IJAAR PUBLISHING®

Open Access Journal of Business and Entrepreneurship | ISSN: 3027-0855
Vol. 2, Issue 1 (January-March, 2024) | www.ijaar.org

NON-FINANCIAL BENEFITS AND EMPLOYEES' PERFORMANCE IN ANAMBRA STATE

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Abstract

This study examined the Non-Financial Benefits and Employee Performance in Small Scale Industries in Anambra State. The problem of the study was how to employ non-financial system of compensation to boost performance, high productivity and job satisfaction. The major thrust of the study is to determine the relationship between non-financial benefits and employees' performance. The research adopted descriptive survey. The data for the study were principally primary sources which were directly collected from the respondents with a structured questionnaire. Copies of structured questionnaire were administered to the respondents who constituted the sample size of this study. The hypothesis was tested using Pearson Product Moment Correlation Coefficient to determine the degree of difference in the responses of the employees. Findings revealed that the positive effect in the perception of the respondents on the extent to which non-financial benefits relates to employee's performance was not significant which indicates that some other factors can still be necessary for a positive and significant improvement to be felt on employees performance. The study concludes that Non-financial benefits promote skills and positively improve work performance and as well help an organization to achieve its strategic goals. The study recommends that organizations should get to know the right motivational strategy to use in such a way that they provide maximum return for both the organization and employees.

Keywords: Non-financial benefits, Employees' performance, Anambra State

Oguejiofor, N.D.C. & Nnebe, E. G. (2024). Non-Financial Benefits and Employees' Performance in Anambra State. *Open Access Journal of Business and Entrepreneurship*. 2(1), 41-50.

Introduction

Non-financial rewards are non - monetary/ non cash and it includes; social recognition, praise, genuine appreciation etc. Axelsson and Bokedal (2009) posit that non-monetary rewards motivate managers but bonuses and shares are not very motivating.

Gailick (2009) opined that offering cash bonuses does not really influence employee attitudes. In other words, offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact that cash bonuses are nearly everyone's preferred reward. Skills and knowledge provides employees with a measure of protection against unemployment as well opportunities for higher earning (De Silva, 2014). In view of this, skills, knowledge, competency training and development, career opportunities like recognition by the employer to further their career and establish new career opportunities not only help the employee but they also add value to the organization or rather help improve productivity of the organization (Coffey, 2013).

Ryan (2009) in her view, considered non-financial rewards as part of comprehensive performance enhancing strategy rather than better alternative for motivating staff. While Scott (2013) asserts that non-financial rewards can and do have more substantial impact on employee satisfaction and motivation than traditional financial rewards.

Non-financial rewards, according to Massager and Eddington (2003) are rewards that motivate employees for more creativeness and intellectual ability; they are rewards that express "goal setting, communication, autonomy, delegation of responsibility and flexibility" which are basic ingredients for productivity and improvement.

Summer (2011) in the other observes that non-financial rewards in form of conducive work environment become more visible during difficult times and they are sustained after economic conditions have improved. The implication of this is that although non-financial rewards are privileges, they tend to be part of what employees see as their rights and it may therefore be necessary for organizations to make non-financial scheme a very dynamic programme by replacing some existing incentives with new ones from time to time. This will create a fairer impression to employees and continuously challenge them to work towards enjoying current non-financial rewards.

Statement of the problem:

Most times, to be consistent in the criteria, process and communication of rewards system poses a big challenge. This is as a result of several factors such as the worth of the job or employee, prevailing wage range, labour market conditions, employer's affordability, economic condition or organization compensation policy. These factors compel the employers to reward the wrong behaviours or actions and chose a wrong compensation plan. To this effect, employers see only financial reward as the ultimate, thereby neglecting the non-financial aspect which led to employee dissatisfaction and poor organizational performance. Therefore, the study seeks to know how to employ non-financial system of compensation to boost performance.

Objective of the Study

The main objective of this study is to determine the relationship between non-financial benefits and employees' performance

Research Question
To what extent do non-financial benefits influence employees' performance?

Research Hypothesis:
HO1: Non-financial benefit does not have significant influence on employees' performance.

Literature Review:

Ngige (2011) is of the view that reward includes direct financial reward (wages and salaries, incentives, commissions and bonuses) and direct reward (financial benefits like pensions, healthcare benefits/sick leave and employer paid insurance and vacations/holidays).

Ryan and Deci in Mansor et al (2012) define intrinsic or non-financial reward as act of doing an activity for its inherent satisfaction rather than for separate consequence. It also gives personal satisfaction to individual.

It fulfills employees' intrinsic factors or motivators, and such intrinsic rewards are:

- Information / feedback: Also a significant type of reward that successful and effective managers never neglect. This type of rewards offers guidance to employees, whether positive (remain on track) or negative (guidance to the correct path). This also creates a bond and adds value to the relationship of managers and employees.
- Recognition: Is recognizing an employee's performance by verbal appreciation. This type of reward may take the presence of being formal for example, or informal such as a "pat on the back" to boost employees' self-esteem and happiness which will result in additional efforts.
- Trust/empowerment: In any society or organization, trust is a vital aspect between living individuals in order to add value to any relationship. This form of reliance is essential in order to complete tasks successfully. Trust also, takes place in empowerment when managers delegate tasks to employees. This adds importance to an employee where his decisions and actions are reflected. Therefore, this reward may benefit organizations for the idea of two minds better than one.

Theoretical Framework
This work was anchored on Expectancy Theory (1964). The theory is popularly called Valance-instrumentality – Expectancy (VIE). The theory assumes that if one thing happens, it will lead to another and that the expectancy in the proposition is the probability that an action or effort will lead to an outcome. Vroom clarifies thus:

Where an individual chooses between alternatives which involve uncertain outcomes, it seems clear that his behavior is affected not only by his preferences among these outcomes to be possible. Expectancy is a momentary belief concerning the likelihood that a particular act will be followed by a particular outcome.

According to Vroom, the model is based on the assumption that man is a rational being and will always try to maximize his pay – off. He will choose an alternative that would give him the most benefit. Hence, according to the theory, motivation to work is strongly determined by an individual's perception that a certain type of behavior will lead to a certain type outcome and his personal preference for that type of outcome (Chandler, 1987).

Theoretical Exposition

Non-Financial Benefits and Employee Performance

Rewards and compensation enhance the level of productivity and performance at job whether it is a first time performance or repeated activity at the job in a progressive way. Incentives, rewards and recognition are the key parameters of today's motivation programs according to most of the organizations as these bind the success factors with the employees performance. Fair chances of promotion according to employees' ability and skills make employees more loyal to their work and become a source of pertinent workability for the employees.

Wilson (2004) states that the conditional recognition is that type of recognition which one has to earn by his own efforts and which is gained by some sense of achievement of an action or result.

According to Flynn (2008), rewards and recognition programme keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of employees.

Baron (2002) states that when we recognize and acknowledge employees in terms of their identification, their working capacity, their performance is very high. In today's dynamic environment, the highly motivated employees serve as a synergy for accomplishment of a company's goal, business plans, high efficiency, growth and performance.

According to Andrew (2004), commitment of all employees is based on rewards and recognition. This is why organizations in today's environment should seek to determine the reasonable balance between employees commitment and performance of the organization by creating the opportunity for personal growth, increased levels of responsibility and an increase on social standing.

Csikszentmihalyi (1990) posits a view that the state of satisfaction and happiness is achieved by the employees only when they maximally put their abilities in performing the activities and functions at work. In this way, motivated employees can work beyond routine work without grudges or complaints. Reward and compensation plays a vital role in determining the significant performance of employee in job and it is positively associated with the process of motivation.

Non-financial rewards are non - monetary/ non cash and it includes; social recognition, praise, genuine appreciation etc. Axelsson and Bokedal (2009), posit that non-monetary rewards motivate managers but bonuses and shares are not very motivating.

Gailick (2009) opined that offering cash bonuses does not really influence employee attitudes. In other words, offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact that cash bonuses are nearly everyone's preferred reward. Skills and knowledge provides employees with a measure of protection against unemployment as well opportunities for higher earning (De Silva, 2014). In view of this, skills, knowledge, competency training and development, career opportunities like recognition by the employer to further their career and establish new career opportunities not only help the employee but they also add value to the organization or rather help improve productivity of the organization (Coffey, 2013).

ASSOCIATION BETWEEN NON-FINANCIAL BENEFITS AND EMPLOYEES' PERFORMANCE

The distribution of respondents according to the association between non-financial benefits and employees' performance is shown in Table 1.1. The result indicated that majority (56.74%, 52.48%, 48.98% and 2.41%) of the respondents agreed that non-financial benefits such as: increased job responsibilities, On-the-job training, recognition/Performance appraisal and Incentives/prestigious Offices, etc. improved job performance respectively. A greater percentage (42.55%) of the respondents were of the opinion that on-the-job training attracts the least improvement in employees' performance followed by increased job responsibilities (41.84%), incentives (36.17%) and the least recognition (32.62%). This agrees with Mansor et al. (2012) that non-financial rewards give personal satisfaction and motivate employees to perform better.

Empirical

In a study done by Kida, Mahmud and Nuhu (2015) on financial and non-financial incentives as tools for motivating employees of libraries in tertiary institutions in Borno State, Nigeria, the following findings were made. The results of the study indicate that both financial and non-financial rewards and incentives motivate the employee to perform better. However, those motivational factors such as reciprocal benefits, knowledge, self-efficacy, are of general dissatisfaction. The study concludes that rewards, in particular non-financial rewards are very potent in motivating the public servants to perform effectively.

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METHODOLOGY

Survey Design: This research work is descriptive.

Sources of Data: Primary and secondary sources of data were explored. The primary data was obtained from the 141 employees of some selected Small scale enterprise in Anambra State that responded to the structured questionnaire administered to them. While secondary data was obtained from existing literature in the field of study which were available in journals, textbooks, magazines and internet materials.

Population of the study: The population of this study was 450 from some selected Small Scale Industries engaged in productive ventures. Therefore, 200 sample size was determined using Taro Yamane formular. The questionnaires were distributed among the 200 hundred selected employees and 141 was returned.

Data analysis:

Table 1.1: Distribution of Respondents by Association between Non-Financial Benefits and Employees Performance

Variables	Frequency	Percentage (n = 141)
Increased job responsibilities:		
Yes	80	56.74
No	59	41.84
N/S	2	1.42
On-the-job-training:		
Yes	74	52.48
No	60	42.55
N/S	7	4.96
Recognition:		
Yes	69	48.94
No	46	32.62
N/S	26	18.44
Prestigious Offices/Flexible Working hours:		
Yes	88	62.41
No	51	36.17
N/S	2	1.42

Source: Computed survey data

NS = Not sure.

The Hypothesis, non-financial benefits do not significantly influence employees performance was tested by comparing the calculated value of the correlation coefficient (r_{cal}) with the table value (r_{tab}) at 5% probability level. The X_1 values were paired with Y_1 values in the Pearson Moment Correlation analysis formula of the MINITAB statistical package. The result is shown in figure 1.1 as character plot of the relationship.

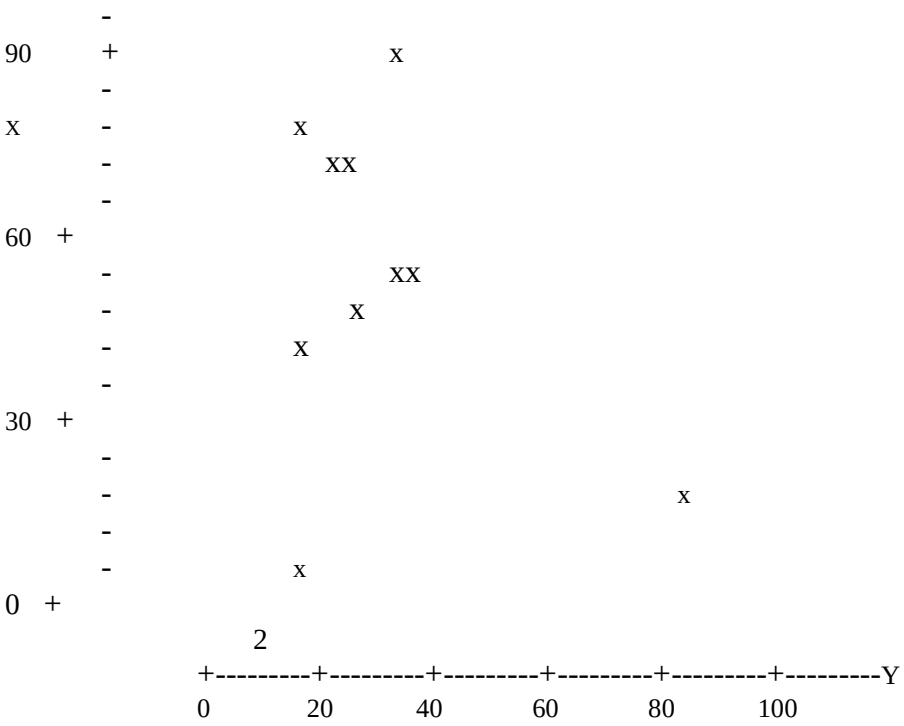


Figure 1.1: Character plot of X_1 and Y_1 values

The result as well as the calculated r (r_{cal}) value of 0.214 were indications of a positive linear association between non-financial benefits and employees' performance. On the other hand, the real value of 0.214 which was lower than the r_{tab} value of 0.58 at 10 degrees of freedom and 5% alpha level showed that the positive association was not a significant one. It could mean that the collective influence of other factors outside non-financial benefits is necessary for a positive and significant improvement to be felt on employees' performance.

Finding:

The observation on the extent to which Non-financial benefits influences employee performance indicated a positive linear association which showed that the real value of 0.214 is lower than the r_{tab} value of 0.58 at 10 degrees of freedom and 5% alpha level was not significantly positive.

Conclusion: The study conclude that non-financial rewards give personal satisfaction and motivate employees to perform better.

Recommendation: Organizations are advised to design their reward packages in such a way that it provides maximum return for both the organization and the employee so as to improve performance, retain the best employee and improve such organization against others.

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