

Bingham Journal of Political Studies

Volume 2 No 3-5

September, 2017- August 2019

ISSN: 2141-9353

(pp 103-134)

INCENTIVE AND ITS EFFECT ON STAFF PERFORMANCE IN INDUSTRIAL TRAINING FUND (ITF) JOS PLATEAU STATE.

Bot, P.M. and Robert Sabo

Department of Political Science Bingham University Karu.

Email: polycarbot@gmail.com

ABSTRACT

For any organization to compete favourably in today's competitive society, employees' attitudes and commitment towards work goes a long way in determining the employees' performance and organization's productivity. Excellent products/services provided and offered by an organisation can create a positive perception and ever lasting image in the eyes of the public. The motivational incentives of a company's employee play a major role in achieving high level of employees performance. The main objective of this study is to examine the effect of incentives on staff performance in Industrial Training Funds. Other objectives are: i. to examine the nature of incentives in an organization ii. To examine the effects of incentives on staff performance in ITF Jos Plateau State. iii. To investigate how incentives propel the performance of staff in ITF. iv. To assess the impact and various motivational tools available in the organisation. A descriptive research method was adopted for this study using one hundred (100) valid questionnaires were completed by members of staff of ITF in Plateau State Nigeria using random sampling technique. The data collected were further analyzed using percentages which were represented in tables, supported by Chi-square to represent the raw data in a meaningful manner. At the end the study concluded that monetary incentive has a huge impact on employees performance in ITF and recommended that a robust incentive packages be improved upon. the course of this study, chapter one intends to introduce the topic, chapter two looked at the relevant literature reviews, chapter three examines various methodological frameworks for the study i.e. data was collected from the staff of ITF, using questionnaire. In chapter four, the researcher analysed the data using appropriate statistical methods and test. Therefore, chapter five summarises, concludes and made recommendations based on the research findings.

INTRODUCTION

The success and the survival of any organization are determined by the way the workers are remunerated and rewarded (Lawler, 2003). The reward system and motivating incentives will determine the level of employees' commitment and their attitude to work. As noted by Dexit & Bhati (2012), poor incentives packages have been the major factor affecting employees' commitment and productivity.

For any organization to achieve its objectives in any competitive society, employers of labour must have a thorough understanding of what drives the employees to perform efficiently and reward them accordingly. Besides, employees must be motivated through adequate incentives plans and reward systems and this will invariably encourage them to be proactive and have right attitude to work, thereby promote organizational productivity (Armstrong, 2007).

In a highly dynamic organization, ~~incentives strategies are deployed by~~ employers of labour to ensure that the best brains are retained in the best interest of the organization (Al Jenaibi, 2010). Consequently, productivity can only be enhanced if the employees are well motivated through adequate incentive packages that are proportional to their performance. Meanwhile, to avoid wrong perception and controversy by the employees, reward system must be clearly

communicated to employees with job measurement which will project the much needed motivational drive in the employees (Hartman, 2011). Incentives propel and influence employees' attitudes in work place and as well stimulate understanding between the employer and the employee which will consequently culminate into unprecedented performance for both the employees and the organization (Heneman 1992).

Given the global nature of the existing socio-economic challenges, it has become quite difficult for most organizations to cope with the unending employee demands, among them being the provision of an appropriate incentive scheme. Incentives provide an avenue through which management can effectively link performance and competence of the employees (Pay Review, 2013). In the recent past, employees have participated in strikes meant to agitate for an improvement of their overall welfare system. This has been complicated further by the existing public outcry over the questionable quality and nature of services rendered at the public institutions (Hartman, 2011). The problem is also compounded by essentially, inadequate and lack of appropriate, relevant and effective incentive strategies in public organizations which is perhaps the cause of decline in the delivery of quality services to the public at large.

Although several effort in the past to improve motivational packages in the

public sector proved abortive. It is against this backdrop that this paper using expectancy and agency theories of incentive seek to bring to fore the effects of incentives on staff performance in ITF Jos, using the following hypothesis to guide the work:

1. **HO:** There is no significant relationship between incentive packages and employee's performance in an organisation.

H1: There is a significant relationship between incentive packages and employee's performance in an organisation.

2. **HO:** Monetary and non-monetary incentive packages do not have significant impact on employees' productivity.

H1: Monetary and non-monetary incentive packages do have significant impact on employees' productivity. (see appendix A for test of hypothesis)

CONCEPTUAL FRAMEWORK

The Concept of Incentive

Adequate incentives have been found to be one of the means through which organization can adopt to motivate and increase their workers' performance. There are many studies in the literature, which examine the monetary and nonmonetary incentives and their effects on organizational variables (Al-Nsour 2012). Incentive programs are put in place

by various organisations to compensate and reward performance of employees who perform more than expectation (Mueller, 2011). Incentive packages are financial or non-financial rewards offered to employees to compel them to exert more effort into any giving task (National Commission on Productivity and Work Quality 1975). Incentives is a force that cause employees to behave in certain ways and on any given day, they may choose to work as hard as possible at a job, to work just hard enough to avoid a reprimand, or to do as little as possible (Griffin, 2002). Meanwhile, incentives are designed to get the maximum performance from the employees and help retain the most productive among them (Arnold 2013). Organization can consider a variety of ways to reward the employees for their work performance, but an organization need to consider using the best employee incentives to get the desired results.

Incentives are an instrumental drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any giving task (Condly et al. 2003). "High productivity may be determined by workers employees' ability to work and therefore employees that are not well rewarded produce less" (Alaba, 2007). Luthans (1998) divided these incentives into monetary incentives and non-monetary incentives which is also known as financial or non-financial incentives.

Meanwhile, employees could be intrinsically or extrinsically motivated.

Intrinsic motivation is an inward drive coming from within the person which makes him to work effectively and efficiently toward the realization of organizational productivity (Gilmore & William, 2009). It arises from natural psychological needs, such as needs for competence and autonomy. It is a self-generated urge that comes from inside an employee and influences him/her to work harder. They are connected to job related and social incentives such as opportunity to use one's ability, interesting work, recognition of a good performance, development opportunities, a sense of challenge and achievement, participation in decision making, and being treated in a caring and thoughtful manner etc. On the other hand, extrinsic motivation exists when behaviour is performed to attain externally administered incentives (Allen & Kelman, 2001).

Extrinsic motivation is related to "tangible" incentives such as wages and salaries, fringe benefits, cash bonuses, security, promotion, wall plaques, free dinner or movie tickets etc. Intrinsic and extrinsic incentives are two important tools in ensuring motivation, commitment and satisfaction of employees in the world of work. It is therefore possible to state that nonmonetary incentives as a motivational tool address both intrinsic and extrinsic motivation concepts. While monetary incentives may only be classified as a factor leading to extrinsic motivation. Therefore, for employees to

remain efficient and highly productive, and competitive, management need to understand why individuals and group behave the way they do, so that they can be satisfied, happy and highly productive (Ombati, et al., 2010).

Staff Performance as a Concept:

a). Organisational Performance

The body of research on the relationship between employee satisfaction and organisation performance continues to grow. Organisational productivity and efficiency are attained by satisfying employees and being sensitive to both their physiological and socio-emotional needs in a holistic manner (Aguinis, 2005). A study conducted by Cole and Cole (2005) reports that there is a positive correlation between the job attitudes of individuals and their performance. Bono, and Patton (2001) also found a positive relationship between individual employee satisfaction and factors such as motivation, job involvement, organisational citizenship and job performance. In another analysis conducted by Harter, Schmidt and Hayes (2002), it was found that there is a positive relationship between employee satisfaction and productivity, profit, turnover and customer satisfaction in nearly 8000 business units in 36 organisations across the five continents of the world.

Studies conducted by Wanyama (2010)

confirms that there is a positive correlation between overall employee satisfaction with the organisation's financial and market performance. The study further concluded that employee satisfaction, behaviour and turnover predicted the following year's profitability, and that these are even more strongly correlated with customer satisfaction. A survey conducted by Price Waterhouse Coopers (2002) which involved several multinational companies sustains that employee satisfaction as well as decreased turnover are major contributors of long-term shareholder returns.

Conversely, employee dissatisfaction resulting from poor workplace environments can also lead to a decrease in productivity leading to poor organisational performance (Welsh, 2012). It is important for management in organisations to create a work environment that facilitates higher employee satisfaction levels. This is because employee satisfaction has a stimulus effect on the loyalty and confidence of employees, improves the quality of outputs and also increases productivity (Nolan, 2012). Satisfied employees tend to perceive that the organisation will be more satisfying in the long run, they care about the quality of their work and are more committed to the organisation, leading to a demonstration of organisational citizenship behaviours (Nawab,

2011) is also of the opinion that satisfied employees have higher retention rates and are more productive. When employees are dissatisfied, their physical and mental health is negatively affected (Mullins, 2006). Consequently, organisational performance will also deteriorate as more production time will be lost because dissatisfied employees are likely to take more leave (Marjunath, 2012); therefore, if steps are taken to improve employee satisfaction, overall success of the organisation is enhanced and the results can be reflected through happier employees, enhanced workforce productivity, reduced workdays and higher profits. This also typifies the importance of people in organisations, since people are the promoters of excellent organisational performance.

In the context of the service industry, substantial research evidence reveals that there is a positive association between employee satisfaction and customer satisfaction (Malik, 2011). Providing employees with an outstanding internal working environment is likely to lead to satisfied employees who are both loyal to the organisation and are capable of providing customers with an exceptional service experience. Customers will naturally recognise and value the excellent service offered to them, leading to an exhibition of loyalty behaviours, such as repeat purchases and increased referrals (Lee, 2011). These behaviours suggest; therefore that satisfied employees will create satisfied and loyal customers,

which will result in better organisational performance. It is important then for service organisations to direct sufficient resources towards employee satisfaction programmes.

Behaviorally anchored rating scales (BARS): This method replaces traditional numerical anchors tools with behavioral prototypes of real work behaviors. BARS let evaluator to rank employee based on observable behavioral dimension. The elements of this method are result of combination of major elements of critical incident and adjective rating scale appraisal methods (Wiese, 1998). BARS have five stages (Decenzo, 2002):

- 1) Generate Critical Incidents.
- 2) Develop performance dimensions,
- 3) Relocate incidents,
- 4) Rating of level of performance for each incident and
- 5) Development of the final instrument.

Performance is a multi-dimensional concept. On the most basic level, Frimpong & Fan (2009) distinguish between task and contextual performance. Task performance refers to an individuals proficiency with which he or she performs activities which contribute to the organizations technical core This contribution

can be both direct (e.g., in the case of production workers), or indirect (e.g., in the case of managers or staff personnel).

Contextual performance refers to activities which do not contribute to the technical core but which support the organizational, social, and psychological environment in which organizational goals are pursued. Contextual performance includes not only behaviors such as helping coworkers or being a reliable member of the organization, but also making suggestions about how to improve work procedures.

Three basic assumptions are associated with the differentiation between task and contextual performance (Enew & Nigel, 2007):

- (1) Activities relevant for task performance vary between jobs whereas contextual performance activities are relatively similar across jobs;
- (2) task performance is related to ability, whereas contextual performance is related to personality and motivation;
- (3) task performance is more prescribed and constitutes in-role behaviour, whereas contextual performance is more discretionary and extra-role

b). Task Performance

Task performance in itself is multi-dimensional. For example, among the

eight performance components proposed by Campbell (1990), there are five factors which refer to task performance:

- (1) job-specific task proficiency,
 - (2) non-job-specific task proficiency,
 - (3) written and oral communication proficiency,
 - (4) supervision—in the case of a supervisory or leadership position—and partly
 - (5) management/administration.
- Each of these factors comprises a number of sub-factors which may vary between different jobs.

For example, the management/administration factor comprises sub dimensions such as

- (1) planning and organizing,
- (2) guiding, directing, and motivating subordinates and providing feed-back,
- (3) training, coaching, and developing subordinates,
- (4) communication effectively and keeping others informed (A).

In recent years, researchers paid attention to specific aspects of task performance. For example, innovation and customer-oriented behavior become increasingly important as organizations put greater emphasis on customer service (Diener & Biswas, 2002).

The Impact of Incentive on Employees Performance

Employee satisfaction throughout the history of organisational and behavioural research, the subject of employee satisfaction has always attracted widespread empirical examination, leading to a number of interesting definitions. Priyce, Kakabadse, & Lloyd (2011) define employee satisfaction as the effective orientation that an employee has towards his or her work. It may also be recognised as the individual's perception and evaluation of the overall work environment. Elish & Pennington (2004) define employee satisfaction as a global feeling about one's work or a related cluster of attitudes about various facets of the work environment. Employee satisfaction may also be perceived as a 'positive emotional state resulting from the appraisal of one's job or job experiences' (Elish & Pennington, 2004). A common aspect that connects these definitions is that employee satisfaction is concerned with what people in an organisation feel about their overall work. A study conducted by Atambo (2012) gives emphasis to environmental factors and personal characteristics as the two most influential variables that determine the level of employee satisfaction. Al-Aamiri (2010) also found low employee satisfaction levels amongst employees whose expectations fell short.

He also maintains that, the person-environment fit paradigm has been widely recognised as the most appropriate

explanation for employee satisfaction. Additionally, other researchers uphold that employee satisfaction is influenced by the interaction of a family of factors such as recognition, communication, co-workers, fringe benefits, working conditions, the nature of the work itself, the nature of the organisation itself, organisational systems, policies and procedures, compensation, personal development, promotion, appreciation, security, and supervision (Alexander, 2001). For most management scientists, meeting the needs of employees remains the prime employee satisfaction-enhancement strategy (Al-Aamri, 2011). However, contemporary research advances have challenged this view, which attests to the multi-factorial character of employee satisfaction.

In order to improve employee satisfaction, it is important to measure and establish the existing levels first (Khan, 2010). However, due to its multi-faceted nature, the measurement of employee satisfaction varies from one organisation to the other. Some organisations use anonymous employee satisfaction surveys which are administered periodically to measure the levels of employee satisfaction (Deshpande, Arekar, Sharma & Somaiya, 2012). In other organisations, meetings are held between management and small groups of employees where the latter are asked questions pertaining to their satisfaction (Ybema, Smulders & Bongers, 2010).

However, in other organisations, exit interviews are the primary employee satisfaction measurement tools (Schulz, 2001). The importance of these methods lies in that they elicit satisfaction sentiments from employees themselves. Employee satisfaction has thus been widely recognised as a predictor of productivity and performance in organisations (Ifinedo, 2003).

THEORETICAL FRAMEWORK

Several theories explain the effect of incentives; however expectancy theory and agency theory are adopted to explain the situation of employees' incentive in ITF Jos.

a). Expectancy theory

Expectancy theory (Vroom, 1964) posits that people make decisions in such a way to obtain a desired outcome because they expect to maximize their satisfaction by choosing that particular outcome. Valence, expectancy and instrumentally are the three main components of this theory and how an individual perceives these beliefs leads to the motivational force which includes a certain level of effort which leads to the desired outcome. So according to this theory, when performance-contingent incentives are present, because of the increased expectancy about the effort-outcome relationship and an increased valence of the outcome, the motivation and thereby effort of the subject will increase.

b). Agency theory

Agency theory (Eisenhardt, 1989) posits the following assumptions:

humans are motivated by self-interest, are rational and are risk-averse. The aspect of risk aversion makes the subject share risk which is inefficient. However, the motivational benefits are assumed to exceed this loss. So as long as a task does not increase their economic well-being, an individual will exert no effort. According to this theory, to align the interests of the agent (employee) with the interests of the principal (employer), incentive based schemes to reward agents can be used to reduce agency loss and maximizing the interest of the principal. So financial incentives have to provide motivation to exert effort. That is, the financial incentives have to be high enough to trigger the individual to perform well on a task.

METHODOLOGY

One hundred (100) questionnaires were

produced and administered to the both senior and junior staff of ITF Plateau state. These respondents represent the entire staff population of ITF Jos Plateau State at the time of this research study. The responses from the administered questionnaires were collected and collated using the Chi-square method by summarising the statistical table using percentage (see appendix A for more details).

Furthermore, because of the impossibility of the researcher to cover the entire population, random sampling was preferred in sourcing out data. The research conclusions are drawn from the summarized tables and result of the Chi-square test of hypothesis. The information regarding data collected are shown in the following tables below:

Table 1: showing total number of questionnaires administered

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Returned	40	60	100	40	60	100
Not returned	-	-	-	-	-	-
Total	40	60	100	40	60	100

Source: questionnaire responses, 2019

The table 1 above shows a total number of one hundred (100) questionnaires were administered and returned appropriately.

Table 2: showing the Distribution of respondents by Gender

Sex	Frequency (No)	Percentage (%)
Male	60	60%
Female	40	40%
Total	100	100%

Source: Field survey, 2019

Table 2; shows the distribution of respondents by sex where 60% of them were males and 40% of them were females.

Table 3: showing the distribution of respondents by years of service

Year	Frequency (No)	Percentage (%)
1-5	30	30%
6-10	60	60%
11-20	10	10%
Total	100	100%

Source: questionnaire responses, 2019

Table 3 ; shows the distribution of respondents by age where 30% were from 1-5years of service, 60% were from 6-10 years and 10% were from 11-20 years of service as employees in the organization.

Table 4: showing the distribution of respondents according to Educational Qualification.

Variables	Population	Percentage
OND/NCE	60	60%
B.Sc./HND/B.A.	20	20%
M.Sc./M.A./MBA/MPA	20	20%
Total	100	100%

Source: questionnaire responses, 2019

From the table above, the qualifications of the respondents are displayed by their level of participation in responding to the questionnaire. Where 60% are holders of OND/NCE, 20% were BSc/HND/BA holders, 20% are M.Sc. holders and additional professional qualifications.

Table 5: showing the distribution of respondents according to designation

Respondents	Cumulative Percentages (%)		Cumulative cumulative			
	Junior	Respondents	Senior	Junior	Percentage (%)	Total
40	60	100	40	60	100	100

Source: questionnaire responses, 2019

The table above shows the ranks of the sampled population as 40% fell under the junior staff, and 60% are senior staff.

SECTION B: The Effects of Incentives on Staff Performance in ITF Jos Plateau State.

Table 6: showing response to question 1: Do you think there is a link between incentive packages and the level of employees' performance in an organization?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	40	70	30	40	70
No	10	15	25	10	15	25
Not sure	-	5	5	-	5	5
Total	40	60	100	40	60	100

Source: questionnaire responses, 2019

The table above shows there is a link between incentive packages and the level of employees' performance in Industrial Training Funds (ITF) with about 30% senior and 40% junior staff confirming as against 10% senior staff and 15% junior staff saying no while 5% of junior are not sure. Therefore, from the analysis it is not misleading to say that there is a link between incentive packages and the level of employees' performance in an organization.

Table 7 showing response to question 2: Do you think these incentive packages are beneficial to the employees performance in the organisation?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	40	70	30	40	70
No	10	10	10	10	10	25
Not sure	-	10	10	-	10	5
Total	40	60	100	40	60	100

Source: questionnaire responses, 2019

The table above shows that 30% senior staff and 40% junior represent the population who maintain that the incentive packages are beneficial to workers productivity and 10% each of both expressed a contrary view as to whether it is relevant to their work performance. The position of the researcher therefore is that the incentive packages in ITF are beneficial to employees' performance.

Table 8: showing response to question 3: Can you say employees are satisfied with the incentive packages in the organisation?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	10	10	20	30	40	70
No	20	50	70	10	15	25
Not sure	10	-	10	-	5	5
Total	40	60	100	40	60	100

Source: questionnaire responses, 2019

The table above shows that 20% senior staff and 50% junior staff represent the population who maintain that they are not satisfy with the incentive packages and 10% senior staff and 10% junior staff expressed a positive view as to the satisfaction of the organizational incentives. The position of the researcher therefore is that employees will definitely continue to desire more just like in the case of Oliver Twist who "asked for more".

Table 9 showing response to question 4: Do you think the incentive packages in ITF need to be improved upon?

Questionnaires	Respondents		Cumulative Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	50	100	30	50	100
No	5	-	-	5	-	-
Not sure	5	10		5		
Total	40	60	100	40	50	100

Source: questionnaire responses, 2019

From the table above 30% senior staff and 50% junior staff said they would like the incentive packages to be improved upon in ITF while 5% of senior staff said no 5% and 10% were not sure.

Table 10: showing response to question 5: Incentive packages enhance overall employees performance in the organization.

Questionnaires	Respondents		Cumulative Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	35	65	30	38	68
No	5	15	20	5	15	20
Not sure	5	10	15	5	10	15
Total	40	60	100	40	60	100

Source: questionnaire responses, 2019

The table above shows that 30% senior staff and 35% junior staff represent the population who maintain that the incentive packages in ITF enhance overall employees performance and 5% and 15% expressed a contrary view as to whether incentive packages in ITF enhance overall employees performance while 5% and 10% were not sure. The position of the researcher therefore is that incentive packages in ITF enhance overall employees performance and development.

Table 11 showing response to question 6: which of these incentives will you say motivates you most as an employee in the organization?

Questionnaires	Respondents		Cumulative Percentages (%)	Cumulative		
	Senior	Junior		Senior	Junior	Percentage (%)
All monetary incentives	5	15	20	30	40	70
All non-monetary incentives	20	50	70	10	15	25
Both incentives	5	5	10	-	5	5
Total	30	70	100	40	60	100

Source: questionnaire responses, 2019

From the table above 5% for senior staff and 15% of junior staff said monetary incentives motivate them most, 20% and 50% of the respondents said all non-monetary incentives motivate them and 5% each expressed both incentives motivate them. Therefore, monetary incentive seemed to be favoured most.

Table 12 showing response to question 7: Incentives (both monetary and non-monetary) have positive impact on employees' performance in an organisation?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	28	40	40	40	40	80
No	5	20	20	5	10	15
Not sure	2	10	10	2	3	5
Total	30	70	100	30	70	100

Source: questionnaire responses, 2019

From the table above 28% of senior staff and 40% of Junior in Industrial Training Funds agreed that both monetary and non-monetary incentives impact on their performance. Only 5% and 20% said no, and 2% and 10% were not sure respectively.

Table 13 showing response to question 8: Monetary incentives enhance workers performance.

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	20	50	50	20	50	70
No	10	10	10	15	5	20
Not sure	-	10	10	-	10	10
Total	30	70	100	45	65	100

Source: questionnaire responses, 2019

From the table above 20% and 50% of both senior and junior staff respondents said monetary incentives enhance workers performance, 10% each said no and 10% junior staff were not sure.

Table 14 showing response to question 9: As incentives improve, employees' performance in an organization improves too?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	70	100	50	50	100
No	-	-	-	-	-	-
Not sure	-	-	-	-	-	-
Total	30	70	100	50	50	100

Source: questionnaire responses, 2019

From the table above 30% and 70% of both senior and junior staff the respondents in industrial training Funds said incentives improve employees' performance in an organization.

Table 15 showing response to question 10: are incentives in your own opinion critical to the overall Performance of employees and organization?

Questionnaires	Respondents		Percentages (%)	Cumulative		
	Senior	Junior		Respondents	Senior	Junior
Yes	30	40	70	40	30	70
No	-	15	15	-	15	15
Not sure	-	15	15	-	15	15
Total	30	60	100	40	60	100

Source: questionnaire responses, 2019

From the table above 30% and 40 of both senior and junior staff agreed that incentives improve, employees' performance in an organization while 15% of junior staff were of the opinion that it does not, 15% of the junior staff were not sure whether it is critical to the overall performance of the organization.

DISCUSSION OF FINDINGS

The research tested two hypothetical propositions and from the results of the test, the research concluded that there is a significant relationship between incentive packages and employee's performance in an organization also revealed by the two selected groups- senior and junior staff of industrial training funds (ITF) Jos Plateau State.

The relationship was witness after the questionnaires were collected and analysed. There exists research about the time devoted to a task when monetary incentives are applies. Tversky and Kahneman (1986) argue that incentives work by focusing attention and lengthen the time of consideration. As a consequence, decision errors which arise from insufficient attention are presumable prevented by rewards. This means that monetary incentives help increase the level of performance. However, they also state that: "The corrective power of incentives depends on the nature of the particular error and cannot be taken for granted". Also Stone and Ziebart (1995) confirm that monetary rewards increase the extent of attention given to a task.

Libby and Lipe (1992) state that recall can be positively affected by effort in the presence of monetary incentives. Consequently, judgment biases are diminished since financial incentives encourage the individual to work harder at recall and hence improve performance.

CONCLUSION

This research is unique in two ways. First, it studies the effect of incentives and employees performance in ITF. The Study shows that the employee motivation has direct impact on productivity and growth. A highly motivated employee invests his / her best effort in carrying out each and every aspect of his / her duties and responsibilities. Improved job performances of the employee will also add value to the organization itself and to the employee's productivity. The following recommendations have been made based on the study:

- i. The management should motivate employees with meritorious promotions, job rotation and job enrichment to reduce boredom and challenge them to be innovative.

- ii. The management should pay attention to employees training so as to develop sharper skills that will make them to be more effective and efficient.
- iii. The management should ensure that the salaries of the employees and other fringe benefits are paid promptly as these will motivate them to be more committed to their duties.
- iv. Management should consider adopting flexible human resource policies for employee's welfare.
- v. Management should also provide monetary incentives for employees to be motivated.

BIBLIOGRAPHY

- Aguinis, H. (2005). *Performance Management*, Pearson Prentice Hall, pp 2-15.
- Al Jenaibi, B. (2010). "Job Satisfaction: Comparisons among Diverse Public.
- Al-Aamri, A. D. (2010). "Employee Motivating in Private Organization" Project and employee productivity on performance of commercial banks in Kenya" *African Journal of History and Culture* Vol. 2(5). Available online at <http://www.academicjournals.org/ajhc>.
- Alaba, R.A, Owodunni A (2007), *Personnel Testing and selection in Organisation*, Triumph Publishers, Lagos.
- Allen, R. and Kilmann, R. (2001). The Role of Reward System for a Total Quality Management Based Strategy. *Journal of Organizational Change Management*, 14(2): 110-131.
- Al-Nsour, Marwan. (2012). Relationship between incentives and organizational performance for employees in the Jordanian Universities. *International Journal of Business and Management*, 7(1), 78-89.

Amrstrong, (2007), *Employee reward management and practice*. London & Philadelphia: Kogan Page.

Armstrong, M. (1998). *Performance management: The new realities*. London: Institute of personnel and development.

- Armstrong, M. (2009). *A Handbook of Human Resource Management Practice*. 10th Ed. London: Kogan Page.
- Arnold, Andreson, (2013), The Best Employee Incentives; Demand Media, Houston Chronicles, Texas
- Arnolds, C. & Venter D. (2007). The strategic importance of motivational rewards for lower-level employees in the manufacturing and retailing industries. *SA Journal of Industrial Psychology*, 33(3), 15-23.
- Atainbo, W., Kabare, K., Munene, C. and Nyamwamu, W. (2012). Enhancing the role of Employee Recognition Towards Improving Performance: A Survey of Kenyatta National Hospital, Kenya. *International Journal of Arts and Commerce*, 1(7): 95-109.
- Condly, S.J, Richard E. Clark & Harold D. Stolovitch, (2003). The Effects of Incentives on Workplace Performance: A Meta-analytic Review of Research Studies. *Performance Improvement Quarterly*, 16(3), 46-63
- Decenzo, D. A. and Robbins, Stephen P. (2002). *Human resource management*. John Wiley and sons, 7th edition.
- Diener,,E.,and Biswas-Diener,R, (2002), Will Money Increase Subjective well being? A Literature Review and Guide to Needed Research. *Social Indicators Research*, 57,119-169
- Dixit, V. & Bhati, (2012). A study About Employee Commitment and its Impact on Sustained Productivity in India Auto-Component Industry. *European Journal of Business and Social Sciences*. Vol. 1(6), pp 44-5.
- Ellis, L, & Pennington S, (2004). Should leaders have tusks or fangs? *Management Today*, 20(9), 32-33.
- Enew, C. and Nigel, W. (2007). *Financial Services Marketing, An International Guide to Principles and Practices*. Elsevier Limited. Financial Institutions. New York, Vintage Press Inc.
- Frimpong, S. K. and Fan, L. (2009). "Comparative Study on the Relationship Between Employee Motivation and Team Performance of the Banks in Ghana and China" Proceedings of the 7th International Conference on Innovation & Management, Wuhan: Wuhan University of Technology Press, 2009
- Gilmore and Williams (2009). *Human Resource Management, Managing Performance*.
- Golembiewski, R.T. (1973). Motivation. In Carl Heyel (Ed.), *The Encyclopedia of Management* 2nd. New York: Van Nostrand Reinhold.
- Griffin R (2002) *Management*, Boston Houghton Mifflin Co.
- Hartman, D. (2011), Types of finance, rewards and incentives ehow money. www.eHowmoney.com
- Heneman, R.L.(1992), Merit Pay: Linking

Pay Increase to Performance Ratings, New York: Addison-Wesley

Hijazi, S., Anwar, A & Mehbood, S. (2007). Impact of Non-Financial Rewards on Employee Motivation. *The Business Review*, 7(2), pp 272-277.

Hockenbury, D. H. & Hockenbury, S. E., (2003). Psychology. New York: Worth Publishers.

Ifinedo, P. (2003). Employee Motivation and Job Satisfaction in Finnish Organizations: A study of Employees in the Oulu Region, Finland. Master of Business Administration Thesis, University of London.

Khan, K. U., Farooq, S. U. and Khan, Z. (2010). "The Relationship Between Rewards And Employee Motivation in Commercial Banks of Pakistan" *Research Journal Of International Studies, Issue 14*. Available at http://www.eurojournals.com/rjis_14_06.pdf. (accessed 25 Oct., 2010).

Lawler, (2003), Treat People Right. San Francisco: Jossey-Based-inc

Lee, S and Chen, H. (2011). Corporate Governance and Firm Value as Determinants of CEO Compensation in Taiwan: 2SLS for Panel Data Model. *Management Research Review*, 34(3): 252-265.

Luthans F , (2003) Organizational Behaviour Boston, McGraw- Hill Irwin
Malik, M. E., Ghafoor, M. M. and Naseer,

S. (2011). "Organizational Effectiveness, A Telecommunication and Banking Sector of Pakistan, Far East" *Journal Of Psychology And Business* Vol. 2 No.

Manjunath, V. S. and Rajesh, C. N. (2012). Competency Based Compensation System- As a Strategic Human Resource Technique. *International Journal of Manpower*, 38(7): 780-810.

Mueller, D. R (2011) Financial Incentives to Increase Employees Motivation; www.chow.com

Mullins. L. J. (2006). Essentials of Organizational Behaviour, Prentice Hall, pp 183-190.

National Commission on Productivity and Work Quality(1975). Employee Incentives to Improve State and Local Government Productivity. Washington D.C.: U.S. Government Print.

Nawab, S. and Bhatti, K. K. (2011). Influence of Employee Compensation on Organization Commitment and Job Satisfaction: A Case Study of Educational Sector of Pakistan. *International Journal of Business and Social Science*, 2(8): 25-32.

Nolan, S. (2012). A Look of Current Trends Data. *Strategic HR Review*, 11(3): 32-54.

Ombati, T. O, Magutu, P. O, Nyamwange, S. O, Nyaoga, R. B. (2010). "Technology And Organizational Quorum Books. Organizations in the UAE", *Management Science and Engineering* Vol.4 No.3,

Available at
www.cscanada.orgwww.cscanada.net.
Oxford University Press,
Pay Review (2013). *Performance Related
Incentive Scheme*. Port Louis: Pay Review.

Priyce, A., Kakabadse, N. and Lloyd, T.
(2011). Income Differentials and Corporate
Performance. *Journal of Corporate
Governance*, 11(5): 587-600.

Rajput, A., Bakar, A. H. A., and Ahmad,
M. S. (March, 2011). "Motivators Used
by Foreign and Local Banks in Pakistan,
A Comparative Analysis" *Journal of
Academic Research* Vol. 3, No. 2.

Wanyama, K. W. and Mutsotso S. N.
(2010). "Relationship between capacity
building Wisconsin, United States.

Welsh, E., Ganegoda, D. and Wiley, J.
(2012). Is There Fire? Executive
Compensation and Employee Attitudes.
Personnel Review, 41(3): 260-282.

APPENDIX A.

FORMULAR TO TEST HYPOTHESIS

The questionnaire distributed and retrieved will be analysed in this section. This will be tested using the Chi-square method and analysis noted in the preceding chapter. Findings from the Chi-square table vis-à-vis the calculated value will form the basis for deciding on whether you reject or accept the hypothesis.

Therefore chi-square is represented as

$$X^2 = \sum \frac{(F_o - F_e)^2}{F_e}$$

Where; F_o = Observed frequency of the sample
 F_e = Expected frequency

\sum = Summation

X^2 = chi-square

ALPHA LEVEL: this the level of significance to which the researcher wishes to subject the analysis to. A choice of 95% which indicates that the researcher is 95% accurate with only 5% possibility of error.

DECISION RULE: if x^2 calculated is less than x^2 tabulated, reject the alternative hypothesis (H_1) and accept the null hypothesis (H_0).

Accept the null hypothesis (H_0), if the X^2 tabulated (i.e. x^2_t) is greater than the x^2 calculated.

On the other hand, reject the null hypothesis (H_0) if the x^2_t less than the x^2 calculated.

TEST OF HYPOTHESIS ONE

H_0 : There is no significant relationship between incentive packages and employee's performance in an organisation.

H_1 : There is a significant relationship between incentive packages and employee's performance in an organisation.

Table 16: Test of Hypothesis one For Senior Staff of ITF Jos Plateau State

Table 16:

Selected Questionnaire	Yes	No	Not Sure	Total
QUESTION 1	30	10	0	40
QUESTION 2	30	10	0	40
QUESTION 3	30	10	-	40
QUESTION 4	30	5	5	40
QUESTION 5	30	5	5	40
Total	130	50	20	200

NOTE: the above data shows the observed frequency to compute the expected frequency.

Therefore, Expected frequency (Ef) = $\frac{\text{Row total multiply by Column total}}{\text{Grand total}}$

POSITIVE RESPONSE: $E = \frac{40 \times 130}{200} = 26$

NEGATIVE RESPONSE: $\frac{40 \times 50}{200} = 10$

NOT SURE RESPONSE: $\frac{40 \times 20}{200} = 4$

Table 17: showing χ^2 calculated for senior staff of ITF Jos Plateau State.

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
30	26	4	16	0.62
10	10	0	0	0
0	4	-4	-16	4
30	26	4	16	0.62
10	10	0	0	0
0	4	-4	-16	4
30	26	4	16	0.62
10	10	0	0	0
0	4	0	0	0
30	26	4	16	0.62
5	10	-5	-25	2.5
5	4	1	1	0.25
30	26	4	16	0.62
5	10	-5	-25	2.5
5	4	1	1	0.25
$\Sigma \chi^2$				15.98

Calculation of degree of freedom (DF)

$$\begin{aligned}
 Df &= (R-1) (C-1) \\
 &= (5-1) (3-1) \\
 &= (4) (2) \\
 &= 8
 \end{aligned}$$

At 0.05 level of significance with 8Df, the critical value of the Chi-square (χ^2) from the chi-square distribution table is 15.51

DECISION: since the chi-square calculated is 16.00 which exceeded the critical value of 15.51, the null hypothesis (H_0) which says that "There is no significant relationship between incentive packages and employee's performance in an organization" is rejected. Therefore the alternative hypothesis (H_1) is accepted which says "There is a significant relationship between incentive packages and employee's performance in an organization".

Table 18: Test of Hypothesis one For Junior Staff of ITF Jos Plateau State

Selected Questionnaire	Yes	No	Not Sure	Total
QUESTION 1	40	15	5	60
QUESTION 2	40	10	10	60
QUESTION 3	10	50	0	60
QUESTION 4	50	0	10	60
QUESTION 5	35	15	10	60
Total	135	90	35	300

NOTE: the above data shows the observed frequency to compute the expected frequency.

Therefore, Expected frequency (E_f) = $\frac{\text{Row total multiply by Column total}}{\text{Grand total}}$

POSITIVE RESPONSE: $E = \frac{60 \times 135}{300} = 27$

NEGATIVE RESPONSE: $\frac{60 \times 90}{300} = 18$

NOT SURE RESPONSE: $\frac{60 \times 35}{300} = 7$

Table 19: showing χ^2 calculated for Junior staff of ITF Jos Plateau State

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
40	27	13	169	6.26
15	18	-3	-9	0.5
5	7	-2	-4	0.57
40	27	13	169	6.26
10	18	-8	64	3.56
10	7	3	9	1.29
10	27	-17	-289	10.70
50	18	32	1024	56.89
0	7	-7	-49	7
50	27	23	529	19.59
0	18	-18	-324	27
10	7	3	9	1.29
35	27	8	64	2.37
15	18	-3	-9	0.5
10	7	3	9	1.29
ΣX^2				145.1

$$\begin{aligned}
 Df &= (R-1)(C-1) \\
 &= (5-1)(3-1) \\
 &= (4)(2) \\
 &= 8
 \end{aligned}$$

At 0.05 level of significance with 8Df, the critical value of the Chi-square (χ^2) from the chi-square distribution table is 15.51

DECISION: since the chi-square calculated is 145.1 which exceed the critical value of 15.5, the null hypothesis (H_0) which says that "There is no significant relationship between incentive packages and employee's performance in an organization" is rejected. Therefore the alternative hypothesis (H_1) is accepted which says "There is a significant relationship between incentive packages and employee's performance in an organization".

TESTING OF HYPOTHESIS 2

HO: Monetary and non-monetary incentive packages do not have significant impact on employees' productivity

H1: Monetary and non-monetary incentive packages do have significant impact on employees' productivity

Table 20: Test of Hypothesis Two for Senior Staff of ITF Jos Plateau State

Selected Questionnaire	Yes	No	Not Sure	Total
QUESTION 6	30	10	0	40
QUESTION 7	30	10	0	40
QUESTION 8	10	20	10	40
QUESTION 9	30	5	5	40
QUESTION 10	30	5	5	40
Total	130	50	20	200

NOTE: the above data shows the observed frequency to compute the expected frequency.

Therefore, Expected frequency (E_f) = $\frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}$

$$\text{POSITIVE RESPONSE: } E = \frac{40 \times 130}{200} = 26$$

$$\text{NEGATIVE RESPONSE: } \frac{40 \times 50}{200} = 10$$

$$\text{NOT SURE RESPONSE: } \frac{40 \times 20}{200} = 4$$

Table 21: showing χ^2 calculated for senior staff of ITF Jos Plateau State

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
30	26	4	16	0.62
10	10	0	0	0
0	4	-4	16	4
30	26	4	16	0.62
10	10	0	0	0
0	4	-4	16	4
10	26	-4	16	0.62
20	10	10	100	10
10	4	6	36	9
30	26	4	16	0.62
5	10	-5	25	2.5
5	4	1	1	0.25
30	26	4	16	0.62
5	10	-5	25	2.5
5	4	1	1	0.25
$\Sigma \chi^2$				27.91

Calculation of degree of freedom (DF)

$$\begin{aligned}
 Df &= (R-1)(C-1) \\
 &= (5-1)(3-1) \\
 &= (4)(2) \\
 &= 8
 \end{aligned}$$

At 0.05 level of significance with 8DF, the critical value of the Chi-square (χ^2) from the chi-square distribution table is 15.51

DECISION: since the chi-square calculated is 27.91 which exceed the critical value of 15.51, the null hypothesis (H_0) which says that "There is no significant relationship between incentive packages and employee's performance in an organization" is rejected. Therefore the alternative hypothesis (H_1) is

accepted which says "There is a significant relationship between incentive packages and employee's performance in an organization".

Table 22: Test of Hypothesis Two for Junior Staff of ITF Jos Plateau State

Selected Questionnaire	Yes	No	Not Sure	Total
QUESTION 6	40	15	5	60
QUESTION 7	40	10	10	60
QUESTION 8	10	50	0	60
QUESTION 9	50	0	10	60
QUESTION 10	35	15	10	60
Total	135	90	35	300

NOTE: the above data shows the observed frequency to compute the expected frequency.

Therefore, Expected frequency (E) = $\frac{\text{Row total} \times \text{Column total}}{\text{Grand total}}$

$$\text{POSITIVE RESPONSE: } E = \frac{60 \times 135}{300} = 27$$

$$\text{NEGATIVE RESPONSE: } \frac{60 \times 90}{300} = 18$$

$$\text{NOT SURE RESPONSE: } \frac{60 \times 35}{300} = 7$$

Table 23: showing χ^2 calculated for Junior staff of ITF Jos Plateau State

O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
40	27	13	169	6.26
15	18	3	9	0.5
5	7	-2	4	0.57
40	18	22	484	26.89
10	27	-17	289	10.70
10	7	3	256	36.57
10	18	-8	64	3.56
50	27	23	529	19.59
0	7	-7	49	7
50	18	32	1024	56.89
0	27	-27	729	27
10	7	3	9	1.29
35	18	17	289	16.05
15	27	-12	144	5.33
10	7	3	9	1.29
ΣX^2				219.5

$$Df=(R-1)(C-1)$$

$$= (5-1)(3-1)$$

$$= (4)(2)$$

$$=8$$

At 0.05 level of significance with 8Df, the critical value of the Chi-square (χ^2) from the chi-square distribution table is 15.51

DECISION: since the chi-square calculated is 219.5 which exceeded the critical value of 15.51, the null hypothesis (H_0) which says that "Monetary and non-monetary incentive packages do not have significant impact on employees' productivity" is rejected. Therefore the alternative hypothesis (H_1) is accepted which says "Monetary and non-monetary incentive packages do have significant impact on employees' productivity in ITF.