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# Analysis on Reward System and Employee Performance in Selected Hotels in Awka, Anambra State Nigeria

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**Abstract:** Employee's behaviour in hotels seems to be influenced by conflicting needs ranging from financial to non-financial needs. In view of conflicting needs, the study focused on the extent of relationship between reward system and employee performance in selected Hotels in Awka, Anambra State. The study was anchored on Reinforcement Theory and descriptive survey research design was adopted as a sample of 232 was determined from a total population of 554 being representatives of selected hotels in Awka, Anambra State. Data were collected with the aid of structured questionnaire and bio data were presented using simple frequency and percentage tables while data relating to research questions were analyzed using arithmetic mean. Hypotheses were tested using Pearson Product Moment Correlation Coefficient with the aid of Statistical Packages for Social Sciences (SPSS version 27). Findings revealed that there is positive relationship between reward system and employee performance in selected Hotels in Awka, Anambra State by indicating a positive relationship between monetary reward and employee engagement; between non-monetary rewards and employee loyalty. The study concluded that effective reward system can contribute to outstanding employee performance as the adoption of monetary and non-monetary reward system have significant effect on the performance of an employee. The study recommended that management of hotels should determine the needs of organizational members through survey or employee's examination so as to offer a reward that can compel employee engagements.

**Keywords:** Reward, employee engagement, employee loyalty, employee performance.

#### **INTRODUCTION**

It is undeniable that financial compensation motivates workers, but to some extent, they also value non-financial incentives like recognition and advancement over career advancement and other types of training. In addition to financial and nonfinancial rewards, the incentive system also affects employees (Okpako, 2021). In Nigeria, recent economic changes have caused the cost of living to soar, business

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expenses to rise, and competition to heat up to the point where employees are more cognizant of the value they create and the reward they receive in the form of wages and benefits from their employer(Abosede, Adebiyi & Adekunle, 2012;Nwagbala, Nwachukwu, Ani & Ezeanokwasa,2023).A lot of workers in Nigeria have not performed well at work because they believed they should earn more reward than what the employer is willing to offer. When employees have this perception, they feel resentful of having to work and rely solely on their monthly salaries. On the basis that a thorough assessment of an employee's performance might reveal flaws or deficiencies in a particular work skill, knowledge or area where rewards are inadequate (Nwagbala, 2018). When employees experience dissatisfaction they tend to engage in unethical practices such as grievance, absenteeism, pilfering organizational properties, conflict, delaying task completion, poor work attitude, and unethical practices and in turn, all these affect the firm (Nwagbala, 2018; Nwagbala & Okafor 2023).

An Effective reward system is one that studies the needs of employees at a time and reward employees with items both monetary and non-monetary so as to meet their needs. Employees react differently to reward system as their need varies and their performance can be influenced by series of factors, which involves combination of efforts, commitment, engagement and employee loyalty to organizational goals, norms and instructions(Kalleberg, 2019). Employee loyalty is carrying out instructions, observing laws and rules of an organization and ensuring that assigned task are effectively carried out(Nnabuife, 2019). Though, reward system is not monetary based as recognition for achievements, giving of awards for outstanding performance and promotion of staff seems to be given less concern in the hotel sector as hotel management in Awka, Anambra State focus on young school leavers as employees. The rewarding of staff with promotion and award may not be feasible due to the nature of employments and this often affect employee passion on the business as there is absence of career building and promotion on the job. In this study Employee performance is measured by level of employee engagement, loyalty to organizational norms and organizational goals.

#### Statement of problem

The study was undertaken due to the conflicting workplace attitude of employees as some staff displays dissatisfied attitude at workplace such as late resumption to work on daily basis, avoiding task within the organization, using work hour for personal use, reluctant to service, and numerous conflicting issues. This is an indicator of dissatisfaction among staff as it affects employee performance. Hotel organization is part of the hospitality industry that offers services for relaxation and comfort. Being a service oriented firms, aside the comfort of the facilities of the hotel, the competitive advantage is based on the direct business relationship between employees and customers. Employee applying for job openings has needs they wish to meet through working with an organization (Nnabuife, 2019).

During a survey visitation to some hotels such as Parktonia Hotels Ltd, New Jerusalem Hotels, Queen Suite Ltd and La Luna Hotels Ltd, employees reported perceived unfairness in the reward system as favouritism and nepotism seems to affect the system of reward and affected employees seem to be less engaged. It seems that there is gap in the reward system as it was reported by some staff in these hotels because there are some degrees of unfairness in the reward system of some of these hotels in Awka, Anambra State. While some staff perceived nepotism in the reward system, others reported cases of unequal treatment towards staff. The perception of staff towards the monetary reward system may affect the level of engagement.

Though, monetary reward system can serve as motivation but in some cases, monetary reward system cannot necessary motivate staff due to the fact that needs of staff varies and according to Maslow Hierarchy of needs, employees may seek for non-monetary rewards such as employee recognition, promotion and career/training sponsorship. This is may be the case as staff of Geo Gold Hotels Ltd,

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Cosmila Hotels Ltd, Sea Gate Hotel and Suites Ltd, Choice Hotel Ltd, and Chicotel Classique Hotel Ltd reported that they prefer appraisal for outstanding performance and promotion as they can earn higher respect in the organization. It seems there is little or no attention attributed to non-monetary reward system by management and this seems to affect the level of employee loyalty as staff performs their duties under strict supervision.

It is against this backdrop that the study of the relationship between reward system and employee performance in selected Hotels of Awka, Anambra State becomes necessary.

### **Objectives of the Study**

The broad objective of the study is to ascertain the extent of relationship between reward system and employee performance in selected Hotels of Awka, Anambra State. The specific objectives of the study include:

- 1. To investigate the nature of relationship between monetary reward and employee engagement in selected Hotels of Awka, Anambra State.
- 2. To ascertain the extent of relationship between non-monetary reward and employee loyalty in selected Hotels of Awka, Anambra State.

#### REVIEW OF RELATED LITERATURE

#### **Conceptual Review**

Reward system refers to all categories of financial and non financial benefits, tangible services and benefits that an employee receives as part of employment relationship with the organization. It increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization(Bratton & Gold, 2020)

Kalleberg (2019) In an organization reward system refers to the method of awarding benefits to workers for outstanding performance. He stated that reward is an important part of the feedback loop in performance management and a reward will only have a positive effect if the individual value the reward and it is appropriate to the effort that was put in and to the achievement. He mentioned wide range types of reward: praise, promotion, individual business, merit pay, team business, prizes and special awards.

#### **Monetary Reward**

Ryan & Deci (2017) Monetary rewards are claimed to be one of the most stated reason for the employee's engagement. It can either be in the form of stock options to the employees or it can be in the form of pay raise for motivating employees. Pay-for-performance has been a deep-rooted concept in the organizations, which has an important influence on personnel's inspiration (Pouliakas 2018). Monetary reward is an instrumental drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any giving task "High productivity may be determined by workers employees' ability to work and therefore employees that are not well rewarded produce less effort" (Pınar 2018). On the other hand, extrinsic motivation exists when behaviour is performed to attain externally administered incentives and is related to "tangible" incentives such as wages and salaries, fringe benefits, cash bonuses, security, promotion, wall plaques, free dinner or movie tickets etc. (Pattanayak, 2019). Monetary incentives are used by employers of labours to retain their best brains and as well compensate them for a job well done and excellence of job performance through monetary form. (Nelson, 2020).

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#### **Non-monetary Reward**

Woodruffe (2019)Non-monetary rewards are actually the non-cash benefits given by the business for retaining and motivating them for their outstanding work functioning. Non- monetary rewards are viewed as more appreciated than financial rewards as it is highly viewed from the esteem and gratitude view on workers' accomplishment. Chhabra (2019), Non-monetary reward involves 'fringe benefits' offered through several employee services and benefits such as housing, subsidized food, medical aid, crèche and so on. It involves rewards provided by organizations to employees for their membership, attendance or participation in the organization. Because of the increasing costs of fringe benefits, some people also label them as 'hidden payroll.' Benefits currently account for almost 40 per cent of the total compensation costs for each employee. The basic purpose of fringe benefits or supplementary compensation is to attract and maintain efficient human resources within the organization and to motivate them(Byars & Rue 2018).

# **Employee Engagement**

Shahzad (2021). Employee engagement is the amount of effort, enthusiasm of employees towards an organization. Worker is eager to place his unrestricted energies regardless of their position's obligations and takes positive actions towards improving organization's reputation Furthermore, Employee engagement can be defined as worker's participation, work pleasure and obligation to the company that might support corporation in attaining improved consumer service over worker's working brilliance. It can also be described as high level of involvement, commitment, job satisfaction, and high rate of employee retention. An engaged employee values his/her work and enjoy the work and they feel pride in what they do as well as believe in the contribution they do in organization.

#### **Employee Loyalty**

Employee loyalty refers to the respect, dignity and interest that an employee has for an organization. The foremost source of employee loyalty to an organization comes from their emotional attachment to the organization. Numerous studies show that organizations with strong emotional attachment from employees have much lower turnover rates and absenteeism rates, and their employees have a stronger motivation to work (Arokiasam, Tat & Abdullah, 2013).

#### **Employee Performance**

Anitha, (2019) define employee performance as an indicator of financial/non financial or other outcome of the employee that has a direct connection with the performance of the organisation as well as its achievement, further revealed that working atmosphere, leadership, team and co-worker relationship, training and career development, reward programme, guidelines and procedures and workstation wellbeing as well as employee engagement are major factors that determine employee performance. Employee job performance has always been an important concern for managers of organisations, it is key edifice of organization aspects that place the grounds for high performance and must be scrutinised critically by the organizations for them to succeed. (Kelidbari, Dizgah, &Yusefi, 2015). Therefore, employee performance brings about innovation performance and firm performance as a whole, in such a way that successful effort of fulfilled, inspired, and devoted human resources produce innovative ideas for new products or services and increase quality performance, operative performances, and client satisfaction directly (Sadikoglu & Cemal, 2017).

#### **Empirical Review**

Owolabi and Abdul-Hameed (2021) examined the relationship between reward system and firm's performance in the manufacturing sector in Nigeria. Data were generated by means of questionnaires to 670 manufacturing firms on employee involvement in decision making and performance variables.

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Responses from the survey were statistically analyzed using descriptive statistics, product moment correlation, regression analysis and Z-test (approximated with the independent samples t-test). The results of the study indicated a statistically significant relationship between reward system and firm's performance and firms' performance as well as reveal a significant difference between the performance of firms whose employee involvement in decision making are deep and the performance of firms whose employee involvement in decision making are shallow. The findings also reveal that effective reward system of the organization is necessary for organizational performance.

Nwagbala (2018) examines the effect of employee reward on job performance in Anambra State. The study made use of descriptive survey design. A stratified sampling technique was used to determine the study sample. A sample size of 315 employees of small manufacturing firm in Anambra State was sampled. Hypotheses were tested using Pearson Product Moment Correlation. The results revealed that there is a strong effect of job satisfaction on job performance. There is also a moderately weak effect of employees' commitment on job performance and also strong influence of employee loyalty on work performance.

Kadozie and Cheiftana (2021) study on Reward system and Organizational performance of SMEs in Ore, Ondo State. Descriptive survey design was adopted and structured questionnaire was used to collect data from 365 participants. The data was analyzed using Pearson product correlation coefficient. The findings of the study revealed that there is significant positive relationship existing between reward system and organizational performance. The study concluded that reward system encourages the commitment of employees as employees will feel responsive for the decisions made. The study therefore concluded that organizational reward is essential if the organization desired high degree of employee commitment. The study therefore, recommended that employees should be given open floor to contribute to the decisions in the organization.

Maduzi (2020) studied the relationship between non-monetary reward and organizational goal attainment of Pharmaceutical Firms in Enugu State. Correlation survey research design was adopted and well-structured questionnaire was used to collect data from 546 respondents of drug producing and selling firms. The data collected was analyzed using ANOVA through SPSS. The findings revealed that there is significant positive relationship between non-monetary reward and organizational goal attainment. The study therefore, recommended that employee pay system can develop the employee on the job for greater managerial assignment. The study therefore recommended that employee should be empowered via pay system technique.

Saeid, Hassan and Hamid (2020) examined the relationship between reward system and employee engagement in Telecommunication Company Iran subsidiary of Mazanderan Province. 250 employees from the Telecommunication Company Iran subsidiary of Mazanderan Province participated in this study. A Spearman's correlation analysis was used to investigate correlation between reward system and employee engagement in Telecommunication Company of Mazanderan Province. The results of the study showed that higher levels of PDM are associated with significantly higher Competence, Meaning, Impact and Self-determination (p-value>0.05). A significant positive correlation was found between pay system and employee engagement. Coefficient correlation PDM and empowerment is 0.71 that indicates strong relations relationship between pay system and employee engagement Telecommunication Company Iran subsidiary of Mazanderan Province.

Ibrar and khan (2016) investigated how to non-monetary reward affects employee performance in private school. The study also aimed to show how to employee improve the performance has in reward system. Questionnaire was used as instrument and 100 questionnaires were used to check the respondent's opinion. Descriptive analysis, correlation and multiple regression tests were applied for data analysis. The

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study concluded that there is positive relationship between rewards (extrinsic and intrinsic) and employee's job performance. Most of the organizations implement rewards system to increase the job performance and job satisfaction.

#### MATERIALS AND METHOD

The study adopted descriptive survey research design. The population of this study is 554 which comprised of the management and employees of selected Hotels in Awka, Anambra State. A total of 119 hotels are currently operating in Awka Anambra State (Anambra Chamber of Commerce, 2023). The study adopted Simple Random Sampling Technique to select 10 Hotel organizations in Awka, Anambra state. The Hotels were selected based on some criteria; Location; Years of operation: Legal Compliance: Scale of Operation. Sample size for the study is 232. Convenience Sampling Technique was utilized in the study so as to enable the researcher to select the Hotels that can be accessed easily. The relevant data were collected through the use of a well-structured questionnaire which is of five point Likert scale of Strongly Agree, Agree, undecided, disagree and Strongly Disagree.

The selected hotels are listed in the table below;

Table 1: List of selected Hotels for the Study

Serial	Hotels	Staff	Location
No.		Population	
1.	Golphine Suites and Hotel	45	Plot 5 Golphins Close, Unizik Junction,
			Awka, Anambra State.
2.	Parktonia Hotels and Suites	59	345. Enugu-Onitsha Express way Awka,
			Anambra State
3.	Cosmila Suite and Hotels	68	38 Cosmila Close, off old Inec Road,
			Awka Anambra State
4.	De GeoGold Hotels and Suites	67	1 Geogold Close, Off Enugu- Onitsha
			Express Way, Awka , Anambra State.
5.	New Jerusalem Hotels	70	23 Arizon Street, Off Oby Okoli, Awka,
			Anambra State.
6.	Choice Hotel	48	71 Arthur Eze Avenue, Agu Awka,
			Anambra State.
7.	Hotel De Lamitel Ltd	43	3-4 Lamitel Crecent, by Royal Garden,
			Awka, Anambra State.
8.	Sea Gate Hotel and Suites Ltd	41	48-50 old Inec Road, Okpuno, Awka
			Capital Territory, Awka, Anambra State.
9.	Chicotel Classique Hotel Ltd	71	1 Emma Nnaemeka Street, off Arthur Eze
			Avenue, Awka, Anambra State
10.	Queen Suite Ltd	52	29 Iyiagu Estate, Awka, Anambra State.

**Source:** Field Survey 2023

#### **Method of Data Analysis**

The data generated were analyzed using descriptive statistics and hypotheses were tested using Pearson Product Moment Correlation Co-efficient on Statistical Packages for Social Science (version 23) at 5% level of significance.

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#### **Decision Rule:**

Accept the Alternate hypothesis ( $H_a$ ) if P-value is less than 0.05 (P-value < 0.05); otherwise accept the Null hypothesis ( $H_o$ ).

Table 2. Analysis of Respondents' Responses to Nature of Relationship between Monetary reward and Employee Engagement in selected Hotels of Awka, Anambra State.

S/N	Monetary Reward	SA	A	U	D	SD	Mean	Remark
1.	I have benefited financially from this	42	38	17	59	56	2.77	Disagree
	organization as a compensation for outstanding							
	performance.							
2.	This organization rewards its staff with	71	87	18	19	17	3.83	Agree
	incentives for great performance.							
3.	We are motivated financially by management	62	55	15	51	29	3.33	Agree
	of this organization.							
4.	Staff of this organization are compensated with	45	46	13	67	41	2.94	Disagree
	cash reward.							
5.	The monetary benefit as reward is motivating.	54	57	13	46	42	3.17	Agree
	<b>Employee Engagement</b>							
1.	I focus on my role in this organization to	45	51	19	54	43	3.00	Agree
	completion.							
2.	I strive to engage other staff personally to solve	74	61	9	41	27	3.50	Agree
	challenges in this organization.							
3.	I use my personal resources in the course of	42	45	10	61	54	2.81	Disagree
	executing my task.							
4.	I contribute to the goals of this organization.	57	59	13	44	29	3.19	Agree
5.	I share work ideas with colleagues and	57	84	11	39	41	3.65	Agree
	management of this organization.							
	Grand Average				-		3.22	Agree

**Table 2.** Shows that respondents agreed to questions asked on the relationship between monetary reward and employee engagement with grand mean of 3.22. But disagreed on benefitting financially from this organization as a compensation for outstanding performance with mean score of 2.77. Respondents also disagreed with mean score of 2.94 to staff being compensated with cash reward. Lastly, Respondents disagreed to using personal resources for executing their jobs with mean score of 2.81. Thus, a grand mean of 3.22 indicates that the average response agreed to questions on relationship between monetary reward and employee engagement.

Table 3. Analysis of Respondents' response to non-monetary reward and employee loyalty in selected Hotels of Awka, Anambra State.

S/N	Questionnaire Items	SA	A	U	D	SD	Mean	Remark
1	Non-monetary Reward System							
2	My organization do not necessarily reward	71	87	18	19	17	3.83	Agree
	financially.							
3	Employees with outstanding performance are	62	55	15	51	29	3.33	Agree
	recognized in this organization.							
4	Some staff of this organization are rewarded	24	41	14	71	62	2.5	Disagree

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	with education and training programmes.							
	61 6	4.5	1.0	10		4.1	201	D.
5	We are rewarded with benefits that are non-	45	46	13	67	41	2.94	Disagree
	monetary.							
6	This organization also reward employees with	51	62	17	54	28	3.25	Agree
	promotion or sponsoring career development							
	programmes.							
	<b>Employee Loyalty</b>							
7	We work within the given timeframe set by	74	61	9	41	27	3.50	Agree
	management of this organization.							
8	Staff of this organization finds it difficult to	57	84	11	39	41	3.65	Agree
	leave the organization.							
9	I see myself working with this organization	42	38	17	59	56	2.77	Disagree
	for the next 5 years.							
10	I am interested in the goals of this	71	87	18	19	17	3.83	Agree
	organization.							
11	I work in line with given instructions of this	45	51	19	54	43	3.00	Agree
	organization.							
	Grand Average						3.26	Agree

Table 3. Shows that respondents agreed to questions relating to the relationship between non-monetary reward and employee loyalty with grand mean of 3.26. Respondent disagreed to non-monetary reward such as education and training with mean score of 2.5, also respondents disagreed to being rewarded with non-monetary benefits with mean score of 2.94 and respondents disagree to potentials of working in the next 5 years with the organization with mean score of 2.77.

# **Test of Hypotheses**

#### **Test of Hypothesis One**

Ho<sub>1</sub>: There is no significant relationship between monetary reward and employee engagement in selected Hotels of Awka, Anambra State.

Table 2.1 Correlation between Monetary Reward and Employee Engagement

		Monetary_reward	Employee_engagement				
	Pearson Correlation	1	.520**				
Monetary_reward	Sig. (2-tailed)		.003				
	N	212	212				
	Pearson Correlation	.520**	1				
Employee_engagement	Sig. (2-tailed)	.003					
	N	212	212				
**. Correlation is significant at the 0.05 level (2-tailed).							

From table 2.1 indicated significant relationship between monetary reward and employee engagement with r=0.520, n= 212 and P=0.003 (P<0.5) at 0.05 significant at 2tailed, alternative hypothesis is accepted. Hence, there is positive relationship between monetary reward and employee engagement in selected Hotels of Awka, Anambra State.

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#### **Test of Hypothesis Two**

Ho<sub>2</sub>: Non-monetary reward is not significantly related to employee loyalty in selected Hotels of Awka, Anambra State.

Table 3.1: Correlation between Non-monetary Rewards and Employee Loyalty

		Non_monetary_rewards	Employee_loyalty
	Pearson Correlation	1	.781*
Non_monetary_rewards	Sig. (2-tailed)		.038
	N	212	212
	Pearson Correlation	.781*	1
Employee_loyalty	Sig. (2-tailed)	.038	
	N	212	212

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

From table 3.1 result showed that there is positive relationship between non-monetary rewards and employee loyalty at p =0.781, n=212 and r=0.381 p<0.05% significant level. At this significant level, alternative hypothesis is accepted. There is positive relationship between non-monetary rewards and employee loyalty in selected Hotels of Awka, Anambra State.

## SUMMARY OF FINDINGS

The test of hypotheses revealed that there is positive relationship between reward system and employee performance in selected Hotels in Awka, Anambra State through the following findings;

- 1. The test of hypothesis one shows that there is positive relationship between monetary reward and employee engagement with r=0.520, n=212 and P=0.003. This implies that monetary reward encourages high engagement of employees.
- 2. The outcome of the test of the second hypothesis revealed that there is positive relationship between non-monetary rewards and employee loyalty at p = 0.781, n = 212 and r = 0.381. This implies that the adoption of non-monetary reward have intrinsic motivational effect on the loyalty of employees.

#### Conclusion

The study concluded that effective reward system can contribute to outstanding employee performance as the adoption of monetary and non-monetary reward system have significant effect on the performance of an employee. It can be deduced that monetary rewards can meet the employee immediate financial needs but cannot motivate an employee seeks recognition and self-esteemed goals.

Non-monetary motivation is basically career growth and development oriented as it is concerned with promotion, recognition and career training and development, the study revealed that there is significant positive relationship between non-monetary reward and organizational goal attainment.

# Recommendations

In line with the findings of this study, the following recommendations were made;

1. Management of hotels should determine the needs of organizational members through survey or employee's examination so as to offer a reward that can compel employee engagements.

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2. Management should uphold the adoption of non-monetary reward system as it has potentials of building employee's career and also building passion for employees on the job even as they gain more knowledge sponsored by non-monetary reward system.

#### **Contribution to Knowledge**

The study contributed to knowledge in the sense that it introduced indicators of reward system which is monetary reward, and non-monetary reward. The employee performance indicators according to the study are employee engagement and employee loyalty. The study has successfully established positive relationship between monetary reward system and employee engagement and between non-monetary reward and employee loyalty. It has also established that reward system, monetary and non-monetary attract outstanding performance of employees.

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