Impact of Incentive Management Strategies on Employee Performance among Telecommunication Firms in Kaduna Metropolis

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ABSTRACT

The study examined the impact of incentive management strategies on employee performance among telecommunication firms in Kaduna metropolis. The objectives of the study were to determine the impacts of monetary incentive management strategies and non-monetary incentive management strategies on employee performance among telecommunication firms in Kaduna metropolis. The study employed survey design method in which a specially designed questionnaire was used to collect primary data from respondents in the study. The target population of the study was employees from the head branches of four selected telecommunication firms in Kaduna metropolis; providing network reception service for calls and internet access data to residence in Kaduna metropolis. The firms include MTN, Airtel, 9Mobile and Glo. The population of employees in these firms’ head branches were; 66 in MTN, 49 in Airtel, 61 in 9Mobile and 54 in Glo; making a total of 230. The sample of the study was same as that of the population, as census sampling technique was used to decide the sample size. Self-administered questionnaire was designed and used to collect the primary data of the study. The collected data for the study was analysed using descriptive statistical analysis tools (mean scores and standard deviation) to summarize the responses and inferential statistical tool (Regression model) to determine whether incentive management strategies have impact on employee performance in the selected firms. The study’s findings showed that both monetary and non-monetary incentive management strategies have significant impact on employee performance among telecommunication firms in Kaduna metropolis. Based on the finding of the study, it was recommended that telecommunication firms continually review existing monetary and non-monetary incentive management strategies and design new incentive programs in order to encourage employee to perform better than their current performance level.

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Keywords: Monetary incentive management, Non-monetary incentive management, Telecommunication firms, Employee performance, and Employee productivity

Introduction

Incentives are one of the most critical techniques that motivate workers to work more effectively and to make great efforts. That is because rewards and compensation programs guide the willingness of workers to work more effectively in an effort to achieve the objectives of the institution (Gana & Bababe, 2011).

Incentive gives organizations a way to inspire their workers to maximize their results. Scholars such as Pouliakas (2008), Pinar (2008), Arnolds and Venter (2007) have researched financial and non-monetary rewards and how organizations are influenced by them. Organizations employ compensation methods to reward and compensate for excellent results (Schiller, 1996). These techniques can be financial or non-financial, but their aim is to inspire workers to do more work.

Incentives are factors that inspire workers to act in a certain way in their work environment, usually making them work as hard as possible. It is, however, noted that rewards are designed to improve employee efficiency and help maintain the most efficient and effective workers (Arnold, 2013). Organizations looking to make the most of compensation programs must ensure that their workers use the best rewards to achieve the desired outcome. Incentives are important for Dr. Performance is correlated with production quantity, quality and timeliness, job productivity and efficiency (Mathis & Jackson, 2009). Employee performance can be seen as the efficient execution of tasks by employees assessed by the company based on appropriate expectations and using available resources in the evolving workplace (Thao & Hwang, 2012).

Aguinis (2009) suggests that success can be viewed not only as the actions that emerge from the behaviour of employees. It is not only about performance, but more about behaviour. Employee success is the general belief that the worker has regarding his organizational actions and contributions. Carlson (2006) is of the opinion that benefits and motivation as well as empowerment and organizational culture affect employee efficiency.

The absence of effective reward management methods can adversely affect the efficiency of the hardworking worker; it can also weaken their job productivity, decreasing the probability of achieving the organization’s promising goals (Palmer, 2012).

To be able to handle incentives efficiently and have a positive impact on the performance of its workers, a company must effectively manage reward programs as a motivating force that motivates employees and guides them.

Numerous studies have been conducted on incentive management strategies; although most of them were done in the western world where cultural, environmental and economic conditions differ from Africa and Nigeria (Pattanayak, 2005). It is worthy to note that cultural and environmental factors play a very important role in determining the kind of strategies that motivates and encourages the performance of employees. Thus it can be concluded that there is a gap in literature as well as geographical location. As a result of these gaps, this study intends to examine the impact of incentive management strategies on employee performance among telecommunication firms in Kaduna metropolis.

Objective of the study are to:

i. Examine the impact of monetary incentives management strategies on employee performance among telecommunication firms in Kaduna metropolis.

ii. Assess the impact of non-monetary incentives strategies on employee performance among telecommunication firms in Kaduna metropolis.

Hypotheses of the study are:

H01: Monetary incentives management strategies have no significant impact on employee performance among telecommunication firms in Kaduna metropolis.
Ho2: Non-monetary incentives management strategies have no significant impact on employee performance among telecommunication firms in Kaduna metropolis.

**Literature Review**

**Incentive Management**

Incentives are an external persuasive force that supports the motive that positively guides the person to work harder, meeting the institution's necessary output. Incentives are often described both as methods used by organizations to motivate workers to work with high spirits and as concrete and moral methods to fulfill the moral and material desires of individuals (Kassim, Anyanwu & Nwuche, 2017).

Palmer (2012) describes incentives as the advantages and motivating variables that lead the person to work harder; they are provided because of the excellent results of the individual as he or she will work harder and output more efficiently when he or she feels happy in the business. Incentives may also be characterized as an outstanding performance consideration, assuming that the pay is adequate to make the worker appreciate the importance of the job that also meets his basic needs in life.

Incentive management is the practice of providing workers incentives for the accomplishment of particular objectives or results. The aim of motivation management is to keep workers highly motivated to accomplish certain company goals or to perform well. Incentive management techniques are used over a given period of time to facilitate or encourage certain acts or activities by a particular group of people. In business management, they are used in particular to inspire workers and in sales to attract and retain. This definition is often referred to in scientific literature as pay for results (Sheth, Jagdish, Sisodia & Rajendra, 2002).

Dessler (2008), describes some of the benefits such as piece work schedule, which refers to a scheme of compensation based on a number of items processed by individual worker in a unit of time. Merit pay as a reward, (also known as merit raise) is a wage boost to an employee for better results, it goes toward can one’s base salary. Merit compensation options are one-off short-term bonuses offered to people as an acknowledgment of better results without raising the individual’s base pay.

Decenzo and Robbins (2002) refer to benefits for technical workers such as system analysts and programmers, engineers, physicians, economists whose work, as a competence-based compensation scheme, requires the use of learned expertise to provide solutions. Professional workers are often motivated by the use of recognition-based rewards, such as employee-of-the-year awards, work well done cards, star award cards that are intended to provide performance reviews (Decenzo & Robbins, 2002). Sales rewards come in the form of sales commissions, straight wages or a mix of both, aimed at ensuring top-line numbers or turnover (Dessler, 2008).

There are different kinds of benefits, one of which is the salaries and wages of workers. A critical way to recruit, retain and empower an employee is salary. It is generally accepted that employees should be paid in relation to their job. Another type of reward to acknowledge those who take up extra work or work in an unfavorable setting is premium payments (Riki, 2014).

Pay for time not worked is another type of reward. This covers holidays, sick leave, breaks, lunch times and Paid Time Off (PTO) services (Todd & Kent, 2012). After a certain period, this compensation is typically offered to employees and could rise over time. Employees with family enjoy this incentive because they have time with their family while also being compensated (Todd & Kent, 2012).

Another tactic from the boss is short-term bonuses (Gerhart, 2013). They are given when certain conditions are met by the person. Typically called commission or bonuses paid weekly or monthly, they are called (Todd & Kent, 2012).

A particular type of reward allowing flexible work schedules is non-monetary. In this case, the employer allows the employee the ability to adjust working hours in accordance with their personal schedule, but still retain the job and salary. Organizing company activities is another type. This can be a holiday party, a party at the end of the year, or some other
business activity. This is good for all employees because it increases productivity and makes them feel respected (Todd & Kent, 2012).

Another type of reward is promotion from inside. Here, before hiring eligible individuals for vacancies, the company develops systems for workers to be promoted to higher positions. For lower-level workers who wish to have expanded duties and salaries, this is important (Don, 2013). Verbal praise and constructive feedback are also types of non-monetary motivation.

It may be giving the person who did a fantastic job on a project a thank you email or phone call. It helps them realize that the business trusts and appreciates what they do (Lim, 2013). Staff are also given educational reimbursement. The business reimburses employees for costs to boost their academic credentials. This is important for workers who enjoy enhancing their education for better pay and employment (Todd & Kent, 2012).

**Employee Performance**

The definition of success implies the goals that organisations are seeking to accomplish by their workers. It links activities and objectives through the duties of employees within institutions. In other words, it is the tasks, activities and duties of the individuals that their role consists of, which should be accomplished in the right way by taking into account the skill of the trained workers to do them. The performance of employees can be defined as performing various activities and duties consisting of their work (Al-Rabayah 2003).

David, Lardker and Brian (2013) agree that one way to increase the performance of an employee is to maximize their productivity. Productivity has a major impact on the long-term success of a business (Cole, 2013). The latest OECD (2014) publication shows efficiency as a vital sub-indicator of business performance growth.

According to Njanja, Maina, Kibet, and Njagi (2013), the following metrics for assessing employee efficiency are suggested by several writers in human resource management, including productivity that can be measured by the percentage of job production that must be redone or rejected; customer satisfaction that can be measured by the amount of loyal customers and customer feedback. Furthermore, timeliness, calculated in terms of how quickly the worker performs when assigned a certain task; absenteeism/tardiness found when employees are absent from work; and accomplishment of goals measured when an employee has exceeded his/her set goals, he/she is then considered to have performed well to achieve goals (Hakala, 2008; Armstrong, 2006).

This highlights the need to assess employees' individual success as a way to weigh the effects of the reward system on the workforce and, by extension, the company. Moreover, it is increasingly recognized that planning and an enabling environment have a vital impact on individual success, with performance objectives and expectations, sufficient resources, management direction and support all being essential to individual performance (Torrington, Hall & Stephen, 2008).

**Relating Incentive Management with Employee Performance**

Literature has shown an essential correlation between employee benefits and organizational efficiency (Shin-Rong & Chin-Wei 2012). For example, research by Mayson and Barret (2006) showed that the ability of a company to recruit, motivate and retain workers by providing reasonable wages and adequate benefits is related to company success and growth. Inés and Pedro (2011), on the other hand, found that the reward management techniques used to empower workers have a direct effect on the performance of individual employees in the organization. Thus, this has made the market climate competitive, with many companies today attempting to find the best incentives management techniques that are directly linked to enhancing employee performance (Denis & Michel 2011).

Cho (2005) notes that in reducing turnover rates, incentive programs are effective. A longitudinal analysis of the efficacy of incentive plans in the hotel industry was conducted by Muhsen (2004) and found that incentive plans were connected to higher sales, improved earnings and decreased costs. Paul and Anantharaman (2003) discovered in a similar study that rewards and benefits directly influence operational efficiency.

Theoretical Framework

*Herzberg's Two Factor Theory*

A two-factor theory was put forward by Frederick Herzberg (1959). The theory implies that there are two types of needs for individuals. Their needs as animals to escape pain and their needs to improve mentally as humans. He inferred from the results of Herzberg's survey that when they felt good about their work, the responses people gave were substantially different from the responses provided when they felt bad. Clearly, workers who feel good about their job as a result of better pay and packages combined with other rewards appear to perform better in assigned tasks.

Dissatisfied workers, on the other hand, appear to cite extrinsic variables such as supervision, wages, and business practices and working conditions as an excuse for their poor performance (Dieleman, Cuong & Anh, 2004). For this research, this theory is important because it addresses two factors influencing job efficiency. In other words, extrinsic factors that include pay and promotion and intrinsic variables that include appreciation and acknowledgement are motivational methods used by management to empower workers. In this analysis, therefore, it would be anticipated that offering rewards to workers in terms of monetary and non-monetary incentives would have an effect on job performance and overall organizational performance.

*McClelland's Theory of Motivation*

McClelland suggested one well-known theory of human motivation. He indicated that intrinsic motivators, since they characterize human actions, are essential to people's needs. Three motivational criteria were defined by McClelland's theory of motivation: need for success, association and authority. People have one of the criteria or a mixture of (McClelland, 1962).

The three conditions are outlined as: The need for accomplishment: the need to excel, to achieve and to succeed. This individual will set challenging yet achievable goals. They like to work with great accomplishers or alone. The second is the desire for membership: the need for friendly relationships. The desire to be recognized and liked. And the need for influence is the third one: this is the need to lead and make an impact. It involves the need for individual control and the need for institutional authority. Based on this theory postulation, it can be deduced that humans including employees have certain needs which when satisfied will motivate them to perform better than what they would normally achieve. These identified needs can be likened to the desire for incentives.

*Expectancy Theory*

There are 'perceived relationships' according to the expectation principle of what a person expects. Casio (1989) described performance as a combination of skill and effort, which is the capacity, knowledge and skills of an employee. Performance then generates some production. Such findings could be attributed either to their environment or to their expectations. Employees usually have certain criteria from their employers. Therefore, it is assumed that they would usually be motivated to generate more production, which is better results, when rewards are offered to employees.

The study is hinged on the Herzberg's two-factor theory, which is relevant to the study as it emphasize that giving incentives to employees can compel them to perform better. This postulation is in line with the primary assumption of this study.

*Empirical Review of Related Studies*

At the United Nations Relief and Works Agency (UNRWA) in Amman, Muhsen (2004) analyzed the level of job satisfaction for staff; the study sought to identify the most important
factors that help achieve job satisfaction and productive results. Descriptive research methodology was used in the study and a designed questionnaire was used to collect data from 391 selected study area respondents. The data obtained was analyzed using the methodology of quantitative analysis. The study found that because it reached 58.82 percent, the percentage of work satisfaction was relatively poor. The study also revealed that there are variations in work satisfaction and results with statistical evidence due to variables such as pay, age, and years of experience, marital status, and place of residence. Finally, the investigator recommended that, in addition to reconsidering the reward scheme introduced in UNRWA, there should be a unification of the contractual regulations.

Hammam and Al-Maqableh (2005) studied the variables that help to achieve job satisfaction for workers in Jordanian hotels, similar to the previous study described. The study was a descriptive study and data from 230 respondents selected from Jordanian hotels was collected using a questionnaire. Using both descriptive and inferential statistical techniques, the data obtained was analysed. The study found that employee job satisfaction was intermediate and that the management style is the first factor in improving job satisfaction, so it is the work environment that plays a role in this enhancement; while the reward management method in hotels was the least successful factor.

Abbas and Hammadi (2009) conducted a study titled “Incentives and their Effect on Performance”. The main objective of the study was to identify incentive system and its role in enhancing the performance of employees at the Yemeni Oil Exploration Commission. Primary data was collected from all the employees of Yemeni Oil Exploration Commission and analysed using both descriptive and inferential statistical tools. The finding of the study showed a poor participation by the employees in decision making; in addition to this, the majority of employees complained about the lack of concrete incentives, such as rewards and rate.

Al-Fares (2011), on the other hand, attempted to clarify the relationship between the incentives methods employed in four public institutions. Survey research design was employed and questionnaire was used to collect primary data from 139 respondents selected from four public institutions. Data collected were analysed using statistical tools including, mean, standard deviation and Pearson’s correlations. The study 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.

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. The study’s objective was to identify 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. Questionnaire was designed and used to collect primary data from 620 selected respondents from the Jordanian Universities. The collected data was analysed with mean, standard deviation and confirmatory factor analysis. 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 and moral incentives and organizational performance as well as between financial and moral incentives and internal business process and customer satisfaction.

Alfandi and Alkahsawneh (2014), conducted a study on the role of the incentives and reward system in enhancing employees performance, a case study of Jordanian travel and tourism institutions. The objective of the study was to investigate the role of incentives on employee performance for the employees of the Jordanian tourism and travel institutions. The
sample of the study comprised 44 employees from 22 randomly selected institutions in Amman. Questionnaire was used to collect primary data from the selected respondents. The collected data was analysed using descriptive analysis. The finding of the study revealed that there is an adequate level of incentives provided to employees and that incentives have significant impact on employee performance.

Kassim, Anyanwu and Nwuche (2017) conducted a study on incentive management strategies and employee performance: A study of manufacturing firms in Port Harcourt. The study's objective was to explore the relationship between incentive management strategies and employee performance. The study adopted the cross sectional survey which is a form of the quasi experimental design. Data was collected from a sample of 281 employees drawn from a populace of 751 representatives in the chosen fabricating firms. The data collected was analysed using quantitative analysis method. The study found significant associations between the study variables where dimensions of incentive management are revealed to be significantly associated with the measures of employee performance.

**Methods**

The study employed survey design method in which a specially designed questionnaire was used to collect primary data from respondents in the study. The target population of the study was employees from the head branches of the four selected telecommunication firms in Kaduna metropolis; providing network reception service for calls and internet access data to residence in Kaduna metropolis. The firms include MTN, Airtel, 9Mobile and Glo. The population of employees in these firms’ head branches were; 66 in MTN, 49 in Airtel, 61 in 9Mobile and 54 in Glo; making a total of 230. The sample of the study was same as that of the population, as census sampling technique was used to decide the sample size. Self-administered questionnaire was designed and used to collect the primary data of the study. The collected data for the study was analysed using descriptive statistical analysis tools (mean scores and standard deviation) to summarize the responses and inferential statistical tool (Regression model) to determine whether incentive management strategies have impact on employee performance in the selected firms.

The model equation for this study is presented as follows:

\[
EP = \alpha + \beta_1 \text{MIMS} + \beta_2 \text{NIMS} + \mu_i
\]

Where:

- \( EP \) = Employee Performance
- \( MIMS \) = Monetary Incentives Management Strategies
- \( NIMS \) = Non-Monetary Incentives Management Strategies
- \( \mu_i \) = Standard Error of Estimate
- \( \alpha \) = Constant or Intercept
- \( \beta_1 \) - \( \beta_2 \) = Coefficient of Independent Variable

**Summary of Variables and Measurements**

*Table 1. Variables and Measurements*

<table>
<thead>
<tr>
<th>Variable Type</th>
<th>Variable</th>
<th>Proxy</th>
<th>Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent variable</td>
<td>Employee Performance</td>
<td>Employee Productivity</td>
<td>Level of individual performance, work output</td>
</tr>
<tr>
<td>Independent variable</td>
<td>Incentives Management Strategies</td>
<td>Monetary Incentives</td>
<td>Salary, wages, bonuses, commissions, profit sharing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-Monetary Incentives</td>
<td>Promotion, appreciation, honours and medals</td>
</tr>
</tbody>
</table>
Result and Discussion

The data collected was analysed and summarized using descriptive statistical tools (mean scores and standard deviation) and a regression was computed with the help of Stata, the output is presented and discussed below.

Table 2. Regression Output

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficient</th>
<th>t-Statistics</th>
<th>P-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.753</td>
<td>10.547</td>
<td>0.000</td>
</tr>
<tr>
<td>Monetary Incentive Management Strategies</td>
<td>0.740</td>
<td>7.828</td>
<td>0.010</td>
</tr>
<tr>
<td>Non-monetary Incentive Management Strategies</td>
<td>0.761</td>
<td>6.293</td>
<td>0.021</td>
</tr>
<tr>
<td>R</td>
<td>0.701</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.682</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.679</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Statistics</td>
<td>29.641</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F-Sig</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durbin Watson</td>
<td>2.990</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), Monetary Incentive Management Strategies and Non-monetary Incentive Management Strategies
Dependent Variable: Employee Performance
Source: Stata Output 2019

The regression result presented in Table 2 shows that the R square value obtained is 0.682 which implies that 68.2% of the variation in the dependent variable employee performance among telecommunication firms in Kaduna metropolis was influenced by the incentive management strategies (monetary and non-monetary incentives management strategies). The high value of the F-statistics (29.641) and the F-sig value (0.000) which is below 0.01 indicate statistical significance at 1% confidence interval. The obtained p-values for monetary and non-monetary incentives management strategies were each less than 0.05 (0.010 and 0.021 respectively), these indicate significance for both proxy(s) at 5% confidence interval (0.05). The obtained Durbin Watson value of 2.990 confirms statistical significance of independent variables in predicting the dependent variable.

The result presented in the table 2 also revealed that Monetary Incentive Management Strategies had a t-value of 7.828 and a coefficient of 0.740. The result further showed that the obtained p-value was 0.010, which was less than 0.05, indicating significance at 5% confidence interval. The result shows that Monetary Incentive Management Strategies is statistically significant in predicting the dependent variable employee performance. The obtained coefficient indicates that as Monetary Incentive Management Strategies increases by 1 unit, employee performance is expected to increase by 0.740 unit among telecommunication firms in Kaduna metropolis. Based on this result, the first null hypothesis “Monetary incentives management strategies have no significant impact on employee performance among telecommunication firms in Kaduna metropolis”, was rejected and the alternative (Monetary incentives management strategies have significant impact on employee performance among telecommunication firms in Kaduna metropolis) was accepted.

Table 2 result showed that Non-Monetary Incentive Management Strategies had a t-value of 6.293 and a coefficient of 0.761. The result further showed that the obtained p-value was 0.021, which was less than 0.05, indicating significance at 5% confidence interval. This result helps confirm that Non-Monetary Incentive Management Strategies is statistically
significant in predicting the dependent variable employee performance. The obtained coefficient implies that as Non-Monetary Incentive Management Strategies increases by 1 unit, employee performance is expected to increase by 0.761 unit among telecommunication firms in Kaduna metropolis. Based on this result, the second null hypothesis “Non-monetary incentives management strategies have no significant impact on employee performance among telecommunication firms in Kaduna metropolis”, was rejected and the alternative (Non-monetary incentives management strategies have significant impact on employee performance among telecommunication firms in Kaduna metropolis) was accepted.

The finding of this study conforms with that of Kassim, Anyanwu and Nwuche (2017), Alfandi and Alkahsawneh (2014) and Al-Fares (2011) which also found that incentives strategies have significant impact on employee work performance.

**Conclusion**

The study was aimed at determining the impact of incentive management strategies on employee performance. In the study two types of incentive management strategies were focused on, they are monetary incentive management and non-monetary incentive management strategies. Based on the result obtained in the study, it can be concluded that both forms of incentive management strategies yield positive impact on employee performance. The study also revealed that the telecommunication firms in Kaduna metropolis practice both the monetary and non-monetary incentive management strategies, resulting in comparatively high employee performance. Generally, conclusion can be drawn that monetary and non-monetary incentive management strategies play significant role in determining the failure or success of employees in an organization.

**Recommendations**

Based on the findings of this study, it was recommended that:

i. Telecommunication firms continually review existing monetary and non-monetary incentive management strategies and design new incentive programs in order to encourage employee to perform better than their current performance level.

ii. Incentive programs should be carefully design to ensure they are competitive, in order to reduce labour turnover and encourage job satisfaction which eventually leads to better performance in the long-run.

iii. Incentives should also be given to employees according to their level of performance, in order to encourage healthy competition among employees and reward for hard work.

**References**


Al-Fares, S. (2011),"The Effect of Incentives Strategies on Organizational Loyalty in Public Sector", Alsham University Journal 27(1).


