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Influence of Monetary Rewards on Performance of Employees in Food Service Industry in ABIA State, Nigeria

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Abstract: *The study analyzed the influence of monetary rewards on performance of employees in food service industry in Abia state, Nigeria. It employed random sampling technique in the selection of location and respondents from whom data and information were elicited using pretested and well structured questionnaire. In the course of data analysis, multiple regressions model and the Pearson's correlation coefficient were used. The Pearson's correlation revealed that the correlation between monetary rewards and turnover is 0.072 ($P>0.05$). This showed that Annual income of employees and turnover of the food service industries have a positive relationship which is significant at 5% level of probability. The multiple regression result showed that that among the variables considered as factors that influence the turnover of foodservice industries in the study area, Age, education, annual income, work experience, household size and effect of motivation where significant at 5-percent levels while company size was significant at 1-percent levels. The R^2 (coefficient of determination) which shows the total variation of the dependent variable accounted for by the independent variables was 0.945 (i.e. 94.5%). The F-statistic value (19.010) was also significant at 1% indicating that the model was adequate. On the basis of the findings, the study concludes that all round development of the food service industry for higher productivity and efficiency is possible with the effective exploitation of employees through monetary rewards. The study recommended amongst others that management of food service businesses should motivate their staff more by involving them in self developmental programs with good remuneration payment, incentive packages etc that will signify that the organization needs their personal outputs.*
Keywords: *Influence, Monetary Rewards, Performance, Employees, Food Service Industry, Abia State, Nigeria*

I. Introduction

Reward had been seen to be a vital instrument in employee performance. A well rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self development are also being honed and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel.

No organization can achieve its stated objectives without its employees that was why Akerele,(1991) blamed the productivity of Nigerian workers on several factors, among them is employer's failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity.

Markova and Ford (2011) on the other hand mentions that the real success of companies originate from employees' willingness to use their creativity, abilities and know-how in favour of the company and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

The importance of motivated employees cannot be highlighted enough in an organizational context (Lotta, 2012). Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation (Hunter et al 1990).

Entwistle (1987) is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals (Rizwan and Ali, 2010).

Additionally, special attribute has been paid on the role of employee motivation in enhancing customer satisfaction. Employees who are highly motivated have been identified to undertake their duties diligently and more so when dealing with the customers. By so doing, the level of customer satisfaction is enhanced thus leading to better positioning of the organization.

Despite the great amount of money used in these reward practices only few of the human resource managers are able to justify and measure whether the reward practices in use are efficient and resulting the outcomes which the reward programs try to aim. This study therefore examines the influence of monetary rewards on performance of employees in food service industries in Abia state, Nigeria.

II. Methodolgy

The study was conducted in Abia state. The state is located within the southeastern Nigeria and lies between longitude 04^0 45' and 06^0 07' E and Latitude 07^0 00' and 08^0 10' N. Abia state is bounded by Imo state at the western border; Ebonyi and Enugu states at the North; Cross River and Akwa-Ibom states at the East and Rivers state at the south. The Southern part of the state lies within the riverine part of Nigeria. It is low – lying with a heavy rainfall of about 2400mm/year especially intense between the months of April through October. Its population stood at about 2,883,999 persons with a relatively high density at 580 persons per square kilometer (NPC, 2007).

The study employed primary data for its analysis. The primary data were elicited from pre-tested and structured questionnaires which were administered on the cooperators in the study area.

A number of statistical tools were employed in analyzing data obtained for the study. These included the use of the Pearson's correlation coefficient and the multiple regression analysis.

Model specification

The Pearson's correlation coefficient is stated as:

$$r = \frac{n\Sigma xy - \Sigma x \Sigma y}{\sqrt{n\Sigma x^2 - (\Sigma x)^2}\sqrt{n\Sigma y^2 - (\Sigma y)^2}}$$

Where r = correlation coefficient
Y = Turnover
X = Annual income
n = sample size

The multiple regressions model is implicitly stated thus;

$$Y = f(X1, X2, X3, X4, X5, X6, X7, X8, X9, X10, e)$$

Where Y = Average turnover
X1 = sex (male=1, female=0)
X2 = age (years)
X3 = education (non formal = 0, primary =1, secondary =2, tertiary = 3)
X4 = Marital status (married = 1, others = 0)
X5 = Experience in job (years)
X6 = Position/Rank (junior =1, Senior = 2)
X7 = household size (number of dependents)
X8 = Annual income (Naira)
X9 = Size of company (small = 1, medium = 2, large = 3)
X10 = effect of staff motivation (SA=5, A=4, U=3, DA=2, SDA=1)
e = error term

III. Results And Discussion

To assess the relationship existing between monetary rewards of staff on the average turnover of the food service industry in the study area, the Pearson's correlation coefficient was employed and the result is presented in Table 1.

Table 1: Examination of the relationship between monetary rewards and staff turnover

Variables	Annual income	Turnover
Annual income	1	
Turnover	0.072(0.654)**	1

Value in parenthesis is the p-value, ** indicates correlation is significant at 5% (2-tailed)
Source: Computed from field Survey data, 2014.

The correlation between monetary rewards and turnover as shown in Table 1 is 0.072 (P>0.05). This showed that Annual income of employees and turnover of the food service industries have a positive relationship which is significant at 5% level of probability. Hence, Annual income has much contribution on the Turnover of food service industries in Abia state, Nigeria and vice-versa.

On the analysis of factors that influence turnover of foodservice industries, the multiple regression analysis was performed. The four functional forms of multiple regression analysis were tried and the double log form was selected as the lead equation. The result revealed an R^2 of 0.945, standard error of estimates of 0.69166 with six significant variables 5 at 5% and 1 at 10% levels.

Table 2: Analysis of factors influencing turnover of foodservice industries

Parameter	Exponential	Linear	Semi-log	+Double log
Constant	-0.980 (-0.278)	-8270624.729 (-0.547)	4.833E7 (1.264)	2.174 (0.241)
Sex	0.269 (0.707)	1263245.718 (0.776)	1744296.261 (1.240)	0.368 (2.214)**
Age	0.046 (1.053)	224752.854 (1.193)	1.080E7 (2.216)**	0.496 (2.041)**
Education	0.514 (2.048)**	2611738.117 (2.430) **	3102338.439 (1.533)	0.259 (0.435)
Marital status	-0.296 (-0.475)	-4061549.695 (-1.519)	-1061209.851 (-0.421)	0.141 (2.240)**
Experience	0.017 (0.181)	463888.183 (1.162)	1133101.942 (2.351)**	0.227 (0.452)
Post/Rank	0.645 (1.136)	3281619.230 (1.349)	2281191.604 (1.072)	-0.075 (-2.560) **
Household size	0.103 (0.991)	325551.241 (0.732)	-550024.664 (-0.965)	-0.075 (-2.560) **
Annual income	-2.302E-6 (-1.392)	-15.339 (-2.164)**	-5693954.580 (-2.617)***	0.587 (1.143)
Company size	1.268 (3.749)***	2690541.997 (1.856)*	9679225.648 (2.793)***	2.831 (3.464)***
Effect of staff motivation	1.201 (2.264) **	1072732.764 (0.471)	5386714.881 (0.568)	4.897 (2.190)**
F Statistics value	15.615	3.573	4.641	19.010
R^2	0.934	0.764	0.808	0.945
R^{-2}	0.874	0.550	0.634	0.895

***, ** and * indicates significance at1, 5 and 10 percent levels respectively.
Source: Computed from field Survey data, 2014.

The result in Table 2 show that among the variables considered as factors that influence the turnover of foodservice industries in the study area, Age, education, annual income, work experience, household size and effect of motivation where significant at 5-percent levels while company size was significant at 1-percent levels.

The R^2 (coefficient of determination) which shows the total variation of the dependent variable accounted for by the independent variables was 0.945 (i.e. 94.5%). The F-statistic value (19.010) was also significant at 1% indicating that the model was adequate.

The household size of the respondents showed a negative significant contribution to the turnover of the businesses. The result indicates that as household size increases by one unit the turnover of businesses decreases by 0.075. By implication it means that the higher the household size of the respondents the lower their turnover.

Age of respondents revealed a positive significant contribution to the turnover of the food service industry in the study area. The positive significant contribution of age at 5-percent level could be as a result of its positive and significant relationship with decision making ability, risk taking ability and leadership ability.

Educational qualification of the respondents revealed a positive significant contribution at 5-percent level of probability to the turnover of food service businesses. This could be because, educational qualification is a motivational factor for the respondents to seek new technologies, innovations and improved ways of doing business. The results are in conformity with the results of Patil *et al* (1999), Chandra (2005) and Nagesh (2005) whose studies discovered same.

Working experience of the respondents had a positive significant contribution at 5-percent level of probability also on turnover which is because of the wealth of knowledge and reduced cost of production and running of businesses acquired through location and experience curve economics.

Effect of motivation also positively contributed to turnover of the food service businesses. This may be due to the information about wage disparity and awareness about new wage practices that are propagated through cooperatives and unions. Cooperatives and unions are a medium by which institutions and government provides grants and incentives to businesses and this, can also be the reason for its positive contribution to the turnover also.

Furthermore, company size of the respondents also contributed positively and significantly at the highest level of significance (1-percent) value to turnover. Company size of the respondent determines the profit that will be made by the company to a large extent.

IV. Conclusion And Recommendations

The study concludes that all round development of the food service industry for higher productivity and efficiency is possible with the effective exploitation of employees through monetary rewards. In our country Nigeria, where human resources are found to be plenty, staff motivation can be used as a vital instrument in employee performance and productivity as motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation.
On the basis of the findings, the study recommends that management of food service businesses should motivate their staff more by involving them in self developmental programs with good remuneration payment, incentive packages etc that will signify that the organization needs their personal outputs.

Before an enterprise or firm can best achieve high efficiency and productivity, there must be manpower planning in line with manpower training and development. So therefore, owners/managers of food service enterprises should channel all necessary resources to developing manpower/staff through adequate consistent manpower planning.

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