
MONETARY INCENTIVES MOTIVATES EMPLOYEE'S ON ORGANIZATIONAL PERFORMANCE.

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ABSTRACT: *The aim of this research is to ascertain the relationship between monetary incentives and its impact on employee performance. The essence or purpose is also to affirm that monetary incentives is a good motivational tool on employee performance in a society like ours; where the cost of living is very high. It is also to bring to light that monetary incentive alone is not sufficient to motivate all categories of employee to perform better on their job .Employees are a priceless possession in the achievement of organizational goals and to ensure that all hands are on deck, they must be motivated, to inspired as one of the tools employed by management to motivate on inspired employee is incentive.*

KEYWORDS: Monetary Incentives, Motivates, Employee's, Organizational Performance

INTRODUCTION

One of the major problems facing most employers in both public and private sector is how to motivate their employees in order to improve performance. Economics is largely based on the assumption that monetary incentives improve performance. It is generally believed that effect of monetary incentives is unambiguously positive a large monetary incentive improves employee performance.

The issue of employee performance cannot be over emphasized. The general believed is that employees will not perform to the best of their ability unless they are motivated to do so. Various researchers have come up with various ways to motivate people at work. However, because human beings are different from one another in terms of needs, culture, religion etc. so does what motivate them also varies. Some employees are motivated by financial and other incentives and some non-financial incentives.

Recent studies have shown that a combination of financial and non-financial incentives can motivates employee to perform well on their job. Managers continuously seek for ways to create a motivating environment where employees will work at their optional levels to achieve the organizational objectives. Work place motivators include both monetary and non-monetary incentives. Monetary incentives can be diverse while having a similar effect on associates. The purpose of monetary incentives is to reward employees for excellent job performance through money. Research shows that desired monetary incentives differ for employees based on career stage and generation. Since human resource is the most valuable resource of any organization, it must activate, train, develop and above all motivate in order to achieve individual and organizational goals.

An individual who has possessed skills, ability and knowledge will not do much without being motivated. However, an individual with skills, ability and knowledge added with motivation is some to succeed. Motivation is the willingness to work. It is the drive and stimulation, which enables individual to perform their work. Some individual defines motivation as money and most people are motivated by money. Monetary rewards as a motivator is high in developing in countries due to high cost of living and low quality of lives which they are facing. Most activities of man is related to making money. To this extent, money is the most critical incentive to works but when money is taken away, how many people will continue to work in Nigeria today? In Nigeria, employee in both public and private sectors are sometimes owed between 3-6 months' salary and yet they have not resigned, but continue to work because they know they will be paid and not because they so much value the job. The truth here is that primarily, people are motivated by economic rewards. It is believed that man, if motivated will go extra mile in satisfying his employer.

LITERATURE REVIEW

The most important resources any organization possesses it people. Therefore, it is also very important for organization to seek for ways to encourage positive attitude in order to strengthen themselves and their profit margin. Organization needs human beings and because human nature though very simple can be very complex too. This makes it a task for organizations to know how to motivate its employees. An understanding appreciation of human nature is a pre-requisite to effectively motivate employees.

Strategies Use for Employees Motivation in an Organizational

Organizational Commitment can be achieved through, organizational trust and motivation. When employees possess organizational trust, they believe organizational actions will benefit them and generally have confidence in the words and actions of other people. Mistrust results when information is withheld, resources are allocated inconsistently, and employees have limited support from management. Motivation is a basic psychological process. A recent data-based comprehensive analysis concluded that competitiveness problems appear to be largely motivational in nature (Mine, Ehrahiini, and Wachtel, 1995). Along with perception, personality, attitudes, and learning, motivation is a very important element of behaviour. Nevertheless, motivation is not the only explanation of behaviour. It interacts with and acts in conjunction with other cognitive processes. Motivating is the management process of influencing behaviour based on the knowledge of what make people tick (Luthans, 1998). Luthans (1998) asserts that motivation is the process that arouses, energizes, directs and sustains behaviour and performance. That is, it is the process of stimulating people to action and to achieve a desired task. One way of stimulating people is to employ effective motivation, which makes workers more satisfied with and committed to their jobs. Money is not the only motivator.

There are other incentives which can also serve as motivators. Specific employee attitudes relating to job satisfaction and organizational commitment are of major interest to the field of organizational behaviour and the practice of human resources management. Attitude has direct impact on Job satisfaction. Organizational commitment on the other hand, focuses on their attitudes towards the entire organization. Although a strong relationship between satisfaction and commitment has been found, more recent research gives more support to the idea that commitment

causes satisfaction. However, most studies treat satisfaction and commitment differently, especially in light of things like: downsizing that are part of modern organizations.

Long with perception, personality, attitudes, and learning, motivation is a very, important part of understanding behaviour. Luthans (1998) asserts that motivation should not be thought of as the only explanation of behaviour, once it interacts; saying that, “the ultimate test of organizational success is its ability to create values sufficient to compensate for the burdens imposed upon resources contributed.” Bernard looks at workers, in particular librarians, in an organized endeavour, putting in time and efforts for personal, economic, and non-economic satisfaction. The following strategies are used for motivation as organizational commitment: **Salary, Wages and Conditions of Service:** To use salaries as a motivator effectively, personnel managers must consider four major components of a salary structures. These are the job rate, which relates to the importance the organization attaches to each job; payment, which encourages workers or groups by rewarding them according to their performance; personal or special allowances, associated with factors such as scarcity of particular skills or certain categories of information professionals or librarians, or with long service; and fringe benefits such as holidays with pay, pensions, and so on. It is also important to ensure that the prevailing pay in other library of information establishments is taken into consideration in determining the pay structure of their Organization. **Money:** Akintoye (2000) asserts that money remains the most significant motivational strategy. As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success, Katz, in Sinclair, et al. (2005) demonstrates the motivational power of money through the process of job choice. He explains that money has the power to attract, retain, and motivate individuals towards higher performance. For instance, if a librarian or information professional has another job offer which has identical job characteristics with his current job, but greater financial reward, that worker would in all probability be motivated to accept the new Job offer. Banjoko (1996) states that many managers use money to reward or punish workers. This is done through the process of rewarding employees for higher productivity by instilling fear of loss of job (e.g., premature retirement due to poor performance). The desire to be promoted and earn enhanced pay may also motivate employees. **Staff Training:** No matter how automated an organization or a library may be, high productivity depends on the level of motivation and the effectiveness of the workforce. Staff training is an indispensable strategy for motivating workers. The library organization must have good training programme. This will give the librarian or information professional opportunities for self-improvement and development to meet the challenges and requirements of new equipment and new techniques of performing a task. **Information Availability and Communication:** One way managers can stimulate. Motivation is to give relevant information on the consequences of their actions on others (Olajide, 2000). To this researcher it seems that there is no known organization in which people do not usually feel there should be improvement in the way departments communicate, cooperate, and collaborate with one another. Information availability brings to bear a powerful peer pressure, where two or a more people running together will run faster than when running alone or running without awareness of the pace of the other runners. By sharing information, subordinates compete with one another.

Studies on work motivation seem to confirm that it improves workers' performance and satisfaction. For example, Brown and Shepherd (1997) examine the characteristics of the work of teacher-librarians in four major categories: knowledge base, technical skills, values and beliefs. He reports they will succeed in meeting this challenge only if they are motivated by deeply-held values and beliefs regarding the development of a shared vision. Vinokur, Jayarantne, and Chess (1994) examine agency-influenced work and employment conditions, and assess their impact on social workers' job satisfaction. Some motivational issues were salary, fringe benefits, job security, physical surroundings, and safety. Certain environmental and motivational factors are predictors of job satisfaction. While Colvin (1998) shows that financial incentives will get people to do more of what they are doing.

The job of a manager is to get things done through employee. To do this, the manager should constantly seek for ways to create a motivational environment where their subordinates will perform at optimal level in order to accomplish reorganization objectives. One method considered by many organizations as a way to motivate its employees is the monetary program. All organizations are concerned with what should be done to achieve and sustain high level of performance among its work force motivation of employees is essential for the survival and of any organization, this is why this study seek to find out the effect of monetary incentives as a motivational tool on employees performance in First Bank of Nigeria Plc, Marina Branch.

There is no doubt that motivation is the key to improve performance, but there is no clear —cut answer to the question of how to motivate. Money is a factor to motivating people, to retain good staff and to encourage them to give their best while at work requires attention to the financial rewards offered by the organization as a continuous exercise. It is a well known fact that individual behaviour is intensely personal and unique, yet organizations tend to use the same policies to the needs of individual is difficult but far more effective. If leaders in an organization can create and sustain an environment in which all employees are motivated, the over all performance is sure to be good.

People in various works of life are faced with financial problems, not only is the financially life affected, it also affect productivity on the job. A worker with financial problems experiences lack of concentration which could result in poor quality and quantity of work. Kootz(2005), states that money can never be overlooked as a motivator, whether in the form of wages or any incentive pay. Money is often more than monetary value, it can also mean status or power.

The saying that money is important is obvious. According to Vroom (1974) these are not one shared of evidence for allege turning away from material rewards — Anti materialism is a myth, no matter how much it is extolled in fact they are taken so much for granted that their denial may be de-motivator. We live in a money-motivated world, therefore no amount of human relations can compensate for lack of monetary reward. For instance, even dedicated footballers do not think of playing for England, they merely “pay service” to it, financial rewards for playing for their clubs exceed those received from playing for their country.

Similarly, in the industrialize nations, strike for better salary and reward still occur. Self-motivation can go only so far and it needs to be constantly reinforced by rewards. Economist

widely assume that financial incentives represent the dominant and effective stimulator of human productive activities. It has also been realized that monetary incentives may be motivational depending on the category and status of the worker. Money may motivate a junior staff than a senior staff. Similarly, money may motivate a married worker than a single worker due to the high level of responsibility being borne by the married worker.

Definition of Motivation

A motive is a reason for doing something (Armstrong 2001). Oxford Dictionary defines motive as what makes a person do something. To motivate someone is to make him keen to achieving something. According to Fajana (2002), Motivation is a predisposition to act in certain manner. Armstrong (2001) opined that motivations concerned with the factors that influenced people to behave in certain ways. To motivate an individual, is to make individual, move in the direction you want him or her to go in order to achieve a result. Human beings are motivated based on needs, whether consciously or sub consciously by primary or secondary needs. Primary needs such as: the physiological needs for water, air, food, sleep and shelter and secondary needs such as self esteem, status affection, accomplishment etc.

In psychology, motivation refers to the initiation, direction, intensity and persistence of behaviour (Green 1995) motivation is having the desire and willingness to do something.

TYPES OF MOTIVATION

Intrinsic Motivation

Deci, (1975) defines intrinsically motivated behaviour as those in which a person engages to feel competent and self-determining. It is a self-generated factor that influence people to behave in a particular way. These factors include responsibility, autonomy (freedom to act) interesting and challenging within an individual that gingers the individual to doing something. Intrinsic motivation is evident when people engage in an activity for its own sake, without some obvious external incentive present.

Extrinsic Motivation

This is something external to an individual that gingers the individual to doing something it is what is to or for people to motivate them to act in a particular manner such as reward, pay-increase, praise, promotion etc.

The Evolution of Motivation

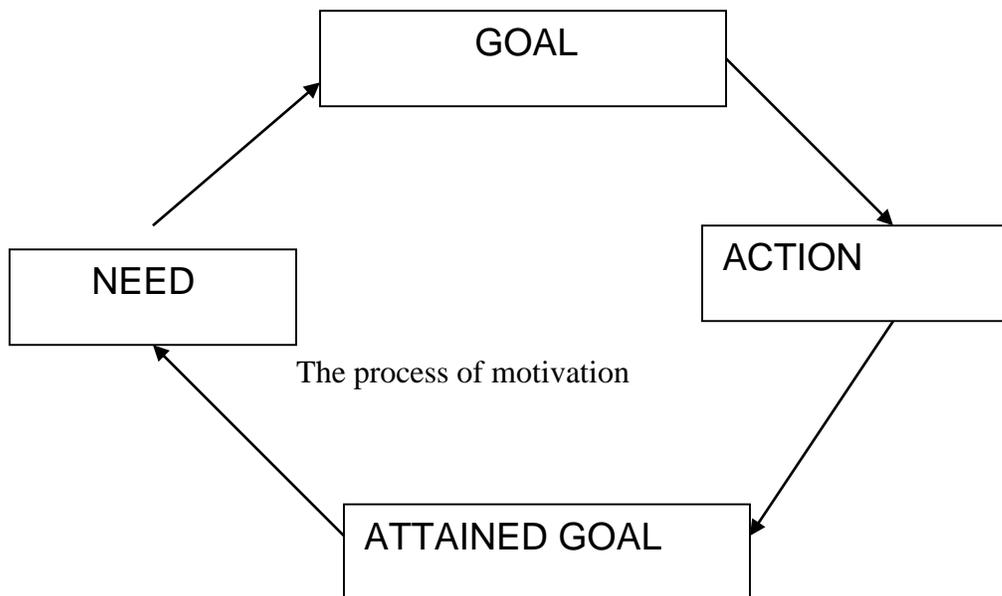
One of the most difficult issues to predict in the work environment is the human behaviour the problem that has always and will continue to occupy the mind of management is productivity. This was what led Taylor in the 1920's to device a wage incentives system in order to motivate employees to be more productive. His approach however did not work; because he did not understand that employees are also social beings not only economic needs, but also psychological needs.

This led to the Hawthorn experiment which discovered that psychological factors were playing a higher motivational role in high productivity. Since 1940, the behavioral science management

started to focus on need as the primary motivators of behaviour, hence, the concept and practices of motivation became a critical issue in management.

PROCESS OF MOTIVATION

Armstrong (2001) motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which are desired to achieve or obtain something. Goals are set, which is believed will satisfy certain needs and wants and a behaviour pathway is selected which is expected to achieve the goal. If the goal is achieved, the need will be satisfied and the behaviour is likely to be repeated the next time a similar need emerges.



THEORETICAL FRAMEWORK

This study shall provide the reader with a theoretical framework of motivation in organization in general. Various theories have been propounded to explain the role of motivation at work places. These are discussed below.

McClelland's Achievement Motivation Theory

This theory envisages that a person has three basic motivational needs but people differ in degree in which the various needs influence their behaviour. These needs are classified as follows:

Need for Power

It has been observed that people with a high need for power have great conceive with exercise influence and control. Such individuals generally are seeking position of leadership.

Need for Affiliation

Individual with a high need for affiliation usually derive pleasure from being loved to avoid the pain of being rejected by a social group.

Need for achievement

People with a high level for achievement have an increase desire or success and also equal intense fear or failure.

Goal Setting Theory of Motivation

This theory was developed by Murry & Stephen (1979) it states that motivation and performance are higher when individuals set specific goal. When goals are difficult but accepted and when there is feedback on performance. Participation in goal setting is important as a means of setting agreement to the setting of higher goals. Sambo and Mantami (1984) observed that as long as goals are agreed upon, demanding goals lead to better performance than easy ones. Thus, this theory is in line with the concept of Management by Objective (MBO).

Equity Theory

This theory is concerned with the perceptions people have about how they are being treated as compared with others. Motivation have is influenced by an individuals subjective judgement about fairness of the reward he/she gets in relative to the input (which include factors such as effort, experience, and educational qualification) compared with the reward of others. If people feel that they are in-equitably rewarded, they may be dissatisfied, they may reduce the quality and quantity of out put or they may even leave the organization. If people perceive the reward as equitable, they will probably continue at the same level of output. However, if the rewards are perceived to be greater they may work harder. The major problem here is that people may over estimate their contributions and the rewards others receive.

Maslow Hierarchy of Needs Theory

This theory was propounded by psychologist Abraham Maslow, who saw human beings in the form of a hierarchy ascending from the lowest to the highest. He concluded that when one set of need is satisfied, it cases to be a motivator, Maslow hierarchy of need as follows.

- ❖ **Psychological:** This is the need for food, air, cloth, sex etc. This is a basic need that every one craves for without which life ceases.
- ❖ **Safety:** This is the need for protection
- ❖ **Social:** The need for affection, love and acceptance. It is a well-known fact that every one wants to be loved, accepted and wanted.
- ❖ **Esteem:** That is the need to a stable and high evaluation of one's self.
- ❖ **Self-fulfillment/Actualization:** This is the need to develop potentials and skills to become what one believes he/she is capable of. This theory states that when a lower need is satisfied, the next highest need becomes dominant and the individual's attention is turned to satisfying the higher need. However, the need for self-fulfillment can never be satisfied, because man is an insatiable being. This theory believes that the need for esteem and self-fulfillment provide the greatest impetus to motivation.

Mc Gregon's Theory of X and Theory Y

Theory X and Y are two sets of assumptions about the nature of human beings.

The theory X Assumptions

- ❖ The average human being has inherent dislike for work and will always seek to avoid it if possible.
- ❖ Sequel to the above most people must be concerned. Controlled, directed and threatened with punishment to get them to put adequate efforts to the achievement of organizational goals arid objectives.

- ❖ The average human being prefers to be directed, wishes to avoid responsibility, and has relatively little ambition and want security above all.

Theory Y Assumption

- ❖ The expenditure of physical and mental effort in work is as natural as play or rest.
- ❖ External control and the threat of punishment are not the only means for producing effort towards organizational objectives. People will exercise self-direction and control in the services of objectives to which they are committed.
- ❖ The degree of commitment to objectives is in proportion to the size of the rewards associated with their achievement.
- ❖ That average human being leaves under proper condition, not only to accept responsibility but also seek it.
- ❖ The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organizational problems is widely not narrowly distributed in the population
- ❖ Under the conditions of modern industrial life, the intellectual potentials of the average human beings are only partially utilized.

Vroom's Theory

The theory recognize the importance of individual needs and motivation. It acknowledges the fact that individuals have personal goals, which can be harmonized. This theory assumed that value varies between individuals at different times and in different places. For instance, the value people place to money in Nigerian many not be the same in the United Kingdom.

Self-Determination Theory

Self-determination theory was developing by Edward Deci . It focuses on the importance of intrinsic motivation in driving human behaviour. What the individual requires under this theory is an active encouragement from the environments.

CONCLUSION

Based on the research results, one can conclude that as it has been said by various researchers, that monetary incentives alone are not sufficient to motivate employees. Also that a maximum of both monetary and non-monetary incentive should be applied and like the saying goes “variety is the spice of life” Monetary and non-monetary incentives vary in their roles, effectiveness and appropriateness. A balance between monetary and non-monetary incentives should be used to satisfy the diverse needs and interest of employees. Motivation is a complex and individualistic concept and as such there is no best approach to it. The research shows that monetary incentives alone are not sufficient to motivate employees. Pay is important since it affords the provision of the basic necessities of life, but is most important for what it symbolizes to the recipient for money to be used as a motivational tool, managers must study their associates, the conditions under which they work and the task they perform. The value of incentives is determined by what people learn to associate with. According to Imoisili, high achiever do not work for the prospects of making money alone they are motivated by the love of accomplishment, interest in their work and by success itself. However, low achievers will often work for money because it symbolizes something they clearly want.

RECOMMENDATIONS

Based on the findings of the researcher, the following recommendations are suggested:

- ❖ Organisations should not be stereotype in the style or method of incentive put in place
- ❖ Organisation should ensure that their employees are well remunerated in line with an economic environment like ours
- ❖ Employers of labour should employ various types of incentives from time to time and from employee to employee. This could vary from earning commission to holiday package.
- ❖ Organisations should use money as often as possible particularly with employees on lower level.

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