

UNIVERSITY OF CAPE COAST

EFFECTS OF REWARD SYSTEMS ON JOB SATISFACTION  
AT THE ACCRA MAIN BRANCH OF THE NATIONAL  
INVESTMENT BANK LIMITED

BY

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## **DECLARATION**

### **Candidate's Declaration**

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature..... Date:.....

Name: Felix Twum-Darko

### **Supervisor's Declaration**

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature..... Date:.....

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## **ABSTRACT**

This study sought to examine the effects of reward systems on job satisfaction of the staff of the National Investment Bank main branch in Accra. The research, specifically examined the nature of reward systems at NIB and compared the reward system to best practice as well as determine the extent of worker satisfaction with the reward system.

The study used descriptive design to determine the effects of reward systems on job satisfaction. A total of 44 respondents made up of staff and a management staff of the NIB main branch in Accra answered a questionnaire on the effects of reward systems on job satisfaction and performance at the Bank. The research was conducted using administered set of questionnaires.

The study revealed that job satisfaction really depends much on an effective reward system. High salary, promotion, training and recognition for work done were deemed important by the staff. Based on that, it was recommended that the reward systems should be improved to increase staff job satisfaction. It was also recommended that employees of NIB should be given their commensurate rewards regularly as it would make them perform better at their jobs. It was further recommended that management should apply specific rewards to identified groups of staff and also focus on issues of training and promotion.

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My gratitude also goes to my wife Era Twum-Darko who managed to decipher my poor handwriting, and typed the whole document. I thank them for their patience and help. Any faults or mistakes found in this work are entirely mine.

## **DEDICATION**

To my family, especially my lovely sons Nana Kwabena Twum-Darko and Nana Yaw Gyateng Twum-Darko, as well as, my lovely wife, Era Omane Twum-Darko.

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## ACRONYMS

NIB	National Investment Bank
ADRA	Additional Duty Hours Allowance
PSI	Presidential Special Initiative
ERG theory	Existence, Relatedness and Growth theory
VIE	Valence, Instrumentality and Expectancy
MSQ	Minnesota Satisfaction Questionnaire
SPSS	Statistical Product and Service Solutions
GSS	Ghana Statistical Service

## **CHAPTER ONE**

### **INTRODUCTION**

#### **Background to the study**

The major asset of every organisation is its people. People and their degree of motivation have more to do with an organisation's success than any other single factor. Great care, according to Vonderembse and White (1988), should always be taken in selecting, training and motivating people. They further argued that the rapidly changing technological environment is forcing private industry and governmental agencies to increase support for training and retraining. There is no dispute among management practitioners and scholars that people occupy a very important place in every meaningful organisation. Thaw (2002) points out that without people there is no organisation. He identified three main elements of every organisation as people, structure and purpose. He believes that all three elements are needed for an organisation to exist and function.

Organisations are managed and staffed by people and without people organisations cannot exist. Indeed, the challenge, the opportunity and also the frustration of creating and managing organisations frequently stem from the people-related problems that arise within them. One of such problems is rewarding employees and devising the appropriate kind of reward for them. Drucker (1977) stressed this point by stating that good organisational structure alone does not itself produce good performance but also well motivated

employees. People-related problems frequently stem from the mistaken belief that humans are all alike and that they can be treated identically. Differences do exist between individuals and these differences demand attention (Cascio, 1992).

Therefore, individuals in organisations need to be rewarded but the rewards must differ from employee to employee. For instance, for some employees money is enough motivation or reward for their jobs while to others interesting work becomes a motivator or reward for good performance. So organisations can maximise their effectiveness for the society as a whole if the human resources within these organisations are well rewarded with respect to their needs to enable them perform up to their maximum capability.

Organisations that recognise and respond to the needs of employees and provide opportunities for development can be assured of a higher quality working life, thereby increasing their ability to attract and retain the best talents (Schuler & Jackson, 1996). Mullins (1996) emphasised that organisations are now moving towards sharper focus on developing their human potential. Therefore, employee incentive or reward programmes have become increasingly important in the past few years as more and more companies and organisations have come to view their employees as their most important customers.

Incentive programmes for non-sales employees target and reward specific employee behaviours such as involvement in training, certification, promotion of suggestions/ideas, product or service quality initiatives, productivity improvement programmes, work efforts demanding increased teamwork, initiatives to increase customer service or quality, company drive for referrals (Mullins,1996). From a

company perspective, managers typically use employee incentive programmes to boost morale, show concern for workers, generate leads, improve customer service, improve quality and productivity and foster team work. Incentive programmes can improve performance anywhere as well as decrease turnover, increase customer satisfaction and enhance the public's awareness of the brand (Gupta & Mitra, 1998).

All organisations have objectives that are based on some perceived unfulfilled demands outside the organisation. These organisations are defined by the kind of work they do. Technology determines the nature of the work process since it includes all aspects of knowledge that are related to the attainment of the organisation's objectives (employee skills, machines and facilities). Organisational structure supports and facilitates technology by describing jobs and grouping them in order to optimise control, coordination and productivity (Cascio, 1992).

Given the mandate and vision of every organisation, there is therefore the need to motivate employees by giving them the appropriate rewards that will increase performance and hence help meet the organisation's vision. Employees don't work for free as most businesses are not volunteer services. Therefore the employees of the National Investment Bank (NIB) head office in Accra need to receive the appropriate rewards that can motivate them to improve performance and give them job satisfaction. Organisations therefore have to compensate their employees in some way for their time and effort.

Many organisations have devoted more resources to motivating employees so as to foster customer satisfaction. A survey found that 80% of companies in Nigeria now use non-cash awards as some form of incentive or recognition programme for general employees, and that 72% of companies use incentive programmes to motivate their non-sales employees (Nwachukwu, 1994).

Established on March 22, 1963, the National Investment Bank (NIB) Limited was the first development bank set up in Ghana to promote and strengthen rapid industrialisation in all sectors of the Ghanaian economy. NIB now operates as a universal bank focusing on development/commercial banking activities (NIB, 2006). The bank has certain block policies that are geared toward employee motivation. Everybody on the same grade (e.g. senior clerks) take the same bonus and allowance irrespective of the individual's performance. Central to NIB's operations is a carefully crafted reward system to enhance employee job satisfaction of and thus their motivation to deliver to customers (NIB, 2005). An incentive package is administered by the Human Resource Department and includes various bonus types and allowances. From the point of view of NIB management, the Bank's employees are very well motivated to give off their best.

### **Statement of problem**

Why do we need motivated employees? The answer is survival (Smith, 1994). Therefore the question of rewards in every organisation cannot be underestimated. Motivated employees are needed in the rapidly changing workplaces to help organisations survive. A good reward system motivates employees to be

more productive. To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is arguably the most complex.

For example, research suggests that as employees' income increases, money become less of a motivator (Kovach, 1987). Also, as employees get older, interesting work becomes more of a motivator. This is due, in part, to the fact that what motivates employees changes constantly (Bowen & Radhakrishna, 1991). Good reward systems in organisations are used for a variety of reasons. It is generally agreed that reward systems influence job effort and performance, attendance and retention and employee commitment to the organisation. According to Bedeian (1993), reward systems have three main objectives. These are to attract new employees, elicit good work performance, and maintain commitment to the organisation.

Due to the block policies at NIB, a staff practically stays on a grade for a fixed number of years before being promoted, mostly irrespective of his or her performance. The rest is the yearly movement on one's notch (NIB, 2004). The effect is that the system then becomes static and routine thus ensuring the development of negative perception that the system is not entirely objective (NIB, 2004). The nature of such a reward system prompted this research. How does the reward system in the organisation work? Does the system of rewards compare to best practices and how do the workers in the organisation feel about the reward system? The aim of this research is to find answers to these questions to improve organisational effectiveness and boost employee satisfaction.

## **Objectives of the study**

The general objective of the study was to examine the effect of the reward system on job satisfaction at the National Investment Bank Accra main branch.

The specific objectives were to:

1. Examine the nature of the reward system at NIB;
2. Compare the reward system at NIB with best practices;
3. Examine the reward system at NIB as it relates to job satisfaction; and
4. Discuss the implications of the findings and make recommendations with regards to how the peculiar needs of employees could be inculcated into the reward system of the Bank.

## **Research questions**

The study was guided by the following research questions:

1. What is the nature of the rewards system at NIB?
2. How does the reward system compare to best practices?
3. How is employee satisfaction affected by the reward system at NIB?

## **Significance of the study**

This study will attempt to explain the effect of all these systems in relation to employee job satisfaction. Despite initiatives on rewards and productivity at the disposal of management, there is still a lot of tension and frustration in the system, which is affecting productivity as well as staff turnover. This study is expected to bring out the causes of these problems, and help initiate a policy direction to help



arrest this problem. The study also seeks to add to the existing literature on reward systems from a bank's perspective. It is also expected that this study will serve as a focus to influence future research.

### **Organisation of the study**

The study has the following outline. Chapter one provides a background to the study, the problem statement, objectives of the study, significance of the study and the outline of the study. Chapter two contains discussions on theoretical and empirical issues about the study of rewards as well as job satisfaction in organisations and offers a conceptual framework based on motivational and equity issues. Chapter three covers how the study was carried out. Discussions focus on the population and sampling and the methods used in data collection and analysis. Chapter four contains the result presentation and discussions while chapter five contains the summary of the findings, conclusions and recommendations to stakeholders and policy makers.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

#### **Introduction**

This chapter contains discussions on the theories of motivation in relation reward systems and motivation in organisations, rewards and productivity, empirical literature on rewards and performance, and the techniques available to managers to ensure desired organisational behaviour. The crux of the literature will be on effective reward systems which end in motivation which then leads to job satisfaction. In addition, a conceptual framework for the study of motivation and job satisfaction in organisations is also discussed.

#### **Theories of motivation**

There are two theories of motivation. These are content theories of motivation and process theories of motivation. Content theories of motivation explain why people have different needs at different times. They are concerned with identifying what it is within individuals and the work environments that energise and sustain behaviour. For the purpose of this research the content theories that would be covered are Maslow's hierarchy of needs theory, Alderfer's EGR theory and Herzberg's motivator-hygiene theory.

Process theories, on the other hand, try to explain and describe the how behaviour is energised, directed, sustained, and finally stopped. Process theories

to be discussed in relation to this research would include Vroom's expectancy theory and Adams' equity theory.

### **Content theories**

At one time, employees were considered just another input into the production of goods and services. What perhaps changed this way of thinking about employees was research, referred to as the Hawthorne Studies, conducted by Elton Mayo from 1924 to 1932 (Mayo, 1933). Mayo's (1933) study found that employees are not motivated solely by money and employees' behaviour is linked to their attitudes. The Hawthorne Studies began the human relations approach to management, whereby the needs and motivation of employees became the primary focus of managers (Bedeian, 1993).

### **Maslow's theory of needs**

In 1954, a psychologist, Abraham Maslow published his now famous needs hierarchy theory of motivation which has enjoyed widespread acceptance. Although the theory was based on his clinical observation of a few neurotic individuals, it has subsequently been used to explain the entire spectrum of human behaviour. According to Maslow (1954), motivation takes the form of the desire for protection from physical danger and economic security. Only needs not yet satisfied can influence behaviour. A satisfied need is not a motivator. Needs are arranged in a hierarchy of importance. Once one need is satisfied, another

emerges and demands satisfaction (Maslow, 1954). Maslow identified five basic categories of human needs and put them in a hierarchy.

The first is the physiological needs which consist of the human body's primary needs, such as food, water, and sex. These are needs which must be satisfied to maintain life. Maslow contends that until these needs are at least partially satisfied, physiological needs will dominate the activities of the individual and the individual will not be concerned the next level need and no other need will serve as a basis for motivation.

When physiological needs are adequately met, the next higher level need assumes importance. The next need is safety needs include protection from physical harm, ill health, economic disaster, and the unexpected. Safety needs show up in an employee's attempts to ensure job security and fringe benefits. Social needs, the third higher order need, assumes prominence if safety needs are fully met. These needs are related to the social nature of people and their need for companionship, the need to belong, to be accepted, to give and receive friendship and affection (Maslow, 1954).

Esteem needs, the fourth on the hierarchy of needs, comprise self respect, prestige and status. This need can be put into the desire for both awareness of importance to others (self esteem) and actual esteem from others. Satisfaction of these needs leads to a feeling of self-confidence and prestige. In organisational context, people want to be good at their jobs and so want to feel they are achieving something important when they perform those tasks (McClelland as cited by Cole, 1996). The final need according to Maslow is self-actualisation.

Maslow defines these needs as the desire to become more and more what one is capable of becoming. This means that the individual will realise the full potentials, talents or capabilities. Obviously, as the role of an individual varies, so will the external aspects of self actualisation. The specific form of these needs would vary from one individual to another.

#### Adelfer's theory

One content theory which provides reasonably reliable measures for the needs it proposes is the ERG theory (Adelfer, 1972). Clayton Adelfer developed his theory of human needs in the late 1960's. Adelfer's ERG Theory was developed to overcome the problems with Maslow's hierarchy of needs theory. The ERG theory groups human needs into three broad categories: existence, relatedness and growth (ERG). Existence needs correspond to Maslow's physiological and safety needs which include a person's need to interact with other people, receive public recognition, and feel secure around people. Relatedness needs correspond to esteem and self-actualisation needs. Growth needs consist of a person's self-esteem through personal achievements as well as self-actualisation as noted by Maslow (1954).

The ERG theory states that an employee's behaviour is motivated simultaneously by more than one level of need. Thus, one might try to satisfy growth needs even though relatedness needs are not fully satisfied. The theory however, applies Maslow's satisfaction-progression process, which states that one level of need will dominate a person's motivation more than others. For example,

existence needs can become frustration-regression. This is the process where those who are unable to satisfy a higher need become frustrated and regress back to the next lower need level.

### Herzberg's theory

A more relevant and elaborate theory that relates to the purpose of this research is Herzberg's Motivator-Hygiene Theory. The motivator-hygiene or two-factor theory deals with both motivation and job satisfaction. The theory, according to Herzberg (1966), has two sets of needs, the motivator needs, which produce job satisfaction, and the hygiene needs which produce job dissatisfaction. The motivator or higher need motivate employees to high job performance. Motivator needs are internal to the work itself. They include the nature or content of the job tasks and the person's level of responsibility, achievement, recognition, advancement, career development and growth, which are equal to Maslow's self-actualisation and Adelfer's growth needs. They can be satisfied by stimulating, challenging and absorbing work. When those conditions are met, job satisfaction will result.

However, when these conditions are not met, the result is not necessarily job dissatisfaction. In contrast, factors extrinsic or are external to the tasks for a particular job, known as hygiene needs, involve features of the work environment, such as company policy and administrative style, supervision, interpersonal relations, working conditions and salary and benefits. When hygiene needs are not satisfied, the result is job dissatisfaction. When hygiene needs are satisfied, the

result is not necessarily job satisfaction, but merely an absence of dissatisfaction (Herzberg, Mausner & Snyderman, 1959). A unique characteristic of motivator-hygiene theory is that it does not view job satisfaction and dissatisfaction as opposites. Improving motivators increase job satisfaction, but it does not decrease job satisfaction when decreased. Improving hygiene factors reduces job dissatisfaction but does not increase job satisfaction (Herzberg et al., (1959). Moreover, job satisfaction is produced by growth fulfilment and other work content outcomes, whereas job dissatisfaction is produced by the work context.

### **Process theories**

The most widely known process theories are the Expectancy and the Equity theories. These theories try to explain the thought processes which cause motivation in the individual and which could be exploited by another person to motivate the other. The purpose of this research is to investigate the effects of reward systems on job satisfaction. Therefore, the expectancy theory by Vroom (1964) would be adopted for the purpose of this research.

#### The expectancy theory

Vroom in 1964 (as cited in Cole, 1996) propounded the expectancy theory of motivation. The concept explores the relationship between, Valence, Instrumentality and Expectancy (VIE), which produce or stimulate motivation in the individual employee.

Expectancy, according to Vroom (1964), is the extent of the individual's perception or belief that a particular action is going to lead to a particular outcome, that is, effort-performance relationship. If the individual perceives that his effort will result in high performance then his expectancy will be high and where effort is unrelated to performance expectancy is weak or low. Where effort-performance relationship is not strong then expectancy is moderate. Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated.

In the second edition of "Work and Motivation", Vroom (1964), noted that choices made by an individual among alternative courses of action are related to thought processes that occur contemporaneously within the person (Vroom, 1982). In other words, there are psychological laws that govern the way a person feels and acts. Vroom's (1964) theory holds that the force motivating a person to exert effort or to perform an act in a job situation depends on the interaction between what the individual wants from a job (valence) and the degree to which he or she believes that the company will reward effort exerted (expectancy) on that job with the things he or she wants. Individuals believe that if they behave in a certain way (instrumentality), they will receive certain job features (Vroom, 1982). This definitely helps explain why it is so important not to arouse



expectations unnecessarily, and that if managed well, expectations can be huge motivators, and can connect to one's behaviour and/or performance.

Instrumentality, according to Vroom (1964), deals with the individual's perception that performance will lead to desirable outcomes or rewards. Hence, if the individual strongly believes that high performance will lead to better rewards or outcomes such as pay rise, promotion or achievement, then instrumentality will be high. On the other hand if high performance will not lead to any reward then instrumentality will be low. Where the individual believes performance and reward are unrelated, then instrumentality is almost nil. Valence, according to Vroom, refers to the individual's perception that outcomes or rewards available are desirable or are of a particular value to him. What is desirable to each individual may, however, vary from person to person. Valence is negative if the individual does not desire the available outcome or reward. The individual may also be indifferent to the outcome, in which case valence is nil.

Vroom's conception is that for the individual to be motivated, three factors or conditions must be met in such a manner that they create a driving force which generates into effort, performance and desired rewards which satisfy the employee. Hence, for an employee to be motivated expectancy, instrumentality and valence must all be high.

#### Equity theory

Adams' equity theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee

outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965). Equity, according to Lawler and Suttle (1973), is the situation when workers are not motivated to high performance in the situation where performance does not lead to satisfaction or equitable rewards to the individual employee. According to them, employees make comparisons of their job inputs (effort, experience, education and competence) with outcomes (salary levels, salary raises and recognition) relative to those of others.

Lawler (1985) argued that people view their outcomes and inputs as a ratio and then compare it to the ratio of others. This other person may belong to the same organisation or a comparable group. Adams (1965) suggested that people are motivated to seek social equity in the rewards that they receive for high performance. According to Adams, the outcome from a job includes pay, recognition, promotion, social relationship and intrinsic reward. To get these rewards, various inputs such as time, experience, efforts, education and loyalty needed to be employed by the employees to execute the job. Adams added that people tend to view their outcomes and inputs as a ratio and then compare these ratios with others and tend to become motivated if this ratio is high.

The implications of equity theory in motivation follow from the hypothesised consequences of perceived inequity. As formulated by Adams (1965), the major postulates of the theory are as follows:

- Perceived inequity (being underpaid or overpaid) creates tension within individuals;
- The tension is proportionate to the magnitude of the inequity;

- The tension experienced by individuals will motivate them to attempt to reduce it; and
- The strength of the motivation or drive to reduce it is proportional to the perceived inequity.

If an individual determines that inequity exist vis-à-vis the other person, the resulting tension would motivate the individual in question to attempt a change. In this process, individuals are faced with the problem of how to reduce the perceived inequity.

### **Extrinsic and intrinsic rewards**

The variety of rewards that employees can receive in exchange for their contributions of time and effort can be classified as either extrinsic or intrinsic rewards (Herzberg, 1966). Extrinsic rewards are external to the work itself. Examples include wage or salary, fringe benefits, promotions and recognition and praise from others. On the other hand, intrinsic rewards represent those rewards that are related directly to performing the job. In this sense, they are often described as self-administered rewards, because engaging in the task itself leads to their receipt. Examples include feelings of task accomplishment, autonomy, and personal growth and development (Herzberg, 1966).

According to McCormick and Tiffin (1979), intrinsic rewards stem from rewards that are inherent in the job itself and which the individual enjoys as a result of successfully completing the task or attaining his goals whilst extrinsic rewards are those that are external to the task of the job, such as pay, work

condition, fringe benefits, security, promotion, contract of service, the work environment and conditions of work.

In the literature on employee motivation, there is considerable controversy concerning the possible interrelationship of these two kinds of reward. Steers and Black (1994) have argued that extrinsic rewards tend to drive out the positive effects of some intrinsic rewards. When extrinsic rewards such as pay are tied closely to performance called performance-reward contingency, intrinsic motivation, which is the desire to perform a task because it is enjoyed, can decrease. Steers and Black (1994) further maintained that extrinsic rewards are administered by sources external to the individual and their effectiveness rests on accurate and fair monitoring, evaluation and administration.

Most behaviours in organisational settings are motivated by money or at least by monetary factors. Money serve several important functions in work settings such as being a goal or an incentive, a source of satisfaction, an instrument for gaining other desired outcomes, a standard of comparison for determining relative standing or worth and a conditional re-enforcer where its receipt is contingent upon a certain level of performance. Gupta and Mitra (1998), using meta-analysis found that financial incentives are strong motivators. They found that financial incentives were particularly powerful with respect to performance.

Steers and Black (1994) reiterated that intrinsic rewards are a function of self-monitoring, evaluation, and administration. Consequently, these rewards often are less costly and more effectively administered. Lewis in 2004 (as cited

by Cook & Macauly, 2008) sums this up well when he says that employees are less motivated by money than by fulfilling their need to contribute and to be valued. This in turn leads them to deliver quality service.

Experience, relating to the effectiveness of pay as a motivator varies considerably. Sometimes there seems to be an almost direct relationship between pay and effort, whereas at other times no such relationship is found. Lawler (1985) concluded that several factors influence performance with regard to work. Firstly, it depends on the amount received and the amount the individual feels he or she should receive. Secondly, comparing ones earnings to that of others influences performance. Thirdly, employees satisfaction with both intrinsic and extrinsic rewards received affects overall job performance. Lastly, people differ widely in the rewards they desire and in the value they attach to each. All these observations suggest the need for a diverse reward system.

Vroom (1964) supported the assumption that workers tend to perform more effectively if these wages are related to performance that is not based on personal bias or prejudice, but on objective evaluation of an employee's merit. Lawler (1971) suggests that certain conditions must be present in order for pay to act as a strong motivator. These are trust levels between managers and subordinates, individual performance measurement and pay rewards to high performers being substantially higher than those of poor performers. Negative consequences for good performance on the part of employees must be perceived by employers. Under these conditions, a climate or culture is created where employees have reason to believe that significant performance-reward

contingencies truly exist. Given this perception, and assuming that the reward is valued, Steers and Porter (1983) submit that increased performance may be expected.

Furthermore, secrecy about pay rates seems to be a widely accepted practice in work organisations, particularly among managerial personnel. It is argued that salary is a personal matter and that others should not invade another's privacy. Available evidence however, suggests that pay secrecy may have several negative side effects. It has been found that in the absence of actual knowledge, people have a tendency to overestimate the pay of co-workers and those above them in the hierarchy. As a result, much of the motivational potential of a differential reward system is lost (Lawler, 1971). Even if an employee receives a relatively sizable salary increase, he or she may still perceive an inequity compared to what others are receiving. In considering the effects of pay secrecy on motivation, Lawler (1985) cited by Cooper (2000) noted that regardless of how well the individual manager was performing, he felt he was getting less than the average raise. The managers did not believe that pay was in fact based upon merit. Thus, even though pay was tied to performance, these managers were not motivated because they could not see the connection.

When salary information is open or at least when the range of percentage increases within a job classification are made known to the people in that group, employees are generally provided with more recognition for satisfactory performance and are often more motivated to perform on subsequent tasks (Steers & Black, 1994). Feelings of pay equity and trust in the salary administration

system are easier, then to establish. On the other hand, publicising pay rates and pay raises can cause jealousy among employees and create pressures on managers to reduce perceived inequities in the system. There is no correct position concerning whether pay rates should be secret or open. The point is that managers should not assume a priori that pay secrecy or pay openness is a good thing. Instead, careful consideration should be given to the possible consequences of either approach in view of the particular situation in the organisation at the time.

### **Rewards and productivity**

A major complaint of managers in both private and public organisations is lack of productivity or job performance among the work force (Jones, 2001). This problem is especially acute in industries facing global competitive forces or where resources are in short supply (Jones, 2001). In such cases, enhancing productivity can mean the difference between survival and extinction. Good remuneration has been found over the years to be one of the policies that organisations can adopt to increase their workers performance and thereby increase productivity levels.

According to Steers and Black (1994), two models of motivation should help us understand what managers can do to enhance performance. First, employees often place different values on different outcomes. Some employees want added income, whereas others prefer extra time off or an opportunity to enter a training programme. Thus, if employees of a particular company find that the rewards offered by the organisation are unappealing, they are unlikely to increase their efforts. Secondly, employees must place a high value on the

rewards available to them in order to increase performance. Some employees may regularly take work home at night to maximise job performance with the hope of getting a rise in pay or promotion. However, other employees elect not to take home work and instead spend the evening hours with their families, even when it slows their career progress.

As noted by Lawler (1971), sometimes the problem is not that the rewards themselves are unappealing, but there is a weak performance-reward linkage. That is, employees may fail to see a strong connection between increased performance and receipt of additional rewards. The employees are not necessarily wrong as the failure to see a linkage is often because there is none. It is difficult to measure performance accurately, especially at the managerial level. When employees fail to see a good relationship between performance and subsequent rewards, a major motivating force is lost.

One of the more popular cognitive explanations of human behaviour in work organisations is equity theory. Equity theory, as first advanced by Adams (1965), is the most popular of the social comparison theories of motivation. Social comparison theories focus on individuals' feelings about and perceptions of how fairly they are being treated as compared to others. Equity theory rests on two assumptions about human behaviour (Steers & Porter, 1983).

First, it assumes that individuals engage in a process of evaluating their social relationships much as they would evaluate economic transactions in the marketplace. Social relationships are viewed as an exchange process in which



individuals make contributions or investments and expect certain outcomes in return.

According to March and Simon (1958), inducements-contributions theory is one such early example. Individuals have expectations about the outcomes of their contributions of time and effort. The social comparison process is a function of perceptions of one's own situation with that of another's. Secondly, it assumes that people do not assess the equity of an exchange in a vacuum. Instead, they compare their own situations with those of others to determine the relative balance. Determining the extent to which an exchange is satisfactory is thus influenced by what happens to oneself compared to what happens to others (March & Simon, 1958).

Social comparison processes, such as those involved in equity theory, are typically based on the relationship between two variables: inputs and outcomes. This gives rise to some antecedents for inequity. According to Steers and Black (1994), inputs or investments represent those things that an individual contributes to an exchange. In a work situation, inputs include items such as attributes of experience, education, and level of effort on the job. Outcomes are items that an individual receives from the exchange. Outcomes include pay, fringe benefits, accrued status, seniority, and positive feedback.

### **Importance and basis for rewards to workers and organisations**

Job satisfaction and occupational success are major factors in personal satisfaction, self-respect, self-esteem, and self-development. To the worker,

effective reward systems leads to job satisfaction, a pleasurable emotional state that often leads to a positive work attitude. An effective reward system generates a satisfied worker, who also is more likely to be creative, flexible, innovative, and loyal (Frenkel, Tam, Korczynski & Shire, 1998). Rewards, when appropriate, tend to lead to high job performance, high attendance and employee retention levels. Employee commitment levels to the organisation have also been found to be high. All these factors have been found to end in high job satisfaction and its attendant high output levels.

For the organisation, when the rewards lead to employee job satisfaction, it means a work force that is motivated and committed to high quality performance. It is important to note that the literature on the relationship between a good reward system and job satisfaction on one hand and productivity on the other is neither conclusive nor consistent. However, studies dating back to Herzberg (1966) have shown some correlation between morale and productivity, and it does seem logical that more satisfied workers will tend to add more value to an organisation.

An excellent and effective reward system affects employee job satisfaction and benefits an organisation in several ways, including a reduction in complaints and grievances, absenteeism, turnover, and termination, as well as improved punctuality and worker morale (Adams, 1965). A good reward system leading to worker job satisfaction is also linked to a healthier work force and has been found to be a good indicator of longevity. Although low correlation has been found between job satisfaction and productivity, Brown (1996) notes that some

employers have found that satisfying or delighting employees is a prerequisite to satisfying or delighting customers.

According to the Encyclopedia for Business (2009), employee reward and recognition systems and bonus programmes have been used in American businesses for some time. They usually reward individual accomplishment and are frequently used in sales organisations to encourage salespersons to generate additional business or higher profits. They can also be used, however, to recognise group accomplishments. It encourages employees to stay put because it is usually structured to reward employees who stay with the company and most profit-sharing programmes require an employee to be vested in the programme over a number of years before receiving any monies.

Group-based reward systems are based on a measurement of team performance, with individual rewards received on the basis of this performance. While these systems encourage individual efforts toward common business goals, they also tend to reward underperforming employees along with average and above-average employees (Britton, Chadwick & Walker, 1999).

How organisations decide on the distribution of available rewards are explained by Beswick (1965) in the following four mechanisms identified. It is often seen that rewards go to those with high levels of power at their disposal, either market power or personal power. This comes with high incomes and welfare packages. These categories of employees are seen as untouchables and wield high bargaining powers. A second possible basis for reward distribution is equality. Here, all individuals within one job classification would receive the

same or at least similar rewards. Another key factor in the determination of rewards in an organisation is need, where layoff situations where, an employee is not laid off because he or she is the sole support of a family. The final mechanism, according to Beswick (1965), is distributive justice. Employees receive at least a portion of their rewards as a function of their level of contribution to the organisation. The greater the contribution, such as performance, the greater the reward received.

According to Beardwell, Holden, and Claydon (2004), good reward systems in organisations are used for a variety of reasons. It is generally agreed that reward systems influence job effort and performance, attendance and retention and employee commitment to the organisation. Reward systems also influence job satisfaction and occupation and choice of organisation.

### **Job satisfaction**

According to Locke (1976), job satisfaction may be defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. It results from the perception that an employee's job actually provides what he or she values in the work situation.

Steers and Porter (1983) discuss that job satisfaction is the result of how much a person wants or expects from the job compared to how much he or she actually receives. People come to work with varying levels of job expectations. These expectations may vary not only in quality but also in intensity. On the basis of work experiences, people receive outcomes (rewards) from the job. These

include not only extrinsic rewards, such as pay and promotion but also a variety of intrinsic rewards, such as satisfying co-worker relations and meaningful work.

To the extent that the outcomes received by an employee meet or exceed expectations, it could be expected that the employee will be satisfied with the job and wish to remain. However, when outcomes do not meet expectations, employees are dissatisfied and may prefer to seek alternative sources of satisfaction, either by changing jobs or by placing greater value on other life activities, such as outside recreation.

Research has suggested that five job dimensions represent the most salient characteristics of a job about which people have effective responses. These five, according to Steers and Porter (1983), are the work itself, pay, promotional opportunities, supervision and co-workers. The Harvard Professional Group (1998) see job satisfaction as the key radiant that leads to recognition, the right level of income, promotion, and the achievement of other goals that lead to a general feeling of fulfillment.

### **Empirical works on rewards and performance**

The link between rewards and performance has always being the subject of debate in many researches. Therefore this section of the literature takes a look at the empirical review of the relationship between rewards and performance in organisations both in Africa and the World over.

Bergum and Lehr's (1964) study, which investigated the influence of monetary incentives and its removal on performance, showed that the subjects in the experimental group who received individual incentives performed better than

those in the control group who did not receive any incentives. In another study, Centres and Bugental (1970) based their research on Herzberg's two-factor theory of motivation, which separated job variables into two groups: hygiene and motivators factors. They made use of a sample of 692 subjects to test the validity of the two-factor theory. It was discovered that at higher occupational level, "motivators" or intrinsic job factors were more valued, while at lower occupational levels "hygiene factors" or extrinsic job factors were more valued. From this work they concluded that an organisation that satisfies both intrinsic and extrinsic factors of workers get the best out of them.

Jibowo (1977) carried out a study on the effect of motivators and hygiene factors on job performance among a group of 75 agricultural extension workers in Nigeria. The study basically adopted the same method as Herzberg et al., (1959) and it shows some supports for the influence of motivators such rewards on job performance. Daniel and Caryl (1981) also conducted a study designed to explore the ability of the investment model to predict job satisfaction and job commitment. The result showed that job satisfaction was best predicted by the reward and cost value of the job. And job commitment on the other hand was best predicted by a combination of rewards, cost values and investment size.

Egwuridi (1981) also investigated motivation among Nigerian workers using a sample of workers of high and low occupational levels. The hypothesis that low-income workers will be intrinsically motivated was not confirmed, and the expectation that higher income workers will place a greater value on intrinsic job-factors than low-income workers was also not confirmed. Akerele (1991)

observed that poor remuneration is related to profits made by organisation. Wage differential between high and low income earners was related to the low morale, lack of commitment and low productivity.

Nwachukwu (1994) 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 demoralising to the working class and consequently reduced their productivity.

In Ghana, several researches have also been conducted to find out factors influencing the motivation of workers in the country. Valogo (2007) researched into the level of motivation and retention of graduate teachers in the Bolgatanga Municipality. His study found out that graduate teachers were mostly motivated by relationships and achievements but dissatisfied with their status or recognition and salary, among others. The study also revealed that graduate teachers perceived other jobs to be better than teaching. Valogo's findings, though useful, is quite limited to the education sector and also located in the Upper East Regional capital, Bolgatanga. The sectoral and geographical settings of his study could render his study limited in generalizability and may not hold true for specific organisations such as the National Investment Bank.

Sefa (2007) researched into the effect of motivation on productivity in three business organisations, namely Peace FM, Pipes and Plastics and Poly Products in Accra. Sefa (2007) found out that the employees of these organisations generally felt demotivated to work hard. The greater number of the

workers (90%) were, however, motivated by the monetary reward they received rather than promotion, status and recognition. Sefa's study is useful in bringing out some of the motivational factors among Ghanaian workers though the study was done in the capital city of Accra and within a business environment the concerns of workers could be likened to what happens in the Banking Industry and in the National Investment Bank to be specific.

Quarcoo (2007) also carried out a study on the significance of motivation to performance of Health Workers in the Berekum District of the Brong Ahafo Region of Ghana. The main aim of his study was to find out how health workers were responding to certain incentives introduced by the Ministry of Health such as the Additional Duty Hours Allowance (ADHA), sponsorships for further studies and vehicle hire purchase scheme among others. He was particularly interested in whether there were any differences in the performance of males and females. The outcome of his study was that no significant differences existed between the performance of males and females. Quarcoo's work did not, however, focus on details of the factors motivating health workers to stay at the hospital and in the Berekum District as a whole. Apart from the general incentive package of the Ministry for all health workers, there could still be other underlying factors of motivation pertaining to this hospital and the district as a whole.

Judging from all these empirical studies and findings, one may generally conclude that a good remuneration package, which ties financial rewards to individual performance, can be expected to result in higher productivity. Another



study carried out, which is of importance to this research, is that of Wood (1974). He investigated the correlation between various workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly involved employees who were more intrinsically oriented towards their job did not manifest satisfaction commensurate with company evaluations of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation.

In a related study, Kulkarni (1983) compared the relative importance of ten factors such as pay, security, etc. which is extrinsic to the job, and other intrinsic factors like recognition, self esteem, responsibility etc among 80 white collar employees and it was revealed that intrinsic factors increased productivity compared to the extrinsic factors.

### **Conceptual framework of the study**

The empirical and conceptual link among the variables of rewards, motivation and job satisfaction cannot be underestimated. Researchers usually collect facts but must organise them into a coherent pattern for proper understanding and the gaining of knowledge. The researcher in other words must present a conceptual framework for easy demonstration and explanation of the facts gathered to others. Conceptual framework therefore makes it simple to explain the relationships and the theoretical structure gathered.

The kind of motivation employees receive depends largely on the kinds of rewards available to employees. Rewards can either be extrinsic or intrinsic. When rewards are given in their right proportions and based on performance then

there can be a guarantee of job satisfaction and consequently reduction of employee turnover. Rewards therefore are important if job satisfaction should be achieved. Reward systems ultimately lead to job satisfaction. Job satisfaction is therefore the ultimate aim of employees in the organisation and since there is a rewards system, it implies that job satisfaction can be attained.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **Introduction**

This chapter deals with the methods and procedures used in carrying out this whole research enterprise. The chapter covers the study organisation, research design, population of the study, sampling and sampling procedures, how data was collected and analysed and the reasons behind the various methods selected. The limitations of the study were also addressed.

#### **Organisational structure of the National Investment Bank**

At the top of the Bank's structure is the Board of Directors and its Chairman. The managing director is by default a member of the board. The managing director and eleven (11) others appointed by the government constitute the board. The Managing Director has a Deputy Managing Director and four General Managers under him, who assist him to manage.

The portfolios of the four general managers are as follows: Banking operations, Administration and Legal, Credit and then Finance and Accounting. Below the general managers are 12 heads for the following departments: corporate planning, marketing and corporate banking, loan accounting, international banking, audit monitoring, credit appraisal, legal and the human

resources departments. The rest are general services, branch control, information and communication technology and internal audit departments.

### **Study design**

The study used the descriptive design to ascertain the effects of rewards on job satisfaction. The design was selected because the substance of the research entails a detailed explanation of how rewards can affect job satisfaction and is best explained using the descriptive design. The research design is also considered appropriate when a researcher attempts to describe some aspects of a population by selecting an unbiased sample of individuals who are asked to complete tests, questionnaires or respond to interviews (Sarantakos, 2005).

The research design chosen by the researcher allowed the researcher to describe the two variables, rewards and job satisfaction and the relationship between the two variables. It is worthy to note however that, the method is not totally devoid of bias arising from the process of sample selection and other external factors. This is particularly so especially when a questionnaire is used as a data collecting instrument (Nachmias & Nachmias, 1996).

### **Population and sampling**

The study used the Accra Main Office as the study area for data collection. The Accra main office has a population of 54 staff comprising managers (9), officers of various categories (34) junior staff (11). For a population of this size Kirk (1995) recommends for a sample size of enhanced representativeness. Due to

the small size of the population, all were targeted and 44 (81.5%) answered the questionnaire. From the various categories of respondents (7) managers answered questionnaire, questionnaires from officers of various categories were 30 and 7 junior staff also completed questionnaire.

### **Instrument**

By far, the most common means of assessing satisfaction is the rating scale (Sproull, 1988). Rating scales represent direct verbal self-reports concerning employee feelings. They have been widely used in companies since the 1930s. Several job satisfaction scales exist. One of the most popular is the Minnesota Satisfaction Questionnaire (MSQ). This instrument used a Likert-response format to generate satisfaction scores on 26 scales, including satisfaction with compensation, promotion opportunities, co-worker relationships, recognition, and so on. An MSQ was used in this study. The instrument was simple and did not need to be pretested.

The MSQ was justifiable because of the numerous advantages for evaluating levels of job satisfaction. First, they are relatively short and simple and can be completed by large numbers of employees quickly. This made it possible for the respondents who did not need explanations or assistance to complete the questionnaire. Second, because of the generalized wording of the various terms, the instruments can be administered to a wide range of employees in various jobs. It is not necessary to alter the questionnaire for each job classification. It made it

possible for the researcher to administer the questionnaire to all the respondents. The instrument also allowed for minimal use of mathematical technique.

However, the structure of the MSQ questionnaire was organized according to the objectives of this study. Therefore the questionnaire was structured into four subsections with each subsection addressing an objective. The first subsection of the questionnaire captured the background information of respondents such as sex, rank, and length of stay at NIB etc. The second subsection addressed the importance of rewards which was a major objective of the study. The third subsection was devoted to addressing the satisfaction with rewards by employees while the last subsection looked at the satisfaction levels of employees.

### **Data collection**

Like every study, this research enterprise needed data to form the backbone for the work. This data was in the form of answered questionnaires and interviews. The information in these formats responded to the subject of the research which is to ascertain the effects of rewards systems on employee job satisfaction in the National Investment Bank Accra main office. Both primary and secondary data were collected and so both sources of data from NIB were accessed.

The types of data collected for this study were basically primary and secondary data. For primary data, a key informant from the human resource department was interviewed to obtain management's view on rewards and

employee job satisfaction levels. The employees were also served with questionnaires designed to elicit information on the reward system at NIB and the extent of their satisfaction with it. The secondary data was obtained by reviewing policy documents.

### **Ethical issues**

Banking institutions are noted for their emphasis on confidentiality of information and protection of official documents and data. It was necessary to overcome these “obstacles” in the course of the research. In the first instance, the researcher had to discuss the whole research enterprise with the manager of the Accra main branch office. He lent his support. Nevertheless, the researcher had to write officially through the General Manager, Administration, to the manager and had a favourable response. This response letter had to be shown to respondents to assure them of confidentiality before the questionnaires were taken, answered and sent back.

### **Field work**

Field work took place over a period of four weeks in the month of October, 2007. First the researcher sought permission from the human resource manager of the bank before distributing questionnaire to various respondents. For primary data, the questionnaires were administered departmentally, starting with the cash department, relationship officers, down to enquiries. Since the literacy level of respondents could be described as high, the self administered

questionnaires administration was adopted. After the distribution of the questionnaires to the respondents, a period of three weeks was allowed for the respondents to answer the questionnaires. The researcher went back for the answered questionnaires in the fourth week.

The researcher periodically inquired from the respondents whether they were having problems filling the questionnaire or whether some questions were ambiguous during the three week period. In cases where such situations existed, the researcher further explained the objective of the research and the questions to the respondents. The response rate of the questionnaire was low as the researcher realized that 10 of the respondents did not return their questionnaires and so there was a follow up to retrieve the retained questionnaires but all attempts came to no fruition.

### **Limitations of the study**

With such surveys, it was not impossible that some employees at NIB would be sensitive to some questions that were raised in the interview schedule and questionnaires. Efforts were thus made to ensure respondents really gave indication to what they genuinely believed. Also only 44 of the 54 respondents or employees answered the questionnaire and even 17 were revisited for some responses left out and not dealt with and for further clarifications into issues not well understood by the researcher.

After the information given to management and management offering their support and assuring the researcher of their cooperation, questionnaires for



management were not returned. All attempts to retrieve them, as it is the source of information that will aid the researcher in knowing management's position on rewards and job satisfaction, proved futile.

### **Method of data processing and analysis**

The data collected was cleaned, edited and coded. The data was then processed using the Statistical Product and Service Solutions (SPSS) software version 15. This yielded descriptive results (Sarantakos, 2005). The data was summarized using frequencies and percentages and the discussions followed, explaining or describing the information provided in the tables. Cross tabulation was also used to examine association and establish the relation between variables. The chi-square statistical technique was also used to examine the association between variables for instance rank of respondents and extent of job satisfaction among employees. The information gathered from the interviews and questionnaires were used to provide confirmations and refutation of some of the theoretical findings in the literature.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **Introduction**

This chapter presents the findings from data collected in the field. Questionnaires were administered to 54 respondents but it was 44 of them that returned the answered questionnaires. The data were presented, analysed and discussed using the study objectives. The chapter is also divided into various subsections. The first subsection of the chapter was devoted to the background characteristics of respondents such as the age, sex, marital status, and rank. The other subsections addressed the substantive objectives of the study which included examining the nature of the reward system at NIB, comparing the rewards system at NIB to best practice and the effects of the reward system on job satisfaction.

#### **Background of respondents**

The background of the respondents was discussed in relation to age, sex, marital status, rank, educational level and length of stay at NIB.

##### *Age of respondents*

Age is a crucial demographic variable that determines the when an employee enters into the world of work. Age equally determines the caliber of various workers in any organisation. An energetic or youthful workforce will

determine the level of productivity as well as the level of motivation demanded (Little, 1980). This therefore prompted the author to document the ages of respondents as this helps trace their level of satisfaction and their expected motivation and reward systems in the organisation.

The ages of the respondents reflected the age levels of the Ghanaian working population as shown in Table 2. Results inferred from this study follow the general trend in Ghana. According to GSS (2008), the working population of Ghana is between the ages of 15-65 years. The result gathered from the field was categorized into age intervals and the age interval of 10 was used. This helped the researcher to understand which age intervals employees of NIB fall within since age determine the kinds of demands employees would make in terms of motivation. Table 1 presents the age categories of respondents.

**Table 1: Age distribution of respondents**

Level	Frequency	Percentage
Less than 20	1	2.3
21 – 30	20	44.4
31 – 40	12	27.3
41 – 50	10	22.7
51 +	1	2.3
Total	44	100.0

Source: Field data, 2007

Table 1 indicates that 44.4 percent of the respondents were aged between 21 and 30. These are youthful persons since they fall within the working population of Ghana, according to the GSS (2008). Commonly, a group heading for the middle ages would require special rewards relating to their present status and future job security (Heneman and Judge, 2000). They are also at the peak of their productive years and so must be motivated to put in their best. Of the rest, 10 respondents could be found in the 41–50 age category. Only one respondent (2.3%) was over 51 and another one in the less than 20 age category.

The mean age of respondents was 33 with a standard deviation of 12.28. This implies that the average age of the respondents falls within the age category of 31-40 which is still the active age group and therefore their demands as regards motivation would not only be varied but also high. At a staff durbar in 2007, one of the management personnel said that NIB has an unwritten policy of recruiting young persons and retaining them for as long as possible. These young staff form a reservoir of future managers, who require a carefully thought out reward system to motivate and to retain them.

#### Sex of respondents

Sex of respondents would help determine the types of reward systems and to which category of workers and if the males or females were more at NIB (Cook & Macaulay, 2010). The sex of respondents was also important to the study because it would help the researcher to identify and examine reward systems by gender and whether management was conscious of the various demands made by workers in the organisation.

The sample of 44 respondents consisted of 35 males and 9 females. Females were thus in a minority which is a reflection of the Ghanaian occupational structure in which there are more men than women in the formal sector working population. This is supported by the Ghana Living Standard Survey (GSS, 2004) occupation structure of Ghana. Trends in the educational sector show that more males compared to their female counterparts are found in the higher or tertiary level of education (Social Watch, 2009). The work in the banking sector demand individuals with high formal education (GSS, 2008).

#### Marital status of respondents

Out of the total respondents of 44, twenty-eight were married and two were either divorced or separated from their spouses. The number of respondents who were single or not married is fourteen. This has the tendency to influence the kinds of rewards to provide to each category of workers in the organisation (Lawler, 1985). While the married may expect a promotion and free medical care as sources of motivation, the single or not married may expect job training or travel holidays and refresher courses as their sources of motivation. Therefore the marital status of respondents in this research was crucial as it helped the researcher investigate the flexibility and how comprehensive the reward system of the organisation is to cater for the diverse categories of workers in the organisation.

### Rank/Position of respondents

The rank or position of a person within an organisation most often determines the level or amount of rewards that can be commanded (Cook & Macaulay, 2010). Therefore various ranks demand varying rewards or motivation. The ranks of respondents varied from that of messengers to Assistant Manager as is revealed in Table 2.

**Table 2: Rank of respondents**

Rank	Frequency	Percentage (%)
Messenger	1	2.3
Clerk	20	45.4
Officer	18	40.9
Credit officer	1	2.3
Secretary	1	2.3
Assistant Manager	3	6.8
Total	44	100.0

Source: Field data, 2007

Approximately, 45 percent of respondents were clerks, whose work as frontline staff can be said to keep the bank active especially in the eyes of the public. Clerks are often said to do the back breaking, even monotonous jobs in many organisations. Officers make up 40.9 percent of the respondents. The officer grade is a graduate level entry position that guarantees career progress in the banking industry. It is the rank from which future managers emerge and this position merits rewards that are sufficiently attractive to retain and keep the most

competent and promising staff. Steers and Black (1994) indicated that the decision to join a particular organisation or occupation is influenced by the rewards that are available in the organisation. The rewards should be high within this rank to attract many prospective individuals, retain them and to keep them committed to the organisation.

The credit officer position in the data gathered was represented by one respondent (2.3%). The position is essentially a variation of the officer grade. There is also one secretary in the sample. There were three assistant managers (6.8%). The secretary is the administrative assistant to the Branch Manager and Assistant managers are grades above the officer grade and therefore demand commensurate rewards as that of managers. The 44 respondents were deployed at various departments of the Accra Main office. Their distribution across these departments is given in Table 3.

**Table 3: Departments of respondents**

Department	Number sampled	Percentage
Enquiries	4	9.1
Cash	12	27.3
Central	13	29.5
Relationship officers	7	15.9
Data entry	8	18.2
Total	44	100.0

Source: Field Data, 2007

The bank has many departments and corresponding staff distributed rather unevenly with the highest number (29.5%) coming from the central, this was followed by cash with 27.2 percent of the total of 44 respondents. Other department have respondents below 10, enquires have 9 percent, relationship officers also have 15.9 percent while data entry officers were 18 percent.

#### Educational levels of respondents

Education is often a measure of the position of a person and the level of rewards that may accrue to him or her. Therefore, the higher an individual's educational status, the higher the expected income and the lower one's educational status the lower the expected income (Little, 1980). Education is also directly related to income earned (Lawler, 1985). This is due to the fact that the level of education of a person is related to rank and thereby both determine the income of the individual. Education is the principal instrument for providing the skills required by the economy and also for improving the overall logical and managerial performance of all labour force. For example, research on manufacturing firms in Ghana has shown that the education of workers is associated with productivity in much the same way as it is associated with higher earnings (Jones, 2001). The educational level of respondents reflected all the levels that are portrayed by employees in the banking industry. This is depicted by Table 4.



**Table 4: Educational level of respondents**

Educational level	Frequency	Percentage (%)
Professional studies	1	2.3
Post-graduate	2	4.5
Graduate	33	75.0
Polytechnic	5	11.4
Secondary	3	6.8
Total	44	100.0

Source: Field data, 2007

The majority of respondents (79.5%) have university level education. This implies that there are a large number of well-educated staff, and they may also have higher aspirations toward making progress in the career ladder. This further implies that the kinds of rewards available to such category of workers should be motivating enough to retain them. Maslow (1954) made us aware of the fact that rewards will make individuals attain the stage of esteem or self-actualisation in the hierarchy of needs.

That implies that they might have satisfied the lower order needs or Herzberg et al's (1959) growth and relatedness stages and so will aspire for progress on the career ladder. Five (11.4%) of the respondents had Polytechnic diplomas. Another three (6.8%) had secondary education. These high education levels indicate that rewards should be flexible and comprehensive and equally acceptable to workers. Such rewards should also commensurate the efforts of workers in the organisation (Mullins, 1996).

## **The nature of the reward system at NIB**

The first specific objective of this study was to examine the nature of rewards available to workers at NIB. The purpose of this objective was also to find out whether workers were aware of these rewards and whether rewards were accessible to employees. Rewards are essentially to motivate and retain staff in organisations (Mullins, 1996) and knowing how the rewards system of an organisation works sets the stage for any evaluation of its effects on employee satisfaction. According to Armstrong (1997), reward systems are the benefits and salary or wage schemes implemented in an organisation to, among other things, attract, retain and motivate sufficient numbers of suitable employees to meet work needs. It is also designed to recognise the value of jobs in relation to each other and to ensure that labour costs are suitably controlled in relation to costs as well as revenues.

The Managing Director of NIB, during an annual durbar in 2007, said that the bank was committed to ensuring that staff maintain a high morale and be well motivated to give off their best. Therefore the bank has outlined the following packages aimed at motivating staff and ensuring that staff gives off their best. The three main kinds of rewards available in NIB are as follows:

- a. provident fund
- b. welfare packages
- c. recruitment policies

According to the collective bargaining agreement of NIB (2008), the National Investment Bank Provident fund is an investment for staff of the bank,

where monies are invested in a pool for all members of staff with no exceptions.

The sources of funds are:

- an employee contribution of 15 percent
- employer contribution of 10 percent

The main objectives of the NIB provident fund are as follows:

1. to serve as collateral on commercial and sundry loans
2. attracting and retaining skilled staff
3. as a form of savings to prove ones financial strength
4. as a form of savings to have a lump sum to undertake any project of one's choice

The objectives of the provident fund may differ from one bank to the other and the conditions under which the fund operates may also differ. In the case of the NIB the conditions under which the fund operates includes the following:

- a. withdrawals are allowed only after every two years
- b. 75 percent of a contributors' balance on the Provident Fund is payable every two years upon request.

The welfare packages available for staff of NIB are:

1. medical care ( staff, spouse and children)
2. transportation
3. funeral support
4. clothing allowance
5. rent advance loan
6. car repair loan

7. family obligation loan
8. insurance loan
9. housing loan
10. car loan
11. personal loans

Motivating employees is one of the key factors in getting an organisation to meet its vision and mission. Therefore, the welfare packages as outlined by the management of the National Investment Bank are geared towards sustaining and motivating the interest of workers to perform at their optimum, and to improve the workers' job satisfaction.

Literature attests to the necessity of motivation and creating a reward system which have employees at the centre of activities. For instance, Mullins (1996) emphasised that organisations are now moving towards sharper focus on developing their human potential. Therefore, employee incentive or reward programmes have become increasingly important in the past few years as more and more companies and organisations have come to view their employees as their most important customers. Many organisations have devoted more resources to motivating employees so as to foster customer satisfaction.

At NIB, the basis of the corporate policy on rewards is the human resource value of respect for employees. Recruitment policies of the organisation further create opportunities where employees can attain job satisfaction (National Investment Bank, 2004). The NIB (2002) in its employee orientation book spells out the objectives of the NIB recruitment policy. The focus of the recruitment and

professional development policies of the National Investment Bank is the investment in human capital to increase employee learning, satisfaction, and hence loyalty.

Every organisation has a corporate policy that governs their activities and indicates the direction of certain policies. For an organisation like the National Investment Bank, premium is placed on the quality of the human resource and the value of respect for employees. The Bank therefore hopes to achieve this through a comprehensive reward system. The National Investment Bank is one of the few Banks that holds the value of its employees very high compared to the popular focus of many other banks on customer satisfaction to the neglect of the workers (National Investment Bank, 2004).

The corporate policy of NIB makes provision for rewards that upholds the dignity and value of its employees. The policy has specific directives targeted at key elements in employee welfare and motivation. It addresses the issue of how to attract qualified employees to the organisation. This partly explains why many young people form the bulk of the bank's employees at the head office in Accra. The corporate policy also specifies how to retain employees using all the required benefits and reward system available in return for high level performance. The evidence gathered from the study further reiterated that the organisation also consults employees for their inputs into the reward system. This underscores the importance that the management of the Bank attaches to employee rewards.

Data gathered from the archives of the National Investment Bank revealed that the reward system comprises a salary scheme and a scheme of benefits

(National Investment Bank, 2004). These can be classified as a reward system made up of extrinsic rewards. Extrinsic rewards, according to Herzberg (1966), include wages and salary, fringe benefits, promotions, and recognition and praise from others. Salaries are essential if any organisation is to achieve desired results. According to Lawler (1985), factors that influence the performance with regards to work depend on the amount received and the amount the individual feels he or she should receive as well as the value people attach to salaries they received.

Salaries at the National Investment Bank are graduated according to rank or position and level of seniority. Annual increases are the norm and sometimes under certain conditions even former members of staff benefit in new increases. The scheme of rewards is constructed under the terms and conditions of labour applied to all employees, as negotiated by the local union under the terms of the Ghana Trades Union (1965). The scheme includes provisions for a provident fund and a medical scheme as well as allowances to cover many contingencies.

The reward system at the National Investment Bank is consistent with Maslow's physiological need and Herzberg's extrinsic needs as discussed in the literature. The first in the hierarchy of needs according to Maslow (1954) is the physiological need which consists of the human body's primary needs, such as food, water, and in the case of this research, health. This is because health is critical in the running of the organisation. Therefore, any reward scheme that takes into consideration the health of its workers is providing primary rewards to employees and this is in tandem with Maslow's first need which is physiological need. Also, for the organisation to remain in business there must be a vibrant and

healthy workforce that can carry out the mandate of the organisation. Herzberg's (1966) extrinsic need is equally satisfied because salaries and rewards systems are the corporate policies of the bank and therefore external to the workers.

Furthermore, data gathered from respondents at the bank further explains and supports employees' basic physiological needs. Each employee, his spouse and children under 21 years of age are eligible for the bank's medical scheme under which the bank pays the full cost of medical treatment undergone in Ghana. At the same time a negotiated sum of money, in excess of GH¢100, is paid every two years to staff and their dependents for medical purposes. The cost of dentures, obstetrical and gynaecological treatment, however, are excluded. These are needs which must be satisfied to maintain life. Maslow contends that until physiological needs are at least partially satisfied, they will dominate the individual repertoire of needs and the individual will not be concerned with the next level of need as it does not serve as a basis for further motivation.

Therefore welfare packages such as medical care (staff, spouse and children), family obligation loan, car loan, funeral support, rent advance loan would dominate the welfare bill of the bank. Furthermore, the demographic data indicates that 44.4 percent of respondents were aged between 21 and 30. Therefore welfare packages such as car repair loan, insurance loan, housing loan, clothing allowance, transportation, personal loan would be on higher demand. They are also at the peak of their productive years and so must be motivated to put in their best. These are needs which must be satisfied to maintain life. Maslow contends that until physiological needs are at least partially satisfied, they will

dominate the individual repertoire of needs and the individual will not be concerned with the next level of need and will not serve as a basis for motivation.

According to Herzberg, Mausner and Snyderman (1959), motivation is either dominated by hygiene or growth factors. The motivator-hygiene or two-factor, theory, deals with both motivation and job satisfaction. The theory, according to Herzberg, has two sets of needs, the motivator needs, which produce job satisfaction, and the hygiene needs which produce job dissatisfaction. The motivator needs (higher needs) motivate employees to high job performance. Motivator needs are internal to the work itself. They include the nature or content of the job tasks and the person's level of responsibility, achievement, recognition, advancement, and career development and growth which is equal to Maslow's self-actualisation and Alderfer's growth needs.

These needs corroborate the corporate policy of the National Investment Bank as explained in the National Investment (2004) Annual Report. According to the policy, the basis of the corporate policy on rewards is the core NIB human resource value of respect for employees. They can be satisfied by stimulating, challenging and absorbing work. When those conditions are met, job satisfaction will result.

The NIB (2006) Rules of Service section 5 states that, 'every employee of the bank with the exception of officials engaged under special contracts and other employees specifically excluded by the terms of their appointments shall become a member of the employees' provident fund as from commencement of service'. Provident funds are invested funds set aside by mutual agreement between



employees and employers to be accessed by staff on agreed terms. The NIB fund is an investment package made up of monthly contributions by each employee of the bank. It is made up of 15 percent of the monthly basic salary and an employer contribution of 10 percent. The fund is only accessible every two years. However, a staff may decide not to withdraw it to accrue value. It is also used as collateral for welfare loans. Herzberg's hygiene factors and Maslow's security needs capture this category in the case of the provident fund. This is because these funds are set to meet the health, housing, vehicle and other urgent needs of employees. In this regard, financial security against emergencies, for the employees is guaranteed.

Under the benefit scheme many other allowances are prescribed, where applicable, and these include end of service benefit and bereavement contributions, in which additional funds are provided to supplement those from the Provident Fund. Other allowances include transfer, halting, overtime, uniform, special, inconvenience, transport and in-service training where the full cost is borne by the bank with even access to loans to purchase books. Children's education allowances are also available, in addition to loans to purchase means of transportation, loans to purchase housing, rent and petrol subsidies.

These benefits that accrue to employees equally serves those employees in the bank who are married since these benefits would go to help maintain families. The benefits can be categorised as physiological, safety and esteem needs in the hierarchy of needs (Maslow, 1954). Therefore Maslow's theory aptly applies in describing the reward system available for NIB employees.

## **Reward system at NIB and best practices**

The second specific objective of the study was to compare the reward system at NIB with best practices in the banking sector. Issues related to salary, promotion opportunities, training, welfare packages and recognition of job effort were examined at this section of the chapter. This showed how indicators of the reward system available at NIB compared to best practices in the banking sector.

Rewards that banking staff receive in exchange for their contributions of time and effort may be either intrinsic or extrinsic. Extrinsic rewards include wages and salaries, promotion, training, fringe benefits (welfare) and recognition. Extrinsic rewards are also visible to all employees and form the basis of comparison among employees. The majority (95.5%) of the respondents said the opportunity for earning a high salary was important with over 50 percent regarding it as most important (Gupta & Mitra, 1998). Only 29.6 percent were unsure. The main focus of every bank in this direction would be to offer a competitive salary system to its employees and therefore if workers of NIB have an opportunity to earn higher salary as a form reward compares favourably with standard practices in the banking sector. These kinds of rewards can be further explained using Herzberg's Motivator-Hygiene Theory.

The motivator-hygiene or two-factor theory, deals with both motivation and job satisfaction. The theory, according to Herzberg has two sets of needs, the motivator needs, which produce job satisfaction, and the hygiene needs which produce job dissatisfaction. The motivator needs (higher needs) motivate employees to high job performance. Motivator needs are internal to the work

itself. They include the nature or content of the job tasks and the person's level of responsibility achievement, recognition, advancement, and career development and growth. They can be satisfied by stimulating, challenging and absorbing work. When those conditions are met, job satisfaction will result. However, when these conditions are not met, the result is not necessarily job dissatisfaction.

In contrast, factors extrinsic to the work are external to the tasks for a particular job, are called hygiene factors involve features of the work environment, such as company policy and administration, supervision, interpersonal relations, working conditions and salary and benefits. In the case of NIB, the extrinsic factors include salary, promotion opportunities, training, welfare packages and recognition. These are similar to what pertain in other banks.

Salaries are a primary means of gratifying the psychological and safety needs of individuals, including hunger and shelter respectively (Bergum & Lehr, 1964). According to Bergum and Lehr's (1964) study, which investigated the influence of giving monetary incentives and its removal on performance, the study found that the removal of monetary rewards can negatively affect performance. This underscores how important monetary rewards and for that matter salary is to the improvement in performance in organisations. Salary, in Maslow's explanation can be a physiological need since salary guarantees employees survival and the level of salary can further guarantee employees performance (Lawler, 1971; 1989). This physiological need is considered most important and the first hierarchy of human needs by Maslow (1954).

Promotion is one way of expanding the level of rewards. It is thus important in many employees' aspirations. Over 95.4 percent of respondents viewed it as an important personal goal.

Promotion in NIB, just as in other banks, is not wholesale but rather in turn or out of turn due to managerial policy of promoting selectively according to criteria based on performance, that is not laid down or transparent but at the discretion of the Assessment Committee. Nevertheless majority of respondents were happy with their opportunities for promotion. Steers and Black (1994) suggest that the prospect of future opportunities may account for general satisfaction. The expectation that they can also have the chance to be promoted based on merit and performance might be the reason for the respondents being happy with the reward of promotion.

Another extrinsic reward, according to Herzberg et al. (1959), is training. Training confers skills and competence and is indispensable to promotion opportunities. Just as it pertains in other banks, in NIB, once selected for training, invariably some allowances, bonus and/or promotion follows. Thus for almost all the respondents (97.7%), training was an important personal goal. It is noteworthy that the cost of training is underwritten by the organisation with loan facilities available for the purchase of books and fees.

Concerning the rank of respondents, it was realised that many of the respondents were up the ladder and will be gearing towards the esteem and self actualisation stage and so are interested in further training. With respect to the education of respondents, it could be inferred that all the employees could easily

qualify for further training. Those who might not qualify will be the secondary school certificate holders. The rest of the employees qualify for further training and so will be happy with the system and the other fringe benefits and salary increase that come with the completion of training. This, according Maslow (1954), is the progression from a lower level need to a higher level need, where the individual aspires to the next level of need if a lower level need is satisfied. In the case of employees at NIB, promotion and training become higher level needs after salary, health and other basic needs are satisfied. Meanwhile, Mullins (1996) considers training as a motivator and has the consequences of improving performance at NIB, just as it may in other banks.

Staff welfare involves a package of incentives, allowances and services that make the NIB employee comfortable within the work environment. Fringe benefits, allowances, transportation, health and medical services, insurance, credit schemes, canteen are all part of the staff welfare package.

Managers and management researchers have long believed that organizational goals are unattainable without the enduring commitment of members of the organization. Motivation is a human psychological characteristic that contributes to a person's degree of commitment (Adeyemo & Aremu, 1999). It includes the factors that cause, channel, and sustain human behaviour in a particular committed direction. Many bank employees belong to the same union and therefore have similar packages. The welfare package at NIB therefore corroborates this literature. The welfare packages at NIB, which includes fringe benefits, allowances, transportation, health and medical services, insurance, credit

schemes and canteen contributes to commitment (Lawler & Suttle, 1973). Satisfaction of these needs lead to a feeling of self-confidence. In organisational context, people want to be good at their jobs; they also want to feel that they are achieving something important when they perform those tasks. If these needs are properly harnessed they can bring a feeling of worth and value which can positively influence work but if they are unfulfilled, feelings of inferiority, helplessness and weakness arise and can also discourage work.

The welfare package for staff of NIB ensures that staff can leave home safely and work in comfort without stress or friction due to free transportation, and subsidized lunch. Medical services are available at designated clinics for the health benefits of staff and their dependents. This assertion is consistent with a studies conducted by Chess, Jayarantne and Vinokur, (1994) which revealed that some motivational issues such as salary, fringe benefits, job security, physical surroundings safety and certain environmental and motivational factors are predictors of job satisfaction. Colvin (1998) also show that financial incentives will get people to do more of what they are doing. In this scenario welfare packages are policies from the bank which makes them extrinsic in the view of Herzberg et al. (1959).

The last extrinsic reward available to bank staff is that of recognition for good work done. Recognition is important to 95.5 percent of the respondents.

Recognition for good work at NIB varies from praise from colleagues and superiors to the offer of bonus and selection for some prized training. This in turn does lead to promotion. Recognition as a reward in NIB is viewed with optimism

by the majority of respondents. This can enhance productivity as satisfaction increases productivity (Steers & Black, 1994). Therefore, if employees have a positive attitude towards recognition as a means of rewards this can impact positively on productivity. Employees also have different needs which warrant satisfaction at different times and this implies that recognition should be varied by NIB depending on the category and level of an employee.

In summary, the foregoing suggests that the reward systems NIB are similar to what has been described in the literature and in other banks

### **Reward system at NIB and job satisfaction**

The third specific objective was to examine the reward system at NIB as it relates to job satisfaction. The association between the reward system and job satisfaction was measured in terms of two variables—recognition of effort in job performance and compensation for the effort (salary). These variables are discussed and presented in tables below.

Recognition in an organisation may take different forms (Mullins, 1996; Steers & Black, 1994). These forms vary from formal certificates to words of praise or a pat on the back. For this study, recognition was measured by the criteria of satisfaction with first getting noticed, then receiving full credit for the job effort and then with the general aspect of recognition. In each case the scale of satisfaction varied from satisfied (1), uncertain (2) and dissatisfied (3).

According to Locke (1976), job satisfaction may be defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or

job experience. Job satisfaction is a result of employee's perception of how well their job provides those things that are viewed as important. It results from the perception that an employee's job actually provides what he or she values in the work situation. The process of gaining recognition first, involves getting noticed for a good job done and this usually meant gaining the attention of a superior officer (Mullins, 1996).

With regard to the way an employee is noticed when a good job is done, slightly more (52.3%) were satisfied than were dissatisfied (47.8%). These views suggest a split in the perception of the recognition reward and how it is offered. This further corroborates Nelson's (2004) research where 78 percent of employees indicated that it was very or extremely important to be recognized by their managers when they do good work. The number one choice for recognition according to Nelson's (2004) research is sincere praise given in a timely manner. Furthermore, Allen and Helms' (2002) research confirmed the importance of regular expressions of appreciation by managers and leaders to encourage behaviour of employees to reach strategic goals. This aspect of recognition is also consistent with Adelfer's (1972) relatedness need.

The reward of recognition is central to all efforts on the job and most workers will not be motivated to continue on the job if their efforts are not appreciated. Recognition resulting from high achievements enhances self-esteem and the acceptance of the individual (Cole, 1996) which also enhances efficiency on the job and encourages the employee to show commitment to the organisation, especially when full credit is given and not hijacked by superiors (Mullins, 1996). The issue of full credit for specific job efforts which are not shared is at the basis



of satisfaction expressed by most employees within the organisation (Steers & Porter, 1983). Recognition is equally consistent with Herzberg's extrinsic factor as recognition is important for job satisfaction and performance. Respondents were asked to assign satisfaction with the recognition as a reward, unclouded by specific items and responses were presented in Table 5.

**Table 5: Employees level of satisfaction with recognition as a reward**

Satisfaction Level	Frequency	Percentage
Satisfied	20	45.45
Uncertain	17	38.64
Dissatisfied	7	15.91
Total	44	100.00

Source: Field data, 2007

The picture that emerged showed that 45.45 percent were satisfied with recognition as a reward. On the other hand, a few (15.91%) respondents said they were dissatisfied with recognition as a reward while 38.64 percent were however, uncertain. This rather large number (17 out of 44 respondents) presents a situation where they cannot be classified as dissatisfied or satisfied. Herzberg (1966) would consider such respondents unmotivated but not dissatisfied. Extending Herzberg's (1966), two-factor theory, the hygiene and motivator factors, it is possible to conceptualise the satisfaction situation with recognition in terms of satisfaction and dissatisfaction. The rank of respondents was then cross-tabulated on a scale of Unsatisfied, Uncertain and Satisfied with recognition as a reward as shown in Table 6.

**Table 6: Rank and job satisfaction level for recognition as a reward**

Rank	Dissatisfied	Uncertain	Satisfied	Total
Junior Officer	2	8	7	17
Senior Officer	5	12	10	27
Total	7	20	17	44

Source: Field data, 2007

The purpose of this cross tabulation was to measure the extent of satisfaction of employees. This reveals the satisfaction levels of the different ranks. Table 6 shows that out of the 27 senior officers 12 (44.44%) indicated that they were uncertain as to whether they were satisfied or not, with recognition as a means of reward while ten were satisfied. Five (18.52%) however, were dissatisfied. A similar picture prevailed for the 17 junior officers who also had eight (47.06%) of them were uncertain as to whether they were satisfied or unsatisfied with recognition as a means of reward. More of the respondents were uncertain with recognition as a reward. They were made up of 20 personnel which is 45.45 percent of the total respondents. The results show a minority of seven (15.91%) were unsatisfied with recognition as a reward. This relationship demonstrates that rank of respondents did not necessarily influence their satisfaction with recognition as a means of reward.

To further ascertain the veracity of this relationship a chi-square value was computed to find out whether employee satisfaction with recognition was influenced by their ranks. The chi-square value of (0.6150) compared with the significance level of (0.05) and a critical value of 5.991 showed that the

relationship between rank of respondents and their satisfaction with recognition as a means of reward could not be supported. This again further adds to the initial evidence from Tables 6 and 7 which demonstrate that rank for both senior and junior employees as a means of recognition could not be relied upon. Therefore, the motivation of employees at NIB could not be explained by virtue of the promotions and ranks of employees.

To fully explore this relationship between rank and job satisfaction, there was a further need to find out from respondents whether their marital status could also influence their rank and hence recognition. Therefore a cross tabulation was again done between the variables rank and marital status as shown in Table 7 to ascertain the relationship.

**Table 7: Marital status of respondents by rank**

		Rank						Total
		Messenger	Clerk	officer	Credit officer	Secretary	Assistant Manager	
Status	Married	1	20	7	0	0	0	28
	Divorced	0	0	2	0	0	0	2
	Single	0	0	9	1	1	3	14
Total		1	20	18	1	1	3	44

Source: Fieldwork, 2007

Table 7 equally supports the fact that marital status does not explain sufficiently the rank of employees at NIB. This is because more of the married

staff according to the table were clerks. This could be influenced by the number of females in that staff category. However none of the assistant managers was married at the time of the data gathering with all three being single. Moreover, other senior staff such credit officers and secretaries were all single with officers recording seven married, nine single and two divorced. This implies marital status does not necessarily influence the rank of employees at NIB.

A major desirable reward in any organisation is salary. Salary, according to Steers and Black (1994), serves several important functions in the work setting. It serves as a goal incentive, a source of satisfaction, an instrument for gaining other desired outcomes and acts as a standard for. The five variables used to measure satisfaction with the salary at NIB were the amounts involved the chance to make as much money as others, how the pay compares with that of similar jobs in other organisations, pay being commensurate with work done and how the pay of employees compares with that of other employees at NIB. Table 8 shows the responses for satisfaction with pay for the amount of work done.

**Table 8: Satisfaction with pay for the amount of work**

Satisfaction Level	Frequency	Percentages
Satisfied	27	61.37
Uncertain	12	27.27
Dissatisfied	5	11.36
Total	44	100.0

Source: Field data, 2007

More than 61 percent claimed that they were satisfied with pay. However, 11.36 percent were dissatisfied. Though there were differences in employee options with regards to the amount of pay they receive and whether it was rewarding enough, the level of qualification of employees influenced their decisions. While the educated, that is, graduate level and above thought that their pay was commensurate with their jobs, the least educated that is the secondary and polytechnic claimed they deserved more, given the time they report to work and the tedious nature of the job. These categories of respondents were therefore dissatisfied with their pay. To further confirm this assertion a cross tabulation was done between educational attainment of respondents and their satisfaction with pay and this is displayed in Table 9.

**Table 9: Educational attainment and satisfaction with pay**

		Satisfaction			Total
		Satisfied	Uncertain	Dissatisfied	
Education	Professional Studies	1	0	0	1
	Post-graduate	2	0	0	2
	Graduate	24	9	0	33
	Polytechnic	0	3	2	5
	Secondary	0	0	3	3
Total		27	12	5	44

Source fieldwork: 2007

Research has suggested that five job dimensions represent the most salient characteristics of a job and these, according to Steers and Porter (1983), are the work itself, pay, promotional opportunities, supervision and co-workers.

Rewards are acceptable to employees if their colleagues earn the same or less. Thus, they earning more or the same as their colleagues earned. According to Adams (1965), social comparison plays a major role in employee determination of the value of a reward. Table 10 shows satisfaction levels of employee at NIB compared to that of others in the industry.

**Table 10: Employee satisfaction with pay at N.I.B compared to Banks**

Satisfaction Level	Frequency	Percentage
Satisfied	25	56.82
Uncertain	10	22.73
Dissatisfied	9	20.45
Total	44	100.00

Source: Field data, 2007

The majority of respondents (56.82%) claim to be satisfied or very satisfied with their salaries compared to that in similar organisations as it serves many purposes including a basis for comparison which then leads to retention (Steers & Black, 1994). This underscores the importance of salary as a form of motivation since salary is money received periodically for work done. The importance of money is further elaborated by Akintoye (2000) who asserts that money remains the most significant motivational strategy and as far back as 1911,

Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually job satisfaction.

Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success. Sinclair, Tucker and Cullen (2005) demonstrate the motivational power of money through the process of job choice. They explain that money has the power to attract, retain, and motivate individuals towards higher performance. However, 20.45 percent of respondents in this study were dissatisfied with their pay when they compared their pay with employees of other banks.

Adams (1965) suggests that if an inequity is determined to exist vis-a-vis another person, the ensuing tension motivates attempts for change. Such an attempt will reside with these respondent who are dissatisfied, and this minority may increase or decrease their inputs and put up a lackadaisical attitude towards work or even resign, depending on whether the inequity is advantageous or disadvantageous (Steers & Black, 1994). If these nine respondents should leave or resign, it will result in a high level of turnover, which is a great loss for the bank.

Respondents' job satisfaction did not vary at all from the comparison with others in similar banks. In a response to a statement relating to pay for the amount of work done by respondents they appeared satisfied with the reward. The

statement puts emphasis on the reward that should be given for a stated piece of work.

Another statement relating to pay but with emphasis on the expected work to be done for a given quantum of pay was put to the respondents using a likert scale of satisfied, uncertain and dissatisfied. A little over 56 percent of the respondents were satisfied. However only 20.45 percent were not satisfied. Salary is a contentious issue in Ghana and is often shrouded in secrecy in organisations and banks are no exception. To further find respondents level of satisfaction with compensation as a reward the researcher used the Likert scale to assess the level of satisfaction of respondents as shown in Table 11.

**Table 11: The three general level of satisfaction with compensation as a reward**

Satisfaction Level	Frequency	Percentage
Satisfied	20	45.45
Uncertain	17	38.64
Dissatisfied	7	15.91
Total	44	100.00

Source: Field data, 2007

The respondents expressed satisfaction with the money they received as compensation for their efforts on the job. Out of the 44 respondents, 45.5 percent experienced were satisfied with compensation while 38.6 percent uncertain. Only 15.9 percent were dissatisfied with regard to the compensation that they received.



It is clear then that for the largely extrinsic factors such as salary, promotion, training and conditions of service, respondents are mostly satisfied. These factors are known to Herzberg (1966) as dissatisfiers, whose absence or minimal nature as a reward would lead to low job satisfaction. As hygiene factors, their presence in enough quantities may be said to lead to the state of job satisfaction that exists at NIB. However, there is a persistently low number who are always not satisfied by the presence of the factors in the work environment.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **Introduction**

This study sought to investigate the effects of the reward system on job satisfaction at NIB head office in Accra. The research was aimed at examining the nature of the reward system at NIB, comparing the reward system at NIB with best practices and finally, examining the effect of the reward system at NIB and its effect on job satisfaction. The study was descriptive. Data was collected from 44 staff members, using a form of Likert-response schedule known as the Minnesota Satisfaction Questionnaire (MSQ).

This chapter presents a summary of the findings that emerged from the study and the data analysis. It draws conclusion and makes recommendations to stakeholders and policy makers on managing rewards at the bank and to employees about the direction of their quest for more rewards and job satisfaction.

#### **Summary**

Three specific objectives were addressed in this study. The first was to examine the nature of the reward system at NIB, while the second was to compare the reward system of NIB with best practices and the third objective examined the effects of the reward system at NIB on job satisfaction.

With respect to the nature of the reward system at NIB, the key findings revealed that:

- employees experienced regular salary increases
- the institution of a provident fund from which all employees benefit
- a medical scheme to cater for the employees and their families
- a system of allowances that catered for transportation, housing and a canteen
- an instituted loan scheme available to employees periodically.

The main findings for the second objective which dealt with comparing the reward system at NIB to best practices are:

- The opportunity to earn high salary was important to over 95 percent of respondents with at least 50 percent regarding it as most important. This reflects what pertains in the literature with respect to extrinsic rewards.
- Opportunities for promotion exist in the bank as expressed by 95 percent of the respondent as important.
- There are also, opportunities for training.
- There is recognition for work done.

The third objective was to examine the NIB reward system and its effects on employee job satisfaction. The variables of recognition and compensation were used to measure general satisfaction.

- More than 52 percent of respondents were satisfied with the way they were noticed for a good job done and 47.8 percent were dissatisfied.

- Over 50 percent of respondents were satisfied with the amount of credit they obtained for job done. Only 15.91 percent were dissatisfied.
- With respect to satisfaction with compensation, it was conceived that 45.5 percent were satisfied, 15.9 percent were uncertain and 38.6 percent were dissatisfied.
- Cross-tabulation of the rank of respondents with their satisfaction with recognition as a reward show that 58.2 percent of the total respondents, who expressed satisfaction were senior officers with 41.8 percent being junior officers.
- Senior officers are more satisfied with recognition as a reward.
- For compensation (salary), over 61 percent of respondents claimed satisfaction with the amount of work.
- The majority of respondents (56.82%) claimed to be satisfied with their salary compared to that in similar banks.
- Over 61.37 percent of respondents were satisfied with their salary and the amount of work done for it.
- In general, 11.36 percent of respondents claimed dissatisfaction with their compensation rewards and 27.27 percent were uncertain.

## **Conclusions**

Based on the summarized findings, several conclusions were drawn in respect of the study objectives and these are as follows.

The first objective of the study examined the nature of the reward system at NIB. The reward system comprises regular salary, provident fund, a medical scheme, a system of allowances. This was evident in the bank's policy and spelt out in the NIB rules of service. Staff welfare involves a package of incentives, allowances and services that make the NIB employee comfortable within the work environment. Fringe benefits, allowances, transportation, health and medical services, insurance, credit schemes, canteen are all part of the staff welfare package. These incentives were an integral part of the reward system at the NIB bank.

Regarding the comparison of the reward system at NIB with best practices, it can be concluded that employees were satisfied with rewards of the bank. Staff of the bank who had the opportunity to earn higher salaries went for further training. Staff were also regularly trained to be abreast with current trends in the banking sector and to keep pace with best practices. There are also regular promotions for employees.

It can be concluded that employees of the bank were satisfied with the reward system of the bank though some respondents were uncertain about their level of satisfaction owing to difficulties in ranking their jobs and perceived work related problems. Therefore, the reward system had some effect on employees of the bank.

## **Recommendations**

Based on the above conclusions, it is recommended to management through the respondents that the following recommendations should be implemented:

- expand the reward system at NIB to further help secure the future of employees.
- break down the system of rewards into job specifics. The kind of job one does should merit the kind of reward or rewards, when compared to others.
- make training programmes more frequent for all categories of employees to ensure that training of employees is not limited to only a particular category.
- continue with the policies that are creating satisfaction. Employees expressed satisfaction with policies such as training, recognition and the welfare packages but intimated that it should be improved.

It is suggested that further research is conducted in other banking institutions and similar organizations to ascertain the findings. This will then add to the literature on reward systems in the finance industry and subsequently expand the knowledge base in this area of study.

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**APPENDIX A**

**REWARD SYSTEM AND JOB SATISFACTION**

I am a postgraduate student in Human Resource Management at the University of Cape Coast, collecting data for a dissertation on reward systems in financial institutions. I will be most grateful if you could take time off your busy schedule to answer this questionnaire as candidly as you can. No name is needed and your responses will be treated with outmost confidentiality.

**Questionnaire for NIB employees**

**A. BACKGROUND OF THE RESPONDENTS**

- |                               |                                    |                           |                |
|-------------------------------|------------------------------------|---------------------------|----------------|
| 1. Sex:                       | 1. Male <input type="checkbox"/>   | 2. Age:                   | 1. 19 - 25     |
|                               | 2. Female <input type="checkbox"/> |                           | 2. 26 – 30     |
|                               |                                    |                           | 3. 31 – 40     |
|                               |                                    |                           | 4. 41 - 50     |
|                               |                                    |                           | 5. 51 and over |
| 3. Rank/Position (state)..... |                                    | 4. Section: (state) ..... |                |
| 5. Length of stay at NIB      |                                    | 6. Marital Status         |                |
|                               | 1. 0 - 5                           |                           | 1. Married     |
|                               | 2. 6 -10                           |                           | 2. Single      |
|                               | 3. 11-15                           |                           | 3. Separated   |
|                               | 4. 15 <sup>+</sup>                 |                           | 4. Cohabiting  |
| 7. No. of Dependents          |                                    | 8. Education level        |                |
|                               | 1. 0 – 5                           |                           | 1. Tertiary    |

2. 6 –10

2. Polytechnic

3. 10<sup>+</sup>

3. Other

(State).....

**B. IMPORTANCE OF REWARDS**

Personal Goals (Please indicate the extent of importance of these goals in your life by ticking the column that best coincides with your goals)

GOALS	Most Important	Important	Not Sure	Not Important	Not very Important
1.Co-operation with colleagues 2.Full utilization of skills 3.Clear job description and Responsibility 4.Opportunities for promotion 5.Good Opportunities for training 6.Opportunityto earn high salary/allowances 7.Job security 8.Challenging job / achievement 9.Staff welfare 10.Good working conditions 11.Respect in society 12.Recognition for good work 13.Personal freedom on the Job					

**C. SATISFACTION WITH REWARDS**

Extent to which personal goals are met by NIB: Are you Very Satisfied (VS) Satisfied (S) Not Sure (NS) Dissatisfied (DS) and Very Dissatisfied (VDS).

Please tick the appropriate column.

	Very Satisfied	Satisfied	Uncertain	Dissatisfied	Very Dissatisfied
1.Co-operation with colleagues					
2.Full utilization of skills					
3.Clear job description and responsibility					
4.Opportunities for promotion					
5.Good Opportunities for training					
6.Opportunityto earn high salary/allowances					
7.Job security					
8.Challenging job /achievement					
9.Staff welfare					
10.Good working conditions					
11.Respect in society					
12.Recognition for good work					
13.Personal freedom on the Job					

14. Can you rate your general level of satisfaction with compensation?



- High Satisfaction
- Moderate Satisfaction
- Low satisfaction

**Are you satisfied with Your Job?**

Instructions: respond to each of the ten statements by circling the numbers that best describe how satisfied or dissatisfied you are with the particular item with 1 being very dissatisfied, 2 dissatisfied, 3 uncertain, 4 satisfied, 5 very satisfied.

	Statement	Satisfaction Level				
		1	2	3	4	5
1	The way I am noticed when I do a good job	1	2	3	4	5
2	The way I get full credit for the work I do	1	2	3	4	5
3	The recognition get for the work I do	1	2	3	4	5
4	The way they usually tell me when I do my job well	1	2	3	4	5
5	The praise I get for doing a good job	1	2	3	4	5
6	The amount of pay for the work I do	1	2	3	4	5
7	The chance to make as much money as my friends	1	2	3	4	5
8	How may pay compares with that for similar jobs in other companies	1	2	3	4	5
9	My pay and the amount of work I do	1	2	3	4	
10	How my pay compares with that of others	1	2	3	4	5

**D. Satisfaction levels (compared with other organisations such as SSNIT,  
ECOBANK etc**

	Very Satisfied	Satisfied	Uncertain	Dissatisfied	Very Dissatisfied
1. Salary					
2. Workload					
3. Conditions of service					
4. Supervision style					
5. Management style					

**APPENDIX B**

**REWARD SYSTEM AND JOB SATISFACTION STUDY**

**Interview Schedule for Managers/Accountants**

I am a postgraduate student in Human Resource Management at the University of Cape Coast, collecting data for a dissertation on motivation techniques in private companies. I will be most grateful if you could take time off your busy schedule to answer this questionnaire as candidly as you can. No name is needed and your responses will be treated with outmost confidentiality.

1.           What are the main objectives of NIB human resource policy  
.....  
.....
2.           How would you describe the reward system in NIB?  
.....  
.....
3.           What is the present level of productivity in NIB
  - a.           High
  - b.           Moderate
  - c.           Low
  - d.           Could be Improved
4.           Can you give an opinion on pay (including allowances) differentials in NIB?
5.           Please list the incentives available to staff

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

6. What welfare packages are available to which categories of staff

.....  
.....

7. What is the role of the union/staff associations in NIB

.....  
.....

8. Is the union/staff association represented on management

.....  
.....

9. What in your opinion is the main motivation driving your workforce  
(state)

- 1. ....
- 2. ....

3. ....

4. ....

5. ....

10. What suggestions would you offer for motivating your staff at your  
branch?.....  
.....