompts the research questions on employee incentive schemes at Nyakrom Rural Bank and scrutinize its influence on employee performance

Purpose of the Study

The general objective of this study is to explore the impact of staff incentive schemes on employee performance in Nyakrom Rural Bank Limited,

Specific Objectives

1. To identify the types of staff incentive schemes used in Nyakrom Rural Bank Limited.
2. To examine the relationship between staff incentive schemes and employee performance in Nyakrom Rural Bank Limited.
3. To find out the challenges that Nyakrom Rural Bank Limited face in its

attempt to motivate staff.

Research Questions

The following research questions are to help the researcher meet the fore cited objectives.

1. What staff incentive schemes are employed at Nyarkrom Rural Bank?
2. What challenges does Nyakrom Rural Bank Limited face in motivating its employees?

Research Hypothesis

1. H₁: There is no significant and positive effect of incentive scheme on employee performance

Scope of the Study

The study was carried out in Nyakrom Rural Bank at Agona Nyakrom. The study sought to examine the relationship between incentive strategies on employees' job performance, what motivate employees to perform and suggest ways of enhancing incentive scheme and employee performance in Nyakrom Rural Bank.

Limitations

The researcher fully acknowledges the fact that a research of this nature and significance should have covered a large number of employees in the public or private institutions. Unfortunately, resources at the disposal of the researcher made it impossible for a study of that magnitude as a result the study was limited to the Nyakrom rural bank.

Significance of the Study

Incentive scheme is recognized in today's business world as an integral part of good management practices. Identifying incentive schemes which influence employee performance will inform major stakeholders of institutions such as Nyakrom Rural Bank and other stakeholders in formulating policies geared towards addressing the effect of incentive scheme and employee performance. This will help in reducing the employees' dissatisfaction and boost their morale to make them more committed to their job.

Furthermore, the study will bring to light the different forms of incentives available at NRB which will further inform the design of appropriate measures aimed at bringing out the best in employees with regard to job performance.

The findings of this study will assist in the development of effective managerial strategies and policies that can help in improving the administration and realization of NRB goals. Also, the findings will enable the NRB management and banking industry in general to identify the motivational factors and their problems and can use it in the improvement of management concerning employees' needs, issues of welfare and motivation of employees and enhance their performance for a better and deliverance of good services.

This research will help Ghanaian organizations to develop plans about intrinsic, extrinsic rewards to enhance positive employee attitudes while drawing the attention of management to the meaning of employee perception about organizational support and theoretical grounds of literature have proved that highly satisfied employees will work effectively and efficiently for organizations

Organization of the Study

The study was presented on five chapters. The first chapter comprised of introduction which covers the background to the problem, statement of the research problem, purpose of the study objective of the study, research questions, and significance of the study, limitation and delimitations of the study, scope of the study and organization of study. Chapter two comprised the conceptual definitions, theoretical literature review, empirical literature review, conceptual framework and theoretical framework. Chapter three focused on research methodology which includes research design, study area, population of the study, sample size and sampling procedures, data collection methods, data collection tools, reliability and validity of the data, data presentation and analysis and study expected result of the study. Chapter four covered data analysis, and discussions. Chapter comprised summary, conclusions and recommendations of the study.

Definition of Terms

Incentive Schemes: Employee motivational program designed to encourage commitment to increasing productivity or in achieving some worthwhile objective

Employee: This refers to people working in every facet of the organization

Performance: This refers to the act of carrying out responsibilities to establishing a task or objective

Employee Performance: This can be described as employee capability in performing duties, task, responsibilities, meeting deadlines, effectiveness and efficiency in doing work to achieve organizational goal

Chapter Summary

This chapter introduced the study by giving an introduction as well as established the background to the study. The study further discussed the statement of problem, outlined general objectives of the study, specific objective of the study. The scope of the study, the limitations of the study, significance of the study and definition of some key terms were all discussed. The chapter concluded by looking at the organization of the study.



CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focuses on the review of relevant literature on the main issues that arise from performance appraisal and employee performance. The chapter thus presents theoretical and conceptual basis for the study, and continues with some relevant empirical studies from different researchers and writers in this field of study.

Theoretical Framework

Abraham Maslow's Hierarchy of Need Theory

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator (Mullins, 2005; Armstrong, 2006). Abraham H. Maslow's (1943) Hierarchy of Needs theory provides insight into the fundamental needs of human beings (Conforti, 1972). According to Maslow (1943), in order for one to achieve self-actualization where they "find fulfillment and realize [their] own potential", one must first meet the primary needs associated with psychological, security, social, and self-esteem (as cited in Brown & Cullen, 2006).

During level one of the psychological need stage individuals must be able to meet the physical requirements for survival such as eating, sleeping, drinking and taking care of oneself (Conforti, 1972; Brown & Cullen, 2006). Only after a person is successfully able to survive and provide for oneself, are

they able to progress to level two of the security needs, which is comprised of one being able to “feel physically and emotionally safe in the present and the future” (Conforti, 1972). Once people feel secure, they are able to advance to level three, which consists of one’s social needs. Throughout the social needs level, people must be able to socialize and communicate with others (Conforti, 1972). Subsequent to the social needs level is the self-esteem needs level. During level four of the self-esteem needs, individuals should be able “to respect one’s self and receive respect from others” (Conforti, 1972).

Lastly, only after successfully fulfilling the needs in the previously mentioned four levels can one reach their full potential and become level five self-actualizers (Conforti, 1972). According to O'Connor and Yballe (2007), it is only when someone reaches level five and achieves self-actualization are they then able to extend themselves to the point where they not only seek to improve the well-being of their personal or professional groups, but also the well-being of their communities. In general, because self-actualizers are “guided by the understanding [they have] of their own unique talents, preferences, values, and meaning”, they are able to make choices “in what to do and how to do it” (O'Connor & Yballe, 2007). Employees in the hotel industry with respect to this study should be able to identify their various needs and how these needs can be met through motivation.

Herzberg Theory

According to Herzberg (1959) the following two factors influence people’s motivation at work; (1) hygiene factors which can discourage or demotivate people when they are off-putting or inappropriate and (2) “motivators that sustain effort” (as cited in Bassett-Jones & Lloyd, 2005, p.

932). According to Bassett-Jones and Lloyd (2005), Herzberg's (1959) two-factor theory suggests that individuals remain in a neutral state between satisfaction and dissatisfaction and can only be swayed in the direction of increased satisfaction when there is "an improvement in...pay, supervision, and prospects for a promotion..." (Bassett-Jones & Lloyd, 2005). Conversely, when there is decline in pay; when supervision is bad; or when the prospects of a promotion do not exist, individuals will move from feelings of neutrality to feelings of dissatisfaction (Bassett-Jones & Lloyd, 2005). Motivation according to Herzberg "is like an internal self-charging battery" which requires energy and desire (Bassett-Jones & Lloyd, 2005).

According to Herzberg (1959), in order "for an employee to become motivated, the energy of desire to move must come from within" (as cited in Bassett-Jones & Lloyd, 2005). Employees who seek upward mobility in an organization or an increase in pay have to be willing to put in the work (energy) and remain dedicated (desire), regardless of the situation. In general, if employees want to achieve satisfaction, they must be motivated not because of "externally-stimulated incentives", but because of "internally-generated drives" (Bassett-Jones & Lloyd, 2005). The employees as far as this study is concerned would directly or indirectly identify the hygiene factors and how it affects their performance in the hospitality industry

Overview of incentives

Incentives have been defined and used in different areas. In the context of the health care industry, incentives are defined as an available means apply with intention to influence the willingness of physicians and nurses to exert and maintain an effort toward attaining organizational goals

(Mathauer & Imhoff, 2006). Based on the World Health Report 2000, the definition of incentive in the health care industry is generally about “all the rewards and punishments that providers face as a consequence of the organizations in which they work, the institutions under which they operate and the specific interventions they provide” (Adam & Hicks, 2000).

This defining primary places on individual, in the context of service provider, within a specific organization and acknowledges the importance of the wider institutional context as well as the particular work implemented by the individual or group will determine the incentives used and its outcome. In this sense, incentives are considered as factors within health care work environments that enable, encourage and motivate staff to stick with their careers, in their profession and within their national boundary.

Meanwhile, from organizational standpoints, incentive is defined as a technique, which is usually used by employers to carry out their end of the employment contract, a form of compensation to the employees for their effort (Hartman, Kurtz & Moser, 1994). Incentives are tangible or intangible rewards used to motivate a person or group of people to behave in a certain way (Collins, Tinkew & Burkhauser, 2008). A similar definition is given by Zurn, Dolea and Stilwell (2005, p.5), incentive is “an explicit or implicit financial or non-financial reward for performing a particular act”.

Meanwhile Banjoko (2006) generally regards incentive as variable payments, which are made to employees or a group of employees on the basis of the amount of output or based on the achieved result. Optionally, it can be the payment made with the aim of pushing employee daily work performance in an attempt to reach a common goal. Incentive could also be defined as

compensation other than basic salaries or wages that usually fluctuates based on employee exceptional performance and their attainment of some standard set by the organization (Martocchio, 2006).

From the above discussion, incentive can be defined in different ways with different contexts and situations. However, the core concept of those definitions is around tangible or intangible compensation, explicit or implicit ways to influence individuals or groups of people to exert more time and effort in order to achieve personal as well as organizational goals.

Types of incentives

There are different types of incentives. Buchan, Thompson and O'May (2000) expressed that incentive can be positive, negative (as in disincentives), financial or non-financial, tangible or intangible. Some authors separate incentives into three types: (1) monetary incentive, (2) non-monetary tangible incentive (coupons or vouchers for foods, vocation trip or others), and (3) non-monetary intangible (employee recognition, praise or appreciation on job accomplishment, positive evaluation and feedback, etc.) (Condly, Clark & Stolovitch, 2003).

Although there are significantly different types of incentives that could be utilized, a useful distinction between financial (monetary) and non-financial (non-monetary) incentive is commonly used. Financial incentives involve granting of financial reward such as bonuses, commission, pay increases or other benefits (Buchan, Thompson & O'May, 2000; De Cenzo et al, 1996). Whereas, non-financial incentives do not involve any payments or benefits and it mostly relates to psychological and emotional fulfillment (Bunchan, Thompson & O'May, 2000; Assaf, 1999). For instance,

encouraging employees to participate in decision-making, providing more autonomy in their job, and improving their working environment, and so on.

Financial incentives

Financial incentives are developed separately according to different types of people and organizations. In the context of public and private organizations as well as in the literature of human resource management there is a long tradition of expressing the existence of financial incentives as remuneration (Lathan, 2007; Lawler, 1971). Financial incentives are developed to satisfy basic human needs, encouraging and pushing people to do their best work performance, the recruitment of their capabilities and enhance their competencies level. Financial incentives are also designed as a means of payment to increase productivity and improve employee work performance. Therefore, the more employees produce the more they can get. Whereas, a decrease in quality or quantity of work might deprive employees from earning part or all of their incentive (Jadallah, 2007). Financial incentives are designed to give the employee some control over their income as the employee's income will be based on their performance, to create a greater sense of responsibility of the job on the part of the employee, and to stimulate the employee to work harder than what he/she usually does (Lawzi, 2005; Yavuz, 2004).

One feature of financial incentives is that it is variable in nature. For instance, financial incentives are often called variable pay, as there are not guaranteed (Gross, 1995). It also refers to pay that is contingent based on actual performance of employees, as different to an entitlement. Another study

of financial incentives shows that some employees are motivated by rewards and that money is a strong motivator for them (De Cenzo et al, 1996).

According to a study on compensation and incentives conducted by Baker, Jensen and Murphy (1988) one person might not be as responsive as others to the same reward. For instance, one person might appreciate a compliment or recognition from their organization while another would prefer financial benefit like a salary increase. This finding has also been supported by a survey that was conducted in a Malaysian organization that found that most of the employees prefer to have a cash reward (Rafikul & Zaki, 2004).

In addition, financial incentives do not always deal with direct benefits like pay or wage, bonuses, pensions, allowances, etc. Sometimes it could be developed as indirect financial benefits such as subsidized food, accommodation, transportation, educational fees, childcare and so on (Buchan, Thompson & O'May, 2000). From the above discussion, it can be concluded that financial incentives can be designed and developed into different forms with regard to different people, organizations and situations. And their main purpose is to encourage and motivate people for greater achievement.

Similarly, Kinicki and Kreitner (2016), maintain that financial incentives are more effective when they are linked to (or contingent upon) good performance. A key principle is for managers to explain clearly to employees how performance is linked to pay, including the fact that unethical behavior will not be tolerated as a way of attaining a performance goal (Steers and Porter, 2011). An increasing effort of managers and compensation specialists to link pay to performance supports many business strategies-

workers receive financial incentives for performing in ways consistent with the business strategy (Aguinis, 2012).

Non-financial incentives

Although financial incentives are the key to improving employees' motivation, job satisfaction and better performance, there are a number of non-financial incentives that may represent more effective means of improving quality of work performance as well as motivational level (Franco, Bennett, Kanfer & Stubblebine, 2004).

A simple definition has been given by Mathauer and Imhoff (2006) non-financial incentives as any means of incentives that do not involve directly with money, transfers of monetary values or equivalents. Assaf (1999) and Bunchan, Thompson and O'May (2000) also state that non-financial incentives can be tangible or intangible and usually do not involve direct payment of cash. The authors also argued that in the organization, a non-financial incentive could be in the form of employee participation in decision-making, staff recognition such as issuing a certificate of thanks and appreciation, providing extra training courses as a part of capacity development programmes, or organizing parties for distinguished staff.

Some important aspects of non-financial incentives such as promotion, job recognition, meaningful job and opportunities for self-development, advancement are successfully developed in an attempt to improve the working environment, enhance performance and increase productivity (Lawzi, 1995). In addition, non-financial incentives can also promote staff loyalty, enhance more interaction and cooperation among subordinates and superiors, enable more opportunity for staff participation or involvement and so on.

Non-financial incentives are sometimes known as moral incentives, which is concerned various aspects of psychological needs, and the increase concentration of these aspects are come after the emergence of human related theories (Akaili, 1996). Moral incentives mostly based on the respect of a human being who has emotional feeling, hopes and aspiration. Meanwhile, a similar study on moral incentive has been conducted by Johnson (2005, p.1)

“A person has a moral incentive to behave in a particular way when he has been taught to believe that it is the right or admirable thing to do. If he behaves as others expect him to, he may expect the approval or even the admiration of the other members of the collective and enjoy an enhanced sense of acceptance or self-esteem. If he behaves improperly, he may expect verbal expression of condemnation, scorn, ridicule or even ostracism from the collectivity. And he may experience unpleasant feelings of guilt, shame or self-condemnation”.

From the above quotation, it can be concluded that non-financial incentives are a set of motives, which are intended to meet the emotional and psychological needs among the employees. Also, it is an internal consequent for the individual such as job enrichment, job participation, responsibility, promotion, vacation time and the nature of supervision. In brief, a non-financial incentive has significant potential to fulfill employees needs and motivate them without using or affecting financial resources. It plays an important role in increasing motivational levels as well as promoting employees' work performance.

The effects of incentives on employee performance

Incentives are generally developed to generate employee motivation, satisfaction, and greater performance. The link between the three variables has been widely discussed and debated among the researchers, scholars and practitioners (Latham, 2007; Lawler, 1971). They argue that the effectiveness of incentives for reaching higher behavioral outcomes of employees is based on the degree to which those incentives are perceived to fulfill or satisfy their needs. For example, if the employee overwhelmingly desires job autonomy and perceives the amount of money or benefits are likely to satisfy this need, then the payment is likely to motivate them to perform the job.

Since employees' satisfaction could be both the cause and outcome of overall performance, organizations should demonstrate the link between reward and performance in order to motivate employees (Latham, 2007). Latham also suggests that if there is no link between employee performance and satisfaction or there is a negative one, then the organization clearly has an ineffective system of incentives. In addition, with an effective incentive, employees could gain several social and psychological benefits as a result of improving their purchasing power to satisfy his/her needs of goods and services (Al-Jahni, 1998).

Therefore, it can be concluded that incentives have great potential for improving employee work performance and increasing production efficiency through encouraging individuals or groups to act in a desired and productive way.

Reward Systems

Every organization's reward system should focus on these major areas; compensation, benefits, recognition and appreciation (Sarvadi, 2010). Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding and employees do note the types of benefit that their organization offers. Also, recognition and appreciation are another integral component of a winning strategic reward system. Rewards are focal device to improve motivation among employees and no organization can imagine reaching their goals and objectives without motivating their employees (Kumari, 2014)

Recognition is to acknowledge someone before their peers for desired behaviour or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Sarvadi, 2010).

Cash Bonus: Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible (Finkle, 2011). The amount of cash is determined by how high the employee has over exceeded the set targets or they can also be based on ranks or job groups. Nowadays, companies are rewarding performance bonuses to junior employees to increase output, unlike the past where they used to be a privilege of top executives. Performance bonuses are now on the rise in many organizations because managers want to link performance to reward. (Block &

Lagasse, 1997). Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011).

Motivation Practices

Many different scholars have agreed and disagreed on the ways employees should be motivated. Some of them assert that in order to motivate an individual, a financial benefit has to be foregone by the motivator whereas others believe that money is not a true motivator hence both financial and nonfinancial incentives are considered in the discussion Calder, (2006). Motivation is crucial since employee motivation affects productivity, and part of a sales manager's job is to channel subordinates' motivation towards the accomplishment of the organization's vision or goals (Bhuvanaiah and Raya, 2015).

According to Cole (1998), financial incentives are rewards/payments that employees get in consideration of their contribution towards the organization. He adds that these are payments for labour as a factor of production. Some organizational motivational practices are discussed below.

Wages and Salaries: Lindner (1995) notes that, though monetary methods of motivation have little value, many firms still use money as a major incentive. She adds that wages are normally paid per hour worked and workers receive money at the end of the week and overtime paid for any additional

hours worked for whereas salaries are based on a year's work and are paid at the end of each month.

Piece rate: According to Lun Chien-Chung, (2003) piece rate is the paying of a worker per item produced in a certain period of time. He asserts that this increases speed of work and therefore productivity. This is in agreement with the earlier revelations made by Taylor (1993) who notes that though the employees will care less about the quality of their work, their speed improves with the piece rate practice of motivation.

Fringe benefits: According to Doellgast, (2006) fringe benefits are often known as “perks” and are items an employee receives in addition to their normal wage and/or salary. These include company cars, health insurance, free meals, education and so on, he asserts that these encourage loyalty to the company such employees may stay longer with the company.

Performance related pay: This is paid to those employees who meet certain targets. The targets are often evaluated and reviewed in regular appraisals with managers. According to Higgins (1994) this system is increasingly being used by organizations worldwide because it reduces the amount of time spent on industrial relations and he therefore recommends its use. However, Doellgast (2006) discourages the use of this practice of motivation. He asserts that it can be very difficult to measure employee performance more especially those in the service industry and that the practice does not promote teamwork.

Bonuses: Marler, (2000) indicated that when your employees function as a team, you ought to think like a coach; reward the whole group for a job well done. He says this will boost morale both personally and collectively. He

adds that employee incentive programs such as small bonuses serve to better the morale of an individual employee and that of a group as a whole by making them more satisfied. This is in agreement with Likert's (2004) study which concluded that since everybody wants to feel appreciated and special for the work done, they can therefore be motivated by appreciating them and making them feel special. He adds that the more satisfied the employee is, the better he/she will perform.

Job rotation: Fowler (2001) revealed that when an employee does one kind of job week-in week out, they will always get de-motivated to carry on with their work more especially when the work is not very challenging. She suggested that employees need to be rotated around the organization to meet new challenging tasks in order to keep their minds busy and feel like they are doing something for the organization. However, Clifton (2002) disagrees with these revelations. He asserts that job rotation does not actually lead to motivation of the employee; it just helps the employees not to get bored with their work. In other words, it helps the employers to maintain a certain level of motivation in employees.

Similarly, motivation is central to any discussion of work behavior because it is believed that it has a direct link to good work performance; it is assumed that the motivated worker is the productive worker (Riggio, 2014). Not everyone is motivated by the same rewards, and sales managers must work towards tailoring the motivational environment to the individual, within the boundaries and policies of the company (Chonko, Tanner & Weeks 1992). Motivation and learning theories suggest that pay should be based on performance (Georges and Jones, 2013). However, having highly motivated

workers does not automatically lead to high levels of productivity- the work dynamic is more complex than that (Riggio, 2014).

Therefore, a manager must approach a productivity problem very carefully- a detailed assessment of all other variables that can affect productivity must first be undertaken (Aguinis, 2012). The adoption of a performance management system can be seen as an attempt to integrate HRM processes with strategy (Cole and Kelly, 2011). Appraisals are used to ensure an individual's performance is contributing to business goals and managers are encouraged to combine the perspectives of several models to create a complete motivational environment for their employees (Newstrom 2011; Riggio, 2014).

Employee Performance

Herzberg (1959) says having fewer dis-satisfiers does not motivate a worker to do a good job, but only to stay in it. Worker performance clearly depends on their level of motivation, which stimulates them to come regularly, work diligently, be flexible and be willing to carry out the necessary tasks. The performance and quality of banking service depends on the quality and motivation of banking human resources. Therefore, bankers' motivation is likely to have effect on the delivery of banking service and the outcome on customer care and performance of work. Job performance is defined as the value of the set of employee behaviors that contribute, either positively or negatively to organizational goal accomplishment while task performance are employee behaviors that are directly involved in the transformation of organizational resources into the goods or services that the organization produces (Colquitt, Lepine & Wesson, 2014).

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. “What gets measured and rewarded gets attention” (Bohlander et al, 2001). In discipline of human resource management, different writers suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of royal customers and customer feedback.

Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2006). The management of individual performance within organizations has traditionally centred on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008).

Human resource policies and practices indeed do affect organizational as well as individual performance. Job satisfaction for example, has for a long time been seen as key to affecting business performance as well as commitment. In addition, researchers have also identified motivation as the

mediating mechanism and some identify trust and morale. In spite of more recent attention to commitment, motivation is still considered to be an important influence to performance (Torrington et al, 2008).

Performance Dimensions

Good et al. (2004) pointed out that usually performance measurement covers five dimensions of performance, i.e. efficiency, effectiveness, economy, compliance and service quality. Performance is a relative concept and hence it is often measured against some baseline or standard by looking at what has been accomplished in the organization, comparing it to the budget or compliance.

Noe et al, (2000) expressed that performance related pay has three parts: defining performance, measuring performance and feeding back performance evidence. They further stated that performance related pay stipulates which aspects of performance are pertinent to the organization, it measures those aspects of performance through performance appraisal to manage employees' performance and it provides feedback to employees through performance feedback gatherings so that they can adjust their performance to the organization's goal.

Kald and Nilsson (2000) indicate that in the past decades there have been considerable changes in the traditional post war method of performance measurement. The old-style approach focused largely on financial indicators, such as a sales revenue, profit, liability, and return on investment. It was also centred around standards set up to measure employee performance, and looked mainly at individual performance but hardly at business performance (Kanji, 2005).

Davis and Albright (2004) concluded that in the 1970s and 1980s, fundamental transformations in industrial systems created a challenging business environment, which prompted organizations to search for better insight into their business activities and operational performance. The growing importance of these changes further intensified the need for alternative control and performance measures (Davis & Albright, 2004) to allow businesses to stay competitive and profitable (Zeng & Zhao, 2005).

Many academics and practitioners have over the years criticized old-style management control in general and performance measurement in particular (Banker et al., 2000; Kald & Nilsson, 2000; Behn & Riley, 1999; Ittner & Larcker, 1998; Foster, G., Gupta, M. & Sjoblom, 1996; Kaplan, 1983) and the ways in which companies plan their operations and monitor performance (Banker, R.D., Konstans, C. & Mashruwala, 2000; Kald & Nilsson, 2000; Behn & Riley, 1999; Ittner & Larcker, 1998; Foster et al., 1996; Brimson, 1991; Johnson & Kaplan, 1987).

According to Kald and Nilsson, 2000; Bourne et al., 2003 and Kanji, 2005, performance related pay systems were increasingly seen as less acceptable because they mainly limited to one-dimensional monetary information, lacked a match between the company's competences and its dynamic business environment, lacked a strategic focus, had a retrospective orientation and short-term vision, and had a fragile strategic content.

De Waal and Counet, (2009) also emphasized that these shortcomings enticed organizations to search for measurement systems that supported them better in the challenging business environment. Therefore, there has been a growing interest in changing and improving management control systems.

Empirical Review

Ashrad and Mohammed (2014) investigated the role of incentives on employee performance for the employees of the Jordanian tourism and travel institutions. Statistical packages for social sciences (SPSS) program were used for descriptive analysis. for the purpose of this study, the sample was chosen randomly and it consisted of 28 institutions found in Amman. As for the respondents of the sample, they were 44 employees who received 44 questionnaires. 41 questionnaires were returned, which forms 93% of the sample.

The main findings indicate that there is an adequate level of incentives provided to employees. Moral incentives, rewards, efficiency of reward system and promotions are four factors found to have significant impacts on employee performance in Jordanian travel and tourism institution. However, rewards ranked in the first place of its impact on the employee performance while promotion ranked in the last place

Al-Nsour (2012) conducted a study aimed to investigate the impact of financial and moral incentives on organizational performance for the employees of the Jordanian Universities. This study aims at identifying the role of the Jordanian universities in meeting the employees' societal needs, knowing the implemented incentives approach and knowing the level of performance in the Jordanian universities. The study found that there is an adequate level of incentives provided to employees. Financial incentives ranked in 1st place while moral incentives ranked in the 2nd place. In addition, it was found that there is a high level of organizational performance. Customer satisfaction ranked in the 1st place, internal business process in the 2nd place

followed by learning and growth. There is relationship between financial & moral incentives and organizational performance as well as between financial and moral incentives and internal business process and customer satisfaction

Al-Fares (2011), on the other hand, attempted to clarify the relationship between the incentives methods employed in four public institutions. He found that there is a strong relation between the incentives and loyalty towards the organization which, as a result, affects the performance at work. The study recommended that there should be more attention devoted to developing the incentives given to the employees as to enlist the employees to become activists in the institution.

Cross (2019) investigated the effects of incentives on employee's productivity. The study had the following objectives: The relationship between incentive and productivity of employee's in organisations, to determine the influence of employee's productivity incentives on employee productivity in the organization, to analyze the link between incentive and employee productivity in organizations in Nigeria. To achieve these goals, a questionnaire was designed based on the objectives. The completed questionnaires were processed and analyzed using Pearson Product Moment Correlation Coefficient. The findings of this study revealed that there was a positive relationship between incentives and productivity, alongside monetary incentives, another key factor in motivating employees is to involve them in the process aimed at attaining organizational effectiveness because without their co-operation the organization cannot perform

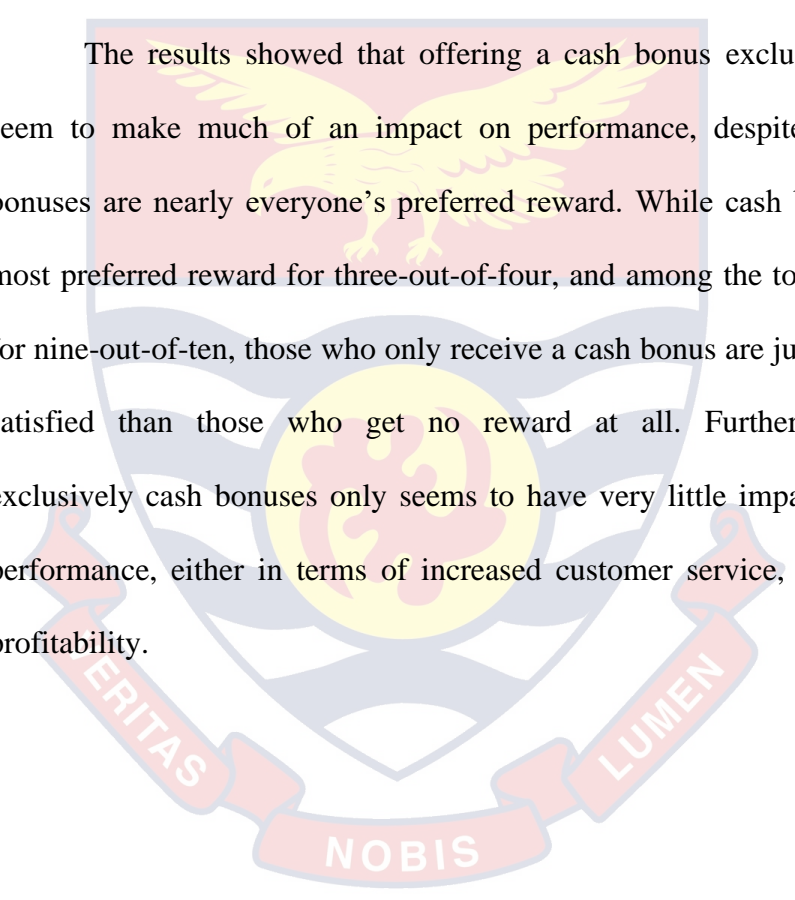
Ugwu and Coker (2012) aimed at determining the link between incentive schemes and employee motivation and productivity in organizations and to provide useful information to management on how best to design and administer incentive schemes. To achieve this objective, the paper draws largely from past research findings and cases from the United Nations development Programme (UNDP). Cases cited include those from Tanzania, Rwanda and Brazil. The findings were that incentive schemes have high significant relationship with employee motivation and productivity in both the organized private sector and public sector organizations in Nigeria

Axelsson and Bokedal (2009) did a study on rewards – motivating different generations at Volvo Car Corporation. The thesis was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that there exist generational differences. However, both generations considered salary as important and non-monetary rewards to be of great importance. The authors recommended research to be carried out on reward systems and how they impact on other interesting aspects like gender, life stage.

Garlick (2009) carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, and travel awards, as well as

intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue the study investigated was whether offering cash bonuses really influenced employee attitudes, as well as other business outcomes.

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



Conceptual Framework

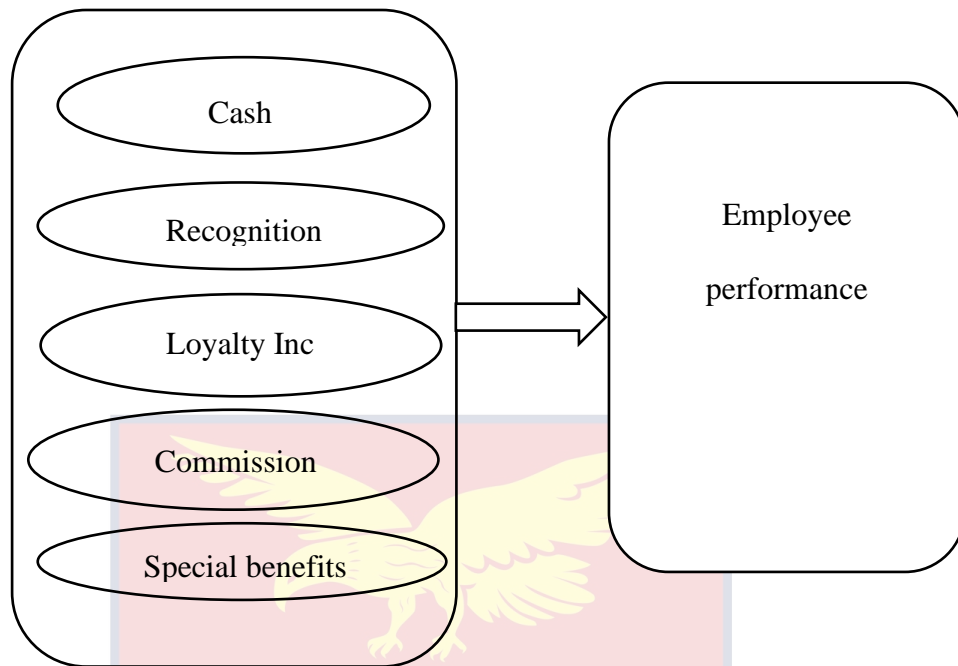


Figure 1: Conceptual framework of staff incentive schemes and employee performance in Nyarkom Rural Bank Limited

Source: (Takyi, 2018).

Cash incentives:

This is payment for performance that meets established criteria. Employees are paid certain sum of money or savings bond. Successful suggestions, for example, are recognized with a sum of money equal to the fraction of the cost of the savings attributed to the suggestion

Recognition: Employee recognition as an incentive, offer relatively low cost but high-impact means to reward to employees. This recognition could be done by holding annual dinners, luncheons, banquets etc. at which high-achievers or performers are celebrated. Other recognition techniques include the distribution of T-shirts, certificates and gold nameplates. Sometimes high performing employees are featured in organizational in house newsletters and in some cases are the subjects of press releases

Sometimes called retention or loyalty incentives, golden handcuffs are used by a company to retain talented employees by demonstrating that they are valued for their contributions and by working fairly and consistently. Golden handcuffs make it difficult and costly for an employee to leave the organization. Golden handcuff packages include share options for managers, high salary scale, and high retirement benefits. The standard established by this incentive scheme is too high for any other company to meet up. This is why the scheme is called „golden or executive handcuff“; it ties the employee fully to the organization.

Commission: Used typically with sales people, commissions are incentive compensation based on a percentage of total sales. A good number of sales people work on a salary (base pay) plus commission. Others work on a straight commission basis only.

Commission according to Armstrong (2003) is intended to act as an incentive, a reward and a means of recognizing achievement. A commission only incentive scheme provides a sales person for example, with incentive payment based on a percentage of the sales turnover they generate, while a base salary plus commission scheme provide for a proportion of total earnings to be paid in commission, and the rest in a fixed salary.

Special benefits: This involves additional paid leave, commission, extraordinary performance, perfect attendance and so on

Chapter Summary

Various theoretical and empirical studies provide ample evidence and enough literature in examining the concept of staff incentive schemes and employee performance. The next chapter examines how information about

how staff incentive variables are gathered and measured using the appropriate techniques and instruments.



CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents methodology adopted in this study which includes the research design, study area, population, sample and sampling procedure. Research methodology is a systematic way of solving a problem. It is essentially, the procedures followed by researchers for describing, explaining and predicting phenomena. It provides the work plan of a research. This research methodology is influenced by the purpose and objectives of this study.

Research Approach

Quantitative research approach was used for this research because it catered for large number of respondents from a large population as questionnaires are assessed by using numerical measurement and analysis and also facilitate in comparisons across categories. The quantitative method helps to provide a meaningful picture of events and explains respondent's opinion and behavior on the basis of data is gathered.

Research Design

Research design was an overall plan for doing research Chamwali, (2006). Frank and Nachimias (1996) defined research design as arrangement of conditions for data collection and data analysis in a manner that aim to combine relevance to the research purpose as well with economy in procedure. Thus, the descriptive study design was employed for the study since it sought

to describe the nature of the relationship existing between incentives and employee performance.

Study Area

The establishment of Rural Banks was the fulfillment of many years of search for a solution to the rural credit problems in Ghana. Despite the existence of Commercial and Development banks in Ghana the small-scale farmers who produced the bulk of the country's food requirements and the small scale and micro rural economic operators, such as women and other vulnerable groups like carpenters blacksmithing, dressmakers, bakers and transport owners could not get easy access to formal and adequate credit facilities.

Consequently, they had to fall on money lenders and other micro finance institutions whose interest rates were very exorbitant. To arrest the situation there was the need to mobilize rural funds for efficient redistribution to the needy sectors or borrowers. After all the groundwork had been done, it was decided by Bank of Ghana to site the first ever rural bank in Ghana at Agona Nyakrom. The idea was welcomed and embraced wholeheartedly by the chiefs and people of Agona Nyakrom Traditional area. Notable promoters among these were Dr. Sam. Dufu, Nana Otoo, Nana S.Y.G. Mintah through whose relentless efforts the bank was opened.

The Bank was opened on Friday 9th July, 1976 by the Bank of Ghana under the Banking Law of 1970. It is a body corporate incorporated under the Companies Code of 1963 and is licensed by the Central Bank to carry on specific banking business which principally include: Mobilization of rural deposits, repayment of such monies on demand by cheque or otherwise,

lending of money to finance trade, rural industries, small scale Entrepreneurs, agriculture and transport, initiation of projects that can promote rural socio economic development.

Unlike the traditional banks, Nyakrom Rural Bank is a UNIT BANK. Its Head Office is located at Agona Nyakrom. The Nyakrom Rural Bank was established as a banking institution to serve the financial needs of the rural community. The Bank operates agencies in ten main areas namely Agona Nyarkrom, Odoben, Agona Swedru, Bobikuma, Kasoa, Swedru market, Swedru Mandela, Agona Nsaba, Kasoa Off Town, Assin Fosu. The Bank offers services and products such as savings account, current account, time/fixed deposit, loans and overdraft, safe custody for customers' valuables, cocoa farm loans, consumer credit, women in development, susu savings, local and international money transfers and small and medium scale credit scheme.

Like any other financial institution, the bank faces challenges such as High cost of training programs for staff, Inadequate remuneration, Lack of sufficient information and education in banking in the very rural part of our catchment area does not encourage savings habits in the people as well challenges this study seeks to provide solutions to.

Study Population

The population in a research, according to Sekeran (2003), is the entire group of people the researcher wishes to interview. When census method is used, data are collected from each and every item of the, results are more accurate and reliable and data collected may be used for various survey analyses. Prasad (2015) emphasized that census method assures the highest

accuracy and concrete description of a phenomenon without any element of bias as all the elements are taken in consideration without any chance of being left. population are The population for the study comprised of all the staff of Nyarkrom Rural Bank. The study recognises that the institution has three categories of workforce thus; the contract staff, permanent staff and management. The population was made up of one hundred and thirty-five employees.

Data Collection Instruments

Questionnaire was used for collecting responses from the participants of the study. The questionnaire consisted of two components. The first part consists of questions that were used for the bio-data collection. This part of the questionnaire was used to elicit information about the sex, age, and working category and employment duration of the respondents. The other part of the questionnaire contained the other variables which were designed to elicit responses from respondents on the different types of incentives at NRB and extent to which these rewards affect their motivation to work and increase productivity.

Data Analyses

Both statistical and narrative methods were used in in the analysis and interpretation of the results. Descriptive statistics and correlation were also analysed. Narrative analysis was used to analyze the interviews. This was in an attempt to further explain the qualitative results of the survey.

Reliability

Cronbach alpha reliability coefficients are used to report on reliability which provides an indication of the stability, consistency and freedom of error. An alpha of 0.7 or above is considered to be reliable as suggested by Nunnally Davis (2000). Sekeran (2003) also affirmed that reliabilities of 0.7 range is considered acceptable. In this study the Cronbach alpha coefficient values were all above 0.7.

Ethical Consideration

Ethics in research refers to the code of conduct of behaviour while conducting the research. This should always reflect in the behaviour of the researchers who will conduct the investigation, the participants who will provide the data, the analysts who will provide the results and the presentation of the interpretation of the results and suggested alternative solutions. One primary responsibility of the research was treating the information given by respondents as strictly confidential and guarding their privacy. The purpose of research was explained to respondents before conducting the survey by presenting them with covering letters. The researcher protected the self-esteem and self-respect of the participants.

Chapter Summary

In summary, the research approach, the methods of data collection and the statistical techniques that were employed to answer the research questions of the present study were presented. The next chapter focused on the results obtained in the analysis with specific reference to the answering of the research questions

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter presents the results and discussion of the study. The results are presented using descriptive analysis. The use of percentages, frequencies, and means are stressed by this descriptive statistic to discuss the socio-demographic characteristics, the types of staff incentive schemes used at Nyakrom Rural Bank Limited, examine the relationship between staff incentive schemes and employee performance in and to ascertain the challenges that Nyakrom Rural Bank Limited face in its attempt to motivate staff.

Demographic Distribution of Respondents

The results in Table 1 showed that out of the total of 135 respondents, 80 were male representing 59.3% and 55 were female representing 40.7 %. It can also be observed that 35 respondents representing 25.9% were between the ages of 20 and 30 years, 40 respondents representing 29.6 % were between the age brackets of 31 and 40 years, 32 respondents representing 23.7 % were in the age bracket of 41 and 50 years, and 28 respondents representing 20.8 % were aged 51 years and above.

The results revealed further that 60 respondents representing 44.4% were married, 70 respondents representing 51.9% were single and 5 respondents representing 3.7% were divorced. With respect to the level of education, 88 respondents representing 65.2% had diploma education. 46 respondents were representing 34.1% were having their first degree. 1 respondent representing 0.7 was having his master's degree.

Table 1: Demographic

	Frequency	Percentage
Sex		
Male	80	59.3
Female	55	40.7
Age		
20 – 30	35	25.9
31 – 40	40	29.6
41 – 50	32	23.7
51 and above	28	20.8
Marital		
Married	60	44.4
Single	70	51.9
Divorced	5	3.7
Education		
Diploma	88	65.2
First Degree	46	34.1
Masters	1	0.7

Source: (Takyi, 2018)

Incentive packages at Nyakrom Rural Bank

The first objective of the study sought to determine the type of staff incentive schemes available at Nyakrom Rural bank. The secondary data revealed that Nyakrom rural bank operates incentives in the form of allowances and schemes. These include car maintenance, fuel allowance/transport subsidies, entertainment allowance, rent and utility allowance, medical attendance allowance and training allowance.

Car maintenance: Nyakrom Rural bank provides car maintenance allowance to its employees but it varies according to position. Senior managers to general managers receive approximately 130 cedis, assistant

mangers receive 104 cedis while other officers receive 78 cedis. Aside the car maintenance allowance, the general manager, chief manger to deputy general manager, assistant manager to senior manager and other officers are entitled to 40 gallons, 35 gallons, 30 gallons and 25 gallons of fuel per month for local runs. For activities outside the jurisdiction of the bank, officers involved are required to make official request for the estimated number of gallons of fuel needed. A worker stated that

‘the car maintenance allowance takes away some pressure off my salary. This allows me to spend my money on other things. It is a big relief’

The statement above shows the effect of the car maintenance allowance on the worker’s salaries and this allows their salaries to cater for other pressing needs.

The institution recognizes that not all its employees have cars hence it provides those employees transport subsidies. This transport subsidy is enjoyed by only senior staff and it is subsequently adjusted as and when public transport fares change. A worker stated that due to this transport allowance she does not feel left out even though she does not own a car. This is in line with Sarvadi (2010) who maintained that one of the important focuses of an organization’s reward system should focus on the provision of car maintenance allowances.

Entertainment allowance: The Bank in its bid to improve employee performance makes available an entertainment allowance. Here, senior managers and above are entitled to 3 cartons beer, 1 crate of minerals and 1 crate of Malta Guinness. Managers also receive 2 cartons beer and 1 crate of

minerals while deputy managers are entitled to 1 carton of beer and 1 crate of minerals. Where cash is paid in lieu of the drinks, payments are made based on the government stipulated prices of drinks. In addition to the entertainment allowance, employees further receive what the bank terms 'responsibility allowance. This comprise 5% of the employees' monthly gross.

The presence of the entertainment and responsibility allowances encourages the junior staff to work harder to get to a level where these allowances can be enjoyed. In a statement by a junior staff he maintained that when he opens the fridge of his manager and notices all the drinks in it, he says to himself that I will work hard to also enjoy this. This means that, workers at Nyakrom Rural Bank associate benefits to hard work hence always want give to give off their best. This confirms a study by Njanja, Maina, Kibet and Njagi (2013). They revealed that majority of employees have a perception that allowances such as the entertainment allowance motivate performance. Such an allowance is perceived to have a great influence in motivating employees to achieve their targets as well as in motivating them to be more productive in their work.

Rent and utility allowance

In a situation where the bank provides accommodation for the manager (head of the bank), the bank bears all the cost of utilities. The bank pays 10% of the basic salary to officers who are supposed to be accommodated by the bank yet live in their own houses. The bank further provides an overnight allowance to an officer travelling on the Bank's business is paid an allowance per night. In the case of the general manager and chief manger to deputy manager, the institution provides 60 cedis and 48 cedis

per night respectively. In respect to the rent allowance, a respondent alluded to the fact that if not for this allowance he would not have been able to afford the house he is now leaving residing in. As a result, he feels grateful and in response works beyond his capacity.

Assistant managers to senior managers and other offices receive 36 cedis and 30 cedis respectively per night. In addition to the overnight allowance, the bank makes provision for outstation allowances. In the situation where an officer is travelling on the bank's business receives an outstation allowance. General Manager and deputy manager receives 50 cedis each, a senior manager and chief manager on such trips receives 40 cedis each while assistant manager and other officers also receive 30 and 20 cedis respectively. This the bank believes will motivate these officers to move outside the bank's jurisdiction to effectively carry out bank duties. Workers in Nyakrom Rural Bank stated that due to the presence of the overnight allowance it is now fiercely competed to get the opportunity to work outside the Bank's jurisdiction. The provision of rent and overnight allowance by the institution is in line with Njanji et al (2013) who maintained that organisations employed packages such as rent allowance to motivate its workers.

The bank understands the important role the health of its employees play in achieving its set targets, hence makes provisions for it in its incentive package in the form of medical attendance allowance. To ensure uniformity and proper health services, the institution only recognizes the services of government hospitals or the bank's doctors are employed to except emergency cases where it recognizes the recommendation of a registered health practitioner. After a year's completed service and upon the advice of the

Bank's doctor or an ophthalmologist approved by the bank, the bank pays the cost of lenses only for spectacles as prescribed for an officer requiring same: and in addition, cost of spectacle frames up to a maximum limit of 150 cedis.

Safe guarding one's future is a paramount objective for workers, as a result, the bank has put in place a pension scheme. According to article 11 of Nyakrom Rural Bank's policies, it has instituted the Voluntary Provident and Personal Pension Scheme. Here, employees contribute 5% of their salary to the scheme while the employer also contributes 7.5% from the company's profit in the situation of RCBs 2nd tier and the voluntary 3rd schemes, the ARB Apex bank ltd manages it.

Due to the ever changing nature of the banking sector and the need to make employers abreast with the current trends in the industry, article 10 of the institution's conditions of service provides for training within the industry. The bank provides suitable means for the training of the officers where such means will enable the officers to perform their duties effectively. The bank also pays for the cost of tuition for its personnel who pursue part-time local/overseas courses approved by the board. The bank may grant study leaves with or without pay for a period not exceeding four years to an officer only once during the officer's service with the bank.

The bank also goes to the extent of granting interest free loans for approved course of study or the purchase of reading materials if only the employee is able to provide a receipt to prove such costs. In the circumstance where the employee did not receive a loan or study leave with/without pay, the bank makes provisions for the refund of cost of tuition and books only when such employee passes an examination relating to banking and accountancy on

the submission of appropriate receipts. Furthermore, to ensure that an employee who benefits from these incentives returns to contribute to the company achieving its set targets, the bank signs a bond with such an employee.

'With Nyakrom Rural Bank and the current state of unemployment, I am afraid to leave and study because I will come and meet my job and may even get a promotion'

To this worker, the presence of the training within package affords her the opportunity to not only upgrade herself but also stand a chance of being promoted. This implies the presence of this incentive in the long run leads to creation of more skilled labour force to efficiently lead to the achievement of set goals.

Contribution of incentive to performance

The first objective of the study revealed some of the incentive packages being operated at Nyakrom Rural Bank. The second objective goes further to ascertain the influence these motivation packages influence the output of workers at the institution.

Respondents were asked how high or otherwise they placed rewards as a basis for giving off their best and the result was that majority (45.56%) of the respondents maintained that incentives have a high influence on the output. So for these workers in order to give more there should some form of incentive. A respondent had this to say on why a incentives play a crucial role in his job performance, *'I work really hard because I know that it will lead to an increase in my incentives'*.

The statement implies that because these workers know that the extra efforts they put in will be recognised, it encourages them to do more to increase their output. This is line with the study by Nduro (2012).

Table 2: Importance of rewards to employees

Indicator	Percent
Very High	35.56
High	45.56
Average	18.89

Source: (Takyi, 2018)

It was also noticed from the study that the main component which led to an increase in an employee's incentives is the performance appraisal. So as stated above, to have one's incentive package reviewed one has to put in a good performance to achieve a higher or more incentives. This was also consistent with the work of Achie and Kurah (2016) The table above shows 89% agree that the basis for promotion is by performance and qualification, while 11% said is based on other considerations.

The study went ahead to ascertain whether the respondents found the incentive packages fair. The result is presented in figure 2.

From figure 2, the study revealed that more than half (69.51%) of the respondents maintained that the incentive structure is not fair. A respondent had this to say,

'when I look at the job I do, how difficult and how many times I have to do this whiles running errands, I think should be getting more than I receive, its not fair'.

Table 3: Fairness of incentive package

Indicator	Percent
Fair	69.51
Not fair	30.49

Source: (Takyi, 2018)

To this worker, she believes that despite the fact that she contributes a lot to the institution, her contribution does not the full recognition it deserves. Probing further to know how satisfies workers were pleased with what they receive whether they considered fair or not, majority (81%) of these respondents concluded that they were satisfied. This confirms a study by (2016). This shows that a greater percentage of the staff are satisfy with salaries while 11% are not really satisfy with it. Research has suggested that reward now cause satisfaction of the employee which directly influences performance of the employee Kalimullah et al, (2010). Rewards are management tools that hopefully contribute to firm's effectiveness by influencing individual or group behavior.

The study sought to determine the extent to which workers contributed to the setting up of the various incentive packages revealed under objective one. It came to light that aside the top management, none of the workers had a hand or contributed towards setting up incentive packages. According to management, workers usually propose ambitious and profit draining incentives which are difficult to implement. These proposed incentives often do not run parallel with the institutions long term goals and objectives, hence their rejection. This confirms a study by Faraji (2013) who found out that most of the workers do not actually take part in the decision making of the

organization implying that the management decides what is to be done and passes it on to the lower workers.

Similarly, table 4 illustrates the responses of the respondents when they were probed on the influence of fat salaries as a motivation on them.

Table 4: Influence of fat salary as a motivation

Indicator	Percent
Yes	35.56
No	45.56
Undecided	18.89

Source: (Takyi, 2018)

Clearly, majority (65.56%) of the respondents as realised from figure 3 agreed that fat salaries also encouraged or brought out the best in them. The views shared by the respondents implied that the employees of Nyakrom Rural Bank are not only enthused and enticed by juicy incentives but fat salaries as well which are given by management with the objective of coercing them to increase performance.

According to some of the respondents, fat salaries awarded them the opportunity to invest some of their salaries in other ventures which will yield dividends in the near future, hence will continue to work harder to receive this incentive the coming years. This confirms a study by Njanja, Maina, Kibet and Njagi in 2013 who maintained that majority of its respondents agreed that fat salaries motivated their performance. Fat salaries were perceived to have a great influence in motivating employees to achieve their targets as well as in motivating them to be more productive in their work. Employees who receive a large bonus will likely want to get it next year too. On the other hand,

employees who receive a miserly bonus and it reflects how the company assessed their performance, might consider improving next year (Finkle, 2011).

More so, the study conducted by Lambert et al, (2001) acknowledged the significant impact of financial rewards (salary) on job satisfaction and Bull (2005), found the findings of this research consistent with the notion that the importance of an individual is often being gauged by the financial rewards/remuneration received. Bull, (2005) further argues that the greater the financial reward, the greater the perception of financial security, thereby leading to increased levels of self-worth.

Another motivating factor the study explored was career advancement package for the workers of Nyakrom Rural Bank. The results are presented in table 5.

Table 5: Career Advancement Package

Indicator	Percent
Important	88.22
Unimportant	17.22

Source: (Takyi, 2018)

In the same vein, data collected revealed that respondents see staff development as an important form of motivation. A total of 82% of respondents strongly shared this opinion, the reason being that every worker craves for personal development thus, being able to self-realise objectives in life and continuous self – development to facilitate the process of becoming that entire person is capable of becoming. Respondents are happy about this policy of management giving them the opportunity to move up the career

ladder, and hoped that management will honour their promise when the time is due. This is in line with the findings of Nduro (2012) and Worman (2008) who noted that the presence of career development packages in institution enhances the performance of workers. They further revealed that these package usually leads to an institution having more skilled human resources which is key to the success of the organization.

Table 6: Other Forms of Incentives

Type of motivation	Agree	undecided	Do not agree
Car loans	95%	0	5%
Good working condition	80%	2%	18%
Recognition, appreciation and promotion	90%	8%	2%
Job security	98%	0	2%
Interpersonal relationship	75%	20%	5%

Source: Source: (Takyi, 2018)

Majority (95%) of the total respondents surveyed as seen Table 1, were of the view that provision of car loans to employees of the bank served as a motivator to boost their performance. A respondent cited that:

‘I am one of the few people who stay far away from town, and getting transport to work becomes very hectic’.

Others looked at it from another angle and believed that it facilitated their means to work while affording them a level of prestige and fame. This means these workers having a car made it easy for these workers to conveniently come to work. Not only that, but it also gave them recognition in their communities. This is in line with a previous study by Nduro (2012) who maintained that companies that practice the giving out of car loans tend to have their workers striving to contribute more to the attainment of the company’s set targets as a form of appreciation.

The study revealed that respondents held the notion that having a good and decent working condition motivated them to perform at their optimum best. In response to the question, a large portion of the sample, representing 80% agreed that good working conditions spurred them to perform better. The reason was that having a good working atmosphere afforded them peace of mind to perform. A respondent maintained that because of the certainty surrounding her work, she is able to be creative and try different ways to improve her output without worrying about being sanctioned from management. This confirms the study by Faraji (2013) who maintained that a large proportion of workers considered a good working environment encouraged them to increase their output. This was due to the point that a favourable working condition meant that management will provide what they needed to work and this subsequently led to them having peace of mind to carry out their duties.

Similarly, respondents when quizzed on whether recognition, appreciation and promotion for a good work by management enhances performance, majority thus 90% agreed that after putting in much sweat into ensuring a higher output, at least management if nothing at all should say something or give a pat on the shoulder to show their satisfaction, as these little things go a long way to spur them on to do more. Hence appreciation and recognition for good work done breeds healthy competition among employees and indirectly raises“ the bar of excellence This perception was not shared by 8% of the workers. A worker stated that,

*‘I was employed to perform a specific duty therefore if after
I have completed such a duty management choose to show*

appreciation or not, I do not really care because I receive my salary'.

It is common in an organisational setting for co-workers see a colleague being applauded for the good job done; they will also work hard to get the same reward. It should not be seen as a negative challenge rather a positive one that will enhance performance. Worman (2008), in his article motivating employees without raising their pay confirmed that, employees are not motivated by money alone but when they accomplished something they believe indeed they have accomplished something and recognition from management is appreciation for that achievement. He further added that management hardly gives recognition because they do not get enough. Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone before their peers for desired behaviour or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Sarvadi, 2010).

Respondents, concerning the issue of job security as motivational factor not enhancing performance, had 69% of them strongly disagreeing to this assertion. Their reason being that, in the work place, they need stability, dependency, protection, freedom from fear and anxiety, to be able to give off their optimum best to enhance performance. The remaining 31% of the respondents in support of what their colleagues said also disagreed with the assertion.

The finding corroborates with Nduro (2012). The study revealed that interpersonal relationships in the work setting usually led to a need for at least a minimal degree of employment security; and the assurance that one cannot be dismissed or sacked for irrelevant reasons and that appropriate levels of effort and productivity will ensure continued employment.

Data collected from the field on the issue of interpersonal relationship as a motivational factor does not improve employee performance; an overwhelming majority of the total respondents representing 75% strongly disagreed to the assertion stating that human beings are gregarious creatures, and as such have a need to belong. In the workplace the only way they can achieve that is to be able to interact very well with coworkers and create that rapport to be able to work collaboratively with these colleagues.

Concluding the objective two of the study, respondents were asked if the presence of incentives affected their overall output. Table 2 illustrates the various responses.

Table 7: Presence of incentive on overall output

Indicator	Percent
Important	91.11
Unimportant	8.89

Source: (Takyi, 2018)

Undoubtedly, it can be seen from Table 7 that almost all (91.11%) the respondents attested to the fact that the presence of incentives at Nyakrom Rural Bank boosted their moral to achieve more. This was generally due to that notion that, salaries alone could not enhance their capacity, encourage savings, and to live a fulfilling life. whiles a few (8.89%) of the respondents

maintained otherwise. This implies that while some staff are motivated by the financial incentives, others are not. This finding corresponds to a study by Achie and Kurah (2016) who found out that most employees are spurred on to give more to the achievement of organizational goals by the presence of incentives due to the fact that it enables them do more than what their salaries alone could achieve.

Table 8: Relationship between incentive scheme and employee performance

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig
Constant	5.451	0.837		8.491	0.000
Incentive scheme	0.972	0.309	0.765	3.140	0.001
Dept var. emp perf					

Source: Takyi, 2019

The relationship between incentive schemes and employee performance was positive and statistically significant. This implies that the null hypotheses have to be rejected in favour of the alternative hypotheses.

Challenges

Seemingly valid arguments exist against the administration of incentive schemes. Some experts argue that an incentive is an expense (a cost) to the organization. Others feel that incentives make employees to over comply (Ude & Coker, 2012). As a result of these arguments, the study sought to establish the various challenges associated with implementation of the various incentive schemes at Nyakrom as the third objective dictates.

It was observed from the data that incentives made workers of Nyakrom Rural Bank too willing to obey, this was because what workers would have refused or agitated against such as long working hours and working on weekends are now accepted without question due to the presence of incentives. This robs workers of their ability to have social lives or spend time with their family. This is in line Kohn (2001) who argues that there are punitive features built into incentive schemes. According to him, when compensating employees' management is also demonstrating control over them. This may eventually assume a punitive quality by making the recipient of incentive compensation feel subservient. Again, after giving incentives, employees come to expect the same or other form of compensation in the future. If their expectations are not met, they feel psychologically punished.

Similarly, the presence of incentives compelled workers to compete on a daily bases. This has the tendency to breed unhealthy competitions among workers since it is now doing whatever it takes to achieve or go beyond set targets to obtain some form of enticement. A respondent asserted that there was no way he is going to allow a colleague to foil his efforts to benefit from what other colleagues are enjoying. He further stated that sometimes colleagues resort to gossiping about each other in order to obtain some favours. This implies that workers strived to achieve set targets at the institution did not countenance anyone who stood in their way.

They may even resort to unorthodox methods if only it brings to them what they desire. This confirms Ude and Coker's (2012) assertion that disparities in individual incentives create jealousies and unhealthy competition. In other words, incentive compensation usually leads to feelings

of inequity because people invariably compare their rewards with others. Incentives also create a psychological distance between the person giving and receiving the incentive schemes package. Taken together, incentive disrupts the collaboration needed for effective organizational climate, learning, and understanding.

Aside the unhealthy competitions, incentives sometimes act as a management control mechanism, the study revealed that the presence of incentives made management ignore reason especially in the case behavioral problems at workplace. Management rather employed incentives as quick fixes without discovering the root cause of the issues. A respondent stated that,

'sometimes there are disconnects between people in the team but management ignores it and entices the team with the bonus would be obtained when goals are met'.

This implies that management are mostly interested in the output of workers and believe that incentives can help achieve that. This supports Nelson's (1994) argument that the causes of a bad behavior (problem) should be identified and appropriate solutions to that problem found out instead of splashing money on employees to force a solution to a problem or bad behaviour. In a situation like this, incentives are seen as ignoring reasons.

It evident in the second objective that workers usually put in an extra effort or add more days to official working days to be able to meet targets. This implies that most employers do not take risks to explore other methods or techniques which can achieve the same objective or more. Here the innovation and risk taking qualities of employees are lost as a result because employees

now preferred putting in more effort than looking to advance their ways of doing things or changing them altogether. This is in line with Kohn's (2001) assertion that incentive schemes discourage risk taking. Kohn cites evidence that though incentives motivate people, it motivates exactly what is necessary to get the reward and nothing more. Incentive programmes, according to Kohn (2001), dampen creativity because employees no longer explore new opportunities outside the realm of compensated (rewarded) behavior or results. That is to say incentives motivate employees to get rewards, not to discover better ways to help the organization. Incentive schemes undermine intrinsic motivation: According to Kohn (2001), incentives kill "a persons" motivation found in the work itself.

From the literature review it was noticed that incentives tend to make employees reliant on external factors as their source of motivation. Therefore, the study sought to know if such a test was present in the institution. The study revealed from the discussions with respondents that they now depended heavily on the gains (incentives) to keep them going, and sometimes the idea of it is what gets them out of bed in the morning even though they may be exhausted from the previous day's work. This implies that when the institution is to withdraw these external forms of motivation, most of the employees may find it difficult to channel any form of self-motivation in the form of growth needs, to achieve set targets. This confirms Kohn's (2002) argument. Kohn (2002) noted that employees are intrinsically motivated to perform a task after they had received an extrinsic incentive for performing it. The argument here concerned the risk of losing intrinsic motivation when extrinsic incentives are introduced.

Discussions with management also revealed that they had their own share of trials with respect to incentive implementation. It was revealed that, the life span of an incentive package usually determined the responsiveness of management. Management stated that mostly they want to be aware of the life span of an incentive so as to know to improve it to enhance its efficiency. The life span, to management is also important because it can enable them match it with company's profits to determine whether it will be a prudent financial decision. Also, if management believe that a financial scheme will operate over a long period then they may be more likely to invest in quality improvement and supporting infrastructure than if it is perceived to be only a temporary initiative where it would be difficult over a short period to recoup spending on capital expenditure.

McDonald highlights in her perceptive and timely article, to understand why some incentive schemes are successful and others not, it is important to go beyond a simple focus on design choices and widen the lens to capture the mediating influence of local historical and cultural factors (Armstrong, 2003). Furthermore, and as McDonald points out, incentive regimes are not self-implementing mechanisms to change behaviour and success depends crucially on the way in which a scheme is implemented, including the technological, administrative and supporting infrastructure used to embed and sustain new institutional practices.

Furthermore, management was presented with the task of keeping employers who have upgraded their skills over the period. Most employees tend to demand more incentives after programmes such as in-service training or returning from studies. This is usually because they become a target for

other institutions. This also increases the value of such workers, they use it as a bargaining chip to demand more. Therefore, management was faced with the challenge of keeping such employees content and finding ways of maintaining them at Nyarkrom Rural Bank. A board member confessed that it has not been easy dealing with such employees. He maintained that such workers use the company's resources to upgrade their skills and after serving their bonds, you notice a change in their attitude which is mostly due to the fact that they have been contacted by competing institutions. He further stressed that, these incidents were mostly corrected with a sit down and a renegotiation before such behavior spreads through the institution.

The statement suggests that such workers tend to compel management either to merge or add up existing packages just to make them content. This usually have the tendency to disrupt company projections, estimates and expenditure needed for effective long and short term financial planning. Milkovich and Newman (1996) maintained that management in contemporary times are tasked with the duty of attracting, developing and retaining employees. This they maintained were posing an enormous challenge to employers. To Milkovich and Newman (1996), employers are now more concerned since such skilled labour is needed to succeed in this dynamic sector.

Chapter Summary

This chapter specifically examined the results generated from the analysis of the data of all the research variables. The research hypotheses and the objectives of the study were tested by the various impacts and effects created by the research variables from the outcome of the results. The next

chapter is on the conclusions drawn on the relationship of the variables and some recommendations for policy consideration.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter includes summary of findings, conclusions and recommendations in respect of the objectives of the study. As indicated in chapter one, the general objective of this study was to explore the role of staff incentive schemes on employee performance in Nyakrom Rural Bank Limited, specifically, the study sought to determine the types of staff incentive schemes used in Nyakrom Rural Bank Limited and to examine the relationship between staff incentive schemes and employee performance in Nyakrom Rural Bank Limited and finally to establish the challenges that Nyakrom Rural Bank Limited face in its attempt to motivate staff.

The study adopted a mixed method approach while a case study design, citing the NRK as the case for the study. The study used both probability and non-probability sampling methods in the form of simple random sampling and purposive sampling methods. The target population were the management and permanent staff of Nyakrom Rural Bank

Summary of Key Findings

Nyakrom Rural bank provides car maintenance allowance to its employees but it varies according to position. Senior managers to general managers receive approximately 130 cedis, assistant managers receive 104 cedis while other officers receive 78 cedis. The institution recognizes that not all its employees have cars hence it provides those employees transport subsidies and it is enjoyed by only senior staff and it is subsequently adjusted as and when public transport fares change.

In a situation where the bank provides accommodation for the manager (head of the bank), the bank bears all the cost of utilities. The bank pays 10% of the basic salary to officers who are supposed to be accommodated by the bank yet live in their own houses. The bank understands the important role the health of its employees play in achieving its set targets, hence makes provisions for it in its incentive package in the form of medical attendance allowance. The bank also goes to the extent of granting interest free loans for approved course of study or the purchase of reading materials if only the employee is able to provide a receipt to prove such costs.

Performance appraisal is the main component considered for the increment of an employee's incentive package. It came to light that aside the top management, none of the workers had a hand or contributed towards setting up incentive packages. Majority (95%) of respondents surveyed were of the view that provision of car loans to employees of the bank served as a motivator to boost their performance. Majority (91.11%) of the respondents attested to the fact that the presence of incentives at Nyakrom Rural Bank boosted their moral to achieve more. It was observed from the data that incentives made workers of Nyakrom Rural Bank too willing to obey.

Similarly, the presence of incentives compelled workers to compete on a daily basis which created unhealthy competitions within the Bank. Aside the unhealthy competitions, incentives sometimes act as a management control mechanism. Employees are only intrinsically motivated to perform a task after they had received an extrinsic incentive for performing it. Most employees tend to demand more incentives after programmes such as in-service training or returning from studies

Conclusion

Most of the staff of Nyakrom Rural Bank had served the bank for a substantial number of years giving them rich experience and the ability to deliberate on motivational issues concerning their work. Good and decent accommodation for staff was encouraging as, staff believed it was the best management could under the circumstance. Car loan policies and programmes is the best as in a space of every two years there is a review and upward adjustment to cater for the current economic trend.

Career advancement policies at Nyakrom Rural Bank was very positive and encouraging as over the years consistent and hardworking employees have risen through the ranks to their current positions. Job security issues were well catered for by management as the enabling environment had been created and employees who exhibit gross misconduct are fired based on that.

Job security issues well catered for by management as the enabling environment has been created and employees who exhibit gross misconduct are fired based on that. Interpersonal relationship among management and staff was very excellent. Use of outside seminars as rewarding increased performance was nonexistent. It can be concluded that incentive programmes can positively affect motivation, performance and interest within an organisation. Incentive schemes are fast becoming increasingly a popular technique in attracting, motivating, developing, and retaining employees in organizations.

The success of a reward and compensation strategy depends to a great deal on the attitudes of the managers in creating a high degree of commitment,

involvement and cooperation among employees. It has to ensure that employees' contribution and performance are rewarded accordingly, and is aligned with other people policies, practices, and programmes towards developing the organizational capability and competency for achieving the objectives and goals of the firm.

Recommendations

Based on the study, the following recommendations are made in order to improve organization productivity and employees' performance. The incentives must be feasible for the organization to implement. Organizations should therefore try to balance material considerations with non-material reinforcements to maximize job quality and quantity. As ways of improving the reward packages, staff and management must be given their due. It is good for the bank to factor into their existing reward packages what the staff and managers aspire to have as earlier on discussed.

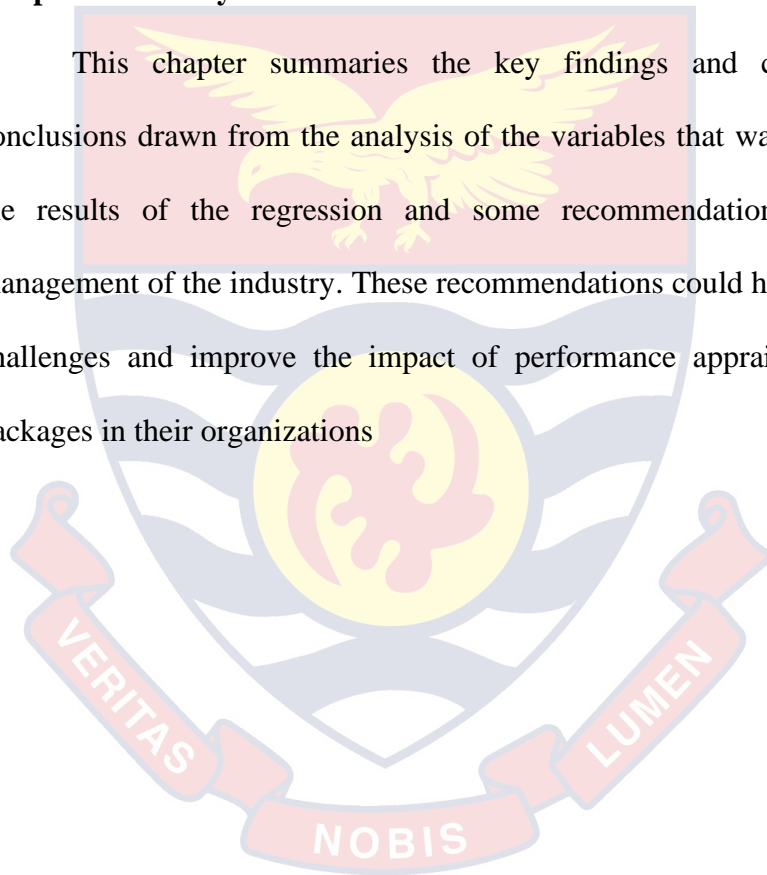
Compensation packages should be linked to employee satisfaction. For this, employee opinion surveys should be sought in designing a good reward package for the various job classes in the organization. Management should seek and obtain feedback on how employees perceive incentives. Feedback combined with appropriate incentive schemes produce the strongest effect on job productivity. Reward or compensation package should at all times be internally equitable and externally competitive. These rewards should provide value for money; in other words, more should be derived from the reward in terms of productivity and profitability than the cost of rewarding.

Suggestions for Further Research

Based on the limitations of this study, we recommend that a broader study be undertaken encompassing more organizations and more indicators that will help unearth the impact of rewards on corporate performance in the Ghanaian context. We further suggest if possible a comparative study of companies with reward systems and those without be undertaken.

Chapter Summary

This chapter summaries the key findings and comes out with conclusions drawn from the analysis of the variables that was produced from the results of the regression and some recommendations made to the management of the industry. These recommendations could help address some challenges and improve the impact of performance appraisal policies and packages in their organizations



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APPENDIX
UNIVERSITY OF CAPE COAST
SCHOOL OF BUSINESS
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT



QUESTIONNAIRE

Dear Sir/Madam,

I am Catherine Takyi, a graduate student from the Department of Human Resource Management, University of Cape Coast. I am carrying out my graduate dissertation on the topic: **‘Staff Incentive Scheme and employee performance in Nyarkrom Rural Bank Limited.** I would be grateful if you could spend some minutes of your time to complete the questionnaire for the study. Please, be informed that information shared in this regard is strictly for academic purposes and will be treated with **CONFIDENTIALITY.**

INFORM CONSENT

I have read the above introduction to the questionnaire and agree to complete the questionnaire under the stated conditions. Please tick (✓) if you agree to participate in the study

SECTION A

DEMOGRAPHIC DATA

1. Sex Male Female
2. Age 18 – 25 26 – 35 36 – 45 46+
3. How long have you worked in this organization?

Below 2 yrs 2 – 5 yrs 5 – 10 yrs 10 yrs and above

4. How highly do you place rewards as a basis to giving off your best?

Very high High Average Low Very low

5. What other rewards would you have apart from your salary?

Please list

.....

.....

6. Upon what basis (if you know of any) is your reward increased/reviewed?

Performance Appraisal

Attendance

Company Profit

Group or Corporate Reviews

Yearly

7. Does the upward review of your rewards enhance your performance?

Yes No Not Really

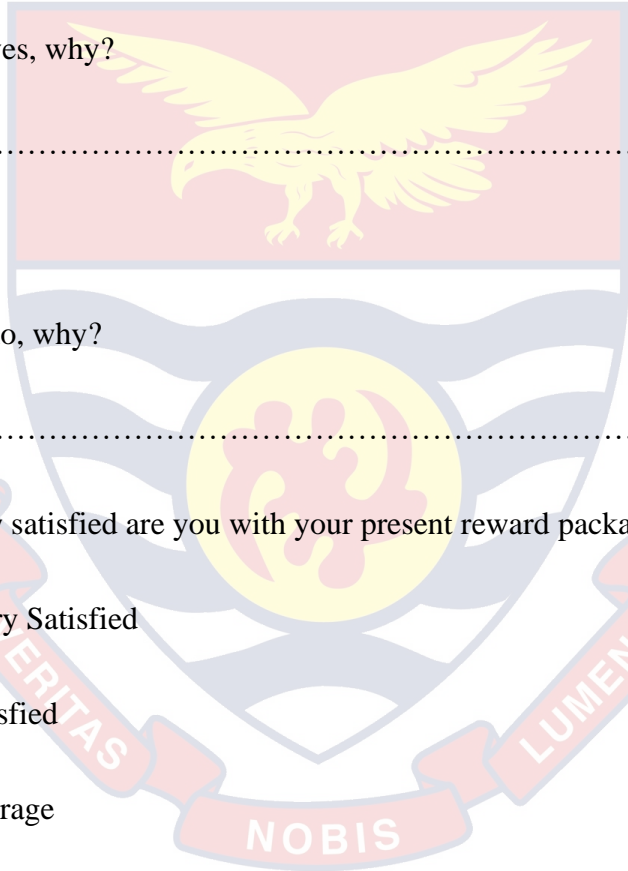
7b. How?

.....
.....

8. In your view, is the reward package for the different levels fair? []

Yes [] No

8b. If yes, why?

.....


8c. If no, why?

.....

9. How satisfied are you with your present reward package?

[] Very Satisfied

[] Satisfied

[] Average

[] Unsatisfied

[] Very Unsatisfied

10. Would you do better if you were paid more (or given more incentives)?

[] Yes [] No [] Not Sure

10b. How?

.....

11. What would you rather do (please tick)

(a) Increase performance to enhance reward

(b) Receive a higher reward to enable you perform better

12. Do you have any say in what comprise your reward package?

Yes No

12b. To what extent?

.....
.....

13. What kind of reward are you currently enjoying apart from your basic pay? (Please list)

.....
.....
.....

14. What would you rather wish you had as part of your total reward package or in addition to (13) above?

.....

15. Incentive Scheme that Increase Performance

Indicate Strongly Agree (SA), Agree (A), Undecided (UD), Disagree(D) and Strongly

Disagree (SD)

Statements	SA	A	U	SD	D
Recognition and Appreciation					
Fat Salaries					
Career Advancement					
Good Working Environment					
Promotion and Growth					
Job Security					
Interpersonal Relationship					
Good Working Environment					
Outside Seminars					
Additional Responsibility					

16. Relationship between incentive schemes and employee performance in Nyarkrom Rural bank

Statement	1	2	3	4	5
With the help of the management, my performance has improved over time					
I always perform to my best when I know that am					

accepted at Work					
With the current motivation practices at NRB, the performance of the employees is always going to reduce.					
Employees often endeavor to meet the set targets to be paid a Bonus					
There is a strong relationship between employee performance and motivation					
Workers put in their best when they are placed on little or no incentive package					
Well-motivated staff has a positive attitude towards work					

17. List the employee motivation tools that you believe have had the biggest impact on

the level of your performance.....

what are some of the challenges that may stifle the incentive packages at the Nyarkrom Rural Bank

.....

QUESTIONNAIRE FOR MANAGEMENT

This research is for academic purposes only. It is to establish the extent to which rewards influence employee performance . Respondents are assured that any information given out will be accorded the necessary confidentiality. Thank you.

1. What is your current position?

Top Management Middle Management Supervisory Other

2. How long have you been working with this company?

0 – 2yrs 2 – 5yrs 6 – 10yrs 11 – 15yrs Above 15yrs

3. What are the components of your reward package that you know of? (Please list)

.....
.....

4. Which of the factors above do you think influences personal and organizational performance most?

.....
.....

4b. Why?

.....
.....

5. What are some of the weaknesses you recognize with this reward system?

.....
.....

5b. What do you think should be done to strengthen these weaknesses?

.....
.....

6. How frequently are these rewards reviewed?

Once a year Twice a year Once a while Hardly

7. Are rewards reviewed periodically by management or at the request of the union?

.....

8. Do customer perception and inputs inform composition and review?

Yes No

8b. How?

.....
.....

9. Do you personally think there is any relationship between reward and personal performance?

Yes No

9b. If yes, what kind of relationship is that?

.....

10. What is the most common basis for reviewing employee rewards?

Increase in corporate revenue (profit)

Team productivity and improvement

Number of clients increased

Attendance, conduct and appearance

11. Do employees have a say in designing employee reward package?

Yes No

11b. How and to what extent?

.....

.....

12. Are employees happy with their reward packages?

Yes No

List the employee motivation tools that you believe have had the biggest impact on the level of your performance.....

13. What would you rather wish you have as part of your total reward package or in addition to the one you are currently enjoying?

.....

.....

14. What are some of the challenges that may stifle the incentive packages at the Nyarkrom Rural Bank

.....

.....

