

Assessing the Relationship between Rewards and Employees' Motivation in Some Selected Non-Profit Organizations in Abuja, Nigeria

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Abstract: The objective of this study is to examine the extent to which reward management system has an impact on the motivation of employees working in four selected non-profit organizations in Abuja, Nigeria. More specifically, this study assesses the relationship between intrinsic rewards, extrinsic rewards, and employees' motivation. To achieve this objective, a self-designed questionnaire was used and distributed to the population of this study which consists of the employees of four organizations (Action Aid Nigeria, African Development Foundation (ADF), African Youth Growth Foundation (AYGF) and Think Nigeria First Initiative) in Abuja. A total of 180 questionnaires were distributed, among which 154 were returned, resulting in a response rate of 85.55%. Using Spearman correlation and multiple regression techniques, the analysis of data reveals a positive and statistical significant relationship between extrinsic rewards and employees' motivation. However, intrinsic rewards do not have any significant impact on employees' motivation.

Keywords: Rewards; Employee motivation; Non-Profit Organization (NGO); Intrinsic, Extrinsic.

Type: Research paper



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1. Introduction

Organizations are facing several challenges due to the dynamic nature of the environment and the world we are today. One of the many challenges for a business is to acquire the right workforce and retain it as well as to satisfy its employees in order to deal with the ever changing environment and to achieve success and remain relevant. Human asset is considered the most important asset of any organization now. In order to get effective upshot from human resource, employee motivation is indispensable. Employee will give their utmost best when they have the feeling that the management will reward

their efforts. There are many factors that affect employee performance like working conditions, worker and employer relationship, training and development opportunities, job security, and companies' overall policies and measures for rewarding employees, etc. Motivation that comes with reward is of the most significant importance among all the factors that affect employee performance. Motivation involves amassing different processes, which influence the individual behavior to achieve some definite goal (Baron, 1983). This study is therefore set to examine the employee's motivation of an organization with the rewards (both extrinsic and intrinsic) given to them. For the study, particularly employees of non-profit organizations in Abuja, Nigeria will be selected, and as a sample, employees would be taken from four non-profit organizations in Abuja, Nigeria, namely, Action Aid Nigeria, African Development Foundation (ADF), African Youth Growth Foundation (AYGF and Think Nigeria First Initiative. Rewards can be extrinsic or intrinsic, extrinsic rewards are tangible rewards and these rewards are outside to the job or task performed by the employee. Outside rewards can be in terms of salary/pay, incentives, bonuses, promotions, job security, and so forth. Intrinsic rewards are intangible rewards or emotional rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation subsequently to achieving the goal.

Frey (1997) contends that once pay surpasses a subsistence level, intrinsic factors are more grounded motivators, and staff motivation requires intrinsic rewards such as satisfaction at doing a good job and a feeling of accomplishing something advantageous. Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. An organization must carefully set the reward system to evaluate the employee's performance at all levels and then rewarding them whether visible pay for performance or invisible satisfaction. The concept of performance management has given a reward system which contains; needs and goals alignment between organization and employees, rewarding employees both extrinsically and intrinsically. The system additionally suggests that where training and development is required by the employee in order to complete the defined goals. This training or development required evaluation of employee gives them an intrinsic motivation.

2. Research Questions

The accompanying research questions guide this study.

- I. What are the effects of intrinsic reward on employees' motivation?
- II. What are the effects of extrinsic performance on employees' motivation?

3. Objectives of the Study

The general objective of this study is to discover the relationship between rewards and employees' motivation in some selected non-profit organizations in Abuja, Nigeria. More objectives that are specific are:

- I. To examine the effect of intrinsic rewards on employee's motivation

II. To examine the effect of extrinsic rewards on employees' motivation

4. Hypothesis of the Study

From the above objectives, the following hypotheses were formulated for this study

H₁: There is a direct relationship between intrinsic rewards and employee motivation

H₂: There is a direct relationship between extrinsic rewards sand employee motivation

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4. Significant of the Study

This study examines the relationship between rewards and employee's motivation in the non-profit organizations of some selected firms in Abuja, Nigeria. This study would be an idea about relative importance of extrinsic and intrinsic rewards. Management can get a better idea while preparing its reward system on what kind of reward system would be given the most importance and at what stage it will be adopted.

5. Literature Review

The most important resources of gaining competitive advantage above competitors by an organization is the strength of human resource maintained. Moreover, this resource can be, sustained and optimally utilized through motivating it using different techniques among which reward is imperative. Carraher et al (2006) and Alareeni and Deghish (2016) posits that there should be an effective reward system to hold on to the high performers in the organization and reward should be, associated to their efficiency. In order to maximize the performance of the employees' organization must make such policies and procedures and plan such reward structure under those policies and procedures which increase employee satisfaction and motivation. An impressive measure of work has been done on evaluating the relationship between rewards and employee motivation and there exist a broad number of studies in the literature describing impact of reward on employee motivation. Bishop (1987) opined that pay is directly related with productivity and reward system depends upon the size of an organization.

In today's competitive environment, organizations want to determine the levelheaded steadiness between employee loyalty and commitment, and performance of the organization. The existing literature on individuals' innovative performance uncovers a wide cluster of individual and organizational antecedent factors. Among numerous individual antecedents that impact employees' innovative performance are attitudes (Williams, 2004), cognitive styles (Scott and Bruce, 1994), personality and demographic characteristics such as age, education background, and prior R&D experience (Roberts, 1991 and Rothwell, 1992). Efficient reward framework can be a decent motivator however an wasteful reward system can prompt demotivation of the employees Reio and Callahon

(2004) infers that both intrinsic and extrinsic rewards motivates the employee resulted in elevated productivity. Most organizations have picked up the huge progress by completely complying with their business methodology through an all round adjusted reward and recognition programs for workers.

The motivation of employees and their efficiency can be, upgraded through giving them effective recognition, which at last will results in improved performance of organizations Deepro (1994). The whole achievement of an organization depends on how an organization keeps its employees motivated and in how they evaluate the performance of employees for job compensation. Once in a while management pays more attention to extrinsic rewards but intrinsic rewards are similarly critical in employee motivation. Intangible or psychological rewards like thankfulness and acknowledgement assumes a fundamental part in motivating employee and increasing his performance. Andrew (2004), reasons that dedication of employees relies on rewards and recognition. Ajila and Abiola (2004) examine that intrinsic rewards are rewards contained in the employment itself like fulfillment from finishing a task successfully, appreciation from the supervisor, self-sufficient, and so on, while extrinsic rewards are substantial rewards like pay, bonuses, fringe benefits, promotions, and so forth. Tosti and Herbst (2009) examine about behavior systems approach which can be utilized to accomplished a customer focused organization through cases and reports from consultation cases. Filipkowski and Johnson (2008) analyzed the connections between measures of employment uncertainty, organizational duty, turnover, non-attendance, and laborer performance within a manufacturer.

A positive relationship was found between work uncertainty and expectations to turnover, and a small negative correlation was found between measures of job instability and organizational commitment. Johnson et al (2010) set up the impact of presenting organizational information through implicit and explicit rules on sales related target behaviors in a retail setting. Results demonstrated that when organizational information was introduced in a particular form, productivity was expanded and kept up longer than when displayed in other forms.

6. Theoretical framework

6.1 Herzberg's Two-Fold Factor Theory

The two-fold factor theory is based on the postulation that the job itself contains sources of contentment and discontent as well as motivators. The two factors (hygiene factors and motivators) that will influence the motivation levels of employees as developed by Herzberg in 1959 is based on his inquiry about the attitudes of employees in n organization. Happy feelings of worker are caused by one or two factor, and these factors were, overall, task-related. The other grouping was primarily present when feelings of discontent or bad attitude were evident; these factors were not directly related to the job itself, but to the conditions that surrounded doing that job. Tietjen and Myers

(1998) mentioned the following factors to be: **Groupone**, named **motivators**, or job factors that influence job satisfaction and include recognition, empowerment and autonomy, challenging tasks, intrinsic nature of work and the opportunity for personal growths. **Grouptwo**, **hygiene** factors are extrinsic aspects of the job that comes within the employees and consist of pay, bonuses, fringe benefits, promotion, job security, company policies, working conditions and the nature of supervision. These factors answer those uniquely human needs for achievement and growth (Herzberg, 2003; Alqallaf and Alareeni, 2018). The motivators therefore, produce job satisfaction while the presence of hygiene factors merely maintains the status and prevent employee frustration.

Factors intrinsic within or inside the work itself are, referred to motivators, such as the recognition of a task completed, achievements, opportunities for growth and advancements. According to Wong, Siu and Tsang (1999), the true motivators that engender job satisfaction are the intrinsic factors. Thus, accordingly the dual factor theory posits that employees can only be motivated by motivators force, while hygiene factors can be a demotivating factors to employees if absent. This theory further proposed that intrinsic and extrinsic factors are interdependence to each other. The presence of extrinsic factors will only remove employees' work dissatisfaction but it will not provide job satisfaction. On the other hand, sufficient supply in intrinsic factors will cultivate employees' inner growth and development that will lead to a greater productivity and performance; however, absence of this factor will only neutralize their feelings neither satisfy nor dissatisfy on their job.

7. Research Design and Methodology

Figure 1, 2 and 3 respectively represent the study framework

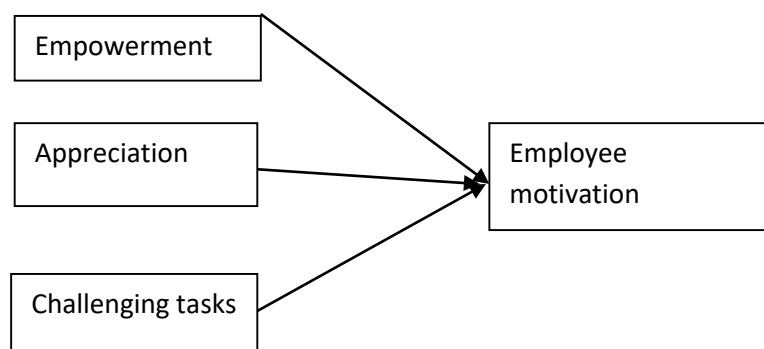


Figure 1: Intrinsic Rewards and Employee's Motivation
Source: Self Construct.

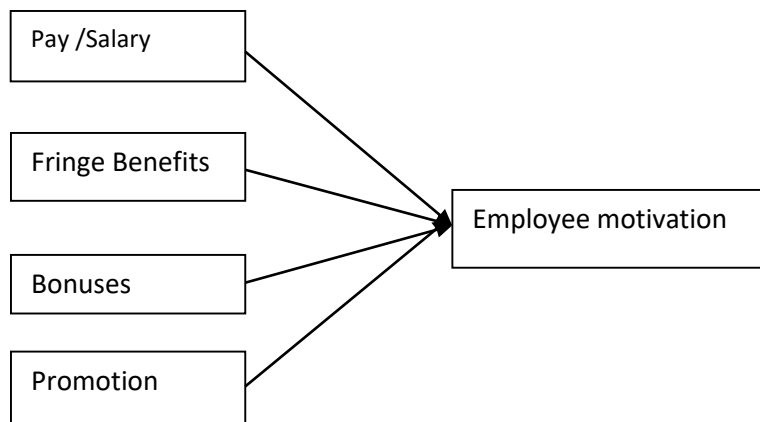


Figure 2: Extrinsic Rewards and Employee's Motivation
Source: Self Construct

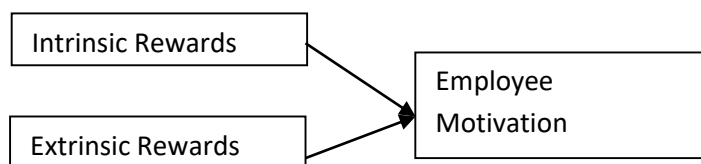


Figure 3: Research Framework

7.1 Sampling

Using convenience method of sampling, 285 questionnaires were, distributed among the employees of our selected non-profit organizations in Abuja. From the 285 questionnaires that were distributed, 154 questionnaires were returned and found to be usable. Therefore, the response rate was 83.2 percentage.

7.2 Data Collection

A Self-premeditated questionnaire was developed for this study and was used for data collection. The questionnaire was divided into two parts; one containing socio-demographic questions of the respondents and the second part containing questions related to variables that are extrinsic and intrinsic rewards and employee motivation. The indicators used for measuring extrinsic rewards in this study are pay, bonuses, fringe benefits, and promotions while the indicators for measuring intrinsic rewards are empowerment and autonomy, recognition and appreciation, and challenging tasks. A Five Point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used to measure the responses of the respondents. The respondents' scores for each construct were

obtained by summing across all the item scores of the individual variables. The Cronbach's Alpha reliability coefficients for the sample are given in Table 1.

Table 1: Cronbach's alpha reliability coefficient

Items	Cronbach's alpha
Extrinsic Rewards	0.83
Intrinsic Rewards	0.90

8. Results and Discussion

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8.1 Frequency Distribution

Table 2 shows the demographic information of the respondents. Most of the respondents fall in the age group of 26-33 year with the percentage of 31.2% and then 18-25 years of age with 26%. The demographic characteristics also show a gender division of the respondents, 55.2% of the respondents are male which makes it the majority. However, 44.8% percent respondents are female.

Table 2: Frequency Distribution of Demographic Variables

Variables	Frequency	Percentage
Age		
18-25	40	26%
26-33	48	31.2%
34-40	31	20.1%
41-48	20	13%
49-56	15	9.7%
Gender		
Male	85	55.2%
Female	69	44.8%
Education		
Undergraduate	25	16.2%
Graduates	105	68.2%
Masters	10	6.5%
Others	14	9.1%

8.2 Descriptive Statistics

Table 3 explains that majority of the responses regarding pay, fringe benefits, appreciation and challenging tasks were neutral i.e., mean value is less than 3.5. The responses of promotions, bonuses, empowerment and motivation show that employees consider this factor slightly more important than other factors as mean value is greater than 3.5. Standard deviation of challenging tasks and pay shows that these variables have extensive responses than its mean as value indicates 1.33 and 1.24 respectively. One of the reasons for this deviation could be the selection of four different organizations in the sample having pay packages that are poles apart.

Table 3: Descriptive Statistics

Variables	Mean	Standard Deviation
Fringe benefits (FB)	3.3571	.8934
Bonus (BON)	3.3714	.8456
Pay (PAY)	3.2857	1.2411
Promotions (PROM)	3.5714	.7086
Appreciation (APR)	2.9464	.8511
Challenge Task (CHT)	2.9089	1.3373
Empowerment (EMPT)	4.0500	.7668
Motivation (MOT)	3.9857	.4761

8.3 Correlation Analysis

Spearman’s Correlation was performed to study the size and magnitude of the relationship between the variables. The connection between extrinsic, intrinsic and employee performance are appeared in Table 4. Table 4 demonstrated that every extrinsic rewards i.e., pay, fringe benefits, promotions, bonuses are positive and significant related with employee motivation, while intrinsic rewards i.e., empowerment, appreciation and challenging task have a negative but insignificant impact with employee motivation.

Correlation coefficient between fringe benefits and motivation (0.319) is the most noteworthy among every one variable and is significant at 99%. Pay (0.281) and promotions (0.254) are also significant at 99%. Bonuses have a weakest connection among extrinsic rewards yet it is significant at 95%. Among intrinsic rewards all are insignificant relationship with employee motivation.

Table 4: correlation Matrix

Variables	Motivati on (MO)	Pay (PAY)	Fringe benefits (FB)	Promotion (PROM)	Bonuses (BON)	Empowerment (EMPT)	Appreciation (APR)	Chalenge task (CH)
MOTIVATI ON	1.000							
Pay (PAY)	.281**	1.000						
Fringe benefits (FB)	.319**	.342*	1.000					
Promotion(PROM)	.254**	.328*	.317**	1.000				
Bonuses(B ON)	.190*	.076	.423**	.330**	1.000			
Empowerment(EMPT)	-.042	.070	-.114	.074	.240*	1.000		
Appreciation (APR)	-.019	-.179	-.172	.155	.166	.451**	1.000	
Challenge Task (CHT)	-.023	-.250*	-.289**	-.166	.100	.683**	.829**	1.000

** Correlation is significant at the .01 level.

* Correlation is significant at the .05 level.

8.4 Incremental Regression

The incremental regression is performed by removing individual independent variables from the model and by checking the impact on the estimation/value of R-squared. Among everyone of the variables removed, fringe benefit has altered the value of R-squared to a highest degree i.e., 8.4% decreases in the portion of the dependent variable explained by independent variables as the value for the R-squared changes from 54.6% to 45.8%. This importance is also highlighted in the regression result as the value of coefficient of the variable is highest among all the variables in their three models respectively. The result is presented in Table 5.

Table 5: Incremental Regression Dependent Variable: Employee Motivation

Variables	OLS1	OLS2	OLS3	OLS4	OLS5	OLS6	OLS7	OLS8
PAY	.145	-	.240**	.188	.131	.077	.140	.108
FB	.347*	.387*		.364*	.380*	.374*	.355*	.346*
PROM	.203	.236***	.253***	-	.220***	.180	.154	.134
BON	.097	.077	.214**	.129	-	.039	.076	.060
EMPT	.286* *	-.246***	-.324**	-.268**	-.263**		-.272**	-.205
APR	-.212	-.205	-.263	-.071	-.184	-.163	-	.069
CHT	.377	.316	.374	.233	.337	.154	.176	-
R Square	.546	.528	.458	.516	.535	.494	.533	.519
F-Value	3.680 *	4.056*	2.786*	3.817*	4.221*	3.381*	4.162*	3.877*
D-W	1.773	1.799	1.611	1.753	1.789	1.716	1.740	1.712

* ** and *** indicates significance at 0.01, 0.05 and 0.09 percent level.

The result further shows goodness of fit in the incremental regression after removing fringe benefits in Table 6. This decrease in the value of the R-squared shows the importance of fringe benefits in the model.

Table 6: Results of Incremental Regression removing Fringe Benefits

Model s	Value
R Square (original)	0.546
R Square (after removal)	0.458

9 Hypothesis Testing

H₁: There is a direct relationship between intrinsic rewards and employee motivation.

The results of correlation matrix rejects the hypothesis as it gives a negative and weaker relationship of empowerment (-0.042), appreciation (-0.019) and challenging tasks (-0.023) with employee motivation. Intrinsic rewards are insignificant relationship with employee motivation. Incremental regression also rejects this hypothesis, which shows that empowerment and appreciation has a negative impact on employee motivation.

And only empowerment is significant among intrinsic variables. This is in agreement with the findings of Chris and Awonusi (2004) that, extrinsic rewards have a significant impact on employee motivation while intrinsic rewards do not have any significant impact on employee motivation.

H₂: There is a direct relationship between extrinsic rewards and employee motivation.

The results/aftereffect of the correlation matrix have upheld the hypothesis that there exist a positive/direct relationship between extrinsic rewards and employee motivation. Incremental regression analysis additionally affirms the hypothesis, that the most significant variable is fringe benefit which is an extrinsic reward.

10. Conclusions

Acquiring the right workforce and then retaining that force is one of the difficulties faced by organizations and their management. The results from this study reveal that there is a significant and positive relationship between extrinsic rewards and employee motivation however it has been observed that organizations are not offering the appropriate amount of financial rewards (extrinsic rewards) to their employees in this sector.

Pay is a significant factor which influences employee motivation yet the results moderately underpins the hypothesis because of the distinction between the pay packages of the four different organizations.

The study concluded that, fringe benefits are very important in motivating employees; because of this, organizations must have to provide all the essential fringe benefits to their employees as these benefits will also increase their job efficiency. Furthermore, it was revealed from the study that intrinsic rewards have a weaker impact on employee motivation.

Empowerment has negative effect on employee motivation; this is due to the absence of trust that may exist between the employee and the organization. There is an indirect relationship amongst appreciation and employee motivation as employees of the organizations are not happy with their compensation bundles. So without extrinsic rewards which is the basic wellspring of motivation for employee, intrinsic rewards like recognition, appreciation and empowerment is of little importance.

Pay is conceivably an effective instrument to workers motivation so the employees can only be naturally motivated to perform an activity when they are completely happy with the pay they are getting. This study is not free from limitations, for example, the sample size was too small and only NGOs operating in Abuja were considered. Another important limitation was that the four organizations operates a different pay structure, so responses regarding pay variable were contradictory, generating somewhat significant impact of pay on employee motivation. These limitations can be avoided in future studies carried out in this field, by expanding the scope of the study area so that a comprehensible picture can be obtained regarding the impact of extrinsic and intrinsic rewards on employee motivation.

11. Recommendations

Based on the findings and literature reviews of this investigation the study therefore recommends that: The Non- Governmental Organizations in Abuja should as a matter of fact improve on their reward systems towards their employees as this will motivate them to achieving work efficiency.

The study also recommends that compensation bundles should be spelt out to members of staffs as these will enable them know what they stand to gain if they put their best in achieving the goals set by the organization.

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