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FINANCIAL INCENTIVES REWARD SYSTEM AND EMPLOYEES' JOB SATISFACTION AMONG CASUAL WORKERS IN DISTILLED FIRMS IN LAGOS STATE, NIGERIA.

[1]Olaoluwa omotayo OLANIPON, [2]Dr. Ayodele Bidemi KOLADE, [3]Odunayo AKINSADE, [4]Adekunle Andre AKINOLA, [5]Olumuyiwa Michael OLAREWAJU.

[1 and 3]Federal University, Oye Ekiti, Department of Business Administration
[2] Salem University, Lokoja, Department of Accounting
[4] Caleb University, Ikorodu, Lagos, Department of Business Administration
[5] Obafemi Awolowo University, Ile-Ife, Department of Management and Accounting
Corresponding author's email: olaoluwa.olanipon@fuoye.edu.ng

Abstract
It is believed that compensation management is a process that is complicated and needs to be done with precision and accuracy. If done incorrectly, it can cause issues for the organization. The best compensation plans motivate staff members to put in more effort and perseverance at work. Additionally, it aids in the establishment of quantifiable, practical, and job-related criteria by the organizations. Examining the financial incentive reward system and employee job satisfaction among casual workers at the Distilled companies in Lagos State was the primary goal of the study. There were 1263 casual workers in all, employed by four Lagos-based distillery enterprises. Taro Yamane (1967) was used as a formula to determine the sample size of 304 for this investigation. Only 300 surveys were returned, though. For the study, correlation and regression tests were used to assess hypotheses. Payment equality was found related to employee satisfaction ($F (1, 298) = 299.083$, $P<0.05$, $R2=.0.51$), as well as to organizational commitment and fringe benefits ($r=0.961$; $P<0.05$). The study found a correlation that is significant between the performance and job satisfaction of casual workers in distilling enterprises and the financial incentive reward system.

Keywords: *Financial incentive, reward system, compensation plan, employees, job satisfaction.*

Introduction

Any organization's ability to succeed and survive depends on how its employees are compensated and rewarded (Adams, 2013). Incentive structure and reward system serve as determinant of Employee commitment and work attitude. According to Akerele (2011), inadequate incentive packages have had a significant impact on workers' dedication and output. The actual output or results of an organization in comparison to its expected outputs (or goals and objectives) is known as organizational performance. As stated by Chia & Campbell (2013), there are three different areas of firm outcomes that make up organizational performance: product market performance (sales, market share, etc.); financial performance (profits, return on investment, return on assets, etc.); and shareholder return (total shareholder return, economic value generated). Organizational performance is a matter of concern for specialists across various disciplines, including as strategic planning, operations, finance, law, and development of an organization.

Most thinkers agree that workers are essential to an organization's day-to-day functioning, especially in highly competitive, dynamic marketplaces. Given that workers are the ones who ultimately determine the success of a firm, it is reasonable to understand how to motivate employees. Research indicates that incentive schemes for employees are the most commonly used method in organizations to enhance employee motivation. The program's objectives, according to Stajkovic and Luthans, are to stimulate workers, encourage their good behavior, and spark their curiosity. The main concerns of industries and organizations are how to improve staff productivity. Growth incentives are one method utilized in workplaces to incentivize employees to attain targeted employee productivity, and as a result,

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organizational scientists are very interested in various programs and methods connected to employee productivity.

Statement of Problem

Financial incentives have made it more difficult for employees to contribute and produce within the company. There have been many instances of unfair justice in the administration of incentive schemes due to the lack of proper structure in payment incentives, fringe incentives, bonuses, and long-term benefits. The ensuing impact on worker productivity might be detrimental. The negative traits include low employee productivity that affects input and output, low morale, low commitment, job discontent, low turnover intents to stay with the company, and poor product quality improvement. It is believed that compensation management is a complicated procedure that needs to be done with accuracy and precision. If done incorrectly, it could raise issues for the organization. The best compensation plans motivate staff members to put in more effort and perseverance at work. Additionally, it aids in the establishment of quantifiable, practical, and job-related criteria by the organizations. In order to raise employee satisfaction levels overall and meet high employee expectations, compensation and organizational reward systems are becoming significant management tools in organizations. Numerous studies revealed that in order for employers in the organizational sector to keep their workers in the present day, they must implement appropriate rewards programmes that are just as alluring as those found in other sectors of the organization. Poor organizational rewards then lead to discontent, which in turn causes turnover. Based on the above indicated issue, this project will address and investigate the following listed goals: (i) to determine the effect of payment equity on employee performance, and (ii) to determine the nexus between organizational commitment and fringe benefits.

LITERATURE REVIEW

Conceptual Review

Pay Equity

Equal compensation for equal work is known as payment equity. Paying women workers a wage free from systematic gender-based discrimination, which values and undervalues women's work of equivalent worth, is a fundamental human right. Pay equity mandates that employers provide equal compensation for work of same merit, which is based on the degree of skill, effort, working conditions and responsibility needed to finish the tasks. Equal pay for equal work is a labor right that stipulates that those who work in the same location need to receive equal compensation. It is most commonly applied to sexual discrimination and the gender pay gap.

All types of compensation, including bonuses, allowances, non-salary benefits, and basic pay, are referred to as "equal pay". Some countries have made greater progress than others in resolving the problem. Since President John F. Kennedy signed the Equal Pay Act of 1963, it has been illegal in the US for men and women to be paid differently for same work done in the same area. A technique for doing away with racial and gender discrimination in salary establishment and maintenance is pay equity. Due to their gender or race, many people are still divided into a variety of traditionally undervalued jobs today.

Although state and local governments have been closely examining their own pay equity legislation in an attempt to reduce the gender pay gap, federal pay equity laws have been in place for decades. Aniobi C. S. et al (2021) observed that governance crisis in Nigeria is an institutional problem that would require structural and reorientational approaches to diagnose in other to allow other sectors work efficiently. Although equal pay laws are present in almost every state, many of them were passed some time ago and don't place much focus on discriminatory pay practices. States that have enhanced their laws include California, New York, Maryland, and Massachusetts. However, federal action lags behind even as enthusiasm builds at the state and local levels.

Employee Commitment

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The definition of employee commitment is "the degree to which a person identifies with and participates in a specific organization." To measure this construct, the authors who provide this definition created a questionnaire-based instrument. Three separate components are used to describe employee commitment:

i. A strong belief in and acceptance of an organization's ideals;
ii. Staff motivation or willingness to invest great effort on behalf of the organization they work for;
iii. A strong desire to continue membership to the organization.

This definition and measurement have served as the foundation for numerous studies conducted since the late 1970s, which have demonstrated a wide range of positive effects and outcomes that are closely correlated with employee engagement. Higher levels of employee commitment have been linked to lower levels of staff turnover, absenteeism, and tardiness. They have also been positively correlated with customer satisfaction and profitability at the organizational level. These findings have been further validated by meta-analyses based on large sample sizes of 50,000, which contend that there are two additional types of employee commitment that should be considered. These employees perform better and are less likely to engage in job-seeking behavior.

Types of Employees' commitment

i) **Emotional (Affective) engagement:** This kind of employee engagement is the most similar to what one may logically think of as commitment. It captures the notion of feeling an emotional connection to the company. As a result, there is a greater drive to participate, deliver, and uphold organizational citizenship.

ii) **Employee Commitment Normative**: This speaks to a sense of duty to stick with the company. If an employee doesn't feel personally motivated to complete work-related tasks, they may feel under pressure to do so. Positive correlations between this kind of employee commitment and things like job satisfaction and staff motivation are usually weaker.

iii) **A commitment to continuity:** This is linked to a highly calculative and idiocentric decision-making process. This basically entails the person thinking about what they would lose if they were to leave an organization. Their perceived losses as well as the options available to them. It should come as no surprise that there are less benefits to this kind of employee devotion, and it actually causes more stress. Both worse performance and more work-family conflict are possible.

EMPIRICAL REVIEW

Financial Incentives on Job Satisfaction

The demands imposed on job satisfaction among county government employees have been shaped by the challenges of working for the recently established governance units. This is corroborated by a 2015 study by Awanda et al. that found that employees of Kilifi County Government were stressed out because they were not given enough information about the system's complexity and uncertainty. Unreasonably high public expectations for service performance were combined with this. The primary determinants of employee happiness and motivation are compensation and incentives. According to Waithaka's (2013) study, "Influence of Employee Motivation on Job Satisfaction: A Case Study of Government Departments in Isiolo County," staff promotions based on merit and competence policy were found to be the second most important motivator towards employees' job satisfaction, after financial incentives. According to a 2016 study by Ogendo on the variables influencing county government employee performance: a case study of Kisumu County, staff retention is mostly dependent on recognition. According to Mwenda (2015), a remuneration plan that is based on merit and acceptable to the majority of employees should be incorporated into an organizational structure.

Nderitu (2013) discovered that employee happiness in the Kenyan government was a result of an organizational culture that valued merit in promotions and task delegation. Obwoyere (2016) discovered that the Nakuru county government's organizational culture was built on rewarding staff members who provided exceptional services and promoting them fairly. Njoroge and Kwasira (2015) discovered a significant correlation between employee performance in the Nakuru county administration and reward and

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compensation. Anyango (2011) found some intriguing results showing that employees were satisfied even with low pay when housing, health care, and other benefits were provided for those employed by the Kenyan government.

Numerous studies conducted among Kenyan county government employees have shown that financial compensation, in particular, is the primary factor influencing employee satisfaction and choice to leave if it is insufficient (Obwoyere, 2016; Nanzushi, 2015). The impact of reward schemes on job satisfaction among Nyeri County Government employees has not been studied.

Fringe Benefit and Organizational Commitment

Economists have focused more on job satisfaction throughout the last forty years. According to many studies (Freeman, 2018, McEvoy and Cascio, 2015, Akerlof *et al.*, 2018; Weiss, 2014), job satisfaction has a negative correlation with absenteeism (Clegg, 2013) and a positive correlation with productivity (Mangione and Quinn, 2015). As a result, it's helpful to know which aspects of the job and its benefits contribute to job satisfaction. Despite being a significant component of worker compensation packages, fringe benefits have received little attention in the research on job satisfaction. In the majority of studies, fringe benefits have only served as controls and not as the main focus of attention. In fact, studies on job satisfaction seldom identify more than one or two fringe benefit indicators as independent variables. Instead, in the literature on job satisfaction, pensions frequently serve as the main stand-in for the availability of fringe benefits and, as a result, the anticipated influence of fringe benefits on job satisfaction. According to certain research, cross-section estimations show that pensions have no discernible effect on job satisfaction. Using the Working in Britain 2000 dataset, Artz (2008) concludes that there is no discernible relationship between pensions and job satisfaction. Regarding employer-provided retirement plans, A similar result was found in the tenth wave of the National Longitudinal Survey (NLS) by Donohue and Heywood (2004). Others find that pensions positively impact job satisfaction. Per Bender, Donohue, and Heywood (2005), this conclusion was drawn from the National Study of the Changing Workforce's 1997 wave.

Heywood (2002) analyzes the British Household Panel Study's 1991–1994 waves to conclude that, contrary to what some scholars have found, pensions have a negative impact on work satisfaction in cross-section estimates. Using the 1988 wave of the NLS, Heywood and Wei (2006) similarly find considerably positive estimates of the effect of pensions on job satisfaction. Finally, using data from the 1997 Survey of Doctorate Recipients, Bender and Heywood (2006) discover that pensions have a favorable effect on work satisfaction among Ph.D. graduates.

CONCEPTUAL FRAMEWORK

Independent variable **Dependent Variable**

Financial Incentive Reward System **Employees' Satisfaction**

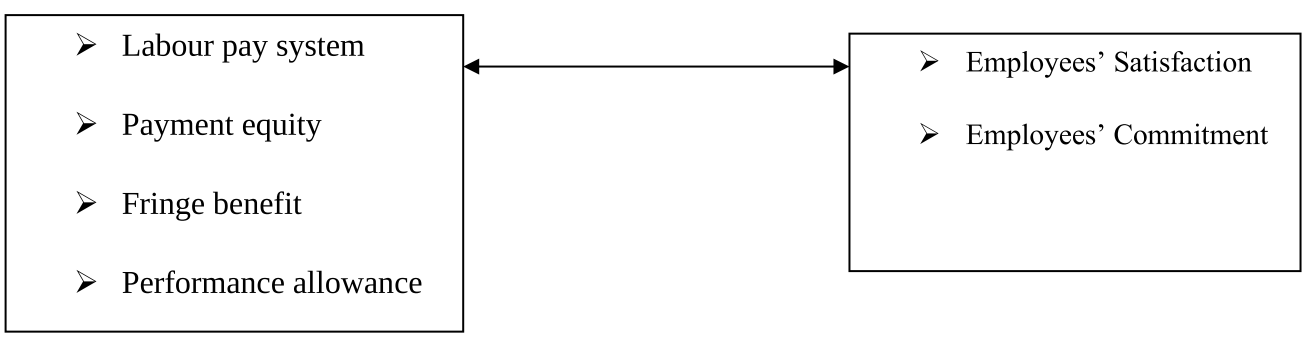

Figure 2.1. The above diagram shows the relationship between dependent variable and independent variable.

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METHODOLOGY

The source of data for this work comprises of only primary source. Questionnaire was administered directly to the respondents for collection of the required information. The Population was made up of the One thousand two hundred and sixty-three (1263) staff of Nigeria Bottling Company, Lagos State. A sample size of three hundred and four (304) staff was selected from the population using simple random formula propounded Taro Yamane based on the information made available from the research.

To determine the sample size of the population, the Taro Yamane's formula was applied thus:

Formula

$$n= \left[\frac{N}{1+N(e)^2}\right]$$

Where:

N = Population size

n = Sample size

e = Level of confidence (0.05)

By substituting the values:

$$n=\left[\frac{1263}{1+1263(0.05)^2}\right] \qquad n= \left[\frac{1263}{1+1263(0.0025)}\right]$$

$$n= \left[\frac{1263}{1+3.1575}\right] \qquad n=\left[\frac{1263}{4.1575}\right]$$

n=304

DATA PRESENTATION AND ANALYSIS

A total of 304 copies of the questionnaire were provided by the researcher; 300 copies were obtained from the field. This indicated a 98.7% overall successful response rate. The four remaining copies (1.3%) were made up of the questionnaires that were never returned.

Testing of Hypotheses

Hypothesis One

H_{01}: Payment Equity has no effect on employee performance.

Table 4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708[a]	.501	.499	3.23917

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Predictors: (Constant), Payment Equity

Table 2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3138.057	1	3138.057	299.083	.000[b]
	Residual	3126.690	298	10.492		
	Total	6264.747	299			

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Payment Equity

Table 3 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.418	.544		15.473	.000
	Pay Equity	.875	.051	.708	17.294	.000

a. Dependent Variable: Employee Performance
Source: Survey, (2023)

R-square (R2) shows how much, or what percentage, the IVs can account for the differences in the DV. The R-square for this study is 0.501 according to the model summary table. Accordingly, the IV (Pay Equity) can account for 50.1% of the variation in the DV (Employee Performance). But in this study, the explanation for 49.9% (100% - 50.1%) of the range in the DV is lacking. Put differently, this study did not take into account other relevant variables that could also contribute to the explanation of employee performance.

F (1, 298) = 299.083, p =.0.000) was the F-value from the Anova table that was determined to be significant at the p (0.000) less than the 0.05 alpha threshold of significance. This suggests that employee performance is impacted by pay equity. According to the aforementioned coefficient table, pay equity has a significant value of 0.000, or p<0.05. This implies that the first null hypothesis would be disproved. Therefore, the conclusion would be that employee performance is greatly impacted by payment equity.

Hypothesis Two

H_{02}: There is no significant relationship between fringe benefits and organizational commitment

Table 4.2

		Fringe Benefits	Employee Commitment
Fringe Benefits	Pearson Correlation	1	.961**
	Sig. (2-tailed)		.000
	N	300	300
Employee Commitment	Pearson Correlation	.961**	1
	Sig. (2-tailed)	.000	
	N	300	300

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Survey, 2023.

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The following table's correlation analysis results show that there is a high positive link (Pearson correlation coefficient of 0.961) between organizational commitment and fringe benefits. The significance value (0.05) is greater than the probability value (0.000). The result is that there is a significant association between fringe benefits and organizational commitment at the 5% level of significance, rejecting null hypothesis four, which claims that there is no significant relationship between fringe benefits and organizational commitment.

Summary of Findings

The purpose of this study was to ascertain how financial incentives affected the job satisfaction of temporary employees in a distillery. Among the principal conclusions drawn from the data analysis are:

i) Pay equity has a big impact on workers' output. There is a connection between this study and Cascio (2016). Our research demonstrates that equity is a strategy for doing away with racial and gender discrimination in wage establishment and maintenance. Due to their gender or race, many people are still divided into a variety of traditionally undervalued jobs today. The term "equal pay" refers to all forms of compensation, including bonuses, allowances, non-salary payments, and basic pay.

ii) The impact of fringe benefits on organizational commitment is negligible. This result is consistent with a study by Uppal (2009), which indicates a positive correlation between employee commitment and a measure consisting of the amount of fringe benefits received by employees. Consequently, changes in employee job satisfaction can only be attributed to variations in ancillary benefits and other quantifiable attributes. Fringe benefits are thus recognized as extra factors that affect job happiness.

Conclusion

Based on the above-mentioned summary of data, it can be inferred that not all financial incentive sub-dimensions investigated in this study have an impact on employees' performance inside an organization. The results clearly show that the labour compensation system was shown to have a significant impact on job satisfaction. On the other hand, the results also indicated that, under certain circumstances, performance bonuses do not encourage employee commitment. Employees further verified that none of their good deeds go unrecognized and that they are properly recognized for a job well done in the organization. Lastly, even though the financial incentive's component is agreeable, it was concluded that fringe benefits do not by any means serve as a means of boosting employee performance.

Recommendations

Findings that emanated from this study have serious implication for organization policies on the provision of pay equity for the employees in the organization. The following recommendations emanated from the findings that;

i) The organization needs to set up fairness of reward system in line with their counter parts in other organization.

ii) Real-world actions involving motivation for the future are frequently complicated, driven by both current and future concerns as well as any relationships between them. Therefore, in order to encourage behavior that will increase employees' effort, a business needs to consider a variety of factors.

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