UNIVERSITY OF CAPE COAST

REWARD SYSTEMS AND EMPLOYEE PERFORMANCE AT THE

UNIVERSITY OF GHANA

BY

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DECLARATION

Candidate's Declaration

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

Candidate's Signature …………………………… Date …………………………..

Name:………………………………………………………………..

Supervisor's Declaration

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

Supervisor's Signature ……………………………. Date ………………………...

Name:………………………………………………………………..

ABSTRACT

Reward management is one of the ways used by organizations for attracting and retaining suitable employees as well as helping them to improve their performance. This study was conducted at the College of Basic and Applied Sciences, University of Ghana. The purpose of this study was to determine the relationship between reward systems and employee performance at University of Ghana. Specifically, the study sought to determine the relationship between intrinsic and extrinsic rewards and employee performance as well as the effect of intrinsic and extrinsic rewards on employee performance. The study adopted descriptive design and utilized the quantitative research approach. Simple random technique was used to sample 169 out 300 senior staff of the College of Basic and Applied Sciences of the University of Ghana. Data was collected using questionnaires. Descriptive statistics (frequency tables, percentages) were used to present data. Data were analysed using SPSS 22 and SEM to generate the descriptive statistics as well as run the regression analysis which were mainly presented with the use of frequency tables and percentages. The findings of the study showed that both intrinsic and extrinsic rewards had a significant positive relationship with employee performance ($\beta = 0.260$, $p<0.05$) ($\beta = 0.330$, $p<0.05$) respectively. The study therefore recommended that the University of Ghana should focus on increasing both intrinsic and extrinsic rewards as well as adopt a total reward system, that is, a combination of both intrinsic and extrinsic rewards to enhance employee performance.

KEY WORDS

Reward Systems

Employee Performance

University of Ghana

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DEDICATION

To my wife,

Mrs. Cynthia Ama Kyerewaa Agbenyo

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LIST OF ACRONYMS

AMS	Academic Motivation Scale
ANOVA	One-Way Analysis of Variance
AVE	Average Variance Extracted
EJPS	Employee Job Performance Scale
ER	Extrinsic Reward
IR	Intrinsic Reward
MANOVA	Multivariate Analysis of Variance
MBA-HRM	Master of Business Administration – Human Resource Management
PLS	Partial Least Square
SEM	Structural Equation Modelling
SPSS	Statistical Package for the Social Sciences
TQM	Total Quality Management
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

This study examined the rewards systems and employee performance at the College of Basic and Applied Sciences, University of Ghana. The University of Ghana, where this study was conducted is the premier public university and the largest university in Ghana. It was founded as the University College of the Gold Coast by Ordinance on August 11, 1948 for the purpose of providing and promoting university education, learning and research. Chapter one to this study presented a background to the study, the problem statement, purpose of the study, research questions, hypothesis, significance, of the study, delimitations, limitations, definition of terms as well as organisation of the study.

Background to the Study

Harmon (2014) stated that organisations must adapt to changes in the market in order to remain competitive and survive in the long run. In order to remain competitive, managers seek competitive advantage. There are a number of competitive advantages that enable a firm to remain competitive in the long run. Competitive advantages are gained through acquisition and allocation of organisational resources. One of the critical resources for an organisation is human resource (Harmon, 2014). Human resources for an organisation include both leadership and employee and this study is focused on employees. Employees are critical in achieving organisational aims and objectives. Employees develop policies and strategies to gain competitive advantage and they implement and

execute those strategies. Harmon (2014) also observed that one of the competitive edges for a firm is to maximise performance and continuously improve existing performance levels employees.

Farook, Khan and Ullah (2010) stated that the overall organisational performance depends fundamentally upon individual performance of employees. They explained that if individual performance is high then it contributes to team performance and ultimately positive impact on organisational performance is observed. Thus managers try to maximise the performance of employees in order to maximise the organisational performance. In order to maximise employee performance, it is important to study the factors that affect individuals and group performance. Hafiza, Jamseheed, Shah and Zaman (2011) opined that various factors affect the performance of employees. These include working conditions, worker and employer relationships, training and development, job security, remuneration, reward systems, motivation, job satisfaction, organisational commitment, among others.

Neilsen (2013) indicated that performance can be maximised by creating a perception among employees that their hard work and effort is valuable for the organisation, and management recognises and reward high performers. Danish and Usman (2010) observed that one of the most effective ways to motivate employees for high performance and to achieve competitive advantage over competitors is by providing adequate rewards to employees. Reward system has been identified as the most effective way through which contemporary managers can maximize employee performance (Armstrong, 2013; Pratheepkanth, 2011).

Pratheepkanth (2011), Quresh, Shah and Zaman (2010) and Zaman (2011) also detected that reward systems cause job satisfaction and directly influence the performance of employees. Kaliannan and Kulchmanov (2014) posited that the most influential factor in employee performance is the rewards employees receive in exchange for their efforts in achieving organisational objectives. They explained that developing an effective reward system leads to employee job satisfaction and consequently high level of employee performance and vice versa. For an organisation to create enduring enhancements in performance, it is appropriate to establish effective reward systems that truly recognise the efforts of employees.

Globally, most employers have realized the fact that for their organizations to compete favorably, the performance of their employees goes a long way in determining the success of the growth of the organisation (Borhannuddin, Mansor & Noraini, 2012). Besides, rewards should be given employees to serve as a motivation for them to move towards better achievement and become loyal to the organization (Kovach, 1987). Rewards are very important to ensure that the adequate benefits and reward systems can significantly increase the motivation of an individual to increase their work performance (Borhannuddin et al., 2012).

Rewards have been used by many organisations globally as a way of strengthening good behaviour among employees as well as productivity (Kageni, Maina & Najanja, 2013). Armstrong (2012) claimed that reward strategy delivers performance, it helps to create high-performance culture that recognize and

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reward critical skills, capabilities, experience and performance, as well as make certain that reward systems are market based, fair and cost effective. In other words, reward plays a strategic role in developing performance and profitability of an organisation.

According to Dougherty and Howard (2007), reward systems are purposefully designed and linked to activities, attributes and work results to support the organisation's strategic direction and contribute to the achievement of organisation's objectives. These linkages result in improved employee awareness, flexibility, commitment, retention and productivity. Reward systems are expected to have direct impact on individual employee's efforts (Bamberger & Levi, 2009). There are many reward systems that are operated within organisations. Reward systems could be formal and informal, monetary and non-monetary, and tangible and intangible (Armstrong, 2013; Zaman, 2011). However, reward practices of many organisations have been classified under two main categories namely intrinsic and extrinsic rewards (Lederer & Mahaney, 2006).

Extrinsic rewards constitute monetary rewards or cash rewards that are used to compensate individual employees to keep them motivated (Tsai, 2005). Extrinsic rewards are known to be outside of the job itself. According to Lederer and Mahaney (2006), extrinsic rewards comprise components such as pay, fringe benefits, job security, promotions, office space and social climate. They also mentioned such elements as competitive salaries, pay rises, merit bonuses, and compensatory time off. On the other hand, intrinsic rewards are those that are internal in the job itself (Linderer & Mahamey, 2006). Intrinsic rewards include

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elements such as achievement, variety, challenge, independence, accountability, career development, status, acknowledgment, commendations from managers, satisfaction, and a feeling of self-esteem (Linderer & Mahamey, 2006). Reward systems, therefore, have a vital role in shaping an organisation's capability to entice high calibre of employees and to retain high performing employees to accomplish superior quality and performance (Fay & Thompson, 2009).

In recent times, research has shown that effective reward systems can influence the performance of employees (Abiola & Ajila, 2008; Kilmann, 2005). Failure to reward employees' performance effectively results in decreased performance (Eisenberger & Rhoades, 2011; Heng, 2012). Efficient reward system can be a good motivation whilst an inefficient reward system can demotivate employees in terms of low productivity, internal conflict, absenteeism, employee turnover, lack of loyalty, tardiness, and feeling grievances.

The public sector of Ghana employs the largest workforce and the rewards employees receive serve as their major source of income as well as motivation to increase their performance towards attainment of public goals (Katsriku, 2016). She explained that public sector workers are expected to assist in fulfilling the mandate of government by serving the people and providing required developmental needs in such areas as health, education, revenue generation, law and order, regulatory services, transportation, environment, physical infrastructure and the likes. Yamoah (2014) explained that the management of rewards for public sector workers of Ghana has been entrusted to both the Fair Wages and Salaries Commission and the management of various public sector institutions.

According to the Human Resource Management Police Framework and Manual for Public Services, the rewards system of the public sector is expected to attract, retain, motivate and renew the workforce required to deliver results to Ghanaians. But the question is has this been the case?

Statement of the Problem

Effective rewards system has been identified as the key organisation's policies that increase the performance of staff and their output in organisation (Akram, Majid, Payam & Sayed, 2013). Adeyemi, Olaoye and Sajuyigbe (2013) also viewed good rewards system are important tools for employee performance and that a well-rewarded employee feels being valued by his/her organisation. Many researchers and employers believe that providing employees with extrinsic rewards affect employee performance positively (Saleem, 2011). Nonetheless, other researchers found that providing intrinsic rewards actually motivate and increase employee performance (Hall & Rowland, 2014; Aleeshah & Ines, 2012).

According to Akuoko, Dwumah and Kanwetuu (2014), rewarding employees to come to work, performing effectively and remaining with the organisation (retention) has become a challenge for organizations in Ghana, the public sector in particular. They hinted that the challenge is the manifestation of absenteeism, lateness, lack of commitment and loyalty as well as poor performance among employees in Ghana's public sector over the years. As a result, concluded that these behaviours expressed by employees are responses to the fact that employees are inadequately rewarded. The questions therefore are:

What kinds of rewards are available to employees? Do these rewards have any effect on the behaviour of employees? Are employees satisfied with the rewards?

Most researches on rewards system and employee performance have been conducted outside Ghana. In Ghana, however, there are limited studies on reward systems and employee performance in the public. The few similar studies sited which included Yamoah (2014); Apeyusi (2012); Duah and Eshun (2011) focused largely on studying the various components of rewards systems but failed to examine in detail the relationship of different intrinsic and extrinsic reward dimensions and employee performance in Ghana. This study was expected to fill this gap. The research therefore, sought to examine the relationship between rewards system and employee performance of a public sector organisation, particularly, in the College of Basic and Applied Sciences, University of Ghana.

Purpose of the Study

The general purpose of this study was to examine the relationship between rewards system and employee performance in the College of Basic and Applied Sciences, University of Ghana. Specifically, the study aimed at the following:

1. To determine the relationship between intrinsic rewards and employee performance.
2. To determine the effect of extrinsic rewards on employee performance.
3. To examine the effect of extrinsic and intrinsic rewards on employee performance

Research Questions

1. What is the relationship between intrinsic rewards and employee performance?

2. What is the effect of extrinsic rewards on employee performance?

3. What is the effect of extrinsic and intrinsic rewards on employee performance?

Hypothesis

H_1: There is a significant positive relationship between intrinsic rewards and employee performance

H_2: There is a significant positive effect of extrinsic rewards on employee performance

H_3: There is a significant positive effect of extrinsic and intrinsic rewards on employee performance

Significance of the Study

The implications of this study cannot be exaggerated due to the fact that it holds a lot of benefits to ensure the continuous existence and survival of organisations. Firstly, since this study was conducted in the University of Ghana, it provided useful understanding regarding reward system within the University. Due to the fact that reward system has positive effect on the employee performance, reward system can be used to maximise the performance of employee and consequently improve productivity of employees. In addition, it

also provided great benefit to other institutions and human resource practitioners of organisations regarding the identification of effective reward system.

Secondly, the study clarified the argument on whether effective reward system adds value to organisational activities, hence enabling organisation take profitable side on whether to improve rewards to employees or not. This research reviewed comprehensive and adequate up-to-date relevant literature and by so doing becomes a source of material to postgraduate and undergraduate students as well as researchers who may want to conduct further studies on the subject matter in future.

Meanwhile, the study exposed the researcher to many practical issues on rewards system and the respective relationships that exist among the dimensions of intrinsic rewards, extrinsic rewards and employee performance.

Delimitations

The research was conducted in University of Ghana, Legon Campus and will specifically focus on the relationship between rewards system and employee performance. It was limited to senior staff employees who have been working in the University at least 6 months and have experienced rewards system of the University. The University of Ghana was used for the study because it is one of the largest public institutions in Ghana; since the research seeks to study rewards system in the public sector of Ghana.

Limitations

Although this study was expected to achieve results of maximum reliability and validity, it is possible that the research methods that were utilized had some limitations. These limitations might result from sample size that was used in collecting primary data. The research relied on self-administered questionnaire to senior staff of the University of Ghana. This also limited the perspectives of other such categories of employees of the University as junior staff and senior members. In addition, financial constraint and lack of time will also be elements in the collection of data for the study.

Definition of Terms

Reward: A reward is defined as the bundle of benefits that an employee receives from an organisation in exchange for work done or services offered to the organisation (Lin, 2007).

Intrinsic Rewards: These are the rewards that are inside the job itself and which the employee enjoys as a result of successfully executing a task or achieving his/her goals (Badrinarayan & Tilekar, 2011).

Extrinsic Rewards: This is defined as tangible rewards that are outside the job or task performed by the employee (Badrinarayan & Tilekar, 2011).

Performance: Performance is defined as the quantity of work output, quality of output, timeliness of output, presence or absenteeism/tardiness at work, effectiveness of work executed and the efficiency of work completed (Jackson & Mathis, 2009).

Organisation of the Study

This study was structured in five different chapters. Chapter one which was the introductory chapter discussed the background to the study, problem statement and purpose of the study. Chapter one also looked at the research questions, hypothesis, significance of the study, delimitations, limitations, and definition of key terms. Review of relevant literature was done in Chapter two. Chapter two discussed the various theoretical underpinnings of the study, conceptual framework and empirical review. Chapter three focused on methods to be used in data collection and analysis. Chapter four presents results and discussion of the findings of the study. Finally, summary, conclusions and recommendations were done in Chapter five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The purpose of the study was to examine rewards system and employee performance in University of Ghana. This chapter presents review of relevant literature that underpins the subject under study. This chapter will discuss the theoretical framework, reward systems, rewards systems and employee performance, conceptual framework, and empirical review to the study. A comprehensive review of literature is important to aid in developing an in-depth understanding of, and insight into previous studies that relate to current research objectives and questions.

Theoretical Framework to the Study

Many theories have been propounded that explain the relationship between rewards system and employee performance. These theories include the Expectancy Theory (Vroom, 1964), Herzberg's Two Factor Theory (Herzberg, 1959), Maslow Hierarchy of Needs (Maslow, 1943), Fifty-Fifty (Srivastava, 2005) and Goal Setting Theory (Locke, 1960). Goal Setting Theory and Expectancy Theory were chosen for this study. This is because they related more closely and directly to reward systems, that is, intrinsic and extrinsic factors and their impact on employee performance than the other theories.

According to Locke and Latham (1990) in Botshabelo (2009), goal setting theory could be used to explain the link between rewards and employee

performance. Employees are likely to be motivated to perform better provided they have specific, realistic and achievable performance goals. Locke and Latham (1990) suggested that employees would be motivated to improve performance provided their performance goals are tied to rewards. Employees would consider their rewards to be substantially enough to influence commitment to achieving performance goals, and the goals would not be perceived to be impossible to attain. Employees' devotion to task performance depends on the extent to which they believe attainment of goals would be rewarded. Rewards can therefore be used to motivate employees to accept and be committed to performance goals which are vital to improve job performance (Botshabelo, 2009).

Adeyemi et al. (2013) stated that reward and compensation system that is based on the expectancy theory, which suggested that employees are more likely to be motivated to perform when they perceive there is a strong link between their performance and the reward they receive. Vroom also proposes that motivation is a function of value of effort-performance and performance-rewarded relationship (Nghi & Yecenia, 2009). The theory stated that the motivation will be strong if the individual can expect that their effort and contribution will give meaningful rewards. It means that motivation is more likely when a clear relationship exists between performance and outcome and the outcome is satisfying needs. Employees do expect their effort to be followed by an outcome therefore they tend to focus on good performance (Aarts, Bijleveld, Chiew, Custer, Veling & Zedelius, 2014).

Moreover, Maitue (2007) stated that people engage in activities that are likely to be instrumental in achieving valued goals. People are therefore motivated by the desired outcomes of their actions, coupled with the motivation to achieve these goals. Subsequently, according to Jacobsen and Thorscvik (2002), the motive behind reward system is to motivate employees to perform at higher level when attractive rewards are offered. If the employee within the organisation perceived the reward as valuable, their performance will be greater. In a nutshell, according to Nitin (2012), Vroom's Theory is based on the belief that employees effort will lead to performance and performance will lead to rewards.

Reward Systems

Puwanenthiren (2011) defined reward system as organisation programmes and activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organisation. Reward system also comprises a number of mutually related procedures and activities which combine to ensure that reward management is effectively carried out to the benefit of employees and the organisation (Armstrong, 2009). Bratton and Gold (2012) defined reward system as all financial, non-financial and psychological cost that an organisation provides to its employees in return for the job they do.

According to Puwanenthiren (2011), three components of rewards system exist, namely compensation, benefits and recognition. These components constitute the total rewards in an organisation. Benefits come in the form of either tangible or intangible benefits such as profit sharing, bonuses, appreciation,

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retirement plan, life insurance and so forth. Compensation may be variable pay or base pay which may be tied to performance or value of the job to the organisation in relation to the market value and the expertise required to perform the job. The main purpose of reward systems is to motivate employees and so induce them toward better performance and greater anticipation.

According to Khan, Nawab, Shahid and Wali (2013), rewards can be categorized in a variety of different compensations of both intrinsic and extrinsic rewards. Birthch and Chiang (2011) and Van Rooy (2010) also stated that reward system can be classified as financial and non-financial as well as monetary and non-monetary. However, Armstrong and Brown (2006) affirmed that extrinsic and intrinsic reward is the most famous model constituents of a reward system. Amanina and Sarina (2012) stated that most trends in organisations are moving toward employee performance based rewards system. This implies that reward systems have become one of the tools for employees to be successful in the organization and to enhance quality of life.

Reward had been seen to be a vital instrument in employee performance (De Gieter & Hofmans, 2015). Well rewarded employees feel that they are being valued by the organisation they work for. Hence they are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being honed and taken care of by their organisation. Employees are the engine of organisation vehicles while reward is the fuel (Adeyemi et al., 2013). The vitality of having rewards is it keeps motivating employees and they become loyal to their jobs as

well as increasing their trust level to the organizations (Hazra, Ghosh & Sengupta, 2014). Alexander and Andreas (2013) explained that the main objective of the reward system is not only to attract and retain the desired quality of employees, but also to motivate them to sustain a high level of performance.

Intrinsic Rewards and Employee Performance

Aleeshah and Ines (2012) defined intrinsic reward as the satisfaction that a person derives from doing the job such as organisation providing empowerment, identification and appreciation and also delegation for employee who increase their performance. Intrinsic rewards are more subtle, related to work assignment and have no monetary value (Jensen, McMullen & Stark, 2007). According to Armstrong et al, (2010) intrinsic rewards are non-financial and intangible rewards that are inherent in the job itself such as training opportunities and interesting and challenging jobs offered to employees. Sarvadi (2010) noted that extrinsic rewards are non-financial or non-monetary that provides employees with candid appreciation, social recognition and praise. Effective employee performance hinges on intrinsically involving employees in decision making, giving them challenging tasks, providing career development opportunities and recognizing employees for good work done (Adeyemi et al., 2013).

Jensen et al. (2007) revealed that holding tangible rewards constant, intrinsic rewards determine why an employee will choose one organisation over the other. They indicated further that organisation stand out of the crowd when they adopt intrinsic rewards that are attractive to employees. Fazal (2011) said

that intrinsic rewards really fulfil employees' intrinsic motivation and accordingly influence them to maximise their performance. Intrinsic rewards are purposely created to honour employees in the form of advancement, recognition and participation. Employees feel satisfied when they have successfully executed tasks and are verbally appreciated by the superiors or the organisation (Bhatti, Nawab and Shafi, 2011).

It could be inferred from submissions that intrinsic rewards such as recognition, opportunity for advancement, appreciation, responsibility, autonomy, involvement and others influence employees for increased performance. However, it must be noted that intrinsic reward is just an aspect of the total reward systems; hence intrinsic reward cannot solely motivate employees for optimum performance. The extrinsic rewards which are more tangible and financial in nature are also important in motivating employees to enhance performance.

Extrinsic Rewards and Employee Performance

Hatice (2012) observed that extrinsic rewards are derived outside the content of the work and consist of salaries, promotions, bonuses, pay raises and time-off. Similarly, Badrinarayan and Tilekar (2011) stated that extrinsic rewards are tangible and external rewards such as work condition, job security, promotion, salary, contract of service and fringe benefits the employees receive in appreciation of tasks performed. Shanks (2007) also noted that extrinsic rewards constitute 'a host of external things that managers can provide that may serve as

incentives for employees to increase productivity. These include money, benefits, bonuses, promotions, flexible schedules and so forth'. Westover and Taylor (2008) also indicated that extrinsic rewards focus on involvement and accomplishment of the organisation. Employees obtain extrinsic rewards which are usually considered as high in value from the organisation directly; for example, salary, bonus or other financial benefits.

Datta (2012) mentioned that the distribution of extrinsic rewards inspire employee morale and consequently maximise organisation performance. This assertion was affirmed by Appelbaum, Bailey, Berg and Kalleberg (2012) who indicated that such extrinsic rewards as wage and salary, bonuses, fringe benefits and promotion drive employees to performance when designed properly. However, Thomas (2009) opined that extrinsic rewards have become less necessary in inspiring employee performance as day to day motivation is being more strongly driven by intrinsic rewards. Frey and Osterloh (2009) also perceived that extrinsic rewards are ideal incentives that extrinsically drive employees; however, they lack the long-term results. Meanwhile, Armstrong, Brown and Reilly (2010) emphasised that extrinsic reward management programme may result in long-term problems when trying to motivate employees.

It is evident from the submission that extrinsic rewards are crucial in inspiring employees to enhance performance. However, it is also important to extrinsic rewards such as salary, bonuses and fringe benefits alone cannot influence employees enough to perform. Intrinsic rewards are also highly

important in complementing extrinsic motivation to induce employees to perform better.

Employee Performance

According to Harahap, Muda and Rafiki (2014), with the unpredictable business environment and intense business competition, organisations are required to reach certain standards by improving their performance to align with such great demands; otherwise, a lot of problems will surface, including running the risk to close down the business. They indicated that this performance relates to the firm or individual level which sees the human resource becoming the most determining factor to achieve the organizations' objectives. In fact, an abundance of resources such as infrastructures or physical facilities are made meaningless without the support of qualified human resources that directly disrupt the continuity of the business operations. Within the framework of the professionals, good employee performance mirrors the ability to contribute through their works leading to the behavioural achievement that is in accordance with the goals of the company.

Organisational performance is a sign of the capacity of a company to efficiently achieve independent goals (Ramanujam & Venkatraman, 1986). One of the elements, that is, assessable is the employees' performance through the level of their productivity. Several researches have been introducing various methods to evaluate organisational performance (Wong & Wong, 2007; Prajogo, 2007). This includes the quality, quantity, knowledge or creativity of individual

towards the accomplished works that are in accordance with the responsibility during a specified period in other words, the assessment systems must have some standard parameters that can be relied upon.

Wiedower (2001) developed employee job performance scale to measure the performance of employees in an organisation. This performance scale has five dimensions on which the performances of employees are measured. These include:

Timelines: Considers the degree to which an activity is completed, or a result produced, at the earliest time desirable from the standpoints of coordinating with the outputs of others, maximizing the time available for other activities.

Quality of Work: Considers neatness, accuracy and dependability of results regardless of volume.

Quantity of Work: Considers the volume of work produced under normal conditions. Disregard errors.

Need for Supervision: Considers the degree to which you carry out a job function without either having to request supervisory assistance or requiring supervisory intervention.

Interpersonal Impact: Considers the degree to which you promote feelings of self-esteem, goodwill, and cooperativeness among co-workers and leaders.

These five dimensions that were conceptualized by Wiedower (2001) were significantly crucial in determining the performance of employees at the workplace. Hence this study adopted the employee job performance scale espoused by Wiedower (2001) to measure the performance of employees.

Relationship between Rewards and Performance

Maund (2001) observed that rewards can be used to improve performance by setting targets in relation to the work given, for example, surpassing some sales targets. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more. Research has proven that when human being are appreciated and praised they tend to improve employee performance. This is another way an organization can apply reward so as to improve performance. Praise could be shown in the organization newsletter or in meetings. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employees' performance (Torrington & Hall, 2006). Organizations should reward employees more often. This greatly improves performance compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance. (Rampton & Thomson, 2003).

According to Njangi, Njanja and Maina (2013), another way through which organizations can use reward systems to increase output is by personalizing the reward. They stated that when rewards tend to be so general, employees do not value them. Organizations can use rewards to improve employee performance by incorporating appraisal or promotion for employees who have a good record of performance. Managers should be on the lookout for employees who perform well.

Empirical Review of Reward Systems and Employee Performance

Eshak, Jamian, Jidi and Zakirai (2016) conducted a research on the relationship between reward system and employee performance in Malaysia. The sample size of the study was 120 respondents were chosen from the Islamic Religious Council using convenience sampling technique. The study found that there is positive and significant relationship between intrinsic rewards and extrinsic rewards and employee performance. However, intrinsic rewards variables were found to influence employee performance more than extrinsic rewards factors.

Although appropriate statistical tools were used to perform the analysis the study, there was no evidence of the basis for the selection of the sample size of 120 as the population of the study was not known. This is because the size of the population forms the basis for determining the sample size of the study. The unit of analysis, in this cast Islamic Religious Council, and the type of respondents could also influence the outcome of the findings. The type of organisation coupled with the type or level of employee in the organisation could play a role in determining what motivate employees in the organisation.

Conversely, Edirisooriya (2014) investigated the impact of rewards on employee performance in the public sector of Sri Lanka with reference to ElectroCo. The sample size for the study was 100 out of 1075 was conveniently selected for the study. It was found that both intrinsic and extrinsic rewards were positively correlated with employee performance. However, extrinsic reward had a stronger relationship with employee performance compared to intrinsic reward.

It was observed that the sample size of 100 from a total population of 1075 was inaccurate for the study. There was no evidence of statistical calculation or the use sample determination table in the selection of the 100 respondents. For example, according the Krejcie and Morgan (1970), the sample size for a population of 1075 is 278. The vast difference between these figures could affect the accuracy of the results and hence the findings.

Egbunike and Nnaji-Ihedinmah (2015) also studied the effect of rewards on employee performance in organisations in Nigeria. They sampled 95 senior and middle management staff of 8 banks located in Awka Metropolises in Nigeria. Multiple regression and two-way ANOVA test were performed on the identified variables. The study found a relationship between intrinsic rewards and extrinsic rewards and employee performance. The ANOVA test revealed a significant difference between the effects of extrinsic rewards and intrinsic rewards on employee performance. They concluded that intrinsic rewards increase employee performance more than extrinsic rewards. This study was conducted among 5 private banks in Nigeria. It is therefore possible that when the same study is conducted in the public sector, the findings may reveal otherwise.

Arts and Veiling (2014) in a study examined whether extrinsic rewards could reduce failures to act on cued task goals. They sampled 36 undergraduates; the researcher observed the reaction of the respondents to particular tasks when they are given a range of monetary rewards ranging from high to low. They found that giving high monetary rewards led to faster responses to the exact task given to the respondents. The researcher realised that the overall rapid response to task

was positively related to the high rewards given them. On the other hand, they also found that when rewards were low, respondents were relaxed and showed little in the task at hand. These findings were consistent with studies conducted by Aarts, Bijleveld and Custers (2009), Braver and Locke (2008) and Gotlib and Waugh (2008) who noted that relatively high monetary rewards could propel employees to perform well.

Luthans and Stjkovic (2003) also conducted a meta-analysis of 72 field studies in manufacturing and service industries. They found that the use of extrinsic rewards generally led to improved performance in manufacturing industries than the service industries. Their study significantly suggested that a combination of extrinsic and intrinsic rewards produced the greatest effect in employee performance. This implies that the type of rewards that influence employees' performance could also differ from sector to sector.

Furthermore, Ali, Aktar and Kamruzzaman (2012) studied the impact of rewards on employee performance in commercial banks in Bangladesh. A total of 200 respondents were randomly selected from 12 listed commercial banks in Bangladesh. Descriptive statistics and inferential tests were performed on the variables to assess the relationship and impact of rewards on employee performance. The results from Pearson Correlation showed that there was a positive relationship between rewards and employee performance and also showed a highly positive significant relationship between intrinsic and extrinsic rewards. A correlation matrix showed a positive relationship among extrinsic rewards, intrinsic rewards and employee performance. The two dimensions of

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extrinsic rewards, that is, basic pay and performance bonus, have positive relationship with employee performance. On the other hand, recognition, learning opportunity, challenging work and career advancement which constituted the intrinsic components of rewards were also found to be positively related to employee performance. They therefore concluded that only extrinsic or intrinsic rewards are not sufficient to motivate employees to increase their performance. A commercial bank needs both types of rewards to motivate employees to increase their performance.

Kawara (2014) also researched on the effect of reward systems on employee productivity in the Catholic University of Eastern Africa. The study also sought to determine the factors which increase employee motivation to better performance. The researcher employed purposive sampling technique to sample 80 employees at from all cadres of staff. Regression analysis was performed using SPSS. The study found that different respondents had different motivational preferences but majority of the Institution's staff were more in favour of intrinsic rewards such as recognition, training, opportunity to handle greater responsibilities, participation in key decision making and challenging jobs to maximize employees output as compared with extrinsic rewards. The study therefore, concluded that reward systems are a very important source of motivation the influence employee performance.

Meawhile, Ozutku (2012) explored the influence of intrinsic and extrinsic rewards on employee results in the Turkish Manufacturing Industry by comparing the employees results based on Total Quality Management (TQM). They sampled

217 businesses that operated in the Turkish Manufacturing industry. The results of the survey were analysed through descriptive analysis, ANOVA and MANOVA analysis. It was found that intrinsic rewards had significant influence on employee results; however, extrinsic rewards did not have significant influence on employee results in the Turkish manufacturing industry. The study therefore, highlighted the importance of the intrinsic reward system for implementing TQM.

Conceptual Framework

The conceptual framework below is formulated cautiously from relevant literature reviewed. The model is expected to guide understanding of the study throughout the research.
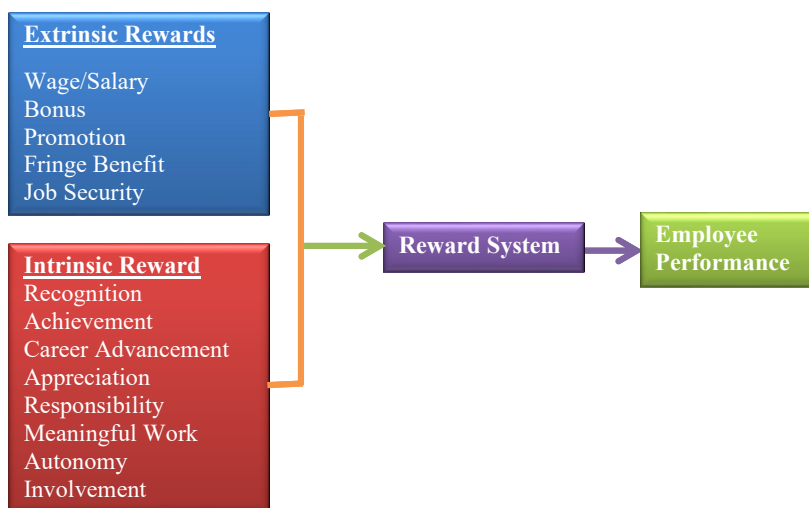
Figure 1: The relationship between rewards system and employee performance

Source: Author's Concept (2017)

This model visualizes reward system as the combination of extrinsic rewards and intrinsic rewards. As mentioned by Aleeshah and Ines (2012), intrinsic reward constitutes the satisfaction that a person derives from doing the job. With regard to the above conceptual framework, the dimensions of intrinsic reward comprise recognition, achievement, career advancement, appreciation, responsibility, meaningful work, autonomy and involvement. On the other hand, Aleeshah and Ines (2012) noted that extrinsic rewards are tangible benefits obtained as a result of doing the job. The dimensions of extrinsic rewards considered in this study included wage/salary, promotion, bonuses, fringe benefits and job security.

Both intrinsic and extrinsic rewards constituted the reward system which is defined by Lin (2007) as the bundle of benefits that an employee receives from an organisation in exchange for work done or services offered to the organisation. According to the conceptual framework of this study, reward system leads to employee performance. Reward system served as the independent variables whilst employee performance represented the dependent variable.

Chapter Summary

This chapter explored various related literature on the reward systems and employee performance. Specifically, it was observed that although there were many theories with regard to employee motivation and performance, Herzberg's Two Factor Theory was most appropriate for this study because it relates more closely and directly to reward systems, that is, intrinsic and extrinsic factors than

the other theories. It was also evident that rewards systems were basically categorized into two namely intrinsic rewards and extrinsic rewards. These two forms of rewards with their dimensions have been identified to influence employee performance. However, most literature reviewed in this chapter revealed that intrinsic rewards influence employee performance more than extrinsic rewards.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presented the research methods as well as the justifications of the choices and their uses. In addition, the chapter discussed the research design, study population, sampling techniques, sources and data collection, and data analysis.

Research Design

This study adopted quantitative research approach while the research design used was descriptive survey. The descriptive sample survey was employed because the nature of the topic and objectives necessitated comprehensive description of the variables in the rewards system and employee performance at the College of Basic and Applied Sciences, University of Ghana. This provided descriptions of the variables as was uncovered at the time the research was conducted. As perceived by Johnson (2014), the goal of descriptive research is to observe and describe behaviour without influencing it in any way.

The descriptive research was suitable because the study endeavoured to determine some aspects of population by using impartial sample of the population that were asked to complete instruments to solicit for important information to be used in the research. De Vos and Strydom (2011) similarly observed that descriptive research aids to provide accurate information about a group, give new information about subjects as well as provide information that either counter or

back previous knowledge about a specific issue. The descriptive design also has the advantages of providing the researcher the opportunity to describe background information about the subject matter in question as well as stimulating explanation (Neuman, 2011).

The descriptive research answers questions of what, where, when and how as well as elicit responses from a wide range of people. The descriptive design is chosen because in bearing in mind the purpose and the objectives of the study, it is the most suitable design that will result in a meaningful conclusion from the study (Creswell & Plano, 2007). However, descriptive design is not completely without bias. It makes use of inferential reasoning and oftentimes, it is problematic getting the appropriate number of questionnaire. Nonetheless, the descriptive design remains the most appropriate for this study.

Study Area

The University of Ghana where this research was conducted is the oldest and largest of the public universities in Ghana. It was established on August 11, 1948 to promote university education, learning and research to both Ghanaians and the outside world. The University is located at Legon, about twelve kilometres northeast of the centre of Accra. The University has a current student population of about thirty-seven thousand nine hundred and forty (37,940), senior members engaged in research and teaching in total one thousand, one hundred and seventy-nine (1,179), two hundred and six (206) senior administrative and professional staff and over three thousand (3,000) senior and junior staff.

With the adoption of the collegiate system, the University currently operates four (4) colleges namely College of Basic and Applied Sciences, College of Humanities, College of Health Sciences and Colleges of Education. The collegiate system has helped to decentralize the academic functions of the university, make decision making a lot shorter and a lot more structured. The University of Ghana was chosen because it is a public institution and among the lot of public institutions that often criticise government for inadequate rewards within the public sector. Study was therefore conducted at the University to ascertain the reward system adopted by the University and its impact on employee performance.

Population

The target population for this study comprised senior staff of the College of Basic and Applied Sciences, University of Ghana. The total population of senior staff at the College of Basic and Applied Sciences, University of Ghana, Legon Campus as recorded by the local Federation of University Senior Staff Association (FUSSAG) in 2016 was three hundred (300). These members of staff were spread across schools, departments, institutes and centres. The categories of staff that constituted the population were administrative assistants, research assistants and laboratory technicians. The educational qualifications of these categories of staff of the University are diplomas, higher national diplomas and first degrees. Senior staffs of the College of Basic and Applied Sciences,

University of Ghana were chosen because they were deemed to be accessible and able to provide accurate information on the subject matter.

Sampling Procedure

The target population for the study constituted all senior staff of the College of Basic and Applied Sciences, University of Ghana, Legon. The total population was three hundred (300) senior staff. However, because it was impossible to include all the staff in the study, it was important to sample out of the target population to get the sample. This is consistent with Suhttleworth (2009) who indicated that sample can actually be more exact than studying the whole population, because it offers more control over the subjects. According Krejcie and Morgan (1970), population of 300 should have a sample size of 169. Since the population of senior staff of the College of Basic and Applied Sciences, University of Ghana, Legon was 300, the study selected 169 which was the required sample size according Krejcie and Morgan (1970).

Simple random sampling technique was employed to select respondents the research. This is a probability sampling where a group of subjects (a sample) is selected for study from a larger group (a population) (Easton & McColl, 1997). In simple random sampling, each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. Every possible sample of a given size has the same chance of selection. The study employed the lottery method where each member of the population was assigned a number, after which the numbers were selected at random. The numbers of 169

employees out of 300 were chosen out of a hat. Each of the 300 employees was assigned a number between 1 and 300, after which 169 of those numbers were chosen at random. The simple random sample provided an unbiased representation of the total population. It also provided a fair way to select the sample from the larger population, since every member of the population had an equal chance of getting selected.

Data Collection Instrument

The English version of the Academic Motivation Scale (AMS) developed by Vallerand, Blais, Briere and Pelletier (1993) was adapted to measure reward systems whilst Employees Job Performance Scale (EJPS) by Wiedower (2001) was adapted to measure employee performance. However, both the AMS and the EJPS were modified to reflect the variables identified in the review of related literature of the study. The AMS is a 28-item, 7-point likert-scale, as described by Vallerand et al. (1993) whilst the EJPS has a total item of 5-point scale. These freely available instruments were approved for use in research. The study chose questionnaire because it provided uniformity, reliability and economic value. Although questionnaire presents obvious shortfalls in relation to the lack of opportunity to additional information, the sampling and motivation of the respondents, the study took steps to compare the findings with other similarly related instruments.

The questionnaire were designed to cover three (3) broad Sections A, B and C, namely the relationship between intrinsic rewards and employee

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performance, relationship between extrinsic rewards and employee performance and effects of intrinsic and extrinsic rewards on employee performance respectively. Employee performance was taken as the dependent variable whereas extrinsic and intrinsic rewards were taken as the independent variables. In order to ensure validity and reliability, a pilot-test was conducted on the instrument. The questionnaire underwent expert review by the current Principal Supervisor of the research. The instrument was also piloted at the University of Cape Coast. Respondents for this pilot were 15 senior staff members.

The study adopted and modified the AMS in a systematic way to preserve validity. Cronbach's Alphas of 0.92 for extrinsic rewards and 0.94 for intrinsic rewards indicated the reliability and internal consistency of the English version AMS within this study. The EJPS was also adopted and adjusted in such a way to preserve validity. Cronbach's Alpha of 0.85 indicated the reliability and internal consistency of the EIPS within the study.

Data Collection Procedure

The research used an introductory letter from the Master of Business Administration in Human Resource Management (MBA-HRM) Department at the Business School, University of Cape Coast, which permitted access to the population chosen for the study. The personal link was established in the various colleges, schools, departments and institutes that aided high return rate of the questionnaires. The questionnaire was self-administered by the researcher on 1st

November, 2016. A period of one month was allocated and used for the collection of the entire questionnaire.

Data Processing and Analysis

The Partial Least Squares (PLS) path modelling technique was selected in this research study mainly due to its ability to deal with normality violations (i.e. multivariate normality) thus it does not require the hard assumption of the distributional properties of raw data, among other rationales that include; PLS handles both reflective and formative indicators. PLS ensures against improper solutions by the removal of factor indeterminacy; PLS is robust in dealing with data noise and missing data; PLS applies many parameters in a complex model with normal residual distributions; PLS handles collinearity in the independent latent variables.

PLS has more statistical power than a maximum-likelihood covariance-based SEM method and is a prediction-oriented technique in maximising the variance explained in the latent variables; PLS allows simultaneous modelling of the relations among latent variables; PLS combines regression and factor analysis within the measurement model in each run; PLS is more advantageous in case of new and refined measures; and PLS does not necessitate a large sample size (for example, 200 or fewer cases), (Haenlein & Kaplan, 2004; Henseler, Ringle & Sinkovics, 2009; Ronkko & Evermann, 2013).

Measurement Model

This section validated the variables used to measure each construct. Hair et al. (1998) recommended that, in determining the significance and relative importance of the factor loading used model, individual items with factor loadings of 0.7 and above are significant, hence, should be included in the final measurement model. The threshold value for composite reliability is 0.6 (Bagozzi & Yi, 1988); and 0.5 for average variance extracted (Rodgers & Pavlou, 2003). Rodgers and Pavlou (2003) suggested items which have low values should be removed and the model trimmed since trimming of the original measurement model improves the AVE and strengthens direct paths between the constructs as well as the entire model.

The measurement model is used to explain how the observed variables relate to the unobserved variables and the psychometric properties of each measure is assessed. This is done by calculating the individual item reliabilities, composite reliability, average variance extracted, and discriminant validity. The PLS bootstrapping procedure was used to assess each construct in the measurement model. The adequacy of the indicators measuring both extrinsic and intrinsic rewards was assessed and the results presented in Table 7.

Chapter Summary

This study which was conducted at the College of Basic and Applied Sciences, University of Ghana adopted descriptive design and utilized the quantitative approach. The total population of the College was three hundred

(300) senior staff. Simple random sampling technique was employed to select respondents the research. The population for the study was 300 out of which 169 respondents were sampled. Academic Motivation Scale (AMS) and Performance Scale (EJPS) were adopted and modified to measure reward systems and employee performance respectively.

Although this study was expected to achieve results of maximum reliability and validity, it is possible that the research methods that were utilized had some limitations. These limitations might result from sample size that was used in collecting primary data. The research relied on self-administered questionnaire to senior staff of the University of Ghana. This also limited the perspectives of other such categories of employees of the University as junior staff and senior members. In addition, financial constraint and lack of time will also be elements in the collection of data for the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presented primary data collected from the field. Data was analyzed using SPSS 22 and SEM to generate the descriptive statistics as well as run the regression analyses which were mainly presented with the use of frequency tables and percentages. Data was processed and presented in tables and charts.

Demographic Data

A representative sample of 169 was drawn for the study out of the total of 300. Table 1 gives a breakdown of respondents by age groups.

Table 1: Distribution of Respondents by Age Groups

Age Groups	Frequency	Percentage (%)
Below 20	1	.6
20-30	47	27.8
31-40	83	49.1
41-50	29	17.2
51-60	9	5.3
Total	169	100.0

Source: Field Survey, (2017)

From Table 1, 83 of the respondents, that is, 49.1% of respondents were in the age group of 31 to 40 years. This was followed by the 47 respondents which were within the age group of 20 to 30 years which constituted 27.8% of respondents. This was also followed 29 respondents who were within 41 to 50 years which constitute 17.2%. This was also followed by 9 respondents who were

within the 51 to 60 age group which constitute 5.3% and finally, the smallest age group below 20 had 1 respondent thus constituted 0.6% of the sampled size. This implied that majority of the respondents were between the ages of 31-40 years.

Table 2: Gender Distribution of Respondents

Gender	Frequency	Percentage (%)
Male	80	47.3
Female	89	52.7
Total	169	100.0

Source: Field Survey, (2017)

There were 80 male respondents, representing 47.3% whilst female respondents were 89 representing 52.7%. This is a reflection of the gender distribution of respondents as shown in Table 2. This implied that there were 9 (5.3%) more female respondents as compared with their male counterpart.

Table 3: Educational Levels of Respondents

Level of education	Frequency	Percentage (%)
Secondary	1	.6
Polytechnic	23	13.6
Bachelor's	98	58.0
Master's	47	27.8
Total	169	100.0

Source: Field Survey, (2017)

From Table 3, most respondents sampled, that is, 98 (58%) have Bachelor's Degree followed by 47 (27.8%) having obtained a Master's Degree, followed by 23 (13.6%) having a Polytechnic Degree and 1 (4%) have Secondary

School qualification. It could be inferred from the table that most of the respondents had Bachelor degrees. This was an indication that most of the respondents understood and capable of providing the required information for the study.

Table 4: Length of Service of Respondents

Length of service	Frequency	Percentage (%)
Less than 1	16	9.5
1-5	64	37.9
6-10	57	33.7
11-15	14	8.3
16-20	8	4.7
More than 21	10	5.9
Total	169	100.0

Source: Field Survey, (2017)

Table 4 highlighted the length of service of respondents. From the table, majority of the respondents which is 64 (37.9%) respondents had serve for 1 to 5years, followed by 57 (33.7%) respondents who had serve for 6-10years. Again, 16 (9.5%) respondents had served for less than 1year. This was followed by 14 (8.3%) respondents who had serve for 11 to 15 years whiles 10 (5.9%) respondents had served for more than 21years. Finally, 8 (4.7%) respondents being the least had serve for 16-20years. It could be inferred that most of the employees had worked not less than a year. This implied that every employee had benefited from the reward system of the University and thus in a position to provide information with regard to reward system and employee performance within the University.

Table 5: Profession of Respondents

Profession	Frequency	Percentage (%)
Senior Admin Staff	99	58.6
Senior Technical Staff	70	41.4
Total	169	100.0

Source: Field Survey, (2017)

According to table 5, 99 respondents who constituted 58.6% with respect to their profession were Senior Administrative Staff and the other 70 respondents who constitute 41.4% were Technical Senior Staff. It was obvious from the analysis that there more senior administrative staff than senior technical staff. This implied that there was more senior administrative staff than senior technical staff in the University.

Collinearity Diagnostics for Rewards

Hair, Black, Babin, Anderson and Tatham (1998) indicated that Variance Inflation Factor (VIF) values above 5.00 indicate high multi-collinearity among latent variables. Table 4 shows that the VIF values for the variables used in this study are below 5 hence, no problem of multi-collinearity.

Table 6: Collinearity Diagnostics for Rewards

Construct	Employee Performance
	Variance Inflation Factor (VIF)
Extrinsic Rewards	2.675
Intrinsic Rewards	2.675

Source: Field Survey, (2017)

From Table 6, all the VIF values for the model were well below the threshold values of 5. This means that there is no problem of multi-collinearity among the variables under study; hence there was no need to review the model.

Table 7: Factor Loadings, Composite Reliability, Cronbach's Alpha and Convergent Validity (AVE) for Extrinsic Rewards and Intrinsic Rewards

Indicator	Factor Loadings	AVE	Composite Reliability	Cronbach's alpha
ER1	0.876	0.797	0.940	0.916
ER2	0.909			
ER3	0.920			
ER4	0.865			
IR1	0.938	0.851	0.958	0.942
IR2	0.903			
IR3	0.929			
IR4	0.920			

Source: Field Survey, (2017)

Table 7 showed that all the items have high factor loadings of 0.876, 0.909, 0.920 and 0.865 for ER1, ER2, ER3, and ER4 respectively, thereby

indicating that all the items were significant in measuring extrinsic reward. Thus, the latent variables used in the model explain a significant part of the variation in extrinsic rewards. Additionally, the Cronbach's alpha and composite reliability have also been computed. Composite reliability (0.940) shows how all the construct's indicators jointly measure extrinsic rewards adequately, whilst the Cronbach's alpha quantifies how well a set of indicators measure a unidimensional construct. The alpha's coefficient of 0.916 indicates a high internal consistency for items measuring extrinsic rewards. Also, convergent validity of the model was tested to ascertain the degree to which the items measuring performance are in agreement. The AVE value of 0.797 is higher than the threshold value of 0.5 and hence the use of extrinsic rewards is justified in this study.

The Table 7 also showed that all the items have high factor loadings of 0.938, 0.903, 0.929, and 0.920 for IR1, IR2, IR3 and IR4 respectively which also indicates that all the items were significant in measuring intrinsic rewards. Thus, the latent variables used in the model explain a significant part of the variation in intrinsic rewards. Additionally, the Cronbach's alpha and composite reliability have also been computed. Composite reliability (0.958) shows how all the construct's indicators jointly measure intrinsic rewards adequately, whilst the Cronbach's alpha quantifies how well a set of indicators measure a unidimensional construct. The alpha's coefficient of 0.942 indicates a high internal consistency for items measuring intrinsic rewards. Also, convergent validity of the model was tested to ascertain the degree to which the items

measuring intrinsic rewards are in agreement. The AVE value of 0.851 is higher than the threshold value of 0.5 and hence the use of intrinsic rewards is justified in this study.

Table 8: Factor Loadings, Composite Reliability, Cronbach's alpha and Convergent Validity (AVE) for Employee Performance

Indicator	Factor Loadings	AVE	Composite Reliability	Cronbach's alpha
EP1	0.832	0.689	0.899	0.850
EP2	0.860			
EP4	0.838			
EP5	0.789			

Source: Field Survey, (2017)

Table 8 showed that all the items have high factor loadings of 0.832, 0.860, 0.838 and 0.789 for EP1, EP2, EP4 and EP5 respectively, thereby indicating that all the items were significant in measuring employee performance. Thus, the latent variables used in the model explain a significant part of the variation in employee performance. Additionally, the Cronbach's alpha and composite reliability have also been computed. Composite reliability (0.899) shows how all the construct's indicators jointly measure employee performance adequately, whilst the Cronbach's alpha quantifies how well a set of indicators measure a unidimensional construct. The alpha's coefficient of 0.850 indicates a high internal consistency for items measuring employee performance. Also, convergent validity of the model was tested to ascertain the degree to which the items measuring employee performance are in agreement. The AVE value of

0.689 is higher than the threshold value of 0.5 and hence the use of performance is justified in this study.

Discriminant Validity

To ensure that the model has convergent validity of the model, discriminant validity of the constructs was assessed by comparing the square roots of the latent variable's AVE with squared correlations between constructs. The results are presented in Tables. According to Götz, Liehr-Gobbers, and Krafft (2010), sufficient discriminant validity is established when latent variable shares more variance with its indicators than with other latent variables.

Table 9: Fornell-Lacker Criterion for Checking Discriminant Validity

Construct	Employee Performance	Extrinsic Rewards	Intrinsic Rewards
Employee Performance	**0.830**		
Extrinsic Rewards	0.536	**0.893**	
Intrinsic Rewards	0.522	0.791	**0.923**

Source: Field Survey, (2017)

Table 10 showed evidently that all square roots of the latent variable's AVE are all greater than their respective off-diagonal values, indicating adequate discriminant validity for the measurement model. Implying that, for each of the construct, the shared variance between the latent variable and its indicators is larger than the variance shared with other latent variables (Götz, Liehr-Gobbers & Krafft, 2010).

Table 10: HTMT Ratio for Checking Discriminant Validity

Construct	Employee Performance	Extrinsic Rewards	Intrinsic Rewards
Employee Performance			
Extrinsic Rewards	0.585		
Intrinsic Rewards	0.579	0.844	

Source: Field Survey, (2017)

Table 10 also indicated the achievement of discriminant validity because according to Henseler, Ringle and Sarstedt (2015), a latent construct has discriminant validity when its HTMT ratio is below 0.850 as presented in Table 10.

Table 11: Cross Loadings for Extrinsic, Intrinsic and Employee Performance

Indicator	Employee Performance	Extrinsic Rewards	Intrinsic Rewards
EP1	**0.832**	0.478	0.496
EP2	**0.860**	0.427	0.399
EP4	**0.838**	0.458	0.422
EP5	**0.789**	0.410	0.404
ER1	0.583	**0.876**	0.728
ER2	0.360	**0.909**	0.688
ER3	0.487	**0.920**	0.751
ER4	0.424	**0.865**	0.636
IR1	0.505	0.753	**0.938**
IR2	0.453	0.715	**0.903**
IR3	0.481	0.760	**0.929**
IR4	0.485	0.691	**0.920**

Source: Field Survey, (2017)

Additionally, Table 11 showed the cross loadings of the various indicators in the constructs. Using cross loadings, discriminant validity is established when an indicator's loading on a construct is higher than all of its cross loadings with other constructs. For the loading an indicator to be considered accurate, it should

be above the threshold of 0.7. From the cross loading, any indicator which was above the threshold was removed.

Table 12: Structural Model Results

	R Square	R Square Adjusted	Q Square
Employee Performance	0.313	0.305	0.193
Path	Coefficient	T Statistics	P Values
Extrinsic Rewards -> Employee Performance	0.330	2.801	0.005
Intrinsic Rewards -> Employee Performance	0.260	1.992	0.047

Source: Field Survey, (2017)

From Table 12, it is observed that all indicators jointly measure their constructs more than they measure other construct thereby achieving discriminant validity. The path coefficients, R square, Adjusted R square and the path significant levels are all discussed in table 13. The path coefficients and significant levels of the various constructs are discussed individually. Table 13 indicates that employee performance has an R squared of 0.313 and a Q squared value of 0.913 which suggests that the model has predictive relevance.

Hypothesis Testing

H_1: There is a significant relationship between intrinsic rewards and employee performance

From the analysis of the data collected, the results showed that intrinsic rewards had a significant positive effect on employee performance ($\beta = 0.260$,

p<0.05; Table 12, Figure 1). Therefore, the beta coefficient and p value were in the same direction as hypothesized, hence the hypothesis that *"There is a significant relationship between intrinsic rewards and employee performance"* was supported. This meant that an increase in intrinsic rewards by an organization or superior would lead to a significant increase in employee performance. Thus, managers who are able to give intrinsic rewards would see increased performance from their employees.

This is supported by the work of Eshak, Jamian, Jidi and Zakirai (2016). They conducted a research on the relationship between reward system and employee performance in Malaysia. The sample size of the study was 120 respondents were chosen from the Islamic Religious Council using convenience sampling technique. The study found that there was positive and significant relationship between intrinsic rewards and employee performance. This findings was also consistent with a related study conducted by Edirisooriya (2014) investigated the impact of rewards on employee performance in the public sector of Sri Lanka with reference to ElectroCo. The sample size for the study was 100 out of 1075 was conveniently selected for the study. It was found that both intrinsic rewards were positively correlated with employee performance.

H₂: There is a significant relationship between extrinsic rewards and employee performance.

Analysis and scrutiny of the data collected, showed that extrinsic rewards had a significant positive effect on employee performance ($\beta = 0.330$, $p<0.05$; Table 12, Figure 1). Therefore, the beta coefficient and p value were in the same

direction as hypothesized, hence the hypothesis that *"There is a significant relationship between extrinsic rewards and employee performance."* was supported. This means that an increase in extrinsic rewards by an organization or superior would lead to a significant increase in employee performance. Thus, managers that are able to give extrinsic rewards would see increased performance from his/her subordinates.

These findings were supported by the work of Egbunike and Nnaji-Ihedinmah (2015) also studied the effect of rewards on employee performance in organisations in Nigeria. They sampled 95 senior and middle management staff of 8 banks located in Awka Metropolises in Nigeria. Multiple regression and two-way ANOVA test were performed on the identified variables. The study found a significant relationship between extrinsic rewards and employee performance. Luthans and Stjkovic (2003) also conducted a meta-analysis of 72 field studies in manufacturing and service industries. They found that the use of extrinsic rewards generally led to improved performance in manufacturing industries than the service industries.

H₃: There is a significant effect of extrinsic and intrinsic rewards on employee performance.

Analysis and scrutiny of the data collected, showed that extrinsic and intrinsic rewards had significant effects on employee performance ($\beta = 0.330$, $\beta = 0.260$, $p < 0.05$; Table 12, Figure 1). Therefore, the p values were all significant as hypothesized, hence the hypothesis that *"There is a significant effect of extrinsic and intrinsic rewards on employee performance."* was supported. Specifically,

both extrinsic and intrinsic rewards being the independent variables explain 31.3% of the variance of the endogenous construct Employee Performance. The Q squared value (0.193) which is a measure of predictive relevance suggest that the exogenous variables significantly predicts the endogenous variables which met the general requirement that Q^2, should be greater than 0.

This means that extrinsic and intrinsic rewards by an organization or superior would have a significant effect on employee performance. Thus, managers that are able to deliver extrinsic as well as inspire intrinsic rewards would see a corresponding effect on the performance of his/her subordinates. In as much as both extrinsic and intrinsic rewards have significant effects on employee performance, the path coefficients suggests that extrinsic rewards (0.330) has a greater effect on employee performance than intrinsic rewards (0.260).

These findings are in line with a study conducted by Aktar and Ali and Kamruzzaman (2012). They studied the impact of rewards on employee performance in commercial banks in Bangladesh. A total of 200 respondents were randomly selected from 12 listed commercial banks in Bangladesh. Descriptive statistics and inferential tests were performed on the variables to assess the relationship and impact of rewards on employee performance. The results from Pearson Correlation showed that there was a positive relationship between rewards and employee performance and also showed a highly positive significant relationship between intrinsic and extrinsic rewards. A correlation matrix showed a positive relationship among extrinsic rewards, intrinsic rewards and employee

performance. The two dimensions of extrinsic rewards, that is, basic pay and performance bonus, had positive relationship with employee performance. On the other hand, recognition, learning opportunity, challenging work and career advancement which constituted the intrinsic components of rewards were also found to be positively related to employee performance. They therefore concluded that only extrinsic or intrinsic rewards are not sufficient to motivate employees to increase their performance. A commercial bank needs both types of rewards to motivate employees to increase their performance.

However, on the argument of which reward system have better impact on employee performance, the findings were supported by a study conducted by Edirisooriya (2014). Edirisooriya investigated the impact of rewards on employee performance in the public sector of Sri Lanka with reference to ElectroCo. The sample size for the study was 100 out of 1075 was conveniently selected for the study. It was found that both intrinsic and extrinsic rewards were positively correlated with employee performance. Meanwhile, extrinsic reward had a stronger relationship with employee performance compared to intrinsic reward.

Structural Model
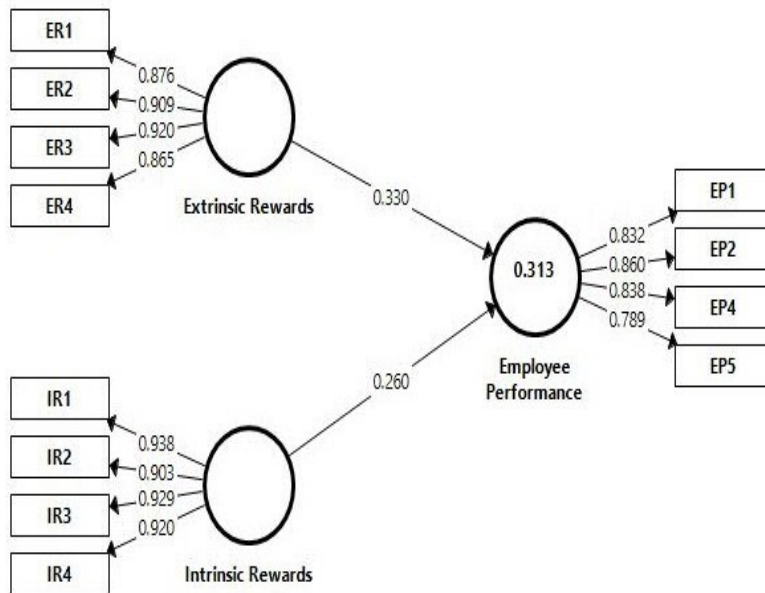
Figure 2: Structural model for extrinsic rewards, intrinsic rewards and employee performance.

This structural model diagram shows the various constructs in the study. The exogenous constructs in the study were Extrinsic and Intrinsic rewards with their respective indicators and the endogenous variable was Employee performance. The diagram indicates that Intrinsic and Extrinsic rewards collectively significantly predicts 0.313 (31%) of the variance of Employee performance.

Chapter Summary

From the analysis of the data collected, the results showed that intrinsic rewards had a significant positive effect on employee performance ($\beta = 0.260$, $p<0.05$). Analysis and scrutiny of the data collected also showed that extrinsic rewards had a significant positive effect on employee performance ($\beta = 0.330$, $p<0.05$). Analysis and scrutiny of the data collected, showed that extrinsic and intrinsic rewards had significant effects on employee performance ($\beta = 0.330$, $\beta = 0.260$, $p<0.05$). The findings however, revealed that in as much as both extrinsic and intrinsic rewards have significant effects on employee performance, extrinsic rewards ($\beta = 0.330$) have a greater effect on employee performance than intrinsic rewards ($\beta = 0.260$).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The general purpose of this study was to examine the relationship between rewards system and employee performance at the College of Basic and Applied Sciences, University of Ghana. Specifically, the study aimed determining whether there is a significant positive relationship between intrinsic rewards and employee performance, whether there is a significant positive relationship between extrinsic rewards and employee performance and the effect of extrinsic and intrinsic rewards on employee performance. The study which was conducted at the College of Basic and Applied Sciences, University of Ghana adopted descriptive design and utilized the quantitative approach. The study randomly sampled 169 out of 300 respondents. Both AMS and EJPS were adopted and modified to measure reward systems employee performance respectively. Data was collected using questionnaires. Data was analysed using SPSS 22 and SEM to generate the descriptive statistics. This chapter presented the summary of findings, conclusion and recommendations. The conclusions were derived from the analysis and discussion of findings.

Summary of Findings

1. The study found that intrinsic rewards had a significant positive relationship with employee performance.

2. The findings also showed that extrinsic rewards had a significant positive

effect on employee performance.

3. The findings showed that both extrinsic and intrinsic rewards had significant effects on employee performance.

Conclusion

Reward systems, when properly set up, have proven to be an important tool for achieving improved employee performance and subsequently organizational goals. Employee motivation is one of the most essential factors in determining employee performance and organisational success. Based on the findings of this study, it was evident that intrinsic rewards had a significant positive relationship with employee performance. It was also empirically clear that extrinsic rewards had a significant positive effect on employee performance.

Meanwhile, as indicated by the finding, both intrinsic and extrinsic rewards had significant effects on employee performance. Although both intrinsic and extrinsic rewards were positively correlated with employee performance, extrinsic reward had a stronger relationship with employee performance compared to intrinsic reward with regard to this study. It would therefore be more appropriate to provide more extrinsic rewards for employees. However, it is important to note that only extrinsic or intrinsic rewards are not sufficient to motivate employee to perform highly. It is therefore crucial for organisations to provide both types of rewards at the optimum levels to inspire their employees to increase performance.

Recommendations

Arising from the findings of this study, it is suggested that University of Ghana, Legon Campus should take the following measures to ensure reward system contribute to employee performance:

Increase intrinsic rewards: It was obvious from this study that intrinsic rewards have positive relationship with employee performance. However, the public sector employees like the University of Ghana employees seldom receive intrinsic rewards. Reward is mainly a consolidated single spine salary and promotions which constitute extrinsic rewards. Looking at the challenges of government today, it obvious cannot make any meaningful improvement to these extrinsic rewards to motivate employees for improved productivity. The University should there put measures in place to increase intrinsic rewards. Thus increasing intrinsic rewards will enhance employee performance in the University.

Increase Extrinsic Rewards: The study also revealed that extrinsic rewards have positive effects on employee performance. Currently, the reward most employees in University receive is extrinsic in nature. However, most employees perceive this reward as inadequate. Consistently providing employees with extrinsic rewards below their expectations with demotivate them to perform at a high level. The study therefore recommends constant upwards review of extrinsic rewards to influence improved employee performance.

Providing Total Rewards: Both intrinsic and extrinsic rewards were found to have positive effect on employee performance. However, it is important to note that only extrinsic or intrinsic rewards are not sufficient to motivate employee to

perform highly. It is therefore recommended that the University should provide the right combinations intrinsic and extrinsic rewards at the optimum levels to inspire their employees to increase performance.

Suggestions for Further Research

This study did not focus on all the rewards dimensions, it only focused on some selected dimensions of intrinsic and extrinsic rewards. Further research could examine the effect of other rewards to determine whether they have any impact on employee performance. A comparative research can also be carried out to determine the effect of reward systems on the performance of senior members, senior staff and junior staff of the University of Ghana or among public Universities as well as between public universities and provide universities. Such findings can help consolidate reward packages to enhance management of performance in universities in Ghana.

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University of Cape Coast
School of Business
Department of Management

Dear Sir/Madam,

I am Christian Kudjo Agbenyo, a graduate student from the Department of Management. I am carrying out my graduate dissertation on the topic: **'Reward Systems and Employee Performance at the University of Ghana, Legon'**. I would be grateful if you could spend about 10 minutes of your time to complete the questionnaire for the study. You are free to participate or refuse to participate in the study. All information provided would be treated as strictly confidential.

Commented [AOM1]: This will take more than 5 minutes

Informed Consent

I have read the above introduction to the questionnaire and agree to complete the questionnaire under the stated conditions. Please tick if you agree to participate in the study

Section A: Demographic Data

(Choose the suitable answer and tick √ **in the box given for each question)**

1. Age

   Below 20 years ☐   20-30 years ☐   1-40 years ☐   -50 years ☐

   51-60 years ☐

2. Gender

   Male ☐   Female ☐

3. Marital Status

   Commented [AOM2]: Insert divorce

   Single ☐   Married ☐   Divorced ☐

4. What is your highest level of education you have completed?

Secondary ☐ Polytechnic ☐ Bachelor's Degree ☐ Master's Degree ☐

5. Profession

Administrative Senior Staff ☐ Technical Senior Staff ☐

6. How long have you been working with the University of Ghana?

Less than 1year ☐ 1 to 5 years ☐ 6 to 10 years ☐ 11 to 15 years ☐

16 to 20 years ☐ More than 20 years ☐

Using the scale 1 to 7, where 1=Not at All (NA), 2=Very Little (VL), 3=Little (L), 4=Neutral (N), 5=Somewhat (S), 6=Much (M) and 7=Very Much (VM),

Indicate how each of the following statements motivates you in the performance of your duties in the University of Ghana.

S/N	Section B: Extrinsic Reward							
		NA	VL	L	N	S	M	VM
1	Good wage/salary	1	2	3	4	5	6	7
2	Good bonuses	1	2	3	4	5	6	7
3	Regular promotion	1	2	3	4	5	6	7
4	Fringe benefits	1	2	3	4	5	6	7
5	Stable job Security	1	2	3	4	5	6	7
	Section C: Intrinsic Rewards							
6	Performance recognition	1	2	3	4	5	6	7
7	Achievement	1	2	3	4	5	6	7
8	Career development	1	2	3	4	5	6	7
9	Appreciation of contribution to organisational performance	1	2	3	4	5	6	7
10	Greater responsibility	1	2	3	4	5	6	7
		NA	VL	L	N	S	M	VM

11	Meaningful job tasks	1	2	3	4	5	6	7
12	Greater autonomy	1	2	3	4	5	6	7
13	Involvement in key decision making	1	2	3	4	5	6	7

Section D:

To what extent do you think each of the following items impact on the performance of your duties?

		NA	VL	L	N	S	M	VM
1	Good wage/salary	1	2	3	4	5	6	7
2	Good bonuses	1	2	3	4	5	6	7
3	Regular promotion	1	2	3	4	5	6	7
4	Fringe benefits	1	2	3	4	5	6	7
5	Stable job Security	1	2	3	4	5	6	7
6	Performance recognition	1	2	3	4	5	6	7
7	Achievement	1	2	3	4	5	6	7
		NA	VL	L	N	S	M	VM
8	Career development	1	2	3	4	5	6	7
9	Appreciation of contribution to organisational performance	1	2	3	4	5	6	7
10	Greater responsibility	1	2	3	4	5	6	7
11	Meaningful job tasks	1	2	3	4	5	6	7
12	Greater autonomy	1	2	3	4	5	6	7
13	Involvement in key decision making	1	2	3	4	5	6	7

Using the scale 1 to 5, where 1=Very Unsatisfactory (VU), 2=Unsatisfactory (U), 3=Satisfactory (S), 4=Very Satisfactory (VS) and 5=Excellent (E),

Describe the extent to which you agree or disagree with the following statements with regard to the performance of your duties in the University of Ghana.

	Section E: Employee Performance	VU	U	S	VS	E
1	**Timelines:** Consider the degree to which an activity is completed, or a result produced, at the earliest time desirable from the standpoints of coordinating with the outputs of others, maximizing the time available for other activities.	1	2	3	5	5
2	**Quality of Work:** Consider neatness, accuracy and dependability of results regardless of volume.	1	2	3	4	5
3	**Quantity of Work:** Consider the volume of work produced under normal conditions. Disregard errors.	1	2	3	4	5
4	**Need for Supervision:** Consider the degree to which you carry out a job function without either having to request supervisory assistance or requiring supervisory intervention	1	2	3	4	5
5	**Interpersonal Impact:** Consider the degree to which you promote feelings of self-esteem, goodwill, and cooperativeness among co-workers and leaders.	1	2	3	4	5

Commented [AOM3]: Where did you get this scale from ? Send me the source.