EMPIRICAL INVESTIGATION OF ASSESSMENT OF INFLUENCE OF REWARD SYSTEM ON HEALTH WORKER JOB PERFORMANCE

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ABSTRACT: This study examines the influence of reward on worker job performance using health sector as a reference. It is a research based on primary data collected using a structured questionnaire. The influence of reward system on worker performance was analyzed using Ordinary Least Square Regression Analysis Method. The study revealed that there is a positive relationship between reward and worker performance. The study recommended that (1) the employer of labour need to constantly review the reward packages to their employee and allow it to reflect their contribution to the organization. (2) The economic situation of Nigeria has changed drastically in recent time such that cost of living has shut up drastically, employer is expected to pay a reward that reflect changes in economic situation in Nigeria (3) With the present global economic trend, most employers of labour need to realize that for their organizations to compete favourably, employee performance is a key factor and their wellbeing must be of paramount important to them.

KEYWORDS: Workers, Job, Performance, Health Sector, Reward, Labour

INTRODUCTION

Background to the Study

Healthcare delivery as a function of healthcare personnel among other factors is expected to be related to the reward system in the industry. In Nigeria, healthcare delivery faces many challenges with child and maternal mortality rates being at variance with the global tolerable limit. Every single day, Nigeria loses about 2,300 under-five year olds and 145 women of childbearing age. This makes the country the second largest contributor to the under–five and maternal mortality rate in the world (UNICEF 2014). Literarily, the improvement of the wellbeing of individuals requires development interface of varied but sensitive issues such as the economic growth of the nation, improved health care systems, technological advancement, agricultural improvement and improved human values. However, health profile as well as health system of a nation has always been a major indicator in relation to its development. In other words, to develop a nation, the health of the citizenry is a major factor. Unfortunately the health profile of Nigeria has resulted in her categorization as a country of “Low Human Development” (LHD) in the last two decades as rated by the Global Human Development Index among other countries such as Eritrea, Malawi, Burundi, Mali, Guinea-Bissau, Ruwanda and Burkina Faso. More importantly, the centrality of improved health system in the development drive of any nation is more emphasized by the United Nations in its declaration.
of the “Millennium Development Goals” (MDGs). With special attention on the developing nations of the world, three out of the eight goals focus on health issues which are:

- Goal 4: Reduce child mortality
- Goal 5: Improve Maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases.

It is of concern that Nigeria like many other developing nations of the world is plagued with many diseases/health issues such as malaria, typhoid fever, yellow fever, HIV/AIDS, tuberculosis, leprosy, cholera, diabetes, hypertension, polio, infant mortality, maternal mortality, short life expectancy, inadequate primary health care among others. In the process of addressing the situation, the reward issue of health workers should be one of the critical elements and necessary attention must be geared towards this in ensuring health care employees put in their best in offering services at par with international standards.

The frequent industrial actions embarked by health workers recently in Nigeria triggered my interest in this research area. One of the most frequently cited sources of friction and reason for embarking on strikes is the failure of employers, whether government or private, to adhere to the terms of negotiated wage agreements. For example in Nigeria, health care workers air their grievance due to the failure of government to abide with the contents of a memorandum of understanding between the governments and health care workers regarding mechanisms for implementation of a federally negotiated salary scale. The strikes of 2013 and 2014 were partly caused by failure of government to implement parts of agreements negotiated with health care workers during previous strikes in 2010, 2011 and 2012 respectively. The workers felt cheated and consequently embarked on strike actions. Health care workers claimed longstanding failure by the employer to address issues of staffing levels, patient care and working conditions. When there is breakdown of activities arising from poor reward related issues which triggered industrial conflict, it could lead to untold hardship for the society especially the patients. This often leads to loss of lives as a result of poor medical attention. The loss of lives of breadwinners due to doctors’ strike causes poverty and puts pressure on families, society and the economy at large. The management of employee reward is today more complex than it had hitherto been some few decades ago. This is because of the emergence of legal, social, cultural and economic constraints in recent time (Banjoko 2006). The dynamic nature of the environment has altered the values and expectation of workers generally, thereby putting pressure on employers to review upwards the contents of any compensation package. The economic situation of Nigeria has changed drastically in recent time such that cost of living has shut up drastically, cost of operation has increased and competition has become more intense. Workers are more sensitive to the value they create and the reward they get in form of wages and benefits. The health sector of the Nigerian economy is not left out in the race for better rewards by making use of their union to agitate for better pay and incentives. Employees through their unions now argue that if they had put in so much effort to help the organization to create value, it is only fair that they be given a fair bite of the cake. Consequently, there are often more frequent demands for pay increases from workers in all the sectors of the economy including the health sector. Reward management is no doubt the core of the reward-job performance nexus. However, it is important to have a clear relationship that exists between elements describing reward system and job performance in relation to the health industry.
Statement of Problem

Good remuneration has been found over the years to be one of the policies organizations can adopt to increase workers’ performances and thereby increase productivity (Muogbo U.S 2013). Also, with the present global economic trend, most employers of labour have realized that for their organizations to compete favourably, employee performance is a key factor. On the other hand, performance of employees in any organization is vital, not only for the growth of the organization, but also for the growth of individual employees (Meyer and Peng, 2006). An organization must know its outstanding workers, those who need additional training and those not contributing to the efficiency and welfare of the company or organization. Also, performance on the job can be assessed at all levels of employment such as: personnel decision relating to promotion, job rotation and job enrichments (Aidis, 2005; Meyer and Peng, 2006). The process of effectively managing reward system in organizations is undoubtedly one of the most complex and problematic issues in human resource management. This is accentuated by the competition in the labor market in attracting, deploying and retaining valued and highly skilled workers. Employees now look out for companies that can offer attractive salaries, robust benefits and reliable welfare packages. It is then plausible on the part of employers of labor to see how such will translate into job performance in the organization. This is seeing the reward and job performance as an exchange process. Rarely had any matter led to strained labour-management relations or led to violent strikes, picketing or work stoppages much more than compensation-related issues. Employee reward (Compensation) is the center piece and manifestation of an exchange relationship between the employee and the employer. In Nigeria, interest in effective use of rewards to influence workers performance to motivate them began in the 1970’s. Few people so far have carried out researches in this area, some of which are Oloko (2003), Kayode (2003), Nwachukwu (2004), Meyer and Nguyen (2005) and Egwurudi (2008). There are existing studies in Nigeria directed at the effect of motivators and hygiene on job performance by Jibowo (2007). Related studies in this area were on monetary incentives and its removal on performance (Bergum and Lehr’s, 2004), to this effect, this study attempts to evaluate the influence reward system (monetary and non-monetary) and job performance of workers, using the workers in the health sector as a case study to effectively derive plans for growth and development in health sector and curtail incessant strike by doctors and other medical team in Nigeria. The study attempts to evaluate the influence that reward has on employee job performance in order to address problems arising from strained labour-management relations or led to violent strikes, picketing or work stoppages in organizational settings.

Objectives of the study

The objectives of this study includes (1)To identify and evaluate the relationship between reward system and employee job performance in the health system (2)To relate the productivity of health workers to the growth of Nigerian health system and improved wellbeing of Nigerians

This study seeks to answer the following questions (1) How does reward system affect job performance in the Nigerian health sector? (2) Does the productivity of health workers enhances the growth of Nigerian health system and improved wellbeing of Nigeria
Hypothesis of the study

The study hypothesis that

Ho: There is no significant influence of reward on health worker job performance

H1: There is significant influence of reward on health worker job performance

Significance of the study

The scholarly significance of this study cannot be undermined. The Nigerian health system is obviously in need of transformation. Past events have shown that one of the grievances of health workers, which have over time been expressed through several strikes, is the remuneration package of health workers, especially doctors. The effect of these strikes on low income earners can only be imagined due to lack of access to private medical institutions. While health workers in the public service have expressed their dissatisfaction severally, government has justified its stance on different grounds. Thus the effect of the refusal of the two parties to reach a consensus is vivid and calls for an immediate attention as the life expectancy rate in Nigeria keeps dwindling. As mentioned earlier, many scholars have learnt their pen to this research area but none has reviewed and proposed a pragmatic solution to the pitiful condition of the Nigerian health sector which can be redressed first by attending to its human resources. Money is the fundamental inducement; no other incentive or motivational technique comes even close to it with respect to its influential value (Sara et al, 2004). It has the supremacy to magnetize, maintain and motivate individuals towards higher performance. Frederick Taylor and his scientific management associate described money as the most fundamental factor in motivating the industrial workers to attain greater productivity (Adeyinka et al, 2007). Research has suggested that reward now cause satisfaction of the employee which directly influences performance of the employee (Kalimullah et al 2010). Rewards are a management tool that hopefully contributes to firms’ performance by influencing individual or group behavior. All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees (Reena et al, 2009). To use salaries as a motivator effectively, managers must consider salary structures which should include important organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on (Adeyinka et al, 2007). This study will add to the knowledge of business management by identifying the critical elements of reward system and how these impact on job performance of health workers and the improvement of the Nigerian health sector. The information obtained from the study will be of great significance to both government and employers of labour in general. Government will become more conversant with the impact of reward management in the health sector and consequently pay greater attention to ensure that adequate reward package in consonant with employee productivity is paid in order to attract the best skills in the labour market, retain valued employees and motivate employees towards higher performance and reduce brain drain in the Nigerian health sector. Also it will create awareness which will enable government nip conflicts arising from reward in the bud before they assume unprecedented dimensions and subsequently throw the entire sector into further chaos. The study will show why a balance should be struck between demand of employees and the ability of the employer to meet the demand in relation to reward. This will lead to a review of the conflict between the Nigerian government and the health sector workers.
Scope of the Study

The study focuses on the Nigerian health sector. This is because health profile as well as health system of a nation has always been a major indicator in relation to its development. In other words, to develop a nation, the health of the citizenry is a major factor. The centrality of improved health system in the development drive of any nation is more emphasised by the United Nations in its declaration of the “Millennium Development Goals” (MDGs) and adequate attention must be given to reward issue of the health provider. The subjects for the study comprise all medical and non-medical staff of the teaching hospital in Oyo, and Ogun State respectively.

LITERATURE REVIEW

Conceptual Framework

Concept of Reward

Even though reward systems vary from one company to the other, its structures and implementations are made within a given framework that guides the distribution of rewards within any organization. In deciding on the appropriate reward structure, for the various categories of staff, the organization often acts within its established norms of compensation. These norms or principles are put in place to streamline the design and the implementation of reward systems in a manner that would enhance corporate efficiency and survival as well as satisfy individual’s aspirations. In designing an appropriate reward structure, there is need for organizational rewards to be fashioned in a way that would reflect the peculiar needs of the various categories of employees; the young, the not too young and the old in the organization so that the rewards can be beneficial to each of them. There is the temptation to assume that these norms are contradictory. These norms can coexist and be applied in each peculiar situation.

Overview of Reward Issues in Nigeria and Nigerian Income Policy and Wage Determination

Government intervention in setting wage policies and in the determination of wages and salaries dated back to 1934 when the Hunts Salary and Wages Commission was set up. The commission’s recommendations formed the basis for the fixing of wages and salaries at that time. By 1955 when the Nigerian government published its Industrial Relations Policy Document, the government came out clearly and unequivocally to declare its belief and faith in voluntarism and the use of the collective bargaining machinery in addressing labour relation issues especially the issue of setting wages levels. In its industrial relations policy, the government declared as follow: “Government reaffirms its confidence in the effectiveness of voluntary negotiation and collective bargaining for the determination of wages. The long term interests of the government, employers’ and trade unions alike would seem to rest on the process of consultation discussion which is foundation of democracy in industry”

Likewise in 1961, the same principle of voluntarism reechoed in government labour report where it stated that: “The principle of collective bargaining between employers’ association and the trade union has been widely accepted in this country as the normal way of setting wages and other conditions of employment”. From all indication, the above policy statements were
mere political and grandiose soapbox statement. Government’s present day initiatives in industrial relation have departed widely from these sweet policy statements. In fact, government’s current role in industrial relations is an antithesis of its earlier avowed labour policy. Today absolute state control of the relationship between the employers and the employees has replaced the principle and ethic of voluntarism. Industrial democracy in industry has been rocked to its foundation (Banjoko 1996). This power of absolute control of the relationship between the employer and the employees is better seen and demonstrated in government’s frequent use of salaries and wages reviewed commission to fix the wages levels. Since 1934 till date, not less than sixteen salaries and wage review commission have been set up and used to determine new wages levels. Notwithstanding, its open declaration for voluntary negotiation of wages between the employers and the workers, the government preferred the use of salaries and wages review commission because of the following reason: First, a review of literature suggest that prior to the restructuring of the labour unions in 1978, the Nigerian industrial relation sphere was plagued with a proliferation of small, weak, unorganized and highly politicized unions numbering as many as 896. To make federal ministry of labour at the end of 1977 had less than 250 member (Fashoyin 1980). Apart from their apparent weakness, these unions were divided into competing units with very inadequate financial resources. There was apathy and non-commitment on the part of the membership. The quality of leadership was poor. There was unimaginable dependence on foreign labour with the attendant result of ideological learning towards Marxism and Socialism which became the canon for advancing their causes in industrial relations. Greed and embezzlement of union funds was also reported to be rampant among the labour unions. Government therefore might have viewed the above weaknesses and vices as strong handicaps to labour unions in their struggle with employers of labour over improved salaries and wages for the workers. Government there felt compelled to intervene. Second, the salaries and wages commission offered significant potentials to be used to achieve economic, political and social objective of the ruling political elite. For example, during the 1979 general election, many political parties in an attempt to win the favour of the working class promised to review workers’ salaries and wages if voted into power. Thus, it is instructive to note that both the 1964 Morgan salaries and wages review commission and 1970 Adebo review commission were set up to address some specific economic, political and social problem that were considered to be taken out of normal establish machinery of collective bargaining. For example, the Adebo Commission was born out of the desire of the ruling military regime of General Yakubu Gowon to review wages and salaries as a way of cushioning the harsh effects of Nigerian civil war. Even in 1979, the multi-purpose usefulness of salaries and wages commission was demonstrated. The various political parties then, the National Party of Nigeria (NPN), the Unity Party of Nigeria (UPN) and the Nigerian People Party (NPP) also employed this mechanism to woo the working class. Third, government preferred the use of salaries and wages commissions as a means of gaining increased government control over wages movement and wages structures without producing major adverse effect on the resource allocation and incentive functions of wages” (Starr 1981). Fourth, it cannot be argued that government interest or preference for the use of salaries and wages review commission went beyond mere wages fixing. Adamolekun (1983), for example, affirmed that ‘the Udoji commission was the agent of a political leadership interested in demonstrating its capacity to wield power in the interest of the Nigerian society. Going by the aforementioned reason, the predominant use of salaries and wage review commission can be better understood. Listed below are the various salaries and wages review commission to date and the reason for setting them up.
The Relationship between Reward and Employee Job Performance

If truly, money has motivational value, it seems logical to postulate that there must be some relationships between pay and job performance, and one can therefore expect that an increased pay would lead to increase performance. This relationship is premised on the belief that employees would feel motivated with an enhanced pay to redouble their energies towards higher level of job performance. Our experience following Udoji’s 100% salary increase in 1974 did not justify this belief. With such an unprecedented increase in salaries, one expected employees’ job performance and productivity to rise significantly if not proportionately. Everybody got the new jumbo pay, went to town and spent the windfall on luxury items and kept to the status quo. Research evidence e.g. Gellerman (1963) has extensively indicated that pay has a motivational value but that the direct relationship between pay and performance is contingent on the facts that:

1. Increased pay is tied to higher performance and that workers are able to see direct relationship between increased pay and higher performance such that only the highest performers get the highest rewards.
2. The workers perceive adequate degree of fairness between their pay and their work efforts.
3. The employees firmly believe that better performance will always lead to more pay.
4. The employees also believe that their efforts will always result in better performance and hence better pay.

Whenever these aforementioned conditions are present, the direct relationship between enhanced pay and enhanced level of job performance can take hold. While the relationship between pay and performance is easily understood, the relationship that exists between job satisfaction and job performance is not too clear. At least, the series of literature reviews undertaken by Schwab and Cumunings (1970) underscore “the fact that, in theory, satisfaction and performance are causally related”. But the direction of the relationship is still a subject of controversy. A school of thought claimed that satisfaction causes performance while the other school asserted that performance causes satisfaction.

RESEARCH METHODOLOGY

This section which is the bedrock of the research work discusses, among other things, the methodology used in the collection of data and specifies the data collected. It also entails the description of the research population, sampling method and sampling size, research instrument, nature and description of the questionnaire, sample design and characteristics.

This study will operate under the “Quali-Quant” paradigm as expounded by Sobowale (2008) which involves the combination of qualitative and quantitative methods to obtain more reliable parameters of phenomena in the environment. This is in realization of the fact that neither of the two methods truly offers satisfactory explanation of observable events.

Research Design

Descriptive survey method will be adopted in the carrying out this study. Data will be obtained through the use of questionnaires. The questions will be done in simple and clear language to remove ambiguity. The response to each of the statements will be on a 5 point Likert ordinal scale. The questionnaires intended to generate responses that will assist the researcher to address the research problem, objectives, questions and hypothesis.
Population of the Study

The population of this study was made up of doctors, nurses, laboratory scientists and administrative staff of government teaching hospitals in Oyo and Ogun State, South Western Nigeria

Sample Size and Sampling Technique

A stratified random sampling technique will be used in giving the heterogeneous nature of the staff population. The sample size that will be chosen is presumed to be fairly large enough for meaningful analysis.

A priori Expectation

This explains the theoretical linkage on the signs and magnitudes of parameter of the specified functions. A priori expectations are determined by the principles of economic theory guiding the economic relationship among the variables being studied.

The A priori Expectation is the level of positive impact reward is expected to have on job performance.

Model Specification/Data Analysis Method

The objective thrust of this work is to evaluate how reward system impacts on job performance with special reference to the health sector in Nigeria. As such, ordinary least square regression model of analysis will be adopted to show the causal relationship between reward and job performance. In this study, job performance will be made the dependent variable while reward will be the explanatory variable.

In tandem with the Marginal Productivity Theory of wages and also in consonance with the empirical work of Abosede et al (2012), the most appropriate model to evaluate the directional and causal relationships between organizational reward system and job performance of workers, using the workers in the health sector as a case study are thus specified;

\[ \text{JPM} = f(\text{RWD}) \] \hspace{1cm} \text{(i)}

\[ \text{JPM} = \beta_0 + \beta_1 \text{RWD} + e_i \] \hspace{1cm} \text{(ii)}

where JPM = job performance

\text{RWD} = \text{reward}

\beta_0 \text{ and } \beta_1 = \text{are the regression coefficients to be determined.}

\text{e}_i = \text{the error term}

The result of the model in the above indicates that the constant term Reward is positive related to Employee Job Performance. This shows that an increase in the Rewards activities will lead to increase in Employee Job Performance and vice versa.

The decision criteria state that where T calculated is greater than T table, the Alternate Hypothesis is accepted while null hypothesis is rejected. The T calculated from the model indicates 7.162 and the T table show 1.645 this implies that the T calculated is greater than the
T table, the implication of this is that the Alternate hypothesis that there is a significant relationship between reward and employee job performance is accepted. The Durbin Waston statics is used to test for the presence of first order serial correlation. It measures the linear association between adjacent residual from the regression model. The calculated DW statistics is 1.854. The descriptive statistics show that the mean and standard deviation for employee job performance is 4.2451 and 39.40% respectively. The test of significance shows that an increase or decreases in reward do have significant impact on employee job performance. The standard error for the model is 0.31368, this therefore implies that the model is statistically significant. This indicates that the increase or decrease in the variable (reward) will have a significant effect on employee job performance. The F statistics is used to test for stability in the regression parameter coefficient. From the table F statistics @ 0.05 is 2.45 while the calculated F* is 51.288, it shows that the overall model is statistically significant. The R, R² indicate 61.10% and 37.4% respectively.

Conclusion and Recommendations

CONCLUSION

Reward management is concerned with the design of appropriate reward structures, policies and procedures in addition to implementing and maintaining the reward processes in a manner that would promote and enhance individual and corporate effectiveness. Reward management is most successful, when it incorporates the goals and the aspirations of the major participants in the labour-management exchange process, (Banjoko 2009) that is, the organizations, the individual employee and the labour union. The organization’s goals and objectives include growth, profitability and enhanced survival. The individual’s goals and objectives include personal growth and development, security of employment opportunities, improved career prospects and welfare. On the part of the unions, their goals include security of jobs for their members, improved welfare packages and a stronger voice in the conduct of the affairs of the organization (Banjoko 2009).

RECOMMENDATIONS

The following are the basic recommendation considering the above finding: (1) the employer of labour need to constantly review the reward packages to their employee and allow it to reflect their contribution to the organization. (2) The economic situation of Nigeria has changed drastically in recent time such that cost of living has shut up drastically, employer is expected to pay a reward that reflect changes in economic situation in Nigeria (3) With the present global economic trend, most employers of labour need to realize that for their organizations to compete favourably, employee performance is a key factor and their wellbeing must be of paramount important to them.

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