Effects of Non-monetary Factors on Employee Retention Performance in Nigeria (Vol. 1)

NKECHI CHELSEA ONWUDINJO

Ph.D. An aspirant in the Limkokwing University of Creative Technology. Ph.D. in Management

Abstract: The research paper is titled “Effects of Nonmonetary Factors on Employee Retention in-state University in Nigeria which comprises 5 volumes that rigorously review the work of previous researchers and authors related to the topic of this research paper.

This research is relevant in Nigeria where most institutions are hunting, attracting, acquiring; deploying, and retaining talents for sustenance and survival. There is therefore the need to study and compare the retention strategies of these state universities with their contemporaries in Nigeria to find an explanation for incessant industrial action and disparity in their performance levels. In other words, this research serves as an academic contribution towards solving problems of absenteeism, job dissatisfaction, incessant strike action, and labor turnover facing academic staff.

Previously published theories and literature will be examined and compared as the basis for the establishment of this research paper in Volume 1 of “Effects of Nonmonetary Factors on Employee Retention in-state University in Nigeria.

Also, these works published by previous researchers and authors will serve as a reference for the development of the research framework of this research paper.

Finally, a Conclusion and Recommendation will then be drawn based on the data, findings, and analyses in previous chapters of this research paper. A recommendation will then be proposed in this chapter for future reference and continuity of this research in the future.

Keywords: Effects of Nonmonetary Factors, Employee Retention, job dissatisfaction.

1. INTRODUCTION

Employees are vital to the success of any organization, therefore it’s important to keep your employees motivated and happy. With the world being so globalized now there is an increased importance of employing the most talented people all contribute to the complex design of reward programmers (Gross and Friedman, 2004). An employee’s willingness to stay on a job is highly dependent on the reward system of the company (Armstrong, 2003). In other, for organizations to get the best out of their employees and be able to keep their employees it is important to consider various ways in which they can be compensated (Falola, 2014). It has been argued that an employee’s willingness to stay in an organization is based on the rewards that they are offered. Money is usually the main driving force for a lot of employees however organizations try to cut costs. Therefore, organizations have to find other ways to motivate employees and keep employees without having to spend more money.

The problem facing today's companies is that, in the case of competition, the emphasis has been and remains economically rewarded (Kerr-Philips and Thomas 2009). Great interest in the importance of money as an attraction and retention Tools (Tang, Luna, and Surtaso, 2004) Despite this, non-financial factors may improve Organizations attract and retain employees' competitiveness because they are less costly and have long-term concerns especially in the case of learning and development. When organizations ignore this issue, they will face negative consequences. The importance of financial incentives for employee retention (Hijazi, Anwar, and Mehbood, 2007).
1.1 BACKGROUND OF STUDY

Successful and profitable business operations management is the basic goal of any enterprise. The literature and research on human resource management have always emphasized the importance of incentive programs, including rewards and recognition. The creation of an efficient workforce, competitiveness, and employee loyalty (Bate and Snell, 2007). Business firms spend billions of dollars on courses and incentives to increase employee motivation, but these interventions do not always translate to improve employee motivation. Therefore, it is necessary to study its effective motivation system because people are motivated by different rewards at different levels of the organization. The management of remuneration was once straightforward with a strong link between job level and pay (Bussin, 2003). It has become very complex due to the pressures of the volatile business world today. Globalization and the increased importance of employing the most talented people all contribute to the complex design of reward programmers (Gross & Friedman, 2004). According to Munsammy and vector (2009), in the current world of work where the war for talent is real, skilled employees have a broader choice of employment, both locally and internationally. Organizations are increasingly interested in reducing labor costs and increasing productivity. Money, benefits, and other different forms of rewards have been used to attract and retain employees to achieve organizational goals around the world (Chiu Luk & Tang, 2002). According to Aghazadeh (2003), human resource management practices have to change as the business environment changes.

Due to these factors and also the turbulence of the global business environment, organizations have no alternative other than to have alternative forms of rewards. The problem with companies today is that in the case of competition, the emphasis has and is still on financial rewards (Kerry Phillips and Thimas (2009). Bagraim et al. (2007) indicate that employees have different needs, and some have financial goals. Others have professional goals and others have personal goals. So, the same incentive cannot for all employees because they are at different stages of life that require different management methods. If the managers know what the employees need to be motivated, then we would have a happy workforce, and the company will usually benefit from this because it will eventually be reflected in the output. It will also reduce employee turnover which is costly as companies lose talented and experienced employees and spend a lot of money on recruitment, training, and development of new employees. Only in this way can this cost be avoided. Employers motivate their employees to keep their employees loyal to their companies for mutual benefit. Employees can achieve their goals and company aims. Herzberg believes that to make employees motivated, the employee’s job has to be fully enriched where the employee has the opportunity for achievement and recognition, stimulation, responsibility, and advancement. Herzberg outlines the enthusiasm of employees; they must be personally responsible for the output of their tasks because this will give them the motivation to achieve their goals.

When it comes to monetary incentives, private companies are deemed to have more capability in terms of financial resources to motivate their employees than public organizations. In business, a non-monetary reward can also be a service such as improvements made on a property or repairs done on a car (Business Dictionary, 2018). Employees are always an asset to any organization; employee retention can be a factor in organizational success. The more experienced an employee is the more valuable he is to the organization; this is a reason why organizations ought to take retention of their employees as a top priority. When it comes to investment in hiring an employee, the process is quite expensive and time-consuming. As noted by Finnegan (2010), the expenses of recruitment involve advertisements for the job vacancies, the expense of paying recruiters, the time and effort spent on interviews and selection, and so on. Retaining employees is one of the biggest problems that plague companies in the competitive marketplace regardless of the business cycle or economic condition today (Terera and Ngorande, 2014).

A case study conducted by Yavuz in Turkey in July 2004 on the use of non-monetary incentives as a motivational tool in order to help employee retention in the public sector revealed that the absence of employee willingness to perform; capacity and opportunity would not generate the company’s desired results. As per the findings, the public sector employees preferred monetary incentives to satisfy their basic needs after which they would seek non-monetary incentives. This means that non-monetary rewards would not be effective in a situation where the employees are struggling to fulfill their physiological needs as these are the most basic about the Maslow’s pyramid of needs. Therefore, for non-monetary rewards to be effective in Turkey’s public sector, the employees must be paid satisfying wage levels to compensate for their desire for monetary incentives at the workplace. They need good salaries to be able to afford the basic needs which include food, shelter, and clothing. If employees strain
to fulfill the physiological needs, it would be difficult for them to appreciate non-monetary rewards as needs are fulfilled from the most primary/basic (physiological needs) to the secondary needs on Maslow’s hierarchy. Public employees in Turkey are not generally satisfied with their wage levels as they rank satisfying wages as the most important factor that would increase their effectiveness in job performance.

1.2 NON-FINANCIAL AND EMPLOYEE RETENTION

Responding to today’s workplace needs means that organizations need to understand preferences, employees’ needs, and provide better pay (Nienaber, 2009). According to Aghazader (2003), employee’ changing their expectations causes various challenges for managers. (Nienaber, 2009) suggests that employees seek more Meaningful and challenging opportunities, consistency between individual and organizational values, and tolerance of Personal preferences and differences. Pay is important to employees, but what affects employees regularly is the quality of their work experience (Ferguson & Brohaugh, 2009). Most companies are not as sensitive to the needs of their employees and therefore do not differentiate between different types of rewards (Armstrong, 2006). As employees are the ones who get the benefits. They should consider their different needs and demographics before deciding on their reward system. Aguenza and Som (2012) emphasize that retention and employee involvement are fundamental to the organization. This is because they are the driving force for achieving planned development and achieving organizational goals and objectives. According to Samuel and chipunza (2009), turnover occurs when employees leave their jobs and it becomes necessary to replace them, which entails costs for organizations. For this reason, khan and Aleem (2014) argue that retaining employees, especially the most talented, has become the major challenge for managers. Giancola (2009) argues against generalizing rewards. He argues that instead of generalizing, they should directly ask employees for their preferences and eliminate guesswork about the rewards favored. A powerful similarity of the impact of financial rewards is given by Bussin (2003). He states that a supertanker called Exxon Valdez ran aground in Alaska and poured oil into the ocean. Speedy action was required to rescue wildlife from the spreading oil. Local members of the Eskimo tribe were hired to take care of the stranded whales at $20 per hour. When the oil spill was cleaned up and the whales release back to the ocean, the Eskimos went back to their occupation which was to hunt the same whales. This shows that Money can only motivate to a certain extent, what matters is the impact the reward has on the individual. According to Lawler (1996), while extrinsic rewards such as money are important in the short term, intrinsic rewards in the form of meaningful work tend to sustain motivation in the long-term. In employment, it is a reward to an employee other than extra pay. Non-financial rewards can be very cost-effective for companies because, in contrast with a pay increase, little or no income tax or national insurance contribution are paid. Non-financial incentive programmers and reward programmers are structured to motivate positive behavior change through means other than money to motivate and retain employees; a motivated employee will achieve a great deal. According to Aghazader (2003), the changing expectations of employees present various challenges to managers. (Nienaber, 2009) suggests that employees seek more meaningful and challenging opportunities, an alignment between personal and organizational values as well as tolerance to individual preferences and differences. Remuneration is important to employees, but what impacts people daily are the quality of their work experience (Ferguson & Brohaugh, 2009). Most companies are not sensitive to the different needs of their employees and do not differentiate between different forms of rewards (Armstrong, 2006). Because Employees are the direct beneficiaries of rewards, their different needs and demographics should be considered before constructing a reward package. A demotivated employee will be slow, horizontal to error, and not likely to achieve. Non-financial rewards help to build a feeling of confidence and satisfaction in employees and can be particularly important for their long-term effect (Armstrong & Brown, 2016). Sammer (2011) coined the term “total reward” that includes career developmental opportunities, non-financial recognition, employee development, and training besides monetary incentives and rewards. Earlier, Armstrong and Murlis (1991) had also talked about the same concept of total remuneration that. According to them, consists of financial rewards both fixed and variable, and the non-financial rewards including verbal praise, achievement, responsibility, freedom, job satisfaction, job security, and personal growth, etc. likewise, Strovall (2003) argues that non-financial rewards motivate workers which lead to job satisfaction and an effective reward package could have an important impact on the employee’s performance. Dzuaranin (2012) says that companies that only focus on monetary incentives to motivate their employees must also introduce nonmonetary rewards to their performance rewards systems to increase the motivation level of their employees since many people prefer the former over the latter. The study suggests that organizations using effective reward programs better achieve their organizational objectives and also influence employee behavior.
1.3 PROBLEM STATEMENT

Various elements lead to employee turnover and they are varied and have been verified by equally diverse theories and models which will be discussed in the literature review. A high employee turnover ratio is a great loss to an organization which could be a problem because of increased recruitment, selection, training costs, and also work disruptions. As mention by Mark, (2008) many studies have shown that the total cost of losing an employee can range from tens of thousands to 1.5-2x annual salary. However, it is important to consider the indirect costs which insinuate that employee turnover costs in business money, time, and disrupt the flow of a functioning labor force. A high turnover or attrition rate has adverse effects on the organization. However, not all turnovers are negative as it also helps in bringing in new workers and fresh ideas. At first, most employees are a “cost” to the organization, and that over time, with the right talent practices they become more valuable. Employee turnover costs business money and time and interrupts the flow of the operating labor force. There can be a significant knowledge gap left when an employee leaves an organization, creating more work as the remaining team members pick up the pieces. Then, there’s also the timely and costly process of recruiting and training a new employee (Cascio and Boudreau, 2008). Having various employees leaving the school has become an issue because departing employees need to be replaced and this is costly for the organization not just financially but also time-consuming. Leaving positions open does take its toll on an organization so their high turnover is something that the company should try to avoid. There is a need, therefore, to find out and examine the relationship between not just monetary factors but also non-monetary factors and employee satisfaction. This is necessary to identify how best to retain these employees (at least for a longer time) to prevent constant mobility. According to Card and Lengnick (2010) that retaining the best employees can be critical to whether operations in the organization run smoothly and efficiently and whether an organization can maintain a competitive advantage. For these reasons, turnover is something which businesses would very much like to avoid, but they don’t always know-how. Gauff consultant is an engineering consultancy company that requires innovation and expertise on the part of its employees. In its industry, the major problem is trying to hold on to the valuable employees as competition is fierce, competitors and organizations strive to get and keep the best engineers by offering the best-working terms and conditions.

Given the above one of the reasons that informed this study has to do with the unique importance of salary concerning employee retention among employees. This also affects employee retention and needs to be addressed as well. As the monetary factors affect employee retention so does the monetary factor this is necessary for others to avoid high turnover.

1.4 RESEARCH QUESTION:

The overall objective of this study is to establish the influence of non-financial rewards on employee retention in the Imo State University, Nigeria

1. What is the effect of job security on employee retention?
2. What is the effect of job flexibility on employee retention?
3. What is the effect of employee engagement on employee retention?
4. What is the effect of fair treatments and rewards on employee retention?
5. To what extent does salary influence employee satisfaction?

1.5 RESEARCH OBJECTIVES

The objectives of this research will help to answer the research questions; identifying what type of relationship exists between the variables helps determine the kind of effect.

The specific objectives of this study were:

1. To identify the relationship between job security and employee retention
2. To identify the relationship between job flexibility and employee retention
3. To identify the relationship between employee engagement and employee retention
4. To identify the relationship between fair treatments and rewards and employee retention
5. To examine the significant relationship that exists between salary and employee satisfaction.
1.6 SIGNIFICANCE OF STUDY

This research is relevant in Nigeria where most institutions are hunting, attracting, acquiring, deploying, and retaining talents for sustenance and survival. There is therefore the need to study and compare the retention strategies of these state universities with their contemporaries in Nigeria to find an explanation for incessant industrial action and disparity in their performance levels. In other words, this research serves as an academic contribution towards solving problems of absenteeism, job dissatisfaction, incessant strike action, and labor turnover facing academic staff. Research has shown that the state Universities in Nigeria seem to have degenerated to the level where infrastructure abandonment, unfriend research environment, rigid bureaucratic structure, pay disparity, varying personnel policies, and poor implementation of the collective agreement (Ige, 2014; Ologunde, Asaolu, and Elumilade, 2014) is the order of the day. There has been a significant interest in the importance of money as an attraction and retention tool (tang, luna & Surtaso,2004) Notwithstanding the above, non-financial factors have the potential to improve the competitiveness of organizations in attracting and retaining employees because they are less costly and have a long term focus especially in the case of learning and development. Organizations face negative consequences when they ignore the importance of financial rewards on employee retention (Hijazi, Anwar, & Mehbood, 2007).

Many organizations want to ensure success; employees need to be retained in the organization for various reasons. They include Long-term, permanent employees in an organization gain experience and improve their work efficiency, training and seminar costs are reduced, time waste is minimized because employees know what better When is should it be done, and so on. This makes it important for organization management to ensure employees are retained and reduce turnover. Financial rewards are is the set of forces that directs and makes people persist in their efforts to accomplish a goal. According to the basics of motivation theory, people are motivated by unmet needs so to motivate a person or employee one must learn what his or her needs are. In my opinion, not only financial rewards are the key to employee retention, but the question is what the best way to motivate an employee is to make him/her have the confidence of working within his company.

An important feature is that the employee’s good performance will be rewarded with attractive rewards. If the rewards being offered are causally linked to their performance, then workers will be motivated to take action and perform well to get their desired rewards. An intended effort will turn into a visible effort when people expect their efforts will result in a good performance. The important point to note here is that it is not just the financial rewards that cause people to perform well but also the employee needs to know that their efforts will turn into a good performance. So, it is evident so far that financial rewards are important in the motivation of executives, but it is not the only factor and must be used correctly to achieve maximum results. So, if the rewards are attractive and linked to performance (instrumentally) people are motivated to act. The intended effort will turn into actual effort when people believe their hard work will result in a good performance.

1.7 LIMITATIONS

One of the limitations of this research is that this research is not funded. So, there is a little money that I have to carry out some actions required for this research. Also, there is a time limit on this research I have limited time to carry out this research so there for some things may be rushed. Lastly not every employee was willing to participate in this research so that left me short of some responses and information.

1.8 ORGANIZATION OF RESEARCH

Under this section, the organization of the research provides an overview of all the five chapters planned to be done in this research paper. The research paper is titled “Effects of Nonmonetary Factors on Employee Retention in-state University in Nigeria and this paper comprise five main chapters, which are as follows: -

Chapter 1: Introduction. As mentioned earlier, the introduction will provide a general overview of the research paper. In this chapter, the research background, problem statements,

Research questions and objectives, research implications, and research limitations will be discussed in detail.

Chapter 2: A literature review. The literature review will rigorously review the work of previous researchers and authors related to the topic of this research paper. In this chapter, the previously published theories and literature will be examined and compared to the basis for the establishment of this research paper. Also, these works published by previous researchers and authors will serve as a reference for the development of the research framework of this research paper.
Chapter 3: Research Methodology will detail the methods and techniques that will be used in conducting this research. Under this chapter, the classification of variables, purpose of study, unit of analysis, sampling, and population, data collection methods, questionnaire design, Likert Scale, statistical analysis methods will be included.

Chapter 4: Data Analysis will be conducted to analyze the data gathered in Chapter 3. The findings of the research will be detailed in this chapter by presenting the complete results and analyses of the research paper. These results and analyses will be assessed to determine if the research objectives are achieved.

Chapter 5: Conclusion and Recommendation will then be drawn based on the data, findings, and analyses in previous chapters of this research paper. Recommendations will then be proposed in this chapter for future reference and continuity of this research in the future.

2. LITERATURE REVIEW

This chapter presented a review of the literature on employee retention, job security, job flexibility, paternity leave, and learning and development. The theory reviewed built a platform for understanding the importance of non-financial rewards within the context of job security, job flexibility, learning and development, and paternity leave. The chapter began with a theoretical review followed by a conceptual framework, empirical review, and a research gap.

2.1 The Nature of the Study

Reward management is about how people get rewards based on their value to the Organization. It focuses on financial and non-financial rewards and embraces the Organization of ideas, policies, plans, and processes for development and maintenance rewards system. It aims to create a belief-based total reward process the organization values and wants to provide rewards and rewards to people for the value they add to the organization. It also aims to make rewarding practices and business goals and Employee values and rewards the right things to convey what is right about the information it is important in terms of behavior and results. Besides, it strives to promote, Therefore, attract and retain the skilled and competent talents needed by the organization win the battle for talent and help in motivating people and gaining talent commitment and participation. The two-factor theory of job satisfaction was the result of a five-year research program on job attitudes initiated by a grant from The Buhl Foundation. There was an urgent need at the time of Herzberg’s Two-Factor Theory for more and better insight into the attitudes of people towards their jobs due to the prevalence of job dissatisfaction indicators such as strikes, slowdowns, and filing of grievances (Herzberg, Mausner, Peterson, & Capwell, 1957). During the first stage of the program, Herzberg and his colleagues conducted a comprehensive literature review of over 2000 writings published between 1900 and 1955. The literature yielded contradictory results, and the research designs of the studies varied widely in quality and the methodologies used (Herzberg, Mausner, & Snyderman, 1959).

Based on their review of the literature, Herzberg et al. (1959) made core assumptions on which to base their hypothesis and research design. First, there was enough evidence to assume that there was some relationship between job attitudes and productivity. Second, the characteristics of dissatisfied workers had been well-defined in the existing literature. Third, the factors related to job attitudes had also been previously well-defined. Herzberg et al. (1959) developed an initial hypothesis that satisfaction and dissatisfaction could not be reliably measured on the same continuum. Herzberg et al. next conducted an empirical study to test the hypothesis. After two pilot programs, the design and hypothesis were further developed and expanded (Herzberg et al., 1959). The main hypothesis stated that factors leading to positive attitudes and those leading to negative attitudes will differ. The second hypothesis stated that factors and effects involved in long-range sequences of events would differ from those in short-range sequences. The high sequence events provide contrast to the low sequence events. It was found that a great many things can be a source of dissatisfaction, but only certain factors can contribute to satisfaction (Herzberg et al., 1959). Low sequence factors were rarely found in the high sequences. The salary was the exception to these findings as it was mentioned with similar frequency in both the high and low range stories. However, when viewed within the context of the events, it became apparent to the researchers that salary is primarily a dissatisfier. When salary was mentioned as a satisfier, it was related to appreciation and recognition of a job done well and not as a factor in itself.

Snape (2006) seeks to explore the perceptions of scientists regarding the intrinsic and extrinsic factors that motivate them and the role of management in enhancing and maintaining motivation to identify practical recommendations for managers to improve the productivity of scientists. A total of 18 semi-structured interviews were undertaken with randomly selected...
(stratified sampling) scientists working at a government research institute in the UK. The scientists interviewed were typically motivated by the ability to do high quality, curiosity-driven research, and de-motivated by lack of feedback from management, difficulty in collaborating with colleagues, and constant review and change. Extrinsic motivators such as salaries, incentive schemes, and prospects for promotion were not considered as motivating factors by most scientists. The promotion was not a motivator for most scientists and many thought that they would never get promoted again. Efforts should be focused on addressing the hygiene factors (i.e., removing the negatives) rather than introducing new incentives.

Schroder (2008) used the two-factor theory as the theoretical framework for a study of 835 university employees to understand the impact of demographical factors on job satisfaction. The researcher found that overall job satisfaction was related to age and educational level and that levels of intrinsic and extrinsic job satisfaction were not the same for different occupational groups – findings that contradicted Herzberg’s findings (Schroder, 2008). The two-factor theory was also tested among construction workers in Bangkok (Ogunlana & Chang, 1998). The study did not provide support for the theory, but it was hypothesized that the conflicting results were due to the lower placement of Thailand’s construction workers on Maslow’s hierarchy of needs. Because survival was still a basic need of these workers, they were not able to desire self-actualization and place value on Herzberg’s motivators (Ogunlana & Chang, 1998). Under Herzberg's (1966) theory, workers who are satisfied with both motivation and hygiene factors would be top performers, and those who are dissatisfied with both factors would be poor performers. Christopher (2005) found no support for this, and his research concluded that Herzberg’s results prove accurate only under his original methodology. Theories of worker motivation address a model connecting job satisfaction, motivation, and performance. Considerable importance is attached to these concepts, and there is a need for clarification on how satisfaction and motivation differ from each other. Job satisfaction is an emotional response accompanying actions or thoughts relating to work, whereas motivation is the process that activates behavior. As satisfaction is an attitude, it is possible for a worker to be satisfied with his job but not be motivated. Hence, motivation and satisfaction are not synonymous with each other. It is vital to clarify the distinction between the concepts so that it is easier to understand that motivation leads to satisfaction, which ultimately leads to enhanced performance.

2.2 Definition of Motivation

Just like any other word, there is a variation of definitions to describe a concept. Motivation too has many different definitions, but it is important to focus on those that are related to the workplace. Understanding exactly what motivation is will help managers decide what actions to take to encourage their employees (Burton, 2012). The definition of motivation starts with the root word, "motive". Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as the act of providing motives that cause someone to act (Shanks, 2012). In other words, according to Nancy Shanks, motivation causes someone to act and someone else cannot make someone motivated. It is the discretion of the person to decide if they are going to be motivated or not. Motivated and unmotivated are not opposites, but instead, they are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job. Motivation is the process that accounts for an individual’s intensity, direction, and persistence of effort towards attaining a goal (Robbins, 2005). Motivation is the result of the interaction of a person's internalized needs and external influences that determine behavior (Plunkett & Attner, 1997). Motivation is a process that starts with a physical or psychological deficiency or needs that activates a behavior or a drive that is aimed at a goal or incentive (Fred Luthans, 2005). With relations to the workplace, Ray Williams (President of Ray Williams associates), who writes for 'Psychology Today' (2012), defines motivation as, “the predisposition to behave intentionally to achieve specific, unmet needs and the will, and inner force that drives individuals to accomplish personal organizational goals.” A person becomes motivated to achieve their personal goals as well as the organizational goals. The more motivated an employee is, the more likely they are to have organizational and identify themselves with the organization. This will meet some of the unmet needs and connect them with the organization. If willing, the manager can give some of the employees' incentives to meet their own goals and goals set by the organization. Ryan and Edward (2000), from the University of Rochester, agree that being motivated means that the person is moved to do a particular act. The authors described motivation as, the “Orientation of motivation concerns the underlying attitudes and goals that give rise to action” (Ryan and Edward, 2000). Although the words of the definitions might be different, they all are describing the same concepts. Motivation is the act of getting someone to act in a situation. This definition will be important throughout the rest of the paper due to the constant use of the word. Now there is an understanding of what the word means. It is important to understand the studies that have been conducted and the findings that have come about because of the studies (Burton,
Motivation is a key strategy in human resource management which has direct results in operating capability and utilizing organization's manpower to their full capacity by concentrating on motivation to attract quality and good applicants to join the organization and to retain existing personnel (Snell and Bohlander, 2013). The majority of organizations use a monetary and non-monetary reward system to motivate their people (Harunavamwe and Kanengoni, 2013). Each person is motivated by different things and it is important to know how they are motivated to direct motivation towards the realization of organizational goals and concentrating on motivation to attract quality and good applicants to join the organization and goals (Rabideau, 2005). Reviewing the theories of motivation helps us to understand what drives people to initiate actions and to engage in certain practices in the workplace. After elaborating on each of these processes, it would be possible to comment on the effectiveness of monetary incentives as a motivational tool. Several theories on motivation focus on different variables in an attempt to explain motivation in an organizational setting (Sani, 2013). Each of these theories offers perspectives that are not necessarily contradictory but complementary. Most of the studies have explored that encouragement, appraisals, or even reward system have a consistent impact on higher employee retention rates, productivity as well as job satisfaction. All the motivational theories discussed above addresses both financial and non-financial aspects of the reward system where ultimate benefits are centered for the organization in terms of performance (Osa, 2014). All the motivational theories discussed above address both financial and non-financial aspects of the reward system where ultimate benefits are centered on the organization in terms of performance (Osa, 2014). Even though monetary rewards are accepted by the traditional employees as the sole motivator, nowadays', particularly developed countries have identified the value of employee recognition and its impact on organizational well-being. If the employees are appreciated and valued for their efforts, then they will be satisfied and will further enhance their effort towards organizational performance. Most of the companies are developing human 25 capital as per their responsibility in various ways. Reward-based training has more priority where knowledge and cognitive development aspects with vast investments are now becoming crucial for human capital developments as well as organizational development (Waqas and Salem N.D). According to Burton (2012), different reward systems are created and established in line with short-term and long-term objectives of the organizations where sometimes employees may be entitled to receive benefits in terms of agreements. This can be applicable for both financial and non-financial rewards based on the management by objectives. Also, another way of rewarding is that employees are observed and assessed on their achievements; with a reward system adjusted accordingly.

2.2.1 Motivation Achieved

Recognition belongs to the non-financial rewarding category which may or can motivate the employees than financial rewarding methods. Recognition only works when it is meaningful and focuses on the right way. Employee participation for decision-making the management encouraging their subordinates and co-workers to assist in improving the current business process and activities. This also involves the use of employee involvement and employee participation. Active participation of employees in the organizational decision-making process leads to increased motivation of the employees. According to past literature, when managers consider employees’ ideas and their suggestions before making any decision, they feel belonging to the organization. They feel they are part of the organization and thereby engage more in their works. Also, when the management gives them a chance to always explain their views, they tend to work harder and learn new things about the current process. This increases the job satisfaction of the employees and ultimately it impacts the growth of the organization. A Reward system is a method that can make the management declare and appreciate the good work of the employees. By recognition, the organization passes the message of that which they look for in other employees as well. This meaningful reward system always needs to highlight the specific person or group of persons. The most effective method to practice recognition is to appreciate the employees by using verbal communication. In recognition, the organization can focus on the activity or activities that are taken up by the employees to enhance the profit of the organization (Burton, 2012). The rewarding can be done either privately or publicly. The compliments bring the message of the management and organizational expectations to their employees. Currently, most organizations use e-mails to reward the good works of their employees. Non-financial methods like recognition can enhance the job satisfaction of their employees. Previous literature reveals that giving more responsibility to the employees can motivate and direct them to achieve organizational goals and objectives. (Drake, et al, 2017) stated that giving more responsibility to employees is a way to increase employee motivation. Kaplan and Norton (1992 cited in Drake, Wong, and Salter, 2007) stated that a balanced scorecard stresses the importance of giving responsibilities to the employees to increase the individuals’ motivation, learning, and growth. The people who feel that they have more authority have higher motivation levels and this affects to enhance the organizational effectiveness and performance of the organization. According to the
previous literature, responsibility motivates the employees, and they try to enhance their skills accordingly. More organizations offer the responsibility to the employee, they try to work hard, and this helps to increase the profit of the organization. Most of the time, the most of the organizations offer the best job roles to their employees but the authority. When employees going to work and trying to get the decision, they must request permission to continue with the activity. This type of process de-motivates employees. Thus, the organization needs to provide the employees with the right level of power to decide and continue their work without the influence of others. In motivation achieved by responsibility, organizations motivate and encourage their employees to take individual responsibility for their duties in the organization.

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