

Effect of Non-Financial Incentives on Employee Performance among Federal Polytechnic Staff in Ado-Ekiti

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Abstract:

The study examined the effect of non-financial incentives on employee performance among Federal Polytechnic staff in Ado-Ekiti. The aim of the study is to determine the effect of recognition, developmental opportunity and career advancement on employee performance. A descriptive survey research design was adopted for the study. The population of the study comprised both academics and non-academics in Federal Polytechnic, Ado-Ekiti. The sample size was 319 and was determined through the Yamane sampling model. Primary data used for the study were gathered through the administration of a structured questionnaire to the target respondents. Data gathered were analyzed using a regression model. The result showed that recognition positively and significantly affects employee performance, Furthermore, the result showed that developmental opportunity positively and significantly affects employee performance and finally, career advancement positively and significantly affect employee performance. Thus, it concluded that non-financial incentive positively affects employee performance among Federal Polytechnic staff in Ado-Ekiti.

Keyword: Non-Financial Incentive, Employee, Performance

Introduction

The achievement and the survival of any organization or institution are determined by workers' remuneration system (Lawler, 2003). The remuneration system and motivating incentives tends to determine the level of employees' commitment, performance and attitude to work. As posited by Dixit and Bhati (2012) poor incentives packages have been a germane factor inhibiting employees' productivity. However, for any organization or institution to achieve its objective in any competitive environment, employers of labour or institution management must have a detailed understanding of what drives the employees to perform efficiently and reward them accordingly (Mueller, 2011). Also, employees must be thoroughly motivated through fair incentives plans systems and this will consistently encourage staff to be proactive and develop the right attitude to work which will enhance organizational productivity (Armstrong, 2007).

The public sector organisation in Nigeria has been a victim of poor performance caused by discontentment with the incentives system (Njanja, Maina, Kibet, & Njagi, 2015). The consequence of an unfair incentive system has been the source of continuous participation in industrial strikes, absenteeism and turnover resulting in poor employee performance. Although all these Nigerian government has not given an adequate response to genuine industrial grievances of its employees concerning their incentive system over time (Otieno, Ajowi, & Bosire, 2015), in view of this, the incentive system and schemes should contain factors that make, and sustain influence on employee's behaviour towards high levels of employee performance (Malhotra, 2007). Previous studies like Khan, Kashif, Ahamd, Ul haque (2017), Etozuo and Umoh (2017) and Oburu and Atambo (2016) to mention but a few, on incentives and employee performance have been carried out in different sectors and location, however, little or no attention has been given to Nigerian polytechnic which is also an important institutions that deals with supply of labour and also very sensitive towards reward system in Nigeria. Therefore, the effort will be geared towards these identified areas in this current study.

Research Objectives

The specific objectives are to:

- i. Examine the effect of recognition on employee performance;
- ii. Determine the effect of development opportunities on employee performance;
- iii. Investigate the effect of career advancement on employee performance.

Literature Review

The concept of incentive has become the basis for attracting, encouraging and retaining efficient employees in Nigerian organizations. Therefore, workers are being compensated in exchange for their performance (Oribabor, 2000; Ogunbameru, 2004 & Robbins, 2005). In view of this, some employees believe in money, while others believe in other incentives like recognition, job security, group cohesiveness, enabling environment, training and so on. Bennett and Minty (2005) asserted that incentives could be viewed from two broad perspectives which are financial incentives and non-financial incentives. Based on this fact, this study only focused on non-financial incentives due to the institution or organisation employed which deals widely with human management and supplier of labours to other organisations in Nigeria.

The non-monetary incentive also played a crucial role in encouraging employees physically, emotionally and psychologically. In other words, non-monetary incentives are described as rewards that an individual experiences and are directly related to the job itself (Falola, Ibidunni & olokundun, 2014; Kinicki & Williams, 2003). Psychological rewards are responsibility, achievement, autonomy, personal growth, challenge, complete work and feedback components of the job. Physical rewards are training, welfare services, flexitime, promotions, interpersonal relationships, conducive environments, job enrichment, etc. Non-monetary incentives are also essential factors that help in influencing the level of employee satisfaction and retention. Greenberg and Baron (2003) and Friedman (2005) posited that organizations with adequate provisions of the non-monetary incentive build a centre of responsiveness and attention which helps in retaining competent, knowledgeable, experienced and trained personnel. Training and development are required when some employees are found to be poor in the performance of their duties (Lawler, 2003).

Dimensions of Non-Financial Incentives

This study focused on only three dimensions of non-financial incentive which are recognition, development opportunities and career advancement. However, these dimensions are discussed below:

Recognition

According to Naveed (2012), recognition has a direct impact on the motivation of employees and increases their efficiency. Recognition can be described as the general acknowledgement of a given event or performance (Petrescu & Simon, 2008). Employee recognition can further be explained as a formal acknowledgement of an individual's behaviour and attempt that honestly supports the success and organizational goals and values and more often than not have been beyond normal expectations. Therefore, it is an employee's acknowledgement of an employee's achievement and effort towards the organization's goals. In the same vein, it can be referred to as the act of giving special concentration to employee's actions or performance that can either be physical or psychological or both. Recognition is actually a way of dealing with employee feelings. Also, employee recognition is one of the major ways of encouraging staff in an organization, making them feel valued and improving the overall attraction and employee retention. Not all employees are encouraged to perform beyond the important minimum with financial incentives alone (Nolan, 2012). Therefore, it is imperative that organizations provide relevant awards on merit as a form of employee recognition. Employee recognition can be offered in various ways and this can be informed of thank you, praise dinners, trophies, career advancement opportunities, training, appreciating ideas and respect where it deserves (Nolan, 2012).

Development Opportunities

The development of employees broadens their abilities and knowledge to perform more efficiently at the individual and team level than those employees who do not undergo self-development training (Guest, 2002). Employee development in any organization or institution enhances employee's morale, confidence, motivation (Oburu & atambo, 2016). Additionally, training and development of employees tend to reduce turnover. Lack of development opportunities affects employee motivation and performance. Employees feel valued and motivated if given opportunities to develop their careers through adapting skills, technologies and competencies essential for performance improvement and promotion. According to Armstrong (2001), organizations give more attention to developing their employees and enhancing their motivational aspects like self-esteem and self-actualization. Through these, they can reach the most favourable performance.

Opportunity for Career Advancement

Absence of job having no genuine future opportunity for advancement and promotion chances may bring about disappointment which results in dissatisfaction in an employee's mind until he finally leaves such an organisation. Satisfaction level tends to increase when there are plenty of opportunities for personal achievement as well as professional growth (Georg & Rastogi, 2006) because satisfaction with promotion provides opportunities for personal growth, more responsibilities and increased social status. More importantly, Promotional chances reduce turnover intention and employee dissatisfaction (Oburu & atambo, 2016). The importance of employees cannot be underestimated as they remain planners, designers and implementers of organizational progress towards achieving its objectives (Senyucel, 2009). Therefore, satisfaction is perceived as being related or dictates employee performance, absenteeism, turnover and productivity (Patterson, 2010).

Theoretical Framework

For the purpose of this study, expectancy theory was employed to the bedrock for this study because motivation is driven by an individual's expectancy of the preferred outcome and the potency of the attractiveness of that outcome to individuals. Considering their expectations and gains from a particular situation, what effort they will need to apply and whether it is worth it or fair enough depending on their personal goals.

Methodology

This research is carried out in Federal Polytechnic in Ado-Ekiti. The research design adopted for this study is a descriptive survey research design. Data to be used for the study were collected through the circulation of carefully designed questionnaires to the various Polytechnic staff in Ado-Ekiti. Polytechnic staff is divided in to two categories which are Academic Staff and Non-Academic Staff. However, the study population covered both academic and non-academic staff. There are (355) academic staff and (1,223) non-academic staff thus bringing the total population to one thousand five hundred and seventy eight (1,578) staff. However, three hundred and nineteen (319) staff were sampled using Yamane's (1967) sampling model. Data gathered were analysed using descriptive and inferential statistics. Descriptive statistic through frequency tables was used while inferential statistics through multiple regression was employed.

Presentation of Respondents' Demographic Data

This chapter presents the analysis of data, interpretation and discussion of the findings with regards to the objectives of the study. Three hundred and nineteen (319) respondents were sampled, two hundred and forty (240) questionnaires were filled and returned which represented a 75.2% response rate which thus implies that the Federal Polytechnic staff response rate to the information needed is adequate for data analysis. The demographic information of the respondents is analysed in Table 1.

Table 1: Respondents Demographic Distribution

Variables	Frequency	Percentage
Gender		
Male	134	55.8
Female	106	44.2
Total	240	100.0
Marital Status		
Single	96	40.0
Married	144	60.0
Total	240	100.0
Educational Background		
First Degree	126	52.5
Second Degree	36	15.0
Third Degree	18	7.5
Others	60	25.0
Total	240	100.0
Year of service		
Below 5	77	32.0
6-10	112	46.7
11 Above	51	21.3
Total	240	100.0
Employment Status		
Academic Staff	108	45.0
Non Academic staff	132	55.0
Total	240	100.0

Source: Field Survey, (2019)

Table 1 indicated that the male distribution was 134 (55.8%), while the female was 106 (44.2%). Therefore, the male staff is more than the female staff. Considering the staff's marital status, 96 (40%) of the total respondents were single while 144 (60%) were married. The summary of the response gathered here shows that the larger populations of respondents are married. Furthermore, based on academic background, it was also revealed that 126 (52.5%) of the total respondents have first degree, 36 (15%) of the total respondents have second degree, 18 (7.5%) of the total respondents have third degree while 60 (25%) of the survey respondents have other educational qualifications which implied that staff with first degree has the highest number of respondents. Moreover, considering the year of service, it was also revealed that 77 (32%) of the total respondents have below 5 years of service, 112 (46.7%) of the total respondents falls between 6-10 years of service while 51 (21.3%) of the total respondents have above 10 years of service which implied that staff between 6-10 years of service has the highest number of respondents. Finally, based on employment status, 108 (45%) of the respondents are academic staff while 132 (55%) of the respondents are non-academic staff thus implied that most of the respondents surveyed are the non-academic staff.

Discussion of Findings

Table 2: Effect of Non-Financial Incentives on Employee Performance

	Beta Co-efficient	Std. Error	T-value	P-Value
Constant	.948	.468	2.025	.047
Recognition	.821	.117	7.000	.000
Development Opportunities	.689	.225	5.758	.000
Career Advancement	.651	.206	5.162	.000
R= .720	R²= .518	Adjusted R= .498		

Source: Data Output, 2019

Table 2 revealed the regression co-efficient of non-financial incentives on employee performance. Three constructs were used to proxy non-financial incentives which are: recognition, development opportunity and career advancement. In view of this, the explanatory variable on non-financial show a positive figure of 0.720, this indicates that there is a very strong relationship between non-financial and employee performance which implies that the explanatory variable has a positive effect on employee performance. The co-efficient of multiple determinants (R^2) with a co-efficient of 0.518 shows that the explanatory variable can explain 51.8% of the behaviour of employee performance while the remaining 48.2% can be explained by the stochastic variable or other variables that were not put into consideration. The adjusted R^2 further confirms the result of the R^2 with a co-efficient of 0.498, which shows a 49.8% explanation of the behaviour of the employee performance by the explanatory variables after adjustment while the remaining 50.2% is explained by the error term. Furthermore, table 2 gives a summary of the regression result of the ordinal least square using SPSS 20.0 software. From the table it can be deduced that the value of the constant parameter is given as 0.918 and non-financial incentives construct values are recognition 0.821, development opportunity 0.689 and career advancement 0.549 respectively. The regression result above shows that employee performance is constant at 0.948; this implies that if the explanatory variable is held constant, employee performance will increase by 0.948%.

Therefore, the regression line is stated below:

$$Y = 0.948 + 0.821x_1 + 0.689x_2 + 0.651x_3$$

4.3 Discussion of Findings

The study findings showed that non-financial incentive is significant and positively related to employee performance among Federal Polytechnic staff in Ado-Ekiti. However, non-financial incentives scored on three variables which are: recognition, development opportunities and career advancement. The unstandardized β co-efficient of recognition gives a positive value of 0.821 with $t = 7.000$ and ($P = 0.000 < 0.05$). This showed that recognition has a significant effect on employee performance. This means that respondents' reason for employee performance is positively influenced by recognition thus implied that the study accepts alternate hypothesis and reject otherwise. Furthermore, the unstandardized β co-efficient of development opportunities gives a positive value of 0.689 with $t = 5.758$ and ($P = 0.000 < 0.05$). This showed that development opportunities have a significant effect on employee performance. This means that respondents' reason for employee performance is positively influenced by development opportunities thus implied that the study accepts alternate hypothesis and reject otherwise. The unstandardized β co-efficient of career advancement gives a positive value of 0.651 with $t = 5.162$ and ($P = 0.000 < 0.05$). This showed that career advancement has a significant effect on employee performance. This means that respondents' reason for employee performance is positively influenced by career advancement thus implied that the study accepts alternate hypothesis and reject otherwise. Therefore implies that an increase in non-financial incentives will result in increases in employee performance at 0.05 level of significance.

This finding is consistent with the research carried out by Bari, Arif and Shoaib (2013) investigated the impact of non-financial rewards on employee attitude and to get information about the factors which affect their performance at the workplace in the business institutes of Karachi. The study found that feedback to employees, freedom, career development plan, and valuation of employees, learning programs, open and comfortable work environment and good supervisory relations, all these factors positively impact employee attitude and performance in the workplace. It would further be suggested that focusing the factors that positively impact employee attitude and performance would enhance the performance of the employee and create a positive work environment that will also help grow the Institute and its productivity.

Conclusion and Recommendation

This study examined the effect of non-financial incentives on employee performance among Federal Polytechnic staff in Ado-Ekiti. The multiple regression results indicated that the entire non-financial incentives

attribute (recognition, developmental opportunity and career advancement) measured have a Positive and significant effect on employee performance at 0.05 level of significance. However, recognition was found to have the highest significant value due to its psychological drive and satisfaction on human nature. The entire hypotheses have a strong significant value on employee performance. Alternate hypotheses were accepted and the null hypotheses were rejected thus implied that non-financial incentives are positively related to employee performance particularly among federal Polytechnic Staff in Ado-Ekiti.

Therefore the study recommends that Federal Polytechnic management should dwell most on the non-financial incentive to reduce staff turnover, increase the performance of employees and boost staff morale. The incentive package should be fair enough so as to ensure that it is relevant to employee's needs and aspirations through effective training, development opportunities and career assurance to inspire them to remain with the organisation.

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