

Impact of Rewards on Motivation of Workers: A Study of the Civil Service of Osun State, Nigeria

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Abstract: This study assessed the impact of extrinsic (financial) and intrinsic (non-financial) rewards on motivation of workers in Osun State Civil Service. The objective was to ascertain their relative importance as determinants of motivation among the workers. Data was generated through a questionnaire from a randomly selected sample of 580 workers. Data analysis was performed using Linear Regression Model and Analysis of Variance (ANOVA). Results showed that the impact of extrinsic (financial) rewards on workers motivation is not greater than the impact of intrinsic (non-financial) rewards. It was concluded that both rewards types are equally potent as stimulants of motivation among the workers.

Key words: Impact, reward, motivation, civil service, financial, non-financial

INTRODUCTION

One of the greatest challenges faced by the management of any organization, whether private or public is devising appropriate strategies for achieving a motivated workforce. The seriousness of this challenge is underscored by management's perception of the strong functional linkage between employee motivation and employee performance, which invariably, is the ultimate determinant of overall organization performance. Unfortunately, however, the problem of poor motivation and the resultant low productivity among Nigerian workers, particularly in the public service, has become endemic, making it one of serious concern, especially in view of its negative impact on national productivity.

The factors that can influence an individual's motivational processes at work have been categorized into 2 namely: Intrinsic and extrinsic rewards. Intrinsic rewards are rewards which are inbuilt into the job and are capable eliciting satisfaction in the worker through the actual performance of the job itself. Such intrinsic rewards include interesting work, challenge, recognition, responsibility, growth, achievement and self-actualization. Extrinsic rewards on the other hand, are those factors within the job environment that are capable of eliciting better job performance from the worker. Extrinsic factors have no direct relationship with the job behaviour itself, while extrinsic motivation is that which the worker derives from the end to which the job provides the means.

A survey of research findings on work motivation have generally suggested that intrinsic rewards are ranked as better motivators than extrinsic rewards (Kovach, 1987;

Harpaz, 1990; Lindner, 1998). The reason for this, however, is not far fetched. In the developed industrialized countries where majority of these researches were conducted, satisfaction of the basic needs of life such as food, shelter, etc, are taken for granted by a large majority, hence emphasis has shifted from the extrinsic factors such as pay, incentives, promotion and so on, to intrinsic factors such as interesting work, achievement, recognition, challenge and self-actualization. The same, however, cannot be said for the less developed and developing world such as Nigeria. There is thus the need to examine the relevance of these generalizations to the Nigerian context.

The objective of this study was to ascertain the relative importance of extrinsic (financial) and intrinsic (non-financial) rewards as determinants of motivation among workers of the Osun State Civil Service.

Research question: Which of the two types of rewards (intrinsic or extrinsic) will exert a greater impact on motivation of workers in the Osun State Civil Service?

Research hypotheses: The impact of financial rewards is not greater than the impact of non-financial rewards on motivation of workers in the Osun State Civil Service.

Motivation: Broadly speaking, motivation refers to a driving force or state of need deficiency, which inclines a person to behave in a particular manner or to develop a capacity for certain types of behaviour. The urge to act in a certain way may be generated by physiological or psychological needs or states (including conscious or

unconscious thought processes) or by external stimuli or by some combination of these (Blunt and Jones, 1992). Pinder (1984), describes motivation as a composite of energetic forces that originate within an individual and which are stimulated by his or her surroundings to initiate, direct or sustain behaviour.

The need for motivation at work: Most individuals seek satisfaction from life, particularly in line with the 5 basic needs identified by Maslow (1943) and a good part of the satisfaction of these needs is sought and derived from work.

Cole (1999) identified a variety of factors which determine the performance of employees at work. Among these are employees' knowledge and skills, nature of the task, the technology in use and the organizational environment. He went further however, to declare that these factors working alone are not enough to bring out the best performance in a worker. For an employee to work in a particularly desirable way and with a given amount of effort and enthusiasm, he needs to be motivated. It is one thing for a worker to possess the necessary knowledge and skills that are desirable for adequate job performance, but it is his level of motivation which determines the extent to which an individual desires to place his knowledge and skills at the disposal of others and even more, to discountenance the effects of obstacles and difficulties in doing so. Hannagan (1995), corroborated this by declaring that the key to effective work performance lies in an understanding of human motivation.

The need for motivated employees is further articulated by Smith (1994), when he identified organizational survival as an important reason. The only means by which an organization can stay alive within the context of the present day environmental dynamics is through high level performance, which can only be obtained through the development and maintenance of a crop of highly motivated workers. Bratton and Gold (1999) also corroborated this by stating that increased organizational effectiveness arising from high performance efforts of workers ensures organizational survival. In addition, some important societal goals such as employment and growth are also attained.

Lindner (1998) also contributed by declaring that motivated employees help organizations to survive since motivated employees are more productive. Employee motivation also, in the long run, tends to be a cost-saving device for the 'organization. This is because the training of a well-motivated employee will be effectively applied and this, in turn, through increased productivity, will, considerably, reduce the need for hiring additional man power.

Fashoyin (1997), further underscored the need for organizations to motivate their workforce by declaring that the motivation of the workforce to commit itself and maintain uninterrupted and effective operations must be seen as an important factor in the promotion of productivity for economic growth. In today's competitive economic environment, the worker becomes, even more, an important agent in mobilizing all factors of production towards achieving a competitive advantage. Fashoyin (1997) went further to hinge the development of a dedicated and committed workforce, aimed at the achievement of productivity and corporate growth, on the fashioning of a labour policy that is designed to promote a cooperative work environment and one which recognizes workers as partners in problem-solving and decision making.

In the light of the foregoing, it is important to managers, in order to be effective, to understand what motivates the employees within the context of the role they perform. This implies giving close attention to how individuals can best be motivated through such means as incentives, rewards, leadership, the work itself and the organizational context within which the work is carried out. Of all the functions a manager performs, motivating employees is arguably the most complex and, according to Bowen and Radhakrishna (1991), this is due to the fact that what motivates employees are different and also change constantly.

Sources of motivation: There are 2 sources of motivation, as originally identified by Herzberg *et al.* (1959) and these are intrinsic and extrinsic motivation. Intrinsic motivation refers to the self-generated factors that influence people to behave in a particular way or to move in a particular direction. Deci (1975) classifies intrinsic motivation as behaviours that individuals engage in to seek out challenging situations or to overcome challenges. In the workplace, these behaviours are triggered by inherent job factors such as responsibility, i.e. feeling that the job is important and control over one's resources, autonomy (freedom of act), scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement.

Extrinsic motivation, according to Leonard *et al.* (1995), is that which derives from external sources. It can be regarded as what management does to or for workers to make them produce the desired behaviour that will lead to attainment of organizational goals. This includes rewards such as increased pay, praise, promotion or it could be punitive actions such as disciplinary action, withholding pay or criticism. Extrinsic motivators are believed to have an immediate and powerful effect but which may not necessarily last long. Intrinsic factors on

the other hand, are believed to be concerned with the psychological satisfaction which a person derives from work and hence are likely to have a deeper and long-lasting effect, since they are inherent in individuals and are not imposed from outside.

In this study, extrinsic motivation is conceptualized as that which derives from external sources, as denoted by what management does to or for workers to make them produce the desired behaviour that will lead to the attainment of organizational goals. Factors such as salary, fringe benefits, promotion with pay and other sundry, cash-based allowances and financial incentives will be used to represent extrinsic rewards in this study.

Intrinsic motivation on the other hand is conceptualized as the psychological satisfaction derived from the performance of the job itself. According to de Charmes (1968), the individual derives satisfaction and enjoyment from the work and feels rewarded simply by performing the task, with no external control regulating the behaviour. Intrinsic rewards, in this study, will be represented with factors such as creative and challenging work, feeling of accomplishment, recognition for achievement, responsibility and opportunities for self development and self actualization.

MATERIALS AND METHODS

Data was generated from a randomly selected sample of 580 workers of the Osun State Civil Service comprising of workers of both the State Ministries and Local Governments.

The instrument of data collection was a questionnaire structured using the Likert scale format. Three items in the questionnaire measured preference for financial rewards while three other items measured preference for non-financial rewards. Both descriptive and inferential statistics were used for data analysis.

RESULTS AND DISCUSSION

The analysis on Table 1 reveals that 53.1% of the respondents strongly agree with item 1 while 36.9 and 37.3% agree with items 2 and 3, respectively. These percentages represent the highest frequency of responses to the specified items. Further examination shows that the second highest percentage of respondents (30.6%), agreed with item 1, while 30.2 and 36.7% strongly agreed with items 2 and 3, respectively.

This result shows that most of the respondents scored highly on the items indicating high preference for financial rewards.

The analysis on Table 2 shows that 42.8 and 42.3% of the respondents agreed with items 4 and 5, respectively while 39.2% strongly agreed with item 6. These percentages represent the highest frequency responses to the specified items. Further examination shows that the second highest percentage of respondents (24.1, 33.4 and 34.2%) strongly agreed with the items 4 and 5 and agreed with item 6, respectively. This result shows that most of the respondents also scored highly on measures of preference for non-financial rewards.

To test the hypothesis the scores of the respondents were subjected to multiple regression analysis and Analysis of Variance.

From the Table 3 it can be seen that CASI, which is a Financial Reward (FR), made the highest contribution (as indicated by a beta value of 8.70) to the dependent variable (motivation). The 2nd highest contribution is however, made by CR, a Non-Financial Reward (NFR), with a beta value of 5.80. The 3rd highest contribution is also made by a Non-Financial Reward (NFR), PC, with a beta value of 2.36. The lowest positive contribution is made by FS, a financial reward with a beta value of 1.90.

Table 1: Analysis of responses on preference for financial rewards

Response	Item 1 The most important factor that can make me perform well at my job is when my salary and other financial benefits are paid regularly (RPSFB)		Item 2 I will be encouraged to perform even better if I am given a Cash Award or Salary Increase as a reward for outstanding performance (CASI)		Item 3 My most important goal as a worker is having financial Security (FS)	
	Total	Valid %	Total	Valid %	Total	Valid %
Strongly disagree	15	2.6	28	4.9	13	2.3
Disagree	31	5.4	104	18.2	62	11.0
Neutral	48	8.3	56	9.8	72	12.7
Agree	177	30.6	211	36.9	211	37.3
Strongly agree	307	53.1	173	30.2	208	36.7
Total	578	100.0	572	100.0	566	100.0
Missing	2		8		14	
Total	580		580		580	

Source: Field survey

Table 2: Analysis of responses on preference for non-financial rewards

Responses	Item 4 If my job is challenging and gives me a sense of responsibility, I will perform well even if the salary is not paid regularly (CR)		Item 5 Praise and commendation for outstanding performance is enough encouragement for me to perform even better (PC)		Item 6 As a worker, I place more value on personal development and self actualization than on financial security (PDSA)	
	Total	Valid %	Total	Valid %	Total	Valid %
Strongly disagree	43	7.5	14	2.4	11	2.0
Disagree	84	14.7	47	8.2	60	10.8
Neutral	63	11.0	78	13.6	77	13.8
Agree	245	42.8	242	42.3	191	34.2
Strongly agree	138	24.1	191	33.4	219	39.2
Total	573	100.0	572	100.0	558	100.0
Missing	7		8		22	
Total	580		580		580	

Source: Field survey

Table 3: Result of regression analysis

Model	Unstandardized coefficients		Standardized coefficients		
	B	Std. error	B	T	Sig.
1(Constant)	1.116	0.240		4.649	0.000
RPSFB (FR)	-2.939E-02	0.038	-0.038	-0.781	0.435
CR(NFR)	5.800E-02	0.029	0.091	2.026	0.043
CASI(FR)	8.703E-02	0.032	0.136	2.740	0.006
PC(NFR)	2.360E-02	0.034	0.031	0.698	0.485
FS(FR)	1.907E-02	0.035	0.027	0.545	0.586
PDSA(NFR)	-4.428E-02	0.032	-0.061	-1.377	0.169

aDependent Variable: Workers' Motivation. Source: Field Survey

Table 4: Model summary of regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.171 ^a	0.029	0.018	0.7645

aPredictors: (Constant), RPSFB, CR, CASI, PC, FS, PDSA. Source: Field survey

Table 5: Result of ANOVA

Model	Sum of squares	Df	Mean square	F	Sig.
1 Regression	9.329	6	1.555		
Residual	311.521	533	0.584		
Total	320.850	539		2.660	0.015 ^a

aPredictors: (Constant), RPSFB, CR, CASI, PC, FS, PDSA. bDependent Variable: Workers' Motivation. Source: Field survey

This result underscores the importance of financial rewards as a crucial motivator of workers. More significantly, the result highlights the instrumental effect of linking financial rewards to performance. This finding is supported by Ding and Barbuto in their declaration that when a worker knows that extra performance efforts will be rewarded financially, he is motivated to perform even better.

The model summary on the Table 4 shows that the r value is 0.171. This indicates that a positive, but weak, relationship exists between the explanatory variables (Financial Rewards FR) and (Non-Financial Rewards NFR) and the dependent variable (workers' motivation WM). The r^2 value of 0.029 indicates that the explanatory

variables have an overall explanatory effect on motivation to a level of 2.9%. To determine the significance of r^2 , ANOVA was performed and the result is as shown on the Table 5.

$F_{cal} = 2.66$ at 0.01 level of significance.

$F_{tab} = 2.85$ at 0.01 level of significance.

Since F_{cal} (2.66) is less than F_{tab} (2.85) at 0.01 level of significance, the hypothesis, which states that the impact of financial rewards on the motivation of workers in Osun State Civil Service is not greater than the impact of non-financial rewards, is accepted.

However, although the hypothesis is accepted, analysis of the individual contribution of each explanatory variable on the dependent variable, as shown on the Table 3, indicates that a financial reward, cash award and salary increase CASI, made the highest individual contribution of 8.70 to workers' motivation.

CONCLUSION

It can be concluded from the findings of this study that financial rewards are veritable stimulants of workers' motivation. More significantly, the study has shown that when financial reward is linked to performance, it acts as a highly potent motivator.

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