

Monetary Reward: A Predictor of Employees' Commitment to Medium Scale Organizations in Nigeria

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Abstract

This study investigates monetary reward as a predictor of the commitment of employees in medium-scale organizations in Nigeria. A total of 160 employees comprising of 85 male and 75 female participated in this study. The participants were randomly selected from four medium-scale organizations in Ekiti and Ondo states of Nigeria. Their age ranges between 26 years and 50 years with a mean age of 38 years. Questionnaire was used to collect data from the participants, while t-test for independent groups was used to test the three hypotheses for this study. Result however revealed that no significant difference exist in the commitment level of more tenured and less tenured employees in monetary reward. Equally, no significant difference was found in the commitment level of male and female employees in term of monetary reward. Result also revealed that high educated employees have no significant difference in their commitment level with that of low educated employees.

Introduction

Encouraging employees to work and be committed to organization toward achieving organizational goals and objectives is one of the most significant challenges for any management team (Floyd & Wooldridge, 1994:49; Guth & Macmillan, 1986:303). The continuous survival of any work organization requires the cooperation of labour with the other factors of production such as land and capital.

Organization commitment refers to the relative strength of an individual's identification with, and involvement in an organization (Mowday, Porter, & Steers, 1982:145). It is characterized by a strong belief in, and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to maintain membership in the organization (Porter, 1968:52). It involves active relationship with the organization in which individuals are willing to give something of them in order to help the organization succeed and prosper (Meyer & Allen, 1997:60). According to March and Simeon (1958:52), real commitment often evolves into an exchange relationship in which individuals attach themselves to the organization in return for certain rewards or outcomes.

Employees' commitment reduces turnover but increases performance (Angle & Perry, 1981:12), and employee can only be committed when their needs are met and fulfilled by their organizations (Maslow, 1954:122). Maslow (1954) human needs are arranged in a hierarchical order, and once a need is satisfied, the individual move to the next unsatisfied need which now

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forms the basic for his/her behaviour. These needs are the physiological needs (which include food, clothing, shelter, water, and sex), security needs (such as job security, protection of life and property), social needs (such as need for affection, friendship, and sense of belonging), esteem needs (which include need for recognition, accomplishment, achievement, and self respect), and self-actualization needs (which is the need for an employee to reach his/her highest potential at workplace in conquering his/her environment). However, one of the basic conditions of employment to satisfy and fulfill these human needs at work organizations is monetary reward (that is, wages and salaries) which is pay. Monetary rewards are something given or obtained in return for work done or service rendered. Vroom (1964:134) asserts that the expectation (reward) of employees on task performed motivates and encourages them to be committed. Thus, the higher the expectation of workers, the greater the commitment. On the other hand, the lesser the expectation of workers, the lower the commitment (Martin & Shawn, 1984:273). In their study of antecedents of employees' commitment, Mowday, Porter & Steers (1982:153) found that more tenured employees are more committed than less tenured employees. They also found that women tend to be more committed as a group than men (1982:155), and that highly educated employees tend to be less committed than less educated employees (1982:157). Studies have shown that position; job tenure and organization tenure have a significant relation with employees' development activity and commitment, and that tenure on the job and in the organization has positive relationship with employees' commitment (Kozlowski & Farr, 1988:361; Luthan, McCaul & Dodd, 1985:240). Oloko (1972:40) found that Nigerian workers are committed and motivated to work in organizations managed by fellow Nigerians in which they foresee their opportunity for promotion and advancement as limitless more than organizations that are managed by foreigners where advancement is difficult to achieve.

Hypotheses

The following hypotheses were tested:

- 1 There will be a significant difference in the level of commitment of more tenured and less tenured employees in term of monetary reward.
- 2 There will be a significant difference in the commitment level of male and female employees in monetary reward.
- 3 There will be a significant difference in the commitment level of highly educated and low educated employees in monetary reward.

Research Methods

Research Design

Descriptive research design was adopted. Survey method was equally used through the use of questionnaire to generate data. Monetary reward serves as independent variable while employees' commitment to organization is the dependent variable.

Participants

160 employees participated in this study, comprising of 85 male and 75 female. Their age ranges between 26 years and 50 years with a mean age of 38 years. The participants were randomly selected from four medium-scale organizations in Ekiti and Ondo states of Nigeria. The selected organizations are, Odua Textile Industries and Omolayo Industries in Ado-Ekiti, all in Ekiti state; Coop Cocoa Products Industries in Akure and Stanmark Cocoa Processing Industries in Ondo, all in Ondo state.

Instrument

A 36-item questionnaire in Likert form of Strongly Agree (SA) to Strongly Disagree (SD) was used to generate data for this study. The pilot study of the instrument conducted by the researchers shows a split-half reliability coefficient of 0.57 and a construct validity coefficient of 0.60. Amongst the items of the questionnaire are:

- i) This organization treats its employees better in terms of monetary reward.
- ii) Increase in employee's wages and salary brings dedication and commitment.
- iii) I am satisfied with my present pay.
- iv) I prefer monetary reward to free accommodation.

The items were scored as follows:

Strongly Agree – 5 points

Agree – 4 points

Disagree – 2 points

Strongly Disagree – 1 point

Procedure

Personal visit was paid to the four organizations where the instrument (questionnaire) was administered personally and directly to the randomly selected employees used for this study. The participants were in the middle cadre of the organizational chart. They include the personnel officer, administrative officer, laboratory officer, technical officer, senior clerical officer, senior typist, secretary among others.

Data Analysis

To test the three hypotheses for this study "t-test" for independent groups was used.

Results

The results of data analysis are presented in table form below.

Hypothesis 1: There will be a significant difference in the level of commitment of more tenured and less tenured employees in term of monetary reward.

Table 1: “t-test” Summary Table Showing the Commitment Level of More Tenured and Less Tenured Employees in Monetary Reward.

Sex	N	X	df	t-ob	t-cr	p
More tenured employees	58	53.0	158	0.104	1.960	<.05
Less tenured employees	102	53.1				

t (158) = 0.104, p<.05
Source: Authors' Survey

Result in Table 1 shows that no significant difference exists in the level of commitment of more tenured and less tenured employees in monetary reward. Therefore, the first hypothesis is not accepted.

Hypothesis 2: There will be a significant difference in the commitment level of male and female employees in monetary reward.

Table 2: “ t-test” Summary Table Showing the Commitment Level of Male and Female Employees in Monetary Reward.

Sex	N	X	df	t-ob	t-cr	p
Male	85	52.5	158	1.406	1.960	<.05
Female	75	53.8				

t (158) = 1.406, p<.05
Source: Authors' Survey

From Table 2 above, result indicates no significant difference in the commitment level of male and female employees in monetary reward. As a result of this, the second hypothesis is rejected.

Hypothesis 3: There will be a significant difference in the commitment level of highly educated and low educated employees in monetary reward.

Table3: “t-test” Summary Table Showing the Commitment Level of Highly Educated and Low Educated Employees in Monetary Reward.

Education	N	X	df	t-ob	t-cr	p
Highly educated	58	80.0	158	1.062	1.960	<.05
Low educated	102	81.6				

$t(158) = 1.062, p < .05$

Source: Authors' Survey

Result in Table 3 above revealed that there is no significant difference in the commitment level of highly educated and low educated employees in monetary reward. Hypothesis three is therefore not accepted.

Discussion

From the result, it is evident that in any organization, monetary reward is a yardstick in determining the level of employees' commitment. Therefore, it can be said that this variable (monetary reward) has a major influence on employees as long as they remain in the organization.

Hypothesis 1 predicted a significant difference in the level of commitment of more tenured and less tenured employees in monetary reward. This was found to be non-significant as shown in Table 1. This suggests that employees irrespective of their years of tenure in the organization need monetary reward to be committed. This monetary reward which is pay (wages and salaries) could determine the commitment level of an employee to the organization, and it is needed as means of fulfilling and meeting the needs of employees. This is because without pay, employees will not be able to feed themselves, take care of their nuclear and extended families, belong to associations of their choice, and gain recognition and respect from others. The result of this finding corroborates with Maslow (1954) who asserts in his hierarchy of needs theory that human being are motivated to work when their needs are fulfilled. These needs are the physiological needs, social needs, safety needs, esteem needs, and self-actualization needs. The fulfillment of employee's personal needs brings about greater commitment, but this fulfillment of needs cannot be accomplished without giving the employees monetary reward which would be used to meet and fulfill these needs. This suggests that both the more tenured and less tenured employees have needs to accomplish, and this is the reason for engaging in work activities in their organizations. This finding, however does not support the previous findings of Mowday,

Porter and Steers (1982:153) who found that more tenured employees has a high level of commitment than less tenured employees.

Equally, there was no significant difference in the commitment level of male and female employees in monetary reward as indicated in Table 2. This suggests that both male and female employees are committed to the organization if giving high pay in terms of wages and salaries in order to satisfy their needs. This finding supports the assertion of Vroom (1964:134) that the expectation (reward) of employees on tasks performed motivates and encourages them to be committed. This shows that both male and female employees expects that their effort will lead to desired result or outcome (reward), hence, their commitment to the organization. The result of this finding also supports the assertion of Martins and Shawn (1984:273) that the higher the expectation of employees in term of reward, the greater the commitment, while the lower the expectation of employees in terms of reward, the lesser the commitment. However, the finding of Mowday, Porter and Steers (1982: 155) that women tend to be more committed than men does not support the result of the present study.

Moreover, there was no significant difference in the commitment level of highly educated and low educated employees in monetary reward as revealed in Table 3. This suggests that both the highly and low educated employees are committed in terms of monetary reward. This is because they need money to meet their needs in order to be on the equilibrium state. Some of the highly and low educated employees are married and they are saddled with the responsibility of taking care and maintaining the members of their families including the extended family. These employees must satisfy and fulfill their needs as categorized by Maslow (1954:122) and the fulfillment of these needs is dependent on monetary reward (pay). The result of the present finding, however, does not support Mowday, Porter and Steers (1982:157) who found that highly educated employees tend to be less committed than less educated employees.

From the result of this study, it is evident that the level of employees' commitment increases if it is back up with monetary reward, and this in turn brings greater performance and productivity to the organization.

Conclusion and Recommendation

The finding of this study shows that given monetary reward to employees in medium-scale organizations is very important especially if the organization want to realize and achieve its goals and objectives. This is because monetary reward affects the commitment level of employees irrespective of their gender, work tenure and educational level. Therefore, inadequate monetary reward system is seen as a major setback of employees' commitment and this can bring about increase in absenteeism, lateness, low performance, feeling of grievances, and employees turnover.

Based on the result of this study, it is recommended that management of medium-scale organizations should always be alive to monetary reward system in their organizations. This could be done through periodic increase in the employees pay (wages and salaries). This system should favour the employees who are the engine and the oil that keeps the wheels of the organization working.

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