INCENTIVES AND PERFORMANCE OF EMPLOYEES OF MANUFACTURING FIRMS IN RIVER STATE

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ABSTRACT

This study examined incentives and employees' performance in manufacturing firms in Rivers State. Employees from the selected manufacturing industries make up the population of the stud. Using random sampling selection method, 54 test units were drawn from 5 manufacturing firms to participate in the study. Both descriptive and inferential statistics were used in the analysis of data using SPSS version 20. The study found that financial and non-financial incentives significantly affect employee performance. The study conclude that incentives drive employee performance, and boosts organizational productivity. The study thus argue that enhanced performance of employees is achievable through incentives, and that incentives significantly influence the performance of employees; and recommends that operators of manufacturing that seek improved employee performance should design methods for allocating financial and non-financial incentives to employees in order to boost their commitment to the firm.
Keywords: Employees' performance, reward system, financial incentives, non-financial incentives

INTRODUCTION

The most valuable resource in any type of organization, whether it is engaged in the manufacturing, service, nonprofit, or for-profit sectors, is its workforce. Employees are the most important asset of every company. The effectiveness of employee incentive programmes utilized by an institution affects employee performance. In order to reward the work done and encourage desired behaviors, incentive is provided. According to research on employee motivation, motivating rewards can boost workers' productivity. Few of these researches really provide an explanation of how workplace incentives affect employees' performance.

Nowadays, a lot of businesses implement incentive programmes to encourage and reward their staff. Incentives have grown in popularity over the past 20 years, and businesses now invest a lot of money in their incentive programmes. By giving the company and its management a good platform to recognize an employee's great performance, an incentive program helps the company get the most out of its human resources (Zimmerman, 2000). The amount of dedication and attitude of employees is influenced by reward systems and inspiring incentives. Poor incentive plans have significant impact on employees' commitment and productivity (Dixit & Bhati, 2012). However, employers of labor must have a deep understanding of what motivates people to perform efficiently and compensate them accordingly, if they intend to fulfill their goals and be competitive (Mueller, 2011). Additionally, it is important to motivate employees with sufficient incentive programmes and reward systems because doing so will inevitably encourage them to take initiative and approach their work with the proper mindset (Armstrong, 2007). Employers of labor, however, use incentive measures to make sure the brightest minds are kept in a highly dynamic business.

According to Al-Ahmadi (2009), performance improvement is not only the result of a well-run system; it also depends on effective human resource strategies that thrive in hiring and retaining motivated and committed employees. Ateke and Akani (2018) contends that committed employees that willing go the extra mile to conduce experiences that customers relish are required to enable the attainment of organizational goals. Firms strive to retain employees in view of their roles in building, maintaining and expanding relationship with customers (Nwulu & Ateke, 2018). Besides, employee turnover is costly for firms. Not only does it carry the cost of replacing lost employees, such employees also leave with their knowledge and sometimes, the relationships they have developed with customers (Nwulu & Ateke, 2018). Employee retention is thus a goal that attracts managers' attention; and its achievement is better guaranteed if firms are able secure the commitment of employees.

The accomplishment of objectives in the tasks that were delegated to employees during a specific time period, is a sign of good employee performance. Along with being the product of a well-run company, improved performance also rely on the effectiveness and efficiency of human resource strategies that are successful in attracting and keeping a loyal and motivated workforce (Al-Ahmadi, 2009). There are many studies on employee incentives, but the majority of them were conducted in other parts of the world. As a result, there is a gap in the body of knowledge that examines the relationship between employee incentives and employee performance in light of our location and the unique characteristics of the industry under study. Thus, the primary goal of this study is to examine how incentives affect employee performance in the manufacturing industry in Rivers State. Specifically, the study sought to deal with the following objectives;

i. To examine the reward system and motivating incentives offered in manufacturing industries in Rivers State.
ii. To investigate the effect of both financial and non-financial incentives on employee performance in manufacturing industries in Rivers State.

LITERATURE REVIEW

Theoretical Foundation

This study on incentives and employees' performance is anchored on McClelland's theory of learned needs. McClelland put forth a well-known hypothesis of human motivation. He argued that since intrinsic motivators characterize human behavior, they are essential to meeting personal requirements. Three motivational requirements were recognized by the theory are the need for achievement, affiliation, and power. People may have a single need or a combination of several. The need for achievement explains that individuals are motivated by a desire to accomplish, achieve, and excel. Achievement motivated individuals set ambitious yet achievable goals; they tend to work independently or with accomplished people. The need for affiliation explains that individuals desire cordial connections with others and have a need to be accepted and liked; while the need for power explains that individuals desire to take the initiative and have impact in their sphere. It encompasses both the desire for institutional and individual power.

Concept of Incentive

The Latin word "incentivum," which means "to promote diligent labor," is where the word "incentive" originates. An inducement or additional reward that serves as a motivating tool for a particular action or behavior is known as an incentive. A promise or action that motivates others to work harder is known as an incentive. Another term for it is a "catalyst for additional action." Additional bonuses are given as incentives in addition to bets. Increased compensation or benefits are given to an employee in honor of success or exceptional performance. When anything seeks to persuade someone to put up more effort in order to behave in a particular way, it is referred to as an incentive. This increases employee dedication and performance. Employees receive incentives as financial rewards to spur, support, and maintain desired behavior (Awad & Odeh, 2011). Incentives are strategies for bringing about a particular change in behavior.

There are two categories of incentives: monetary and non-monetary. Salary, pension plans, loans, social security, paid time off, and workers compensation insurance are examples of financial incentives. Promotions, feedback, appreciation, professional progression, training, and work rotation are examples of non-monetary incentives (Armstrong, 2007). Employee motivation and commitment are boosted by incentives, which also have a favorable effect on employee performance. Incentives are monetary remuneration provided by businesses that are paid on a regular basis. Employee benefits such as increased productivity or cost savings are distributed via incentives, which are classified as types of performance-related payment and gain sharing.

Concept of Employee Performance

Mangkunegara (2002) defined employee performance as the quality and quantity of work completed in accordance with the obligations assigned to an employee in the job description. Employees provide work results in accordance with duties that have been given to them. Everyone exhibits performance in real life as work output produced by employees in accordance with their position within the company. Employee performance also relates to the collective efforts and behaviours relevant to organizational goals, which are controlled by employees (Lepak et al., 2007) and which hinge on two main factors: ability and motivation (Okoch & Ateke, 2020).

The word "performance" is derived from "job performance" or "real performance," which refers to someone's actual work performance or accomplishment. The work quality and quantity that an employee achieves while performing their role in accordance with the obligations assigned to them is defined as performance. According to Al Mehrzi and Singh (2016), performance is the result or level of success of a person as a whole during a certain period in carrying out tasks compared to various possibilities, such as work standards, targets or predetermined criteria that have been mutually agreed upon. Furthermore Yang et al. (2016) state that performance is basically what employees achieve or do not achieve.

Incentives and Employee Performance

Organizational commitment and staff performance will be affected by incentives (Yeh, 2012). Chi et al. (2008) assert that incentives have a strong favorable relationship with organizational commitment. The likelihood of organizational members committing to the organization may be affected by incentives (Chi et al., 2007). Employee commitment will have a significant impact on employee performance because, according to Lee (2010), it has a favorable impact on employee behavior (Chi et al., 2008). When employees are offered incentives, their performance improves (Yeh, 2012).

Worker commitment and motivating factors have a positive significant impact on employee performance (Yeh, 2012). Employee commitment will strengthens the relationship between incentives and performance (Dar et al., 2014). Ahmad (2009) contends that rewards foster organizational commitment, which influences worker performance and moderates the relationship between leadership style and job performance.

Financial and non-financial incentives have been found to influence job satisfaction positively (Hayati & Caniago's, 2012). Rast and Tourani (2012) investigated factors that have a significant impact on job satisfaction among employees of private airlines and found that supervision, relationships, nature of job, and promotion opportunities relate to job satisfaction. Also, Wallace et al. (2013) investigated the influence of employee incentives on performance in Kenyan public hospitals and reported that public hospitals benefit from the use of employee incentives, because it raises overall performance at the individual and organizational levels. Okwudili (2015) examined impact of non-monetary incentives on employee productivity in government parastatals in Nigeria and found that non-monetary incentives positively influence employee productivity and efficiency of parastatals; and concluded that government parastatals can increase employee productivity and efficiency in parastatals through the use of non-monetary incentives.

METHODOLOGY

Several companies were chosen for this research, which was done using a descriptive survey design technique. A survey based on a questionnaire was employed for the quantitative approach. Statistical computing was utilized to create tables, frequencies, and percentages from the data collected via questionnaires. In order to finish the study, this choice was crucial in supporting the researcher in obtaining necessary data. 490 participants from five (5) recognized manufacturing firms in Rivers State were surveyed. 54 people were selected from a pool of 490 workers in each of the manufacturing organizations under investigation because their employment was deemed representative and they were presumed to possess crucial data.

Table 1: Sample Composition of the Study

Manufacturing Companies	Population Size	Sample Size
International breweries	120	54
Dubec Nigeria Limited	110	54
Chenaks Industries Nigeria Ltd	90	54
Genesis foods Industries	81	54
Benwosley Ltd	89	54
Total	**490**	**270**

Source: Human Resource Departments of Selected Firms (2022)

DATA ANALYSIS AND PRESENTATION

Table 2: Socio demographic frequency distribution of sample respondents

Gender	**Frequency**	**Percentage (%)**
Male	189	**70**
Female	81	**30**
Total	**270**	**100**
Age	**Frequency**	**Percentage (%)**
25 years and below	51	18.8
26-35 years	86	31.8
36-45 years	73	27.0
46 years and above	60	22.2
Total	**270**	**100**
Marital Status	**Frequency**	**Percentage (%)**
Single	91	**33.7**
Married	152	**56.2**
Separated	27	**10.0**
Divorced	**-**	**-**

Total	**270**	**100**
Educational Qualification	**Frequency**	**Percentage (%)**
SSCE	**55**	**20.3**
OND/HND/NCE	**110**	**40.7**
B.Sc/PGD/Masters	**105**	**38.8**
Others	**-**	**-**
Total	**270**	**100**
Duration in organization	**Frequency**	**Percentage (%)**
1-5 years	83	**30.7**
6-10 years	92	**34.1**
11-15 years	30	**11.1**
16-20 years	45	**16.7**
20 years and above	20	**7.40**
Total	**270**	**100**

Source: Field Survey, 2022

Table 2 above shows that the majority of respondents were the males. This is because the manufacturing industry employ more male than females. The nature of the work in manufacturing industries is mostly preferred by men than women. Again, the table above shows that 51(18.8%) minority of the people who responded were age of 25 years below, whilst 86(31.8%) were in the age range of 26-35. 73(27.0%) of the respondents were in the age range of 36-45 whilst 60(22.2%) were in the age range of years and above. The above table implies that the majority of the respondents were married and were 56.2%. Generally, the rate of married people in the nation is increasing although there is a contribution of child marriages. Those who were single constituted 33.7%, with those separated constituting 10.0 %. As shown 55 (20.3) had SSCE as their education at the highest level, while 105 (38.3%) had B.Sc/PGD/Masters as their highest level of education. The majority of those who completed the questionnaire had OND/HND/NCE degree and they were able to interpret the questions about reward system of their company respectively and they provided truthful answers. There are 54 percent who have served in the Organization for a short period of time; 32 percent have served for 6-10 years; 9 percent have served for 11-15; 5 percent have served for 16-20 years.

Test of Hypotheses

The hypotheses were tested using the linear regression statistic and the summarized results of regression analysis are presented below:

Table 3: Summary of results of reward system and motivating incentives

R	t-value	F-Value	P-value
.100	3.290	10.255	.001

Source: Field Survey, 2022

The value of R is .100, which shows that 10.0% of the variance in employee commitment is due to the predictor variable reward systems and motivating incentives. The worth of F test is 10.255 significant at α 0.001, which is not highly significant but significant. The t-value is 3.290 which is > +2 making it a useful predictor. If p-value > than 0.05 then alternative hypothesis accepted so, H1 is accepted (F=10.255, p=0.001 and t=3.290) and we arrive at the conclusion that reward systems and motivating incentives have a significant influence on employee performance.

Table 4: Summary of monetary and non-monetary incentives on employee performance

R	t-value	F-Value	P-value
.102	3.340	11.155	.000

Source: Field Survey, 2022

The value of R is .102, which shows that 10.20% of the variance in employee commitment is owing to the predictor variable financial and non-financial incentives. The value of F test is 11.155 significant at α 0.000, which is not highly significant but significant. The t-value is 3.340 which is > +2 making it a useful predictor. If p-value > than 0.05 then alternative hypothesis accepted so, H1 is accepted (F=11.155, p=0.001 and t=3.340) and we conclude that incentives, both financial and non-financial, have a huge effect on employee performance.

DISCUSSION OF FINDINGS

This study focused on investigating the effects of incentives on employee performance in manufacturing firms in Rivers State. The study found that employee performance is influenced by reward systems with a value of R of 10.0 per cent. In other words, when companies apply the finest employee incentives, they get the intended outcomes Condly et al., 2013), rewards have a positive effect on both motivation and productivity. This is backed up by an employee's motivation to help the organization accomplish its productivity goals (Ryan & Deci, 2000). The utilization of incentive programmes to inspire and reward workers is commonplace in today's firms. An improvement in productivity can only be achieved by motivating workers in ways that are directly linked to their production (Diener & Biswas, 2002, Stolovich et. al., 2004, Michele & Rob, 2008).

Both monetary and non-monetary incentives have considerable influence on employee performance. Financial and non-financial incentives have a positive influence on employee performance. Financial and nonfinancial incentives, such bonuses, paid time off, and staff training, when properly applied, are considered adequate spurs of employee performance. In order for any company to survive in a competitive environment, its operators must have a solid grasp of what drives people to do well and correctly reward them (Mueller, 2011).

CONCLUSION AND RECOMMENDATIONS

An employee's performance will increase if they are given the right incentives. It is thus critical that firms design reward plans and execute them appropriately. Employees who have a positive outlook on their occupations and the firms they work for, perform at a high level. Firms, especially those in the manufacturing sector should ensure that their workers are rewarded fairly and are provided with appealing incentive packages.

In view of the results of the statistical analyses and the congruence of the findings of this study with findings of previous studies, we conclude that incentives drive employee performance, and boosts organizational productivity. The study holds that enhanced performance of employees is achievable through incentives, and that incentives significantly influence the performance of employees. The study thus recommends that operators of manufacturing that seek improved employee performance should design methods for allocating financial and non-financial incentives to employees in order to boost their commitment to the firm.

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