

THE ROLE OF PERFORMANCE - BASED REWARDS IN PRODUCTIVITY

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Abstract

The purpose of this paper was to evaluate the role that performance-based rewards plays in productivity in Ghana. The study adopted both qualitative (case study) and quantitative methods respectively. Second cycle institutions were selected to gather data, which was acquired from answers obtained from our administered questionnaire and also through interviews. The population of the survey constituted the management and non-management staff and the teaching staff of, New Juabeng High, Accra Academy and Tema High School. Hypotheses of the study were analyzed using correlation and regression. Results of the study showed that there are high positive correlation between the constructs of performance-based rewards and productivity.

Keywords: Performance-based rewards, productivity, second cycle institutions, case study

INTRODUCTION

Globally, Strategic mechanism are used to affect and influence staffs inputs and outputs in the world today which. Also strategies from institutions are mostly accepted and implemented, Strategy, while all sorts of people mostly examined and investigate the capabilities of the institution's and possible solutions. Competencies are required to execute the strategy, and these competencies are primarily a function of the skills and knowledge of an Institution's human capital. Therefore, if an institution is to treat its employees as its most important asset, it has to be knowledgeable about what it is that motivates people to reach their full potential (Lawler, 2003). It is not easy though to know all the things that motivate people in life or at work but an effort has to be made. Traditionally, individual performance in institutions or institution are Centered on the evaluation of performance and the allocation of rewards. Strategic success for the institutions lies in focusing attention at all levels on key business imperatives, which can be achieved.

The planning process is one of the primary elements of the total reward system. It is the process that impacts performance between pay checks and provides the basis on which individuals results are measured. It is the bonding agent in programs that direct rewards to true performance. The primary focus of reward and recognition programs is how institutions define their reward Schemes and communicate this in a manner that employees clearly understand the Link between reward and performance (Flynn, 1998). Rewards and recognition Programs create environments especially where jobs provide intrinsic-rewards Good feelings that people get from doing the work itself. Yet in many institutions recognition is reserved for an elite few and rewards are defined solely in terms of wages and salaries. Effective recognition enhances

employee motivation and Increases employee productivity all of which contribute to improved institutional performance (Deeprase, 1994). Baron (1983), argues that there is a close relationship between rewards and job performance. He notes that if successful performance does in fact lead to institutional rewards, such performance could be a motivational factor for employees. Notion of rewarding employees for a good job done" has existed since the 19th Century when piece-work systems were first implemented (Schiller & Zachary, 1996). Piece-work systems simply involve plans which directly associate the employee's level of pay to their output levels. From these piece-work systems evolved the traditional merit program. The traditional merit program is based on performance appraisals which employers evaluate to determine whether or not the employee is deserving of an increase in pay.

This type of merit program could be seen within both the public and private sectors institutions. MacLean (1990) argues that in general, employers were losing money with the traditional merit programs used during this period. Under the traditional system, a meritorious" employee received a permanent pay increase that affected basic salary. If the performance of that employee declined, the agency loses money. Because both public and private employers began to lose faith in the traditional merit programs, they realized they needed to develop new guidelines for assessing how well services were being delivered to citizens" (Brosz, Allan, & Morgan, 1977) thus justifying the emergence of performance-based rewards. So merit programs lost their appeal in the 1990's (Freeman, 1997). Today many institutions and companies are implementing incentive programs, which recognize employee's efforts and reward them accordingly in a multitude of ways. Incentive programs have been in existence since the beginning of the nineteenth century. Since then the idea of what an incentive program is for both the employer and the employee has changed. Incentive programs used to be simply a method of payment, meaning the more one produces the more one makes. Today the definition of an incentive program has broadened to include not only a way of paying employees but a way of reducing costs for the employer, while at the same time rewarding the employee for making the extra effort.

In the last decades, a number of countries have adopted pay-for-performance Strategies in order to modify the traditional salary scales. In the past, rewards generally referred to pay and for many years, rewards programs were viewed primarily as a necessary evil to attract and retain competent employees. Attitudes towards rewards programs, and awareness of their strategic value, are now Changing. Increasingly, schools are also realizing that a properly designed and executed total rewards strategy can be a powerful driver of staff performance (Harvey-Beavis 2003).

An institution's reward system is meant to provide and maintain appropriate types and levels of pay, benefits and other forms of rewards. Performance-based reward systems have a long history in education, particularly in the United States of America (Harvey-Beavis, 2003).

The remainder of this paper is structured as follows. Section 2 will be present both the theoretical background and hypothesis to this study. Section 3 provides the research methodology of the study. In section 4, the researchers present the statistical results and discussions of finding. Finally, this study in section 5 discusses the conclusion of the study.

THEORETICAL BACKGROUND AND HYPOTHESIS

Performance Based Reward and Staff Performance

Motivation and increase in collegiality on teachers would be assessing on individual skills and knowledge. Which will be emphasizing on the school based reward models. it would enhance the performance of students. Ideally, when a worker is highly motivated it automatically increases performance and this will have a great impact on students. In 2005(Harvey-Beavis) summarize that the performance base reward systems for teachers can and do work in practice. On the other hand, DEST research paper in 2007 quoted (Harvey-Beavis) in 2003 identify some reasons against performance base reward. The following are typical of the issues raised in opposition to performance pay. Performance related pay requires investment in terms of both time and money. One factor that is considered when planning includes time since time is one of the main factors that is used to usher and run the scheme effectively. Performance related in costs in finance is often underestimated.

Compensation associated with performance based programs often encourages competition and effective collaboration among teachers. Debatably, many would dispute the idea of individual pros to act odds with the collegiate approach of effective schools. The extent of an individual teachers impact on students learning is difficult to differentiate students achievements. The research indicates the extreme of staff great impact on educating students and be rewarded for their respective adding to the child. Where merit pay system involve subjective assessment which may taint the educations. it further on bring arguments and similarly portray by Harver-Beas (2003) in literature review of the performance based rewards for teachers .most people argued that performance based pay will increase in the motivation of staff. This perspective links the attitude of staff to the outcomes of students by arguing that once the motivation and skill of the staff determine salaries. Teachers quality will be improved, Harvey-Beavis (2003)

Tomlinson throw much attention and emphasis on performance based pay on motivation people, and developing performance oriented cultures. Researchers have argued that performance-based reward systems can increase by collegiality rewarding cooperation between

teachers (Podgursky, 2001), especially through administering group-based rewards, (McCollum, 2001). This kind of management technique can redesign the work of teachers so they are interdependent, and acknowledge their interdependence, (McCollum, 2001). Even some opponents of performance-based rewards argue there is some evidence of increase collegiality when group performance rewards are employed.

H1: Performance based reward have a direct relationship with staff performance.

Performance Based Reward and Productivity.

Despite the fact that there are researches reports in support of students' rating of their teachers' effectiveness, Nuhfer (2004) and Pozo-Munoz et al. (2000) strongly urge that Students rating should be one of a comprehensive evaluation system and should never is the only measure of teachers' effectiveness. The school administrators' evaluation has also been used to evaluate staffs' effectiveness. Jacob and Lefgren (2006) found a positive correlation between a principal's assessments of how effective a teacher is at raising students' achievement and that staff's success in doing so as measured by the value-added approach. The above study suggests that administrator's rating may also be one of a comprehensive evaluation system to measure staffs' effectiveness in public Senior High Schools. Therefore effective staff positively influences the academic achievement of students which goes a long way to increase the overall productivity in public high schools.

H 2: There is positive relationship between performance-based reward and productivity.

RESEARCH METHODOLOGY

Research Design

This study used the survey methods by employing quantitative instruments for data collection and analysis. The survey methods were used because the variables involved in the analysis were quantitative in nature. According to Trochin (1999), survey methods are used for non-experimental and descriptive research methods. He further indicated that, survey can be useful when a researcher wants to collect data on phenomena that cannot be directly observed. Based on Trochin"s assertion, the researcher adopted the survey method for his study.

Case Selection

The process of selecting a suitable case is an essential step to build theories from case studies. This became important because when unsuitable cases are selected, the result obtained will be

misleading and will not help us achieve our research objectives. Appropriate selection of case helps define the limit for generalizing the finding of the study and control waste (Eisenhardt, 1989). Considering the number of cases that can be studied at a particular time choosing a relevant case becomes an essential obligation (Pettigrew, 1998).

Data Collection

The population of the survey constituted the management and non-management staff and teaching staff of New Juabeng High school, Accra Academy High school and Tema High school in Ghana. The researchers used the purposive sampling technique and accidental technique. The study used a sample size of five hundred and fifty (200) respondents, of which the researchers divided it equally among customers and management staff and non-management staff of the three banks. The researchers used one hundred and Sixty (160) questionnaires that were administer.

Measurement of Variables

Performance Based Reward

For purpose of this research questions on performance based reward were asked and placed on a 5- point scale ranging from strongly agree (5), Agree (4), Undecided (3), Disagree (2), and strongly disagree (1) in form of statement. The respondents were asked to indicate their level of agreement with each statement by circling the right choice of scale.

Productivity

Productivity questionnaire was designed to measure participant's level on how their schools have produces output. All of these questions are measured from "strongly disagree" to "strongly agree". The respondents were asked to indicate their level of agreement with these statements in relation to the productivity of their respective schools. Their responses were later summed up for generalization for the whole education sector.

Reliability of Data

The reliability of data used for empirical analysis and hypothesis testing was assessed. The reliability of the data was assured by the use of Cronbach's alpha (numerical value of 0.5 is considered appropriate to show consistency). For this research data, the alpha value for performance based reward is 0.77 and productivity at 0.68 respectively.

ANALYSIS AND DISCUSSION

Performance Based Rewards

RFR (D) denotes receiving formal recognition for your efforts in making a difference and is the dependent variable; RM means Being recognized by management for your efforts , RPC means - being recognized by peers and co-staff for your efforts, BFI means bonuses and other financial incentives, PAP means possibility to achieve promotion, PDM means participation in decision-making, SGSS means support and guidance of supervisors and other superiors, FVA means Feeling that your work is valued and appreciated , and CWT means Challenging work tasks

Table 1 Descriptive Statistics and Pearson Correlation of Performance Based Rewards variable

Variables	N	Mean	SD	2	3	4	5	6	7	8	9
1.RFR	160	3.76	.943	.886**	.891**	.917**	.964**	.896**	.766**	.917**	.896**
2. RM	160	3.97	.954		.877**	.895**	.891**	.924**	.886**	.895**	.924**
3.RPC	160	3.28	.700			.890**	.893**	.925**	.891**	.890**	.925**
4.BFI	160	3.76	.963				.937**	.897**	.917**	.824**	.897**
5.PAP	160	3.78	.902					.902**	.964**	.937**	.902**
6.PDM	160	3.06	.736						.896**	.897**	.844**
7. SGSS	160	3.76	.943							.917**	.896**
8. FVA	160	3.76	.963								.897**
9. CWT	160	3.06	.736								

** correlation is significant at 0.01 level(2-tailed).

From table 1, it shows that possibility to achieve promotion (PAP) had the highest correlation coefficient with the dependent variable at 0.92 at $p < 0.01$ (2- tailed). Feeling that your work is valued and appreciated (FVA) and, bonuses and other financial incentives (BFI) at 0.917 at $p < 0.01$ (2-tailed) and at 0.917 at $p < 0.01$ (2-tailed). Also variables such as participation in decision-making (PDM) and Challenging work tasks (CWT) also had a correlation coefficient of 0.896 at $p < 0.05$ (1-tailed), 0.896 at $p < 0.01$ (1-tailed). Being recognized by peers and co-staff for your efforts (RPC), being recognized by management for your efforts (RM) and support and guidance of supervisors and other superiors (SGSS) had a correlation coefficient of 0.891 at $p < 0.01$ (2-tailed), 0.886 at $p < 0.01$ (2-tailed), and 0.766 at $p < 0.01$ (2-tailed) respectively.

Despite the schools had performance based reward in place, the researcher investigated further to know whether it has any relationship on staff performance? The findings showed that the high schools teachers perform well as a result of the reward the ministry of education gives to them. This finding satisfies our hypothesis (H1) that states that performance-based reward has a direct relationship with staff performance.

Table 2 Regression Analysis of Performance Based Reward Variables

Model	R-square	Unstandardized coefficients		Standardized coefficient	t-value	Sig.
		Beta	Standard Error	Beta		
RM	.721	.423	.086	.324	-4.912	.000
RM, RPC	.730	.491	.064	-.434	-7.613	.000
RM, RPC, BFI	.738	.501	.075	.454	6.714	.000
RM, RPC, BFI, PAP	.772	.389	.065	.380	5.961	.000
RM, RPC,BFI,PAP,PDM	.824	.057	.058	.054	.988	.324
RM, RPC, BFI, PAP, PDM, SGSS	.835	.086	.069	.392	1.223	.023
RM, RPC, BFI, PAP, PDM, SGSS, FVA	.892	.497	.077	.397	.992	.001
RM, RPC, BFI, PAP, PDM, SGSS, FVA, CWT	9.21	.380	.082	.355	.998	.004

The regression model was established using the equation: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n$ where: Y is the dependent variable, “ α ” is a regression constant; β_1 , β_2 , β_3 and β_n are the beta coefficients; and X_1, X_2, X_3 , and X_n are the independent (predicator) variables. Standardized beta coefficients were put in the regression equation. This revealed that corporate social responsibility awareness can be predicated as: $Y = \alpha + 0.32 X_1 + (-.43) X_2 + (.45) X_3 + \dots + \beta_n X_n$ where: Y is (RFR) ; X_1 , is (RM) ; X_2 , is (RPC); X_3 is (BFI), and X_n is the nth predicator.

Productivity

SG (D) denotes the school has grown since introduction of performance based reward and is the dependent variable; PWC means creating productive workplace cultures, IPS means Investment in People and Skills , OW means organizing workshop , EIT means encouraging innovation and the use of technology, NC means networking and collaboration are independent variables.

Table 3 Descriptive Statistics and Pearson Correlation of Productivity Variable

Variables	N	Mean	SD	2	3	4	5	6
1.SG	160	3.51	1.190	.874**	-.900	.914**	.900**	.942**
2. PWC	160	3.03	.910		-.902	.924**	.884**	.893**
3.IPS	160	3.17	1.052			-.826	-.906	-.877
4.OW	160	3.88	1.079				.872**	.929**
5.EIT	160	3.18	1.124					.905**
6.NC	160	3.63	1.162					

** correlation is significant at 0.01 level(2-tailed).

From table 3, it shows that networking and collaboration (NC) had the highest correlation coefficient with the dependent variable at 0.94 at $p < 0.01$ (2- tailed) and is creating productive workplace cultures (PWC) at 0.874 at $p < 0.01$ (2-tailed). Also variables such as organizing workshop (OW) and encouraging innovation and the use of technology (EIT) had a correlation coefficient of 0.914 at $p < 0.05$ (2-tailed), 0.900 at $p < 0.05$ (2-tailed) respectively. Inferences that can be made from this statistical figures above despite they most had a significant correlation with the dependent variable is that the school fails to invest in their staff and so is the sole responsibility of the teachers to upgrade themselves.

Despite the school do experience high productivity, the researcher investigated further to know whether this high productivity is as a result of performance based reward. The findings showed that the increase in productivity is due to the reward the ministry of education gives to them. This finding satisfies our hypothesis (H2) that states that the performance based reward has effects on productivity.

Table 4 Regression Analysis of Productivity Variables

Model	R-square	Unstandardized coefficients		Standardized coefficient	t-value	Sig.
		Beta	Standard Error	Beta		
PWC	.764	-.423	.086	.324	-4.912	.000
PWC,IPS	.830	-.491	.064	-.434	-7.613	.000
PWC,IPS,OW	.913	.501	.075	.454	6.714	.000
PWC,IPS,OW,EIT	.929	.389	.065	.380	5.961	.000
PWC,IPS,OW,EIT,NC	.929	.057	.058	.054	.988	.324

The regression model was established using the equation: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n$ where: Y is the dependent variable, “ α ” is a regression constant; β_1 , β_2 , β_3 and β_n are the beta coefficients; and X_1 , X_2 , X_3 , and X_n are the independent (predicator) variables. Standardized beta coefficients were put in the regression equation.

This revealed that productivity can be predicated as: $Y = \alpha + 0.32 X_1 + (-.43) X_2 + (.45) X_3 + \dots + \beta_n X_n$ where: Y is (SG) ; X_1 , is (PWC); X_2 , is (IPS); X_3 is (OW), and X_n is the nth predicator.

CONCLUSION

The study was conducted to evaluate the role of performance-based reward and its effect on productivity in Ghana. The study adopted both qualitative (case study) and quantitative methods respectively. Second cycle institutions were selected to gather data, which was acquired from answers obtained from our administered questionnaire.

The statistical findings showed that Performance based reward have a significant direct relationship with staff performance. And also there is positive relationship between performance-based reward and productivity. The hypothesis established for this study was supported by the researcher findings.

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