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Dr. Marcus Garvey ORJI
Ph.D. Department of Business
Administration Veritas
University, Abuja, Nigeria

Martha Ebere Ezimmuo
Department of Bursary,
Veritas University, Abuja,
Nigeria

Effect of financial incentives on employee work habit and performance in Nigerian public enterprises

Dr. Marcus Garvey ORJI and Martha Ebere Ezimmuo

Abstract

Poor performance in the Nigerian public enterprises in most cases stem from dissatisfaction among employees, this dissatisfaction is attributed to many factors of which low financial incentive and Limited opportunity for career advancement are suspected to be among. The objective of this study was to assess the effect of Financial incentives on employees work behavior and performance in Nigerian Public Enterprises. The study is a descriptive survey and both primary and secondary data were used, and formulated hypotheses tested using Kendal coefficient of concordance. The findings of the study indicated that there is a significant relationship between financial incentives and work habits and performance of employees of Nigerian Public Enterprises, also limited opportunities for career advancement demotivate employees of Nigerian Public Enterprises, Provision of adequate training opportunities and career development programs motivates and encourages higher performance among employees of Nigerian Public Enterprises, equally Lack of annual salary increment tied to employee performance contributes to low motivation and poor performance among employees of Nigerian Public Enterprises. The study draws its conclusion on the fact that improved financial incentive energizes employees in Nigerian Public Enterprises to focus on work activities and encourage better performance, and recommended among other things that the management of Nigerian Public Enterprises needs to understand their employees better and use appropriate tactics like financial incentive to influence their work behavior and over- all performance. Also, opportunity for career advancement should not be limited or politicized, because the implications of that are low quality expectations and lack of trust among employees of Nigerian Public Enterprises.

Keywords: Financial incentive, work behaviour, performance, public enterprises

1. Introduction

Money in whatever form is sweet to behold and stay with. It energizes the spirit and gladdens the heart of Men. It is one if not the best incentive to motivate and influence work habit of Nigerian employees. By motivating the work force, management creates 'will to work' which is necessary for the achievement of organizational goals. Managers fulfill their organizational goals through the work of employees. Thus, managers need to have highly efficient and productive staff members.

Organizations offer attractive financial incentive packages to attract and retain people with high quality and thereby to stay competitive, because financial incentives increase individual effort and thereby produce "incentivized" behaviour (Wickramasinghe & Dabere, 2012) ^[44]. Financial Incentive can be defined as the program aimed at improvement of individual's performance via financial bonuses. Financial Incentive programs refer to extrinsic motivation of employees rather than intrinsic. Financial incentives and rewards make continuation of the employment relationship because it create the basis for high levels of commitment so, firms must develop strategies that include financial incentives and rewards for example promotion, bonus, profit sharing or gain sharing and employees stock ownership etc (Saleem, 2011) ^[35].

According to Tang's (1992), income generally has strong positive correlation with employees' job satisfaction. This can indicate that also monetary incentives should have positive effect on job satisfaction. Indeed several studies have reported that different kind of monetary incentives have positive effect on employees' overall job satisfaction (Green & Heywood 2008, Puoliakas & Theodossiou 2009) ^[9, 32].

Work behaviour includes all behaviours present in work context leading to the specific achievement and describing the way how work has been performed by employee

Correspondence

Dr. Marcus Garvey ORJI
Ph.D. Department of Business
Administration Veritas
University, Abuja, Nigeria

(Jex and Britt, 2008)^[10]. It analyses not only the results but also the manner of engaging in activities connected with the work process. It also takes into account different behavioural episodes according to the level of relevancy for organizational goals (Motowidlo, 2003)^[16]. Although many factors contribute to productivity, job performance is viewed to be the most influential one. Job performance itself is a function of four variables: ability, understanding of the task, environment, and motivation (Mitchell, 2009, Nwogu, 2014)^[15, 19]. Accordingly, in order to perform well employees need to have the knowledge and tools that are required for the job as well as the will to do what is required from them.

Over the years the Nigerian public sector/institutions has continued to render poor quality services to the citizens mainly as a result of low performance of workers in the sector. Poor performance in the Nigeria public sector manifest in poor planning, ineffective implementation of policies, poor public service delivery, abandoned projects, delays in plan implementation, shortage of basic amenities, and lack of accountability (Unanka, 2009)^[42]. A walk into any government office on any typical day will reveal a largely lethargically slothful public service where workers are lazy, hawk wares, chatter about or sleep and snore on desks (Dowling, 2008, Ogbonna, 2017)^[6, 31] To curb the problems, various Nigerian governments at different periods introduced different measures including reform programmes aimed at motivating and improving the performance of workers in the public sector. Most of these reforms dwelt on motivational factors such as salary reviews, training, participative management, democratic leadership styles, and clinical approach to supervision and welfare facilities (Dowling, 2008)^[6]. Motivation is a by-product of many factors. These factors could either be internally or externally galvanized, depending on the disposition of the individual and prevailing circumstances at any given time.

In the present Nigerian situation, the economic rate of activities and the subsequent high inflation rate have made money a relatively high motivating factor (Muogbo, 2013)^[17]. The limited number of salary reviews in the Nigerian public sector, the inappropriateness of training programmes, as well as the inadequate access to housing and medical facilities cum low prospects of promotion has brought about a situation where there have been persistent expressions of dissatisfaction among public institution/sector workers. Low performance in most cases is a by-product of dissatisfaction, which could manifest itself in various ways. Some of these ways include indiscipline and general apathy. Good remuneration has been found over the years to be one of the policies any organization can adopt to increase their workers performance and thereby increase the organizations productivity. Also, with the present global economic trend, most employers of labour have realized the fact that for their organizations to compete favourably, the performance of their employees goes a long way in determining the success of the organization. On the other hand, performance of employees in any organization is vital, not only for the growth of the organization, but also for the growth of individual employees (Muogbo 2013)^[17].

Public corporations and parastatals like Central Bank of Nigeria, Federal Inland Revenue Services and Nigerian National Petroleum Corporation must know who are its

outstanding workers, those who need additional training and those not contributing to the efficiency and welfare of their organization. Also, performance on the job can be assessed at all levels of employment such as: Personnel decision relating to promotion, job rotation, job enrichments etc (Shafighi, 2013)^[36]. And, in some ways, such assessments are based on objective and systematic criteria, which include factors relevant to the person's ability to perform on the job. Hence, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is performing the task or job assigned to him or her. Based on this information, decisions will be made affecting the future of the individual employee. Therefore, a careful evaluation of an employee's performance can uncover weak-nesses or deficiencies in a specific job skill, knowledge, or areas where motivation is lacking. Once identified, the deficiencies may be remedied through additional training or the provision of the needed rewards.

Motivation can be either extrinsic or intrinsic. Extrinsic motivations are those that are external to the task of the job, such as pay, work condition, fringe benefits, security, and promotion, contract of service, the work environment and conditions of work. While Intrinsic motivation on the other hand are those rewards that can be termed psychological motivations and examples are opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner (Muogbo, 2013)^[17].

This study intends to elucidate on how employees work behavior and performance can be enhanced through the use of extrinsic reward, like financial incentives, training, and opportunity for career advancement in selected Nigerian Public Corporations like Central Bank of Nigeria, Federal Inland Revenue Services and Nigerian National Petroleum Corporations.

1.1 Statement of problems

Workers leave organization due to the fact that they are not motivated enough. Some are not willing to leave because they are enjoying some benefit in terms of promotion, which leads to increase in salaries and wages, bonus and some other incentives. There is the belief that if salaries are increased workers would be motivated and give out their best (Mougbo 2013)^[17]. However, poor time management, laziness, self-interested, and the failure to meet deadlines for the preparation of important working documents has become a common practice in Nigerian public institutions. There is an evidence to show (Yusuf and Gichinga 2016)^[45] that organizations like Central Bank of Nigeria are facing challenges in retaining employees due to limited opportunities for advancement and the current competitive labour market. It doesn't appear things will get any better in the near future.

In a bid to influence positive work behaviour and improve the performance of workers in the Nigerian public institutions, various Nigerian governments at different periods introduced different measures. Some of these measures include public service reforms, review of salaries and wages, creation of training institutes, housing and health insurance schemes and minimum wage act. These measures notwithstanding, the performance of public institutions/corporation workers has been very poor and

remains a major concern to the Nigerian government and its citizens. The prevailing situation at the work place has been one of low work performance and poor service delivery. Poor performance in the Nigerian public institutions/corporations in most cases stem from dissatisfaction among workers. In turn dissatisfaction among workers in the public institutions is attributed to many factors of which low financial incentive is a key factor. At the workplace, negative work behaviour manifest itself in various ways including absenteeism from work stations, low quality work, low productivity, lateness, stealing of government property, corruption, insecurity, laziness, a high rate of complaints by the workers, and high staff turnover among the professional staff (Unanka, 2009)^[42].

Some of the indicators of negative work behaviour and poor performance among workers of the public corporations in Nigeria include: inadequacy of technical supervisory personnel, high rate labour turnover among professional staff, restricted training opportunities, Limited opportunity for career advancement and lack of institutional strengthening. The implications of these are low quality expectations and lack of trust from the Nigerian public.

Scanty studies have been done on incentives and motivation in Nigerian public institutions such as Mitshel (2008), Unanka (2009)^[42], Mougbo (2013)^[17] Nwogu (2014)^[19], Yusuf and Gichanga (2016)^[45], but did not cover indeed, the areas that the objectives of this work covers. This existing gap this study intends to fill. To this effect, this study attempts to empirically analyze how extrinsic motivational tools like financial incentives can be used in Central Bank of Nigeria, Federal Inland Revenue services and Nigerian National Petroleum Corporation to improve employee work behavior and performance to effectively drive the growth and development of Nigerian economy.

1.2 Research questions

On the whole, this study will provide answers to the following pertinent questions;

1. Does any relationship exist between financial incentives and work habits for staff of Nigerian Public Enterprises?
2. Does limited opportunity for career advancement demotivate staff of Nigerian Public Enterprises?
3. Is there any relationship between training and increased competence for staff of Nigerian public Enterprises?

1.3 Objectives of the study

The main objective of this study is to assess the effect of financial incentives on employees work behavior and performance in Nigerian Public Enterprises, With in this framework the study seeks specifically to:

1. To assess whether any relationship exist between financial incentives and work habits for staff of Nigerian Public Enterprises
2. To ascertain whether limited opportunity for Career advancement demotivate staff of Nigerian Public Enterprises
3. Examine whether there is any relationship between training and increased competence for staff of Nigerian public Enterprises, especially Central Bank of Nigeria, Federal Inland Revenue Services and Nigerian National Petroleum Corporation

1.4 Research hypotheses

The following research hypotheses have been formulated for validation in line with the research questions;

- H0₁**. There is no significant relationship between financial incentives and work habits for staff of Nigerian Public Enterprises
- H0₂**. Limited opportunity for Career advancement does not demotivate staff of Nigerian Public Enterprises
- H0₃**. There is no significant relationship between training and increased competence for staff of Nigerian public Enterprises, especially Central Bank of Nigeria, Federal Inland Revenue Services and Nigerian National Petroleum Corporation

2. Literature review

2.1 Conceptual framework

2.2.1 Financial Incentives

Incentives are something as a reward or appreciation which motivates and stimulates a person to perform the work well. It encourages employees to do some specific actions efficiently and effectively. The incentive programs used in the organization are actually evaluated over the overall performance of employees. These programs are regularly used to increase the moral level of employees, their loyalty to the organization, improve their work efficiency, reduce employee turnover and stimulate employees to do their job well (Chaudhary, 2012)^[4]. And also Benefits that are provided by the organization to their employees on their performance, like some organizations provide life insurance and financial aid to their employees.

Financial Incentive programs refer to extrinsic motivation of employees rather than intrinsic. Financial incentives include base pay, profit sharing, gain sharing, benefits, initiative rewards and special rewards. Except for benefits and special rewards financial incentives are typically paid as money. However benefits and special rewards are part of financial incentives because recipients benefit from them economically (Stjkovic & Luthans 2001, Saleem, 2011)^[41, 35].

A base pay is the pay employee typically gets from the job. It is a task specific mini-mum pay. A base pay is not in a very important role when talking about motivating employees because all employees working in the same task get the same base pay regardless of performance. That is why a base pay has not been enlarged any further. It is however important to notice that base pay is more important as a motivator at a lower organizational level than upper level because at lower level a base pay is smaller and it is important in fulfilling one's physiological needs (Stjkovic & Luthans 2001)^[41].

Profit sharing means that employees are paid a proportion of the organization's pre-tax profits.

Company car, company flat, life insurance, private medical care and annual holiday entitlement are examples of different benefits. Also flexible working hours and exercise possibilities are examples of different benefits.

Initial rewards refer to rewards giving employees' for useful initiatives. The main goal of initial rewards is to encourage employees to develop work and their working place. Special rewards are non-monetary tangible rewards. Special rewards can be almost everything. For example trips, tickets to sport

event or golf club membership offered by employer can be special rewards. Special rewards can be delivered unexpected without any bonus plan or there can be bonus plan according to which rewards are distributed. (Jeffrey & Shaffer 2007)^[11].

Wickramasinghe, & Dabere, (2012)^[44] suggests that the design features of financial incentives have a strong motivational effect on employees if they value it, if they believe good performance is instrumental in bringing the desired reward and if they expect their efforts will achieve the desired performance. Incentive systems work best when current performance is inadequate, desired performance can be quantified (in terms of how much, how often, and how many) and when goals are challenging but achievable. In this regard, Condly, Clark & Stolovitch (2003)^[5] argue that employees wish to increase quantity of performance, quality of performance or occasionally both quantity and quality of performance in respect to incentives. Further, Rose and Manley (2010)^[34] suggest that financial incentives should have multiple goals covering different project areas and flexibility to modify goals and measurement procedures over time. They further state the importance of employees having a clear understanding of how financial incentives align with overall objectives of the work. For our purpose, we view Financial Incentive as the program aimed at improvement of individual's performance via financial bonuses in public Enterprises/Institutions.

2.2.2 Concept of work behavior

Work behavior is a broader concept unlike performance. According to Kovačević, Čizmić and Mihailović (2014)^[12], those behaviours that are not strongly tied with the formal work goal and often called contextual became an inspiration for many researchers. For example, in case that those actions are not part of the formal system of appraisal and compensation, if they are rather optional and result of employee's initiative, then it is often seen as the phenomenon of Organizational citizenship behaviour (OCB). It was first introduced by Organ in 1977 to define those 'behaviours that are not part of the formal job description and that are not prescribed by work role, but rather "self-initiative behaviour that contributes to organizational effectiveness and benefit and that are not directly and explicitly rewarded" (Organ, 1988)^[30]. Also, some distinctions are made between OCB directed toward the colleagues (for example, expressing altruism) and toward the organization (consciousness and loyalty). Nevertheless, operationally defining work behaviour is not an easy task. The main problems are its inherent multidimensionality and its dependency on different factors. Therefore, it is necessary to clearly define the subject, the criteria and purpose of appraisal and methods for systematically observing targeted subjects and their behaviour on work.

Campbell (1990)^[3] has categorized work behaviour according to the direction of influence on organizational effectiveness as: (1) productive, that contributes to the organization, and (2) counterproductive behaviours, that impair organizational, and interests of its members. Accordingly, productive work behaviours are related to the work performance, organizational Citizenship behaviour and innovation (Jex & Britt, 2008)

^[10]. On the other side, different definitions of counterproductive behaviour could be integrated in one broad definition that explains it as: "total expected value to the organization of behaviours that are carried out over a standard period of time with the intention of hurting other individuals or the organization as a

Whole and that have negative expected organizational value" (Motowidlo, 2003, 48)^[16].

Borman and Motowidlo (1993)^[2] emphasis that there are two sorts of work behaviours: (1) those directly linked with task performance and (2) those called contextual. Task performance considers activities that could be found in formal work description and refers to the working role.

Contextual behaviours contribute to the organizational effectiveness due to the psychological, social and organizational work context. So, effects of contextual activities are executed via impact on others, increasing personal willingness to engage at work activities and through activities that has impact on organizational resources. These contextual behaviours serve to

Ease communication, sustain social interaction, reduce tension and disturbing emotional reactions, and are of highly importance to the issue of team work (Jex & Britt, 2008)^[10]

Models of work behaviour commonly distinguish behaviours that are closely related to the work tasks and those that accompany performance. So, Murphy (2004)^[18]

differentiates work behaviour according to the course of impact and its relation to the core activity, on those: (1) closely associated with the task, (2) considering human relations, but also (3) causing absenteeism, destructive and risk behaviours. Waldman and Spangler (1989)^[43], for example, develops integrative model of work behaviour that focuses on: personal characteristics (experience, abilities), effects (feedback information, job security) and environmental factors. These models tend to offer valid predictors. Work behaviour on individual level is seen as a consequence of job complexity (task requirements), knowledge and working skills (based on abilities and experience) and employee's consciousness (personal characteristic) while operating on job (Jex & Britt, 2008)^[10]

For our purpose we are in tune with the opinion of Campbell (1990)^[3] who categorized work behaviour according to the direction of influence on organizational effectiveness as: (1) productive, that contributes to the organization, and (2) counterproductive behaviours, that impair organizational, and interests of its members. Because the success and failure of any public enterprise in Nigeria will depend on whether the employees work behavior is productive or counterproductive.

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it will develop naturally, despite the employee's natural desire to perform and be rewarded for it. This desire needs to be accommodated, facilitated and cultivated (Nwogu, 2014) ^[19]. In return for this performance, organisations extend themselves in various forms of acknowledgement.

Despite the motivation to perform, it is necessary to briefly highlight the barriers that might affect the performance of employees. These barriers may be the result of underdeveloped competencies, inappropriate performance goals, or lack of feedback about performance (Ali, Bin, Piang, & Ali 2016) ^[1]. For organisational purposes, factors affecting overall employee performance may be separated into two groups: internal and external. Internal factors are those factors over which the organisation has influence and control, such as leadership style and remuneration. External factors are those factors over which the organisation has little or no control, such as demands for jobs grading systems (Ali *et al.* 2016) ^[1]

2.2.4 Public enterprises

Public enterprise can be defined as "an organisation that is set up as a corporate body and as part of the governmental apparatus for entrepreneurial or entrepreneurial-like objectives." Public enterprises are organisations which emerged as a result of government acting in the capacity of an entrepreneur (Obikeze and Anthony 2004:248) ^[20].

Public enterprises essentially have the features of several individuals who act as one. The enterprise thus is viewed as an artificial person who is authorised by law to carry on particular activities and functions. It is described as a corporate body created by the legislature with defined powers and functions and independently having a clear - cut jurisdiction over a specified area or over a particular type of commercial activity (Ekhatior, 2002:167) ^[7].

Public enterprise is part of government apparatus and three implications are hereby highlighted. First, a public enterprise, by virtue of its intricate relationship with government, is an instrument of public policy and its primary mission is in connection with governmental objectives and programmes. It is therefore naturally under governmental control. Second, a public enterprise, by its nature, mostly manages public resources, especially public money and this means that attention must be paid to mechanisms for enforcing accountability. Third, the combination of financial and economic objectives with social and political aims invariably makes it difficult to devise appropriate performance measurement instrument (Obikeze and Anthony, 2004: 248-249) ^[20].

2.2.5 Characteristics of public enterprises

The main characteristics of public enterprises are

1. A public enterprise comes into existence as a result of an Act passed by the legislature or a decree under military rule. Public enterprise also defines its aims and objectives, powers and duties, immunities, the form of management and relationship with established departments and ministries.
2. ii. It is a legal person, capable of suing and being sued, entering into contracts, acquiring and owing property in its own name and can also dispose of property than ordinary government departments.
3. iii. It is wholly owned by the state.

4. iv. Except for appropriations to produce capital or to cover losses, a public enterprise is usually independently financed. It obtains its funds from the treasury or the public and from revenues derived from the sale of goods and services. It is authorised to use and reuse its revenues.
5. v. It is generally exempted from most regulatory and prohibitory statutes applicable to expenditure of public funds. There are no hard and fast rules behind them in the matter of making contracts of buying and selling works, etc. Thus, a great deal of liability and discretion is left for the management in the matter of procedure.
6. vi. It is ordinarily not subject to the budget, account and audit laws and procedures applicable to government departments. Their audit is to be done by the Accountant - General of Nigeria or any other person appointed by him. However, both the accounts and audit are commercial in nature.
7. vii. Excluding the offices taken from government departments on deputation, the employees of public corporations are not civil servants and are not governed by government regulations in respect of conditions of service. The recruitment is not subject to civil service rules, promotion is by seniority and personnel can be fired easily if they are incompetent.
8. viii. Corporations are free from the control of the legislature (Ekhatior, 2002:168-169) ^[7].

2.3 Effect of financial incentives on employee work behavior and performance

The empirical results of the administration of benefits showed positive association between employee's commitment and financial incentives and rewards (Saleem, 2011) ^[35]. 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. According to Saleem (2011) ^[35], the base of relationship continuation between employees and employer are mostly monetary incentives and rewards because these monetary incentives and rewards energise employees on the performance of their tasks.

After a meta-analytic review of 45 field and laboratory research on the use of incentives to motivate performance, Condly *et al.* (2003) ^[5] identified that although incentives, in general, increase performance monetary incentives result in higher performance gains than non-monetary incentives.

In the context of financial incentives, Sliwka (2003) ^[39] and Rose and Manley (2010) ^[34] argue that financial incentives can increase the effort of employees towards voluntary performance goals beyond minimum specifications. Further, Stolovitch, Clark & Condly (2002) ^[42] found that incentives increase the value people assign to work goals and rewarding employees for exceeding targets causes them to value work more. They further found that incentives heighten self-confidence and employee loyalty.

Financial incentives and rewards positively effect on employees commitment or loyalty. Financial incentives and rewards make continuation of the employment relationship because it create the basis for high levels of commitment so, firms must develop strategies that include financial incentives and rewards for example promotion, bonus, profit sharing or gain sharing and employees stock ownership etc

(Saleem, 2011) [35]. A critical look at the work environment in Nigeria shows that most workers are preoccupied with how to meet their basic needs. This is why salary review has been a recurring decimal in any attempt to reform the public sector for effective performance (Ogbonna, 2017) [31].

2.4 Theoretical Framework

This study is built on the basis of 3 motivational theories as follows: Vroom’s Expectancy theory, Adam’s Equity Theory and Locke’s Goal Setting Theory.

i. Vroom’s Expectancy Theory

Victor Vroom’s expectancy theory outlines the importance of motivation in the organization. The theory analyses motivation from the perspective of why people choose a certain action or behavior (Lee, 2007) [14]. According to Vroom (1964), the theory consists of 3 main components, which create a motivational force. The components of the theory are:

Motivational Force=Expectancy=Instrumentality=Valence

2.4.1 Expectancy: refers to a person’s estimation of the probability that an effort will lead to a successful performance. In other words, expectancy can be defined as a monetary belief followed by a particular outcome. The expectancy range of an individual is measured from 0 to 1. Zero means that a person or an Employee does not expect that his or her act will be followed by a positive outcome, while 1 means that a person believes that an act will be followed by a positive outcome. The expectancy is high if a person thinks that utilizing his skills and capacities will lead to a better performance. In other words, from the employee’s perspective the expectancy is high if the employee thinks that if he works harder, it will bring better results and improve the performance.

2.4.2 Instrumentality: refers to the person’s perception of the probability that performance will lead to a specific outcome. In other words, the person believes that “if he behaves in a certain way, he will get certain things” (in this particular case, a financial reward).

2.4.3 Valence: is defined as “affective orientations toward particular outcomes”. According to the theory, “an outcome is positively valent when the person prefers attaining it to not attaining it” and “an outcome has a valence of zero when the person is indifferent to attaining or not attaining It”. In other words, an individual has to value the outcome in order to implement a certain act to reach it (Kuznetsova, 2015) [13].

ii. Adam’s Equity Theory

The equity theory is based on an individuals’ belief that rewards are allocated amongst themselves in proportion to their contributions. According to Adam’s Equity theory (1965), a social exchange relationship is considered to be fair if an individual believes that the ratio of his/her outcomes (rewards) to inputs (contribution) equals to corresponding outcome (reward) to input (contribution) ratio of a comparison counterpart. (Fadil, Williams, Limpaphayom, & Smatt 2005) [8]. Equity Theory does not

only include two components such as “inputs” and “outcomes”, It also outlines the importance of the choice of the other referent. Therefore, it proposes that an individual will compare his perception of the ratio of “outcomes” to “inputs” to those of a similar other.

The way an individual chooses the other referent is still rather unclear. Adam’s Equity theory suggests that when a person becomes Aware of inequity, it will cause tension, which will motivate a person to reduce inequity. Adams claimed that equity can be restored through altering the individual’s or referent other’s inputs and outcomes or by choosing another referent other. The theory suggests that the employees should perceive the relationship between their contribution and reward for it as fair. The employees should also perceive the New Financial Incentive as fair towards each employee in the company; the ratio of outcomes to inputs should be equal to everyone (Kuznetsova, 2015) [13].

iii. Locke’s and Latham’s goal setting theory

According to Edwin Locke and Gary Latham, the leaders of Goal Setting Theory (1990), the goal is what an individual consciously trying to achieve. The scientists Claim that goals tend to affect the behavior of the individual and direct attention and action. The theory suggests that challenging goals mobilize energy, lead to higher effort and increase persistent effort (Lunenberg “Goal---Setting Theory of Motivation”). Moreover, the theory proposes that having the certain set of goals will motivate the Individual to perform at the level required to achieve the goals.

Accomplishment of the goals may lead to further motivation to perform better, and Failure to achieve the goals can lead to a decrease of the motivation of the individual (Kuznetsova, 2015) [13].

Without doubts, Latham and Locke provide a clear and effective theory of motivation, which emphasizes an important relationship between the goals, motivation and performance. The theory outlines the crucial significance of stimulating employees by setting certain goals in order to achieve the improvement in employee performance in selling certain menu items (Kuznetsova, 2015) [13].

Based on the above theories, it can be further elucidated in line with our purpose that employees in Nigerian Public Enterprises should be motivated to put an effort to improve their performance in order to reach the target and get the bonus. Also, in order to be motivated the employees should perceive the financial incentive program as fair towards each employee in the organization, and an employee is motivated when the goals set by the management are clear, transparent, challenging but attainable.

3. Methodology stopped

This study is a survey research, using data collected from both primary and secondary sources. The secondary sources comprise of mainly text books, journals and periodicals, while primary source was descriptive survey questionnaires. The population for this study comprises of employees of three public enterprises/institutions, Central Bank of Nigeria, Federal Inland Revenue Services and Nigerian National Petroleum Corporation.

Before calculating a sample size, the following assumptions about the target population were made:

1. Population Size –The approximated population size is

- very large.
- 2. Margin of Error (Confidence Interval) – no sample will be perfect, so we need to decide how much error to allow. The confidence interval determines how much higher or lower than the population mean we are willing to let our sample mean. This study adopted a Proposition Z, with a margin of error of ± 5%.
- 3. Confidence Level – how confident do we want to be that the actual mean falls within our confidence interval? The most common confidence intervals are 90%, 95% and 99% (Smith & Albaum 2010) [38]. This study assumed 95% confidence level.
- 4. Standard deviation – How much variance do we expect in our responses? The safe decision chosen in this study is 0.5.

The constant values needed are the z-scores for the most common confidence levels: a) 90% – Z score = 1.645; b) 95% – Z score = 1.96; c) 99% – Z score = 2.326. With our choice of the confidence level of 95%; Standard deviation of 0.5; Margin of error (confidence interval) of ±5%, the equation for a very large population size whose number is not certain according to Smith & Albaum (2010) [38] and Orji (2017) [24] is:

$$= (Z \text{ score})^2 \times \text{StdDev} \times (1 - \text{StdDev}) / (\text{margin of error})^2$$

Required sample size = $\{(1.96)^2 \times 5(.5)\} / (.05)^2$
 = $(3.8416 \times 25) / 0025$
 = $0.9604 / 0025$
 = 384.16
 = 385 respondents are needed

The required sample size is 385. The study used judgmental sampling and face to face administration of questionnaire, where the researchers selected units to be sampled based on their knowledge and professional judgment as suggested by Orji & Enobun (2018) [21] and Orji, Enobun & Boman (2018) [22].

However, the questionnaire measurement of the study used a four point Likert rating scale as justified by Orji (2017) [24], and Orji, Anyaogu & Chima (2018) [23] who argued that respondents have behaviour of either survey optimizing or satisfying thus, including neutral point could lead to decrease in measurement quality.

The method of data analysis for this study is the simple descriptive percentage method and Chi-square method derived from Kendall coefficient of concordance. The percentage is for the comparisms of respondent that

responded for or against a particular question in relation to the overall respondents expressed as a percentage in order to see the pattern of response. The Chi-square derived from Kendall coefficient of concordance is a method used in testing a hypothesis concerning the differences between a set of observed frequencies of a sample and corresponding set of expected or theoretical frequencies (Orji, Andah, Chima & Boman, 2017) [24]. It is represented by the following formula:

3.1 It is represented by the following formula

$$W = \frac{12 \sum (R_i - \bar{R})^2}{K^2 (N^3 - N)}$$

Where K = Number of Responses; N=Number of weighted R = Mean; W = Kendal coefficient of concordance

$$X^2 = K (N - 1) W; X2 = \text{Chi-square}$$

The Ninety – Five (95%) confidence level was used, where computed value is greater than critical value at 0.05 level of significance, the null hypothesis will be rejected and alternative accepted and vice versa (Orji, Chima & Boman, 2016) [27]. Weights were assigned using likert scale as follows: Strongly Agreed 4, Agreed 3, Disagree 2, and Strongly Disagree 1. This method is justified on three reasons: Kendal coefficient of concordance allows all relevant questions in the questionnaire to be part of the test and result (Orji, Andah, Chima & Boman, 2017) [24]. This position buttressed by Seigel, (1986) and Orji, Andah, Chima & Boman, (2017) [24] is also statistically straight-forward. The study data under analysis was based on the sample drawn from different respondents that cut across every strata of the organisations under study as every member of the population cannot be reached. Kendal coefficient is suited for this purpose as also opine by Orji, Akhimien, Boman, & Ikegwuro (2016) [27].

4. Results/findings

Out of 385 questionnaires administered, 168 were returned valid. This represents 44% of the total number of questionnaires administered. According to Smith & Albaum (2010) [38] and Orji (2017) [24], 30% of samples are enough to form valid opinion in social science research, and considering the nature of organisations under study in terms of security and privacy this percentage is substantial enough to rely on it for analysis.

Table 1: Kendal coefficient of concordance

S/No	Strongly Agree	Agree	Disagree	Strongly Disagree
Weight	4	3	2	1
Q9	70	68	10	20
Q10	70	68	10	20
Q11	70	68	20	10
Q12	58	60	20	30
Q14	70	68	10	20
Q15	70	68	10	20

Source: Field Survey, 2018.

Each cell of Respondents was multiplied by the weight assigned e.g. 60 x 4 = 240.

Table 2: Kendal coefficient of concordance

S/No	Weight				Ri	Ri – R	(Ri – R) ²
	4	3	2	1			
1	280	204	20	20	524	7	49
2	280	204	20	20	524	7	49
3	280	204	20	20	524	7	49
4	232	180	40	30	482	-35	1225
5	280	204	20	20	524	7	49
6	280	204	20	20	524	7	49
			Total		3102		1470

Source: Field survey, 2018.

Ri = Addition of Rows

$$\bar{R} = \text{Mean} = \frac{\sum(Ri)}{N} = \frac{3102}{6} = 517$$

$$W = \frac{12 \sum(Ri - \bar{R})^2}{K^2(N^3 - N)}$$

$$W = \frac{12(1470)}{4^2(6^3 - 6)} = \frac{17640}{16(214 - 6)}$$

$$= \frac{17640}{3360} = 5.25$$

$$X^2 = \text{Chi-square} = K(N - 1)W$$

$$= 4(6 - 1)5.25$$

$$= 20 \times 5.25$$

$$= 105$$

4.1 Decision

Based on the above, the decision rule is to reject the Null Hypothesis (Ho) and accept the Alternative hypotheses since the calculated X² (105) is greater than the tabulated (24.99). The tabulated x² was arrived at by determining the degree of freedom.

The degree of freedom (df) = (c – 1) (r – 1)

C = Column total of observed value

r = Row total

$$= (4 - 1) (6 - 1)$$

$$= 3 \times 5 = 15$$

df at specified level of significance at 0.05 = 24.99 (Fisher and Yates, in Orji, Omale, Chima, & Solomon 2016)^[27].

Therefore, we reject the Null Hypothesis at 95% confidence level and critical value of 0.05% level of significance.

This means that;

1. There is a significant relationship between financial incentives and work habits and performance of employees of Nigerian Public Enterprises
2. Limited opportunities for career advancement demotivate employees of Nigerian Public Enterprises.
3. Provision of adequate training opportunities and career development programs motivates and encourages higher performance among employees of Nigerian Public Enterprises.
4. There is a significant effect of recognition on successful completion of task for employees of Nigerian public institutions.
5. Lack of annual salary increment tied to employee

performance contributes to low motivation and poor performance among employees of Nigerian Public Enterprises.

Conclusion

Workers leave organization due to the fact that they are not motivated enough. Some are not willing to leave because they are enjoying some benefit in terms of promotion, which leads to increase in salaries and wages, bonus and some other incentives. There is the belief that if salaries are increased workers would be motivated and give out their best. This research study draws its conclusion on the fact that improved financial incentive energizes employees in Nigerian Public Enterprises to focus on work activities and encourage better performance.

Recommendation

Based on the findings above, this study offers the following recommendation

1. The management of Nigerian Public Enterprises needs to understand their employees better and use appropriate tactics like financial incentive to influence their work behavior and over- all performance.
2. Opportunity for career advancement should not be limited or politicized, because the implications of that are low quality expectations and lack of trust among employees of Nigerian Public Enterprises
3. Adequate training opportunities and career development programs should be provided to motivates and encourages higher performance among employees of Nigerian Public Enterprises

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