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Impact of Incentive Scheme Management on Employee Productivity

[1]Ademola Adeniran & [2]Kehinde Ogunmodede
[1&2]Department of Business Administration
Ogun State Institute of Technology, Igbesa, Ogun State.

Abstract

The usefulness of good incentive policies which leads to motivation of the employee cannot be over emphasized. Every organization depends on motivation among other factors for the attainment of their objectives. The main objective is to examine incentive scheme and worker productivity. The study employed descriptive survey adopting convenience sampling technique to select representative samples of 60 respondents out of the controlled population of 150 staff Lafarge Wapco Cement, Ewekoro, Ogun state, Nigeria. Questionnaires were administered to generate primary data that was used for this study. The data obtained were presented in tables while Pearson correlation test was used to test the relationship between the stated variables with 10% level of significance. The analysis was carried out using statistical package for social sciences (SPSS) version 21. The study found out that incentives schemes influences employees' work performance. The incentives payable is the major motivator to the return of the employee and as such whenever the incentives are paid on time, the employees tend to perform well. The management must try to balance the need of the employees as regards increment in salary and the organization objective to increase their level of profit.

Keywords: *Incentive scheme, Basic salary, Job satisfaction, Work performance and Employee commitment*

Corresponding Author: Ademola Adeniran

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Background to the Study

An incentive is a form of financial encouragement recognizing a particular contribution made by the work force, in other words, it is a sum of money paid in addition to the basic rate which the organization pays to ensure that its most important production aspects are being optimized. For instance, a capital intensive company might have an incentive linked to machine utilization. A number of scholars claimed in their research findings that managers of firms can use financial incentives to create employee positive attitude, job satisfaction and improve productivity (Guzzo, Jette & Katzell, 1985). However, a number of others are of mixed findings. While some support a positive relationship between financial incentives and employee productivity, others have not find a strong relationship between them (Jenkins, Mitra, Gupta & Show, 1998).

Performance incentives are payment made to an employee or group of employee based on amount of output. The use of performance incentive policies is premised on the belief that output can be measured and performance by workers, it used dated back to the era of the scientific management movement championed by Fredrick Winslow Taylor who argued passionately for the use of incentive wage system as a way of getting more output from the workers. It was also aimed at combating "soldering or boondoggling "which was a practice of deliberate restriction of output by workers on the job as at that time. Taylor believes that workers could always exert greater efforts if they were to be paid a financial incentive based upon the number of units of work they were able to produce. He then developed the differential rate system which gives a worker a lesser piece rate e .g #1.00 per piece if he produced less than the standard amount of output required by so doing; individual workers are motivated to produce greater output. The major objective of a manager is to ensure that business and corporate objectives are realized. This is only possible if employees (workers) who are the key assets of an organization have positive attitude towards their organizations (Banjoko, 1996). Employers also have the ideology that to get the best from employees it is pertinent to offer them more money. Hence, some workers believe in money, while others believe in other incentives like recognition, job security, group cohesiveness, enabling environment, training, etc., Bennett and Minty (2005).

In every organization, large or small private or public enterprises, human resources (employees) are always the pillar of the success of the organization. The human elements have their individual drives, desires, needs, wishes and similar forces which they intend to satisfy when they are coming into an organization. The satisfaction or non-satisfaction of these needs by the organization has an impact on the behaviour or performance of the employee and eventually on productivity. The study of Kreitner and Kinicki (2001) revealed that financial incentives has a short term result in encouraging and stimulating workers for higher performance. Dorenbosch, De Reuver & Sanders (2006) indicated that financial reward goes a long way in determining how effective and committed a worker will contribute to organizational goal and objectives. The usefulness of good incentive policies which leads to motivation of the employee cannot be over emphasized. Every organization depends on motivation among other factors for the attainment of their

objectives. The monetary incentives like bonuses, wages, salary increment, e t c to put more effort in their work which help to improve the level of productivity in both private and public industries.

According to Salau, Falola and Akinbode (2014), the financial incentives given to workers comprise bonus, increased salary/pay, fringe benefits, profit sharing, and other payment packages. According to Rothwell & Kazanas (2004), salary/wages and other payment packages play a critical role in workers' motivation and commitment. Many a time, the most concern of employer is to make the employee to contribute to the attainment of organizational objectives, but they should know that if the employees are not happy with the management of the organization, there will be a very low rate of production in the organization, that is why Hekina and Jones (1967) page 120 visualize that employees should be seen and valued as assets for the allocation of organizational resources. This project will be based on the impact of management incentive policies on workers" productivity using Lafarge Wapco Cement Plant Ewekoro Ogun State as a case study.

Statement of Research Problem

Most incentive plans are designed to assist in increasing efficiency in the organization. However, obtaining employees acceptance of an incentive system may be difficult at the onset. There may be fear that the plan will lead to a speed up layoffs or reduce wage can cause workers resistance. Right from the beginning, management of organizations has always been faced with the problem of how to motivate worker in order to increase productivity that leads to profitability. Whiting (1963) posits that most organizations actually fail due to their inability to adequately motivate their employees for higher productivity ironically; human resources form a greater percentage of the total assets of organizations. The management of financial incentives is a very critical issue that should not be over looked, as its neglect can lead to disruption of work process, sales and service delivery loss and consequently financial losses.

The problem at hand therefore is to know the best method to use in financing employees of an organization. There are many ways in which employee can be financing such as better salary, compensation, adequate allowance, job security, spirit of belonging and other kinds of benefits. Lack of organization commitment gave negative effect on worker productivity which is to a large commitment can be achieve through various motivation incentives, however they cannot be easily achieved due to some problem. According to Taylor (2011-2015) and Gilbreth (2015-2017) believed that employees don't like to work, therefore they have to be motivated in order to work. Organizations have been implementing compensation policies without knowledge of the relationship of such compensation mix with the employee performance. The cement industry like organization with the problem of using non-performance related pay structure which hamper productivity because it does not make worker put in extra effort in their work. Hence the need to examine the impact of monetary incentive schemes on worker productivity.

Purpose and Objectives of the Study

Good incentive policies, when put in place, motivate workers and make them happy and happy workers are often productive. Good management incentive could be financial or non-financial in nature. Financial incentive happens to be the most important of the incentive schemes and it includes wages and salaries, profit sharing scheme, etc.

The main objective is to examine incentive scheme and worker productivity. Specifically, the study seeks to achieve the following objectives

1. To determine if incentive schemes influence employee's work performance
2. To examine if basic salary affects job satisfaction
3. To examine the relationship between salary increment and employee commitment

Scope and Limitation of the Study

The research would cover 'impact of monetary incentive scheme on worker productivity', using Lafarge Wapco Cement Factory Ewekoro as a case study. The study would focus on Lafarge Wapco Cement Factory Ewekoro, which is Ogun State, from whom data would be collected. Likely, limitation that might be encountered during the cause of the research work would be sample size which does not give a comprehensive view on monetary incentive, another limited factor are time and resource which would constrained the use sample for data collection.

Historical Background of Lafarge Wapco Cement Factory, Ewekoro, Ogun State

Lafarge Cement WAPCO Nigeria PLC, formerly West African Portland Cement PLC was established in 1959 with its first factory in Ewekoro, Ogun State, Nigeria in 1960. The discovery of limestone in Sagamu area made it easy for the establishment of a second cement factory in Sagamu, Ogun State commissioned by Honorable Minister of Labour and Industry, Sir Roland Adeleye in May, 1978. The company commenced production with an initial capacity of 200,000 tonnes per annum, but this later grew with demand to about 1.05 million metric tonnes per annum.In response to a growing demand for cement and aligned products, West African Portland Cement PLC (WAPCO) has remained the flagship producer of the essential input to building in Nigeria. Symbolized by the strength of the Elephant, its brand has continued to depict power, maturity, resilience, durability and reliability. Elephant Cement has continued to expand and assert itself as a market leader across boarders, despite the overall instability and weakness of the market. This brand is successful primarily due to its outstanding quality complemented by their superior sales network and a world-class logistic framework to position the Elephant brand as a clear leader in its product class.

From the late 1990s, the company began to witness reduction in output due to the age of the inaugural plant in Ewekoro. However, to cope with future challenges through increased productivity, improved efficiency and cost effectiveness, a modern state-of-the-art plant was commissioned in Ewekoro in August 2003 to replace the obsolete and aged plant. The new plant capacity of 1.032 million metric tonnes per annum has since

commenced production with attendant result of increased output by the company. As a result of its takeover of Blue Circle Industries PLC, United Kingdom (U.K) on July 1, 2001, Lafarge SA of France became the majority shareholder in WAPCO. Lafarge is the largest cement producer in the world and the world leader in building materials. With the acquisition, WAPCO is integrating into the Lafarge culture, implementing process reengineering and imbibing Lafarge's Best Practices. Safety as its number one priority in line with business objective of its parent company.

Lafarge WAPCO remains a market and industry leader within the organized private sector in Nigeria, with responsibility for over 50% of local cement production. Efforts are ongoing to achieve optimization of output from the two (2) plants in Ewekoro and Sagamu. Several projects under the New Dawn Programme are focused on this objective and results so far have been quite encouraging. WAPCO is also committed to improving its processes and procedures to meet international standards. WAPCO has embraced quality management system and quality culture, which requires showing clear evidence of meeting customer's requirements in terms of quality and satisfaction. The company's brand; Elephant Cement is of impeccable standard and quality. Little wonder the company has consistently won the NIS Certificate for product quality by the Nigerian Standard Organization for over two (2) decades now. As a testimony to the international standard of product and services in the company, WAPCO was awarded the NIS ISO 9001 Certification in 2000. The Sagamu factory has also been certified to NIS ISO 14001 as the mark of its compliance to environment and safety standards in its operations.

Literature Review

Conceptual Framework of Incentives

Hartman, Kurtzand & Moser (1994) state that incentives are one technique by which employees carry out their end of the employment contract, that is, compensating employees for their efforts. In general, an incentive scheme (payment or programme) is any compensation that has been design to recognize some specific accomplishment on the part of an employee. It is expected that the prospect of the incentive payment will "trigger" the desired performance behavior in the employee. Incentive scheme as defined by Graffin & Ebert (1993), are special day programmes designed to motivate high performance. Incentive schemes attempt to link at least a portion of pay to job performance to encourage higher productivity. Incentives, as often called, should be aligned with the behaviors that help achieve organizational goals or performance. Incentives are either individual or group (organization wide). In this study, financial incentives are designed to motivate employees to improve their performance to increase effort and output and by producing better result expressed such terms as objectives for profit, productivity, sale turnover, cost reduction, quality customer service and on time delivery. This financial compensation provides extra money for achievement in term of contribution or output. The emphasis in financial compensation is on equity, in the sense of paying people according to their just 'desert'.

Incentive schemes relate compensation to productivity. A primary purpose of an incentive scheme is to encourage greater productivity from individual and work groups. The assumption usually made by management is that money or cash alone may not motivate employees. In designing incentive scheme, output standards should be established. The standard is a measure of work that an average, well-trained employee. Working at a normal pace, should be able to accomplish in a given period of time. In addition to motivating employees to increase their level of productivity, incentive schemes may reduce turnover among good performers or productive workers. Incentive schemes are also cost effective because of savings that often resulted from productivity improvements.

Types of Monetary Incentives

Generally, in incentive schemes are classified in to types: material incentive and non-material incentives. Material incentives according to Hongoro & Normand (2002) are those provided for specific group of workers to motivate them for a specific behavior. Non-material (non-financial) incentive schemes on the other hand are directed at moral motivation to serve in the interest of the community. Non-material incentives to employee especially in the public service attract a certain kind of person that more readily identifies with the mission of the organization. Paul & Marc (2007). Caruth (1986) however, classified incentives into individual incentives and group incentive scheme;

For this article, the following specific incentive programmes are relevant and open to organizations in Nigeria:

1. **Cash incentives**: This is payment for performance that meets established criteria. Employees are paid certain sum of money or savings bond. Successful suggestions, for example, are recognized with a sum of money equal to the fraction of the cost of the savings attributed to the suggestion.
2. **Special Benefits:** This involves additional paid leave, commission, extraordinary performance, perfect attendance and so on.
3. **Recognition:** employee recognition as an incentive, offer relatively low cost but high-impact means to reward to employees. This recognition could be done by holding annual dinners, luncheons, banquets etc. at which high achievers or performers are celebrated. Other recognition techniques include the distribution of t-shirts, certificate and gold nameplates. Sometimes high performing employees are featured in organizational in house newsletter and in some cases are the subjects of press releases.
4. **Special Opportunities**: available record suggests that management in some organization used special opportunities as incentive schemes. These special opportunities include the chance to experience training favoured assignments, flexible working conditions, and mentorship and so on
5. **Piece Rate**: under this incentive scheme, a uniform piece per unit of production. Employees may therefore be compensated according to the number of pieces they produced or proceed. Compensation is therefore directly proportion to the level of productivity or result obtained. The scheme is easy to calculate and employees

may determine or predict their rewards in the short term and regulate their place of work accordance with the level of compensation they want to attain.

6. **Commission**: used typically with sale people, commissions are incentive compensation based on a percentage of total sales. A good number of sales people work on salary (Base pay) plus commission, theirs work on a straight commission basis only. Commission according to Armstrong (2013) is intended to act as an incentive. A reward and a means of recognizing achievement. A commission only incentive schemes provides sales person for example, with incentive payment based on a payment on a percentage of sales turnover they generate, while a base salary plus commission scheme provide for a proportion of total earnings to be paid in commission, and the rest in a fixed salary.
7. **Profit Sharing**: profit sharing is an incentive compensation plan that result in the distribution of a predetermined percentage of the company's profits to employees. the plan is used to integrate the employee's interests with those of the company. it is the payment to eligible employees of sums in the former of cash or shares related to the profits of the company during a specified period of time. Nwachukwu (2009).opines that the essence of profit sharing is to give employees a share in the company profits as recognition of their outstanding effort. Managements decides on what percentage of company profit to be shared by employees. To act as a motivator, profit sharing may be closely tied to productivity. The profit to be saheed may come once a year and when we'll administered, profit sharing acts as an incentive and helps to instill the spirit of common purpose. A profit sharing plan is designed to pay, deferred plan and combine plan.
8. **Gain- Sharing:** Armstrong (2003) emphasises the gain-sharing is a formula-based company or factory wide incentive plan that provides for employees to share in the financial gains resulting from increases in added value or another measure of productivity. Gain sharing formula may include: 'The Scalon Plan', 'The Rucker plan', Improshare, Taylor plan, Gantt plan, and so on. the link between employee efforts and the payout can usefully be made exploit by involving them analyzing result and identifying areas for improvements. Profit-sharing differs from gain-sharing in that the former is based on more that improved productivity. Gain sharing aims to relate the payouts much more specifically to productivity and performance improvements within the control of employees.
9. **Golden Handcuffs**: sometimes called retention or loyalty incentives, golden handcuffs are valued for their contributions and by working fairly and consistently. A golden handcuff packages include share options for managers, high salary scale, and high retirement benefits. The standard established by this incentive scheme is too high for any other company meet up. This is why the scheme is called 'golden or executive handcuff'; it ties the employee fully to the organization. This scheme is one of the recent incentives provided to employees in many private organizations in Nigeria.
10. **Share Ownership**: This plan intends to make employees co-owners of the company. it creates a provision for employees to have a stake in the company and longer term compensation by giving them options to buy share at a future date for

their current market price. Stock options are motivational to employees because they confer on employees the right to buy the company's stock at a specified price. Many organizations in Nigeria now motivate employees through the employee stock ownership approach.

Purpose of Incentive Schemes in Organization

According to Caruth, Middle Brook & Frank (1982), the general purpose of incentive schemes is to increase productivity in the organization. By relating compensate to output, an employer is attempting to induce workers to turn out a greater volumes of work thereby lowering the cost of producing a single unit of output. Specifically, the purpose of incentives to both an employee and the organization is to:

1. Improve motivation
2. Tie pay to performance
3. Recognize difference in employee performance
4. Increase competition among employees
5. Attract and retain productive employees
6. Reduce absenteeism
7. Reduce idle time
8. Utilise equipment more effectively
9. Relate increases in compensation to increases in productivity
10. Avoid additions to employees
11. Create uniform processing cost
12. Direct efforts toward achieving organizational objectives and so on.

Financial Incentive Motivators

The theoretical basis for money as an effective incentive motivator has been given attention over the years (Mitchell & Mickel.2003). In the most general sense, money has been shown to attract, motivate, and retain employees as well as to serve as a reinforce of employee performance Stajkovic & Luthans, (1995; 2003). And when withheld, money can act as a punisher Milkovich & Newmarket (2005). Theoretically, money serves as an incentive primarily because it can be exchanged for others desirable outcomes such as good, service, or privileged Komaki et al. (2002). Although many forms of financial incentives are available (e.g vacations gift certificates), lump-sum bonuses are becoming a commonly used pay method to retain and motivate employee surges. (2004). Sturman & Short. (1990). Lump-sum bonuses are cash payments in employees that are not added to employees' base wages and therefore do not cause larger fixed labor costs in the long run Dulebohn & Martocchio. (2000).

In addition, lump-sum bonuses are a part of compensation that is not guaranteed and are usually paid in recognition of some level of performance attainment or goal achievement Milkovich & NewMan, (2004). To make financial incentive more effective, Lawler (1990) has suggested that administrative or application processes be given attention. First, the more closely the financial incentive are tied to performance, the greater the improvement on a variety of outcomes. For example, recent findings indicate that reward contingencies

moderate the performance- turnover intentions when rewards were not perceived as continent on performance, Sturman & Trevor, Gerhart, & Boudreau (2004). Gerhart and Milkovich (1992) explained this phenomenon by suggesting that high-performer turnover is greater under the condition on low reward contingency because the desire to change jobs should increase ad reward inequity increases. Therefore, when it weak pay-for - performance links exists turnover of the best people may occur because they perceive that their high performance will not be sufficiently rewarded.

A second theoretical consideration relevant to this study of financial incentives revolves around whether the pay plan is focused on the individual or on the group. Group-incentive systems include plans in which payouts are continent on the achievement of group or unit goals and often include a formal employee involvement component. Profit sharing and gain sharing are the most common, but lump- sum bonuses delivered to a group in recognition of group performance levels or goal achievement are quickly supplant ingredients other plans, Milkovich & NewMan. (2000) there is initial evidence that we'll designed pay plans based on group performance can increase productivity, Bowie-McCoy. Wendt, & Chop, (2003): Kruise. (2003) But to date no research has shown the impact of financial incentives on business unit profit customer service, or employee turnover.

Conditions for Effective Use of Incentive Schemes

Caruth (1986) stated that incentive schemes are not a panacea for organizations productivity problems, nor are they universally applicable to all types of work organizations. Effective use of incentives hinges upon a number of conditions. In general, those conditions are: the nature of work itself, control systems and the human response to incentive. Specifically, the following are the conditions necessary for the administration of an effective incentive schemes:

1. Direct relationship between effort and output
2. Readily identified units of output
3. Even and continuous work flow
4. Standards of performance
5. Quality standards
6. Measurements systems
7. Opportunity for cost reduction
8. A good unit cost system
9. Sufficient financial inducement
10. Reasonable time spans for payment
11. Reliable stable technology
12. Selective application
13. Top management commitment

Concept of Productive Performance of the Employees

In economics, productivity is the ratio of what is produced to what is required to produce. It is the measure of production efficiency over a given period of time. To the engineer;

productivity means new technology, machines and equipment measurement and controls. To a business manager, productivity has various meaning including effectiveness and efficiency. This is because in management there are no measurable units of output, no productivity function and non-existence of an effective data base. Aggro (1991) uses the word productivity to mean the output per unit of factors input over a given period of time. It is ratio between the output of wealth produced and the input of resources consumed in the process of production. Adekoya (1987), agree emphasizing that productivity is a measure of how well labor resources/skills are bought together in a firm and utilised for accomplishment a set result. Efficiency in production is measure by ratio of input to output. Efficiency in the utilization of labor in an organization involves obtaining the higher level of performance from the employees with least expenditure in labor in labor wages. The international labor of organization (ILO) as cited in Prokopenko (2012) defined productivity to be the effective and efficiency utilisation of all resources: capital, labor, materials and energy information and time. In this paper, Nwasike (2002) definition is used as a working definition. She defined productivity as: the efficiency with which input are used to produce the desire output.

Earlier, Udo-Aka (2003) defined productivity as a measure of overall production efficiency, effectiveness and performance of individual organization. Akerele (2005.) contend that productivity is the measure of how well a nation's resources are utilised for accomplishing a set of results reaching the highest level of performance with the least expenditure of resources. This is synthesizing definition of productivity. Akerele (2001) further maintain that. Productivity is an attitude of the mind; it is the certainly of being able to do better today than yesterday. It is the will to improve on the present situation, no matter how good it may look. It is the constant adaptation of economic conditions. It is the continued effort to apply new technique and it is the faith in human capabilities

For the above, it is clear that the applicability of the productivity concept to every sphere of human endeavour remain constant, the relevance and centrally of productivity to human existence can never be denied. This paper assumes that productivity is effectiveness, efficiency, performance and growth. Productivity improvement, in the words of Prokopenko (2004) is not just doing things better. It is doing the right thing better. Productivity improvement therefore depends on how successfully the main factors of socio-production systems that influence productivity are identified and used. Nworah (2001) had earlier contended that productivity improvement was the increase in output (goods and services) got from a given input by better management and utilization of resources, including human resources. It does not necessary mean getting them to work smarter, work generally easier when productivity improvement take place. Productivity improvements are obtained through improved product or system design, use of improved machinery and equipment, improve skills and effectiveness of the workers and increase production volume and levels. Productivity improvements is important for this paper backseat it makes it easier to improve the standard of living of any nation hence it's applicability to Nigerian business situation. Productivity measurement can also be regard as the quantification of both the output and input resources of a productive system.

Methods of measuring productivity at the company level are the "Kurosawa structural method", the "Lawlers method", the "Gold method" and "Quick productivity method".

Ways of Measuring the Productivity (Performance) of the Employees

Measuring employee productivity is a difficult task for small businesses. Journalist Saheli S. R. Datta points out in CNN Money, "The standard economic measure of productivity- dividing company revenue by number of employees- won't help you make operational improvements. Nor can you simply count the widgets they ship per week, as factory managers do". But methods do exist for measuring your small business's employee productivity. With a little creativity and number crunching, you will be able to put numbers to everyday operation.

1. **Establish a baseline**: You need a starting place to measure employee productivity at large. Using your small business's normal or day-to-day business operation output set an average for the total amount and then divides it by the number of employees. If your small business is watch and jewelry repair, take the average number of repair services performed in the course of a normal business day and divide it by the number of employees to yield a baseline.
2. **Identify and subtract productivity limiters**: Things that hamper employees' ability to execute their jobs. If your small business provides residential lawn maintenance and pest care services, having employees fill out customer invoices by hand and writing work orders by hand take more time than supplying preprinted, completed documents. Look for redundancies also and eliminate them. David Sward at Intel describes it this way, "Don't forget to take into account any fundamental restructuring that eliminates all or a portion of activities; these are often innovative changes."
3. **Create a spreadsheet:** Having eliminated redundancies and time-wasting activities, coupled with establishing a baseline, you now have the ability to measure employee productivity performance. Start a new spreadsheet and place each employee's name on it along with columns that track individual performance relative to your baseline. If your small business writes software and your baseline is "X" units written per day written, divide the total number of units by number of employees and then compare that to each individual's output. This identifies which employees are meeting, exceeding or falling to meet the daily average.
4. **Re-evaluate your productivity measurement**: Every quarter to six months, establish a new baseline to ensure it is accurately reflecting current operating conditions and re-evaluate each employee based on the new standards.
5. **Define productivity and direct behavior:** The measurement system provides an implicit definition of productivity for the operation. It communicates to the worker, the supervisor, and others the common expectation from the task. The productivity measurement provides specific direction and guides the worker toward productive activities.
6. **Monitor performance and provide feedback**: The measurement system provides a means to check progress towards an objective. In addition, it can be a major part of the employee's performance evaluation leading to rewards or disciplinary action.

7. **Diagnose problems:** Productivity analysis, particularly the examination of trends, helps identify problems before they become crises and permits early adjustment and corrective. Like any other indicator, productivity measurements do not necessary identifies the source of the problem, only that one exists.
8. **Facilitate planning and control:** Productivity measurement provides information on costs, time, output rate, and resource usage to allow decision making with respect to pricing, production scheduling, purchasing, contracting, delivery scheduling, and many other activities in the industrial cycle. Productivity analysis, together with other elements of a competitive strategy, may determine which products or processes should be expanded and which should be phased out.
9. **Support innovation**: Productivity analysis, combined with cost data, aids in the evaluation of proposed change to existing products or processes and the introduction of new ones. It is one of the primary foundations for the continuous improvement efforts that are both popular and necessary for survival in business firms today.

Employee's Commitment and Financial Incentives and Rewards

Financial incentives and rewards positively effect on employees commitment or loyalty. Employees stay in an organization because of the cost for leaving the organization and benefits to be a part of the organization. Therefore it is important for the organization to maintain the relationship because it create the basis for high levels of commitment so, firms must develop strategies that include financial incentives and rewards ft example promotion, bonus, profit sharing or gain sharing and employees stock ownership etc, (Development and Learning Organization, Vol. 25 No. 1, 2011). Employees want their performance should be appreciated and by offering them appropriate rewards and benefit package is an effective way not only to achieve their organizational goals but also their continuation of relationship with talented employees. The most important human resources management issue nowadays is rewards structure. But due to global competitions and environmental uncertainty most employers have shifted from traditional way of rewards structure and design them on basis of performance, skills knowledge and competency which attracts, retains and motivates talented employees to achieve their objective. Milkovich & NewMan, (2012). Their proper implementation results in improved employee satisfaction, increased teamwork and motivation and employees performance, Drucker & White, (2010). The empirical result of the administration of benefits showed positive association between employee's commitment and financial incentives and rewards.

Employee's commitment increases the employee's performance and reduces turnover, and thus loyalty of employees depends on the satisfaction of their wants and desires. The base of relationship continuation between employee's and employer monetary incentives and rewards because these monetary incentives and rewards provided to employees on the performance of their tasks. According to Maslow (2014) there is a hierarchy of human needs and when one want is satisfied then employees try to satisfy another want. Maslow

divided human needs into five types (1) physiological needs for example foods, clothing. (2) Security needs (3) Social needs for example needs for affection, friendship, and sense of belonging (4) self-esteem need and (5) self-actualization needs. Vroom (2014: 134) presented expectancy of financial rewards and which resulted in better performance of tasks. If their expectation is high then they will perform better and will be more committed and vice versa Martin & Shawn, (2004). Coyle-Shapiro et al. (2002) found that those organizations who instead of giving the financial rewards only to mangers because of better performance of organizations, should also concentrate on awarding their lower level of employees to retain them for long time in the organization. And organizations should introduce collective plans for expletives cash-based rewards, promotion and profit sharing because these may impact positively on employee's loyalty Gerhart & Rynes, (2003). Thus, high level of employee job performance in significantly associated with high level of loyalty and negative related to employee's turnover Ziayddin & Ramay, (2000).

Theoretical Framework

Theories surrounding compensation may range from expectancy theory, agency theory, and goal-setting theory, social-cognitive theory (self-efficacy theory) to tournament and human capital theories.

Expectancy Theory

The Expectancy theory was propounded by Victor H Vroom in 1964. He argued that people act to maximize expected satisfaction with outcomes. People are motivated by two things: (1) what they think the payoff is for a particular behaviour and (in this case, money) and (2) how much they value that payoff (research shows people value monetary payoff over non-monetary payoff). The combination of these two factors is what motivates people. In other words, people make more effort when performance-based incentives are used because they believe they will get money when perform as expected and they really like money.

Agency Theory

The Agency theory was postulated by Stephen Ross and Barry Mitnick in 1975. They believe that Individuals have ability for increases in wealth". Agency theory assumes that people are rational and will make choices based on the choice's ability to increase either wealth or leisure. If a task does not add economic well-being, people will shrink the task.

Goal -Setting Theory

Goal setting Theory, by Edwin Locke in 1960 states that goal setting is essentially linked to task performance. This theory argues that personal goals are the primary determinant of, and immediate precursor to effort." Prior research has shown that challenging and specific goals are most effective at increasing effort because they require more effort to be achieved. Goals have a main effect on effort, separate from expectancy, and are themselves affected by monetary incentives in that monetary incentives may cause people to " set goals when they otherwise would not set more challenging goals than they otherwise would, and have "higher goal commitment.

Methodology

Research Design

In this study, descriptive survey method was used with limited number of workers, because the whole population cannot be effectively studied. Thus, a sample size was selected from the whole population.

Data Sources and Method of Collection

The data for this study was obtained from both primary and secondary sources. The primary data was obtained through the administration of questionnaire to respondents. The questionnaire was adopted because of its precision, accuracy, reliability, cost effectiveness and its wide usage. Secondary data was also used as different works of authors were used so as to provide the needed information.

The Study Population

The target population for this study consist selected staff of Lafarge Wapco Cement, Ewekoro, Ogun state, which amounted to 150 workers.

Sample Size and Sampling Technique

The sample size selected from the population was sixty (60) respondents. Simple random sampling technique was adopted to determine the representatives of the population. This is due to the availability of the payroll that can be used as the sample frame. According to Pallant (2007), a sample size of 30 and above do not violate or cause major problem in statistical measures even if the responses are not normally distributed.

$$\mathbf{n} = \left[\frac{N}{1+N(e)^2}\right]$$

where n**:** sample size

N: population size. 150

e: required error. 10%

$$\mathbf{n} = \left[\frac{150}{1+150(0.1)^2}\right], \qquad \mathbf{n} = \left[\frac{150}{1+150(0.01)}\right]$$

$$\mathbf{n} = \left[\frac{150}{1+1.5}\right], \qquad \mathbf{n} = \left[\frac{150}{2.5}\right]$$

n= 60

Method of Data Presentation and Analysis

The method used in presentation of the data was simple percentage method and this was put tabular form. The correlation test analysis was used to test the relationship between the stated variables and the stated hypotheses. The analysis was done via the aid of statistical package for social science (SPSS) version 21.

Pearson correlation coefficient formula $r = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum Y)^2}}$

The magnitude of the correlation indicates the strength of the relationship which may vary by discipline;

Coefficient Value	Strength of Association
If r less than 0.3	Small correlation
If r is greater than 0.3 but less than 0.5	Medium/moderate correlation
If r is greater than 0.5	Large/strong correlation

Decision rule: Accept the alternative Hypothesis if the correlation is positive.

Test of Hypotheses

Hypothesis One

$H_{0:}$ Incentives schemes do not influence employees' work performance.

H_1: Incentives schemes influence employees' work performance.

Table 1: *Correlations*

		Incentives schemes	Employees' work performance
Incentives schemes	Pearson Correlation	1	.874**
	Sig. (2-tailed)		.000
	N	80	80
Employees' work performance	Pearson Correlation	.874**	1
	Sig. (2-tailed)	.000	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field work (2019)

From the table 1 above, the Pearson correlation (r) analysis between incentives schemes and employees' work performance variables is 0.874, indicating a strong positive correlation between incentives schemes and employees' work performance variables. Thus, the null hypothesis is rejected and it is concluded that Incentives schemes influences employees' work performance.

Hypothesis Two

$H_{0:}$ Basic salary does not affect job satisfaction.

H_2: Basic salary affects job satisfaction.

Table 2*: Correlations*

		Basic salary	Job satisfaction
Basic salary	Pearson Correlation	1	.339**
	Sig. (2-tailed)		.002
	N	80	80
job satisfaction	Pearson Correlation	.339**	1
	Sig. (2-tailed)	.002	
	N	80	80
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Field work (2019)

From the table 2 above, the Pearson correlation (r) analysis between basic salary variables and job satisfaction is 0.339, indicating a moderate positive correlation between basic salary variables and job satisfaction variables. Thus, the null hypothesis is rejected and it is concluded that basic salary affects job satisfaction.

Hypothesis Three

H_0: There is no significant relationship between salary increment and employee commitment

H_3: There is a significant relationship between salary increment and employee commitment

Table 3*: Correlations*

		Salary increment	Employee commitment
Salary increment	Pearson Correlation	1	.057
	Sig. (2-tailed)		.617
	N	80	80
Employee commitment	Pearson Correlation	.057	1
	Sig. (2-tailed)	.617	
	N	80	80

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Field work (2019).

From the table 3 above, the Pearson correlation (r) analysis between salary increment and employees' commitment is 0.057, indicating a small positive correlation between salary increment and employees' commitment variables. Thus, the null hypothesis is rejected and it is concluded that there is no significant relationship between salary increment and employee commitment

Summary of Findings

The key findings of the study with respect to the formulated objectives are discussed as follows:

1. The study found out that incentives schemes influences employees' work performance. The incentives payable is the major motivator to the return of the employee and as such whenever the incentives are paid on time, the employees tend to perform well.
2. Basic salary affects job satisfaction. Employees expect that their salary is commensurate to their effort. They also expect that their salary should be in line with the one paid to their counterparts working in other firms. This way they will be satisfied with their job.
3. This study also found out that there is a significant relationship between salary increment and employee commitment. Whenever salaries are increased, the employees get to work better for their employers.
4. The last finding of this study is that there is a significant relationship between adequate compensation and employee performance. Adequacy in the compensation will enable the employees to feel secured on their job hereby leading to improved performance.

Conclusions

Based on the objectives of the study and the hypotheses tested, it is concluded that

a. Salary paid to the employees depends on a variety of things, such as the efforts put in by the employee towards the firm.
b. Employees also compare their basic salary to that paid to their counterparts at the same level in other organization.
c. Salary increment is most times demanded by the employees and organizations usually avoid paying high salary as it may reduce their profits.
d. Aside from other factors like the nature of the job, the work environment, the remuneration payable to the employees also determine their level of satisfaction, commitment and performance.

Recommendations

Based on the above discussed findings, the following constitutes the recommended tips that if taking can foster sales performance of most SME's:

1. Employers should endeavor to put up policies and strengthen the human resource that will ensure that the right amount of salary should be paid to their employees at the right time.

2. The management must try to balance the need of the employees as regards increment in salary and the organization objective to increase their level of profit.
3. There should be an avenue for employees to share their thought as at the right time so as to ensure that their job is secured.
4. There should be stated criteria for giving incentives to employees, so that employees will know when and to claim their incentives.

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