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Incentives on Performance and Organizational Performance of Deposit Money Banks in Port Harcourt

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Abstract: *This study examined the relationship between incentives on performance and organizational performance of Deposit Money Banks in Port Harcourt. The study adopted the cross-sectional survey in its investigation of the variables. Primary data was generated through structured questionnaire. The population of the study was 113 employees of 19 of Deposit Money Banks in Port Harcourt. There was no need for sampling because the population was small. The research instrument was validated through supervisor's vetting and approval while the reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Sciences. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. The study findings revealed that there is a significant relationship between incentives on performance and organizational performance of Deposit Money Banks in Port Harcourt. The study thus recommends that Deposit Money Banks should provide equitable incentives to their workers, as happy workforce tends to work hard by putting in their best to achieve organizational goals. In conclusion, an effective reward system aimed at increasing employees' job satisfaction is recommended in these organizations.*

Keywords: *Incentives, Performance, Organizational Performance of Deposit Money Banks*

INTRODUCTION

Incentives are considered one of the most important factors that encourage workers to put forth great efforts and work more efficiently. It is because incentives and reward system direct workers capabilities into more efficiency in their work in an attempt to achieve the institution's goals (Gana and Bababe, 2011). In addition, the absence of the suitable incentives may negatively affect the hardworking employee's performance; it may also weaken their productivity at work which decreases the chances of attaining the promising goals of the institution (Palmer, 2012). Being a major element in tourism industry, it is necessary for travel and tourism organizations to provide incentives to motivate their employees. Such incentives are a significant factor in encouraging employees and increasing their enthusiasm at work which results in improving the general performance and increasing the productivity.

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;Scheepers, 2009). Incentive programs are put in place by various organisations to compensate and reward performance of employees who perform more than expectation (Schiller, 1996). 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 (Koontz, 1984). Luthans (1998) divided these incentives into monetary incentives and non-monetary incentives which is also known as financial or non-financial incentives. This study therefore examines the relationship between incentives on performance and organizational performance of deposit money banks in Port Harcourt. Furthermore**,** this study was guided by the following research questions:

i. What is the correlation between incentives on performance and service delivery of deposit money banks in Rivers State?
ii. What is the correlation between incentives on performance and growth of deposit money banks in Rivers State?

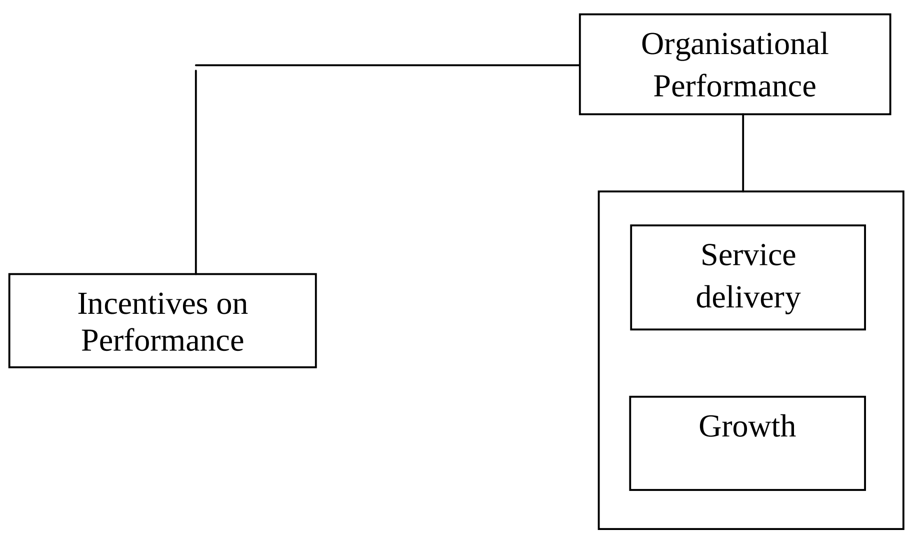

Fig.1: *Conceptual Framework for the relationship between incentives on performance and organizational*

Source: *Author's Desk Research, 2019*

LITERATURE REVIEW

Theoretical Foundation

Contingency Theory

The contingency theory, which is also known as known as best fit HRM, there are no universal prescription of HR policies and practices. It is all contingent on the organization's context, culture and its business strategy (Wright & Snell, 2005). Contingency scholars have argued that HR strategy would be more effective only when appropriately integrated with a specific organizational and environmental context. The best fit theory emphasizes the importance of ensuring that HR strategies are appropriate to the circumstances of the organization, including the culture, operational processes and external environment. HR strategies have to take account of the particular needs of both the organization and its people. It explores the close link between strategic management and HRM by assessing the extent to which there is vertical integration between an organization's business strategy and its HRM policies and practices (Schuler & Jackson, 1987; Dyer, 2005). Wright, McMahan and McWilliams (1994) state that vertical integration between business strategies or the objective of the business and individual behavior and ultimately individual, team and organizational performance is at the fore of core models of SHRM. Inherent in most treatments of fit is the premise that organizations are more efficient and/or effective when they achieve fit relative to when a lack of fit exists (Legge, 2005). This vertical integration or 'fit' where 'leverage' is gained through procedures, policies and processes is widely acknowledged to be a crucial part of any strategic approach to the management of people (Dyer, 2005).The best fit therefore ensures an explicit link or relationship between internal people processes and policies and the external market in business strategy, and thereby ensures that competences are created which have a potential to be a key source of competitive advantage (Wright, Gardner & Allen, 2005). According to the contingency approach, SHRM is not the ultimate factor that contributes to improved firm performance; it has to be integrated with other factors and the impact of HR practices in firm performance is conditioned by an organization's strategic posture. A firm's approach to competition depends on, or makes use of the talents and capabilities of employees, then HR practices would be more likely to have an impact on performance; otherwise the connection between HR and performance might be minimal.

Incentives on Performance

Financial incentives are a core feature of most workplaces. One of the most common incentive systems are performance-incentive systems, also referred to as pay-for-performance (Cadsby, Song & Tapon, 2007) or merit-based pay (Castilla, 2008). Performance incentives are typically defined as rewards that are provided to employees if they meet or exceed a specific standard in a targeted task (Shomstein & Johnson, 2013). Performance incentives are practically ubiquitous across diverse occupations and industries: sales agents receive a bonus for sales, call center employees earn more for each call, and CEOs receive stock options based on quarterly performance. In 2017, about 90% of top-performing companies in the U.S. used performance incentives to motivate their employees (Jakobson, 2017). Performance incentives are also thought of as a means to solve a problem called an 'agency dilemma.' Agency dilemmas tend to occur when employees (i.e., an agent) invest effort on behalf of an organization (i.e., a principal), because their personal interests are often misaligned with organizational interests (Eisenhardt, 1989). For example, employees might want to do the least amount of work required whereas an organization would prefer that employees go above their normal job description and perform as optimally as possible. One solution to this dilemma is to reward employees for their performance (e.g., selling as many cars as possible) as opposed to rewarding them for their engagement in a task (e.g., being at work from nine to five; Laffont & Martimort, 2009). In sum, organizations use performance incentives to align employees' interest to that of the organization and to motivate them to give their best effort (Lazear, 2000).

Organizational Performance

Organisational performance as a concept is different from the broader construct of organizational effectiveness. According to Venkatraman and Ramanujam (1986), the broader construct covers three overlapping concentric circles, with the largest representing organizational effectiveness. The organizational effectiveness covers all aspects related to the functioning of the organization (Cameron, 1986a). Business performance or firm performance is a subset of organizational effectiveness that covers both operational and financial outcomes.

Measures of Organizational Performance

Growth

The growth demonstrates a firm's past ability to increase its size (Whetten, 1987). The growth in the size, even at the same profitability level, will increase its absolute amount of profit and cash generation. Larger size of firms also may bring economies of scale and market power, leading to enhanced future profitability of firms. Rajesh Ramkumar *et al.,* (2015) pointed out that the development of financial markets has significant impact on economic growth. The stock indices, apart from being an indicator of the market movements, serve as a benchmark for measuring the performance of stocks under that index (Selvam *et al.,* 2012). Employee Satisfaction refers to employees' satisfaction with their roles and responsibilities, the work environment, and their experiences with management. It is necessary to find out what mix of benefits matters most to them, and what skills they wish to acquire as they develop their careers.

Service Delivery

Selvam (1992) stressed that the efficiency service delivery (Customer Satisfaction) of corporate need to be evaluated from the view point of passengers (Customer), operators, bus crew / managers, government, public or personal observation. Customer and employee satisfaction are two further aspects to be considered in all contexts. Customers want companies to provide them with goods and services that match their expectations (Fornell et al., 1996). The customer is the focus point to improve the business (Selvam, M., 2005). The companies must understand the needs of a customer avoid defects and improve the perceived quality of the services, in a competitive era and add value to their offerings. Customer satisfaction increases the willingness-to-pay and in the process, the value is created by a company (Barney & Clark, 2007). Environmental performance indicator is an analytical tool, to compare various plants in a firm or various firms in an industry, with respect to certain environmental characteristics. Strategy is the approach selected to achieve defined goals in the future. According to Chandler (1962) it is: 'The determination of the long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals.

Relationship between Incentive on Performance and Organisational Performance

Odeh's and Awad's study tried to identify the quality and role of incentives, given to the employees at Nables hospital in Palestine, in enhancing the employees' performance. The results showed that the majority of employees agree that there are very few moral and concrete incentives; however, the results showed that there is no direct relationship between the incentives and the employees' performance. Al-Nsour (2012) conducted a study aimed to investigate the impact of financial and moral incentives on organizational performance for the employees of the Jordanian Universities. This study aims at identifying the role of the Jordanian universities in meeting the employees' societal needs, knowing the implemented incentives approach and knowing the level of performance in the Jordanian universities. The study found that there is an adequate level of incentives provided to employees. Financial incentives ranked in 1st place while moral incentives ranked in the 2nd place. In addition, it was found that there is a high level of organizational performance. Customer satisfaction ranked in the 1st place, internal business process in the 2nd place followed by learning and growth. There is relationship between financial & moral incentives and organizational.

Al-Fares (2011), on the other hand, attempted to clarify the relationship between the incentives methods employed in four public institutions. He found that there is a strong relation between the incentives and loyalty towards the organization which, as a result, affects the performance at work. The study recommended that there should be more attention devoted to developing the incentives given to the employees as to enlist the employees to become activists in the institution.

A successful organization is the one which can efficiently exploit its employees' skills and qualifications. Therefore, scholars have worked hard as to come up with a comprehensive description of how to enhance the professionalism of the employees and how the administration chooses active individuals, and also how to connect the institutions' goals to the personal objectives of the individuals which will improve their performance. It is plausible to say that successful organizations set an active incentive system capable of affecting the employees' performance in a way that pushes them into working harder and maintaining the goals of the institution. In addition, it is noticeable that motivating employees may help them to overcome a lot of their obstacles at work (Palmer, 2012).

From the foregoing point of view, we hereby hypothesized thus:

Ho_1: There is no significant correlation between incentives on performance and service delivery of deposit money banks in Rivers State.

H_{02}: There is no significant correlation between incentives on performance and profitability of deposit money banks in Rivers State.

METHODOLOGY

The study adopted the cross-sectional survey in its investigation of the variables. Primary data was generated through structured questionnaire. The population of the study was 113 employees of 19 of Deposit Money Banks in Port Harcourt. There was no need for sampling because the population was small. The research instrument was validated through supervisor's vetting and approval while the reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson

Product Moment Correlation with the aid of Statistical Package for Social Sciences. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

DATA ANALYSIS AND RESULTS

Table 1: ***Correlation Incentives on Performance and Service Delivery***

		Incentives on Performance	Service Delivery
Incentives on Performance	Pearson Correlation	1	.925**
	Sig. (2-tailed)		.000
	N	103	103
Service Delivery	Pearson Correlation	.925**	1
	Sig. (2-tailed)	.000	
	N	103	103

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

Source*: IBM SPSS Analysis Result, 2019*

Table 1: displayed the test result of hypothesis three. The table revealed a significant positive nexus between I.O.P and SD with a Pearson correlation coefficient value of 0.925 p-value = 0.000. The implication of this is that there exist a very strong positive nexus between incentives on performance and service delivery

Decision

Since the p-value (0.000) < (0.05), the null hypothesis was not supported

Ho_2: There is no significant correlation between incentives on performance and service delivery of deposit money banks in Rivers State.

Table 2: Correlation for Incentive and Organizational Performance

		Incentives On Performance	Growth
Incentives on Performance	Pearson Correlation	1	.992**
	Sig. (2-tailed)		.000
	N	103	103
Growth	Pearson Correlation	.992**	1
	Sig. (2-tailed)	.000	
	N	103	103

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

Source: *SPSS Result of Field Survey, 2019.*

Table 2 displayed the test result of hypothesis five. The table revealed a significant positive nexus between incentives on performance and growth with a Pearson correlation coefficient value of 0.992 p-value = 0.000. The implication of this is that there exist a very strong positive nexus between incentives on performance and growth

Decision

Since the p-value (0.000) < (0.05), the null hypothesis was not supported

DISCUSSION OF FINDINGS

Empirical findings of this study support the existence of relationship between incentives on performance and organisational performance of deposit money banks studied which operate in Rivers State. The findings support the position of the study by

CONCLUSION AND RECOMMENDATIONS

This study concluded that incentives on performance significantly predict service delivery of deposit money banks in Rivers State. Incentives on performance significantly predict growth of deposit money banks in Rivers State. The study thus recommends that Deposit Money Banks should provide equitable incentives to their workers, as happy workforce tends to work hard by putting in their best to achieve organizational goals. In conclusion, an effective reward system aimed at increasing employees' job satisfaction is recommended in these organizations.

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