Impact of incentives on employees’ performance in selected deposit money bank of South-Eastern region, Nigeria

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Abstract
Inadequate incentive is one of the major causes of poor performance by employees in organisations. The current study examined the impact of incentives on employees’ performance in selected Deposit Money Banks in South-East Region, Nigeria. The study employed descriptive survey research design. Population of the study was 1,967 employees selected in the banks. The sample size of the study was 433 respondents selected from the population. Closed-ended structured questionnaire was used to source for primary data. Cronbach’s Alpha and Composite Reliability Coefficients were used to measure the reliability of instrument. Data was processed using Partial Least Square Structural Equation Modeling (PLS-SEM). The findings showed that recognition, work environment and training have positive significant impact on employees’ performance. The study therefore, recommended that the management of the selected banks should continue to provide more recognition, comfortable work environment and adequate training to boost employees’ performance.

Keywords: Employees’ performance, incentives, recognition, work environment, training

1. Introduction
Abundance of resources such as infrastructure or physical facilities are made meaningless without the support of qualified human resources that directly ensure the continuity of operations in the institutions. Employee is the most determining factor in achieving organizational objectives (Eyanuku, 2021) [22]. Within the framework of the professionals, good employees’ performance mirrors the ability to contribute through their jobs leading to the achievement that is in accordance with the goals of the organisation (Muda, Rafiki & Harahap, 2014) [34]. In present dynamic economy, organisations require more well-qualified, dedicated and capable employees in order to perform and prosper in the intense work environment (Ayesha, 2015) [14]. Employees’ performance is critical to the success of organisations and the organisations should therefore endeavour to give incentives in order to increase their job performance (Eyanuku, 2021) [22]. Employees play vital roles in organisations. Their impacts are felt in the lives of all customers. In fact, employees are considered as the most important determinants of quality of services (Goldhaber & Hansen, 2010) [26]. Employees are recognised as in dispensable human resource and, indeed, a single most important element in the organisations, more importantly than the quality of equipment and materials (Yusuf & Dada, 2016) [71]. Incentives are the driving force that makes people willingly want to put in their best in what they do. Incentives involve how to make the individual put in extra effort willingly in the work setting. Incentive is that which inspires people to work; individually or in groups in such a way as to produce best results (Mensah & Tawiah, 2015). An employee who enjoys incentives has his/her goals aligned with those of the organisation and directs his/her efforts to that course (Salem, Abdul, Khairunneezaam & Othman, 2017) [59]. There are two types of incentives that determine employees’ performance (Al-Nsour, 2012) [11]. The financial and non-financial incentives. But this study concentrates on non-financial incentives such as: recognition, work environment and training.

1.1 Statement of the Problem
Despite this immeasurable role of employees in organisations, it is becoming worrisome that some employees perform low. However, many studies have been conducted on employees’ performance (Chukwuma, 2019; Elija, 2021; Eyanuku, 2021; Okolocha, Akam & Uchehara, 2014).
2021 & Ramli, 2019) [20, 21, 22, 44, 54] it was found that some organisations in Nigerian still experiences situation of low performance by employees (Agba & Ocheni, 2017) [5]. Several factors have been suggested to explain why some employees perform low or high in organisations. Some of these factors that have been considered include: incentive (Calvin, 2017; Al-Belushi & Khan (2017; Ghaffari, Shah, Burgoyne, Nazri, & Salleh, 2017 [17, 7, 25]), work environment (Afolabi, Abiola, Olaiya & Emeje, 2020; Agba & Ocheni, 2017; Vikas & Hitesh, 2016) [8, 5, 68, 20]. Training (Paul & Audu, 2019; Afaq, Sardar, Raja, Mohsin, & Mouazzam, 2016; Falola, Osibanjo & Ojo, 2014) [51, 3, 45], recognition (Chukwuma, 2019; Ndungu, 2017; Richa & Amrinder, 2015) [20, 41, 56] among others. The study found that relationship between incentives and employees’ performance is scanty especially in relation with employees’ performance in the banks (Le & Chiou, 2015; Alfandi & Alkahsawneh, 2014; Abdullah & Wan, 2013) [31, 8, 2]. It is against this background that this study tends to examine the impact of incentives on employees’ performance in banks in South-East Nigeria.

1.2 Research Questions
The following are the research questions;

i. To what extent does recognition impacts employees’ performance?
ii. To what extent does work environment impacts employees’ performance?
iii. To what extend does training impacts employees’ performance?

1.3 Objectives of the Study
The general objective of this study is to investigate the impact of incentives on employees’ performance in banks in South-Eastern Nigeria. However, the specific objectives of this study are to:

i. Determine the impact of recognition on employees’ performance;
ii. Examine the impact of work environment on employees’ performance;
iii. Determine the impact of training on employees’ performance.

1.4 Research Hypotheses
H₀: Recognition has no significant impact on employees’ performance.
H₁: Work environment has no significant impact on employees’ performance.
H₂: Training has no significant impact on employees’ performance.

2. Literature Review and Theoretical Framework
2.1 Concept of Employees’ Performance
Employees’ performance is defined as the timely, effective, and efficient completion of mutually agreed-upon tasks by employees in accordance with the organization’s policies and procedures (Vikas & Hitesh, 2016) [68]. Employees’ performance in organisations has been studied by various researchers (e.g., Abba & Mugizi, 2018; Hamilton, 2019) [1, 27], who have discovered that employees role include rendering quality services to customers in the organisations.

2.2 Concept of Incentives
Incentives refer to any and all of the methods, both financial and non-financial, that organisations use to positively encourage employees in a way that increases their productivity rate and improves their overall performance (Saleem et al., 2017) [59]. In order to achieve the organisational goals, incentives are used to motivate employees to work more efficiently. Furthermore, the absence of appropriate incentives may have a negative impact on the hardworking employee's performance; it may also have a negative impact on their productivity at work, which reduces the likelihood of the organisation achieving its ambitious goals (Palmer, 2012). Incentive is a concept that encompasses both financial and moral values, and they serve as a focal point for a variety of activities in modern organizations and work environments (Alfandi & Alkahsawneh, 2014) [9].

2.2.1. Recognition
Recognition is the expression of gratitude, appreciation, or approval for positive accomplishments or behaviours on the part of an individual or a group (Alam, Saeed, Sahabuddin & Akter, 2013) [8]. Employee recognition, according to Nyakaro (2016) [43] is the act of recognizing or drawing special attention to the actions, efforts, behaviour, or performance of an employee. Recognition is the most widely used and powerful tool used to make employees perform to their full potential in organisations (Vikas & Hitesh, 2016; Sun, 2013) [60]. Thank you notes, pins, plaques, award ceremonies, gift vouchers, staff photographs in the organisation newsletter, and inclusion on the organisation's wall of fame are just a few examples of non-monetary incentives that Vikas and Hitesh (2016) [68] identified as effective ways to express gratitude.

2.2.2 Work Environment
The health and well-being of employees is the primary concern of the workplace environment. Work environment is a composition of three major sub-environments which include the technical environment, the human environment and the organisational environment (Yusuf & Metiboba, 2012) [72]. According to Ruchi and Surinder (2014) [57], the work environment is defined as the physical, mental, and social environment in which employees collaborate and perform their jobs, with the results of their work being analyzed for improved effectiveness and increased performance. An attractive and supportive work environment can be defined as one that attracts individuals to an organization, encourages them to remain as employees, and provides them with the resources they need to perform their jobs effectively (Asigele, 2012) [13].

2.2.3 Training
The purpose of training is to develop the way of thinking, skills, analysis and resolve problems, thus resulting to optimum performance (Amir & Amen, 2013) [12]. Training is the organized way in which institutions provide development and enhance quality of new and existing academic staff (Nda & Fard, 2013) [39]. Training is viewed as a systematic approach of learning and development that improve individual, group and institution (Khawaja & Nadeem, 2013) [29]. Thus it is the series of activities embarked upon by organisations that leads to knowledge or skills acquisition for growing purposes, thereby contributing...
to the well -being and performance of human capital, organisation, as well as the society at large.

2.3 Empirical Review
A lot of literatures have been reviewed from different studies on incentive related factors and employees’ performance. for instance (Elijah, 2021; Rwthumio, Mbirithi, & Iotolondo, 2021; Omar, Sel, & Rafie, 2020; Hamilton, 2019; Chukwuma, 2019; Afolabi, Abiola, Olaiya, & Emeje, 2020; Agba & Ocheni, 2017; Sulaiman, Abdisamad, Oluwatosin & Malik, 2020; Eyanuku, 2021; Okolocha, Akam & Uchehara, 2021; Thevanes & Jathurika, 2021; Lewis, Olowo, & Okotoni, 2020) [21, 38, 46, 27, 214, 5, 65, 22, 46, 67, 32]. However, the findings of the reviewed previous studies may not be generalized because of the scope and geographical factor. Thus, this study is unique and tends to contribute to knowledge by investigating the impact of incentives on employees’ performance in banks in Eateern Nigeria

2.4 Theoretical Framework of the Study
This study is hinged on Vroom (1964) Expectancy Theory. It is because the Expectancy Theory highlights the impact of incentives on employee performance. Employees are more satisfied with their jobs when they are rewarded. Individuals’ tastes influence the value of rewards. A good work environment and tangible recognition may be enough for some employees, while training opportunities to increase knowledge and skills may be sufficient for others.

2.5 Research Model

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<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
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<tbody>
<tr>
<td>Recognition</td>
<td>Employees’ Performance</td>
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<tr>
<td>Work Environment</td>
<td></td>
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<tr>
<td>Training</td>
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![Fig 1: Research Model](http://www.marketingjournal.net)

The model in figure 1 represents the framework of the study. The independent variables are recognition, work environment and training predicting the dependent variable employees’ performance.

3. Research Methodology
3.1 Research Design
This present study employed quantitative research approach to assess the impact of incentives on employees’ performance. The unit of analysis of this study is the bankers (managers, cashiers, accountants, heads of units). The population of the study is 1,967, which is the total number of employees in the selected Deposit Money Banks in South Eastern Nigeria. The sample size of the study was 443 respondents selected from the population. The primary data was sourced through the issuance of close ended structured questionnaire to the respondents by hand. The questionnaire was designed with 5 point likert scales and 47 items. Cronbach Alpha Coefficient and Composite Reliability Coefficients were used to examine the reliability of the instruments used. Data were analysed using descriptive statistics and multiple regression as can be seen from the tables.

3.2 Descriptive Statistics
The descriptive statistics showing the number of returned and usable copies of questionnaire, the mean and standard deviation are represented in table 1.

<table>
<thead>
<tr>
<th>Table 1: Descriptive Statistics</th>
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<tr>
<td>N</td>
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<tr>
<td>Training</td>
</tr>
<tr>
<td>Recognition</td>
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<tr>
<td>Work environment</td>
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<tr>
<td>Employees’ performance</td>
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</table>

The descriptive statistics for employees’ performance, training, recognition and work environment are in table 1. All these variables were measured using a five-point Likert scale. From the table a mean of 2.80 and standard deviation of 0.74 were recorded for training and this is above the average (2.5) of the Likert scale used in the study. Also, a mean of 3.93 and standard deviation of 0.55 were recorded for recognition which is also higher than the average. This is an indication that the employees are having high concern for the recognition provided by the banks. For work environment, a mean of 3.58 and standard deviation of 0.66 were recorded. This is above the average and this implies employees are developing high concern for the environment they work. In the study, a mean and standard deviation of 3.33 and 0.63 respectively were recorded for employees’ performance. This means that the employees are perceiving their performance to be high.

3.3 Test of Hypotheses
Here, the hypotheses were tested to determine the direct impact of training, recognition, work environment and job satisfaction on employees’ performance. This will help test H01, H02, H03Thus, Table 2 is presented.

<table>
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<th>Table 2: Direct path coefficient</th>
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<tr>
<td>Hypotheses</td>
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<tr>
<td>H1</td>
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<td>H2</td>
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<td>H3</td>
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*** p < 0.01; ** p < 0.05; * p < 0.1

From Table 2, it can be deduced that recognition has a positive significant effect on employees’ performance (Beta = 0.101, t-value = 2.330 and P value = 0.020) at 0.05 significant level. This means a unit change in recognition
will lead to 10.1% change in employees’ performance. As a result, hypothesis one that states that recognition has no significant impact on employees’ performance is rejected. Similarly, work environment has positive significant effect on employees’ performance (Beta = 0.244, t-value = 3.901 and P value = 0.000) at 0.01 significant level. This means that as work environment increases by one unit, employees’ performance increases by 24.4%. Thus, our second null hypothesis that states that work environment has no significant effect on employees’ performance is also rejected. Also, training was discovered to have positive significant effect on employees’ performance (Beta = 0.100, t-value = 2.851 and P value = 0.004) at 0.01 significant level. This implies that a unit change in training leads to 10% change in employees’ performance.

3.3.1 Coefficient of Determination
The R-square ($R^2$) is the measure of the predictive accuracy of a model, which is calculated as the squared correlation between the endogenous (dependent variable) construct’s actual and predicted value (Hair et al., 2013). The $R^2$ value of the endogenous variable is presented in Table 3. Chin (1998) [18] proposed that $R^2$ values of 0.67, 0.33, and 0.19, to be considered as substantial, moderate, and weak respectively in the PLS-SEM modeling.

<table>
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<tr>
<th>Construct</th>
<th>R Square ($R^2$)</th>
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<tr>
<td>Employees’ performance</td>
<td>0.319</td>
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Going by the result presented in table 3, it can be seen that the $r$ square value stood at 0.319 which implies that 31.9% variation in employees’ performance is explained by recognition, work environment and training while the remaining 68.1% is explained by other factors not included in this model. Going by the provision Chin (1998) [18], the $r$ square can be considered weak.

3.3.2 Discussion of Findings
Employee recognition was discovered to have positive significant effect on employees’ performance. Going by the result, staff are highly sensitive to their recognition by the employers. The banks nowadays should consider recognition as a motivating tool for employees’ performance. Going by position of expectancy theory, staff recognition constitutes a factor capable of boosting employees’ performance. This might be responsible for the positive impact recognition has on employees’ performance. Thus, as staff continue to develop positive perceptions toward their recognition by the employers, performance will continue to increase. This finding is consistent with the findings of (Chukwuma, 2019; Ndungu, 2017; Alam et al., 2013; Richa & Amrinder, 2015) [20, 41, 8, 50].

Work environment has positive significant effect on employees’ performance. The more employees in these banks develop positive perceptions toward the work environment, the more their performance increase. Most banks seek to improve the standard of their products and to do this, a favourable working environment like adequate security, staff involvement in decision making, and good relationship with staff and employers are needed. This might be responsible for work environment having positive effect on employees’ performance. This finding supports the study of (Afolabi et al., 2020; Nasidi et al., 2019; Naharuddin & Sadegi, 2013; Nanzushi, 2015; Agba & Ocheni, 2017; Oyewole et al., 2019) [4, 38, 36, 37, 5, 49]. In addition, the study findings support the Two Factor Theory which points out that the environment in which the job is performed motivates the staff to perform better.

Based on the findings of this study, employees are also seen to be developing positive perceptions toward training provisions of the banks. Training was found to have positive significant effect on employees’ performance. This implies that training enables the employees; acquire more skills and knowledge to carry out their tasks, improve their problem solving skills, improve their ways of thinking and analyzing, improve their decision making skills, ensures growth and development, maximizes their potentials and make them to work effectively and efficiently, thus making it imperative for employees to continually improve on their performances. This finding is consistent with the findings of (Elijah, 2021; Rwothumio et al., 2021; Sulaiman et al., 2020; Paul & Audu, 2019; Olokundun et al., 2018; Bibi et al., 2018; Afaq, et al., 2016) [21, 58, 65, 51, 65, 16, 17] as the authors found positive significant effect of training on staff performance.

4. Conclusions
The study examined the impact of recognition, work environment and training on employees’ performance. Based on the findings, the study concludes that recognition, work environment, and training have positive significant impact on employees’ performance. The better the recognition, work environment and training the more it will increase the employees’ job performance.

4.1 Theoretical Contribution
Theoretically, a comprehensive review of literature on incentives and employees’ performance mainly adopted different theories (like theory of Herzberg, 1966; McClelland, 1962; Skinner, 1953). Expectancy Theory was employed in this study to analyse the impact of incentives on employees’ performance. This is because Expectancy Theory emphasizes on the importance of incentives on employees’ performance. Incentives are means of achieving targeted performance levels. The value of incentives depends on individual employees preferences.

4.2 Practical Contribution
Based on its empirical findings, the study has made several contributions to the body of knowledge, particularly in the literature concerns with training, work environment, recognition and employee performance. Also, a lot of studies have tried to answer the question on what motivates employees to perform low or high in organisations. Among these studies, recognition, work environment and training were found to have most predictors of employees’ performance.

4.3 Limitations of the Study
Data was collected from employees of the selected banks in South-Eastern Nigeria. As a result, the findings of the study may not be extended beyond the employees of this region. Only questionnaires were utilized as the method of data collection. Therefore, it might be difficult to win voluntary cooperation of the respondents as it constitutes a major determinant of the accuracy of the feedback. This is however beyond the researcher’s ability to ascertain.
Insecurity in the Eastern Nigeria was another factor that limited data collection in some banks. Also, finance is another constraint in this study. High cost in subscribing for data, printing and photocopying of documents affected the researcher in carrying out this study.

5. Recommendations
Based on the findings of the study, the following recommendations are made:
1. The management of the banks should provide the employees with more recognition. Employees should be allowed to participate in decision making so that they feel that their opinions are important for development of the banks, and rewards should be provided equitably for performance.
2. The management of the banks should also ensure that the work environment is comfortable enough by providing such resources as; good relationship with the staff, clear and non-contradictory policies and procedures, enough authority to perform duties, adequate and timely communication and conducive environment were honesty and openness are valued.to support the employees.
3. The banks should improve the skills of its employees frequently by providing adequate training programs (workshop and in-service programs) targeted at the employees training requirements. This will help improve their abilities and ultimately increase their performance. It is further recommended that appropriate training methods should be applied at the right time.

5.1 Suggestions for Further Study
This study could be replicated by covering a larger geographical area, so that generalizations can be made. The study could be replicated in other sectors of the economy other than bank. Finally, the research model was able to explain 31.9% of the total variance in employees’ performance, which means there are other latent variables that could significantly explain the variance in employees’ performance. In other words, the remaining 68.1% of the variance for employees’ performance could be explained by other factors such as communication, job security, interpersonal relationship, leadership style among others.

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