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An Examination of Employees Reward Preference: A Case Study of Premier Bank’s Reward Strategy

Dr. Eno Amasi Maycock

Lecturer, Coventry University Business School, Department of Organisations, Relationships and Behaviour, Faculty of Business, Environment and Society, Coventry University, Priory Street, Coventry, CV1 5FB, United Kingdom

Iyabo Salawudeen

Research Student, Coventry University Business School, Department of Organisations, Relationships and Behaviour, Faculty of Business, Environment and Society, Coventry University, Priory Street, Coventry, CV1 5FB, United Kingdom

Abstract:

This study examines both contract and permanent employee’s rewards preference using Premier Bank Nigeria as a case study. This study was carried out by conducting an in-depth analysis of the existing reward strategy at Premier Bank examining employee’s preferences for the rewards on offer. An empirical study was conducted using both interviews and survey. A total 100 staff member was surveyed with a 91% usable responses achieved. Also interviews were conducted.

The outcome of the study highlighted the importance of extrinsic rewards particularly financial reward (money) and its role as a motivator for employees of Premier Bank. The results indicated that majority of the contract employees are in customer service related role (57%), below 30 years of age (70%), single (65%) and comprises mostly of females (52%) compared to the permanent employees. There was also a high preference for rewards that are extrinsic (Financial reward) in nature among both contract and permanent employees. While, contract employees showed high preference for performance related pay (PRP). The study recommends some rewards practice should be extended to the contract employees e.g. performance related rewards, promotion opportunities, training and development and schemes like pension cover and medical services to increase loyalty to the organization.

Keywords: Reward Strategy, Reward Preference, Motivation, Contract and Permanent employees and Nigeria

1. Introduction

Several researches has been published on the importance individual employees attached to various types of rewards due to the crucial roles this plays in the way organizations develop incentives to motivate and retain employees for business productivity (Rainey, 1982). A survey carried out by Towers Watson (2012) in partnership with world@work on Global talent management and reward reported that 63% of employers have difficulty in attracting the skills required for business growth and 47% faced problems of retaining top talents. This difficulty in attracting talent and loss of intellectual capable employees is assumed to be as a result of mismatched alignment between what employers are ready to offer in term of rewards and what the employees’ wants. This seems to be more complicated in a developing country like Nigeria where foreign rewards practice is exported with no consideration for the socio- economic configuration of the society. Although culture has played a significant important role in the reason for this complication but other contextual factors like socio-economic influences have also been identified (Wasti, 1998; Chiang and Birtch, 2007). Therefore in order to address these problems, organizations have to adopt organization reward strategies that is specific top their organization that will meet their talent demands needed for business growth in its geographical location (Boyd and Salamin 2001).

The aftermath of the Nigerian banking sector consolidation reform of 2005 and 2010 to protect customers funds and strengthened the sector (Sanusi, 2010) has resulted in the exponential growth of the Banking industry (Cook, 2011).The reform brought about recapitalization, efficiency and the emergent of 24 surviving banks one of which is Premier Bank under study and amongst the top three Banks in Nigeria. The bank was chosen as place of data collection because the system of incentivizing employees is of greater practice in the financial sector being a service industry where organizations feel that a satisfied workforce would transcends to customers satisfaction and business success.

The strategic role of human resources in the organizations has influenced the adoption of various recruitment practices and employment types ranging from permanent to contingent workforce (Agency workers, part-time, expatriates) each with its

variability of employment contract (Atkinson, 1984) to ensure organizational flexibility. This also applies in the Nigerian Banking sector where the use of both contingent employees refers to as contract staff and permanent employees are adopted with variability of employment contract, which also influence the way they are being rewarded. However, the classification of work type in the recent economy particularly in the Nigeria context has resulted in using different reward strategies for these two categories of employees.

The concept of organizations reward strategy and employees preference for the rewards in place in different organizations has been a topical discourse among researchers (Armstrong and Brown, 2005; Jackson et al, 2012 and Webster and Beehr, 2013). An Analysis of different comparative studies of contract and permanent employees preference for organizational reward strategies have shown that employees preferences for rewards can be shaped by a number of factors such as culture (Chiang and Birtch, 2005), organization sector - private or public (Rainey, 1982), individual needs, expectation and values (Cable and Judge, 1994; Chen, 1995). However, social exchange perception of organizations investment in permanent employees by contract staff has been found to have a psychological influence on their work quality, efforts and organization citizenship behaviour (Kuvaas and Dysvik, 2010). On the other hand, the instability characterising globalization which has forces businesses to grow leaner and more flexibility has necessitated the use of contingency workforce to meet with the peaks and trough of business demand, hence the differences in the reward process. Nevertheless, both theoretical and empirical argument have proven that reward strategies that takes into consideration employees preference irrespective of the employment type could motivate work and leads to productivity (Armstrong 2002). Therefore, the research would offer an opportunity to compare employees (Permanent and contract staff) preference for the reward strategy in operation.

More so, limited studies have been conducted to identify employee's preference for most of the Eurocentric rewards strategies adopted in the Nigeria organizations and the consequence of not taking employee's preference into consideration when developing a reward strategy. In addition, the critical role of the banking sector as the backbone of any economy and a facilitator of its growth has necessitated the interest in how Premier Banks employees are rewarded. Furthermore, this study will contribute to the extant literatures in this regard and the outcome will be useful for organizations in the development of a reward strategy that will achieve the organizations long term goal.

Therefore, the aim of this paper is to

- Explore the broader organizational reward strategies and the theoretical underpinnings of reward strategy, debates, challenges of the empirical application of this theories and contextual issues surrounding the development of reward strategy with a specific focus on premier bank.
- Examine the reward preference of both contract and permanent employee's against the reward on offer at Premier Bank Nigeria.

2. Reward and Rewards Strategy – A Review and Conceptualization

Reward has its background in management and was developed by behavioural management psychologist Sigmund Freud in the early 1900s (Latham; 2007). The work was built upon by other behavioural theorists who try to find out how people react to being rewarded and what motivates them to do so in clinical psychology and psychotherapy (Pavlov, 1927; Skinner, 1938; Bandura, 1986; Staddon, 2001; Armitage and Conner, 2001). In the field of HRM, the concept of reward is rooted in social exchange theory (SET) which asserted that human relationship is based on expectation and “exchange process of comparison and cost-benefit analysis” (Homan 1958: 28) . Cropanzano and Mitchel (2005), review argued that the fundamental core of SET theory is hinged on a clearly stated rules and regulation and reciprocity to guide the relationship. This is in support of Rousseau (1995; 2000) work on psychological contract that exchange relationship should be explicit, reciprocal, and based on expectation with implications given for breach of contract by the parties involved. However, the traditional workplace reward practice which is still in place in most Nigerian organizations is fixed; where the pay and condition for compensating employees already set by managers (Lawler, 1990) with little or no thoughts for individual employees endorsement or rules of reciprocity. This rigid reward practices are usually of less value to the employee, thereby to not achieving the desired outcome, hence less cost effective to the organizations which is the basis for the rigidity in the first place.

Employee reward is the value and contribution of an employee to the organization which influences how they are being rewarded (Armstrong, 2002). This refers to all monetary, non-monetary and psychological payment that is provided to employees in exchange for the work done. In Schuster and Zingheim (2000) six principles of rewards, it stated that reward strategy should not only be aligned with the business goals but to create a win-win situation for all the parties involved. Therefore, reward strategies should be take into consideration employees needs and expectations to motivate performance (Montgomery, 1993) as reward decisions made by organizations may signifies there priorities (either to retain or not) and serves as a signal to potential investors and the society (Mather and Lighthall, 2012).

In addition, reward is seen as the benefits derived from an employment relationship (Milkovich and Newman 2004; Stone *et al.* 2010) and could be extrinsic and intrinsic in nature (Mottaz 1985). However, some extrinsic rewards could yield intrinsic outcome; for example, promotion leading to fulfilment hence the interrelatedness. Therefore, employee reward is the contribution and value of employee's knowledge, skills and abilities (KSA) to the organization which influences how they are being rewarded (Armstrong 2006) while, Reward strategy is the “declaration of intent” which spelt out the organizations long terms plans for the development and implementation of an effective employee reward policies, process, and practice to aid employees motivation to achieve the business goal (Armstrong and Brown 2010: 32). For instance, a survey conducted by Tower Perrin (2007) on drivers of organizations reward strategies reported that 31% of organizations are using rewards to retain top performers, 29% to attract talents and only 4% to reduce costs. Therefore, the criticality of employee's role to sustainable competitiveness has led to the

paradigm shift from cost as a driver of reward strategy to its use as leverage to motivate and retain the existing talents and attract new ones.

3. Challenges in Reward Development

In spite of the importance of rewarding employees appropriately, some contextual factors have been found to influence the implementation of effective reward strategy ranging from internal such as ability of the employers to pay, worth of employees and the job to the compensation policy of the organizations (Leopold, 2002). While external factors could be dictated by the labour market, legal requirements, rate of wage and collective bargains (Leopold, 2002). These have necessitated the adoption of service, competence and performance approach to reward allocations yet this has failed to motivate employees to performance. Nevertheless, an effective reward strategy has been highlighted by conceptual HRM models as the lever needed by organization for addressing competition as it reflects the business direction and could be used as a tool for achieving the desired behaviour (Reily, 2003). This is why motivation theories have been used by scholars to explain the balance required (business-employees need) in the development of reward strategy to achieve the objective of attracting, retaining and motivating employees for the achievement of the business goals.

According to Manzoor (2012) employees' motivations have gone beyond understanding of what drives or energises behaviour to understanding of what directs such behaviours and how to ensure sustenance (Gagne *et al.* 2010). These understandings will assist organization in utilizing rewards for business benefits. Motivation as a concept has been challenged particularly by academic for lack of depths, subjectivity, simplistic and use of the term "researched to death" (Maia 2010; Petri and Govern 2012; Brophy 2013). It has also enjoyed the support of extensive research leading to the development of theories (Process and Content theories) and models, (Maslow 1954; Vrooms 1964; Adams 1963; Herzberg 1964). However, no significant research has been done to disqualify these theories as they are found to still be of relevance in some context. They form the basis of most of the reward strategies in use till date and still relevant in the Nigeria context where this study is set.

3.1. Reward Strategy Trend- A Comparison Between UK and Nigeria

Reward becomes prominent as a tool used by organization in the UK to tackle the difficult times (Delery and Dotty 1996; Pentylala 2011). A study by Hay Group (2012) reported that two-third of private firms in the UK intends to change their cost focused reward strategies in years to come as this has cost them valuable talents to a strategic integration with business objectives. Thus, the shift from the traditional pay systems to the new contingent pay systems advocated by Lawler (1990). The criticism of contingent pay being business and performance driven (Cox *et al.* 2011), crowder of intrinsic motivator (Georgellis *et al.* 2011) and disadvantageous to certain low paid workers (McCausland 2005) has further led to the development of total rewards to accommodate both extrinsic and intrinsic components of employees' needs in the UK.

The total reward strategy advocates for a cafeteria style reward strategy that encompasses five elements: "(a) compensation (b) benefit (c) work life balance (d) performance and recognition (e) Development and career opportunity, these allow employees to choose a reward that is valued, personal and relevant to them to drive the desired behaviour in the organization" (Giancola 2009:29-30). However, the empirical application of this strategy in today's organization where business environment is characterised with uncertainty seems less realistic (Sparrow 2013). More so, there is a limit to how flexible the design of an organization's reward strategy can be, considering the variability of human needs. For example an organization with about 5000 employees cannot be so flexible to accommodate each and every one preference in their design.

On the other hand, the economic contexts of Nigeria a developing country differs from the UK an already developed country, yet most of the western reward strategy has been imported into the Nigerian organizations. This explains why the implementation has been fraught with issues of lack of consideration for employee's preference and adaptability to the business environment (Cavico and Mujtaba 2010). However, literature has done little justice to reward trends from Nigeria as only few academic literature exists on this topic and non from the banking sector. Nevertheless, in the Nigerian Banking sector, the focus has been on pay for performance (PRP) in the last 10 years (Maycock, 2009) where high bonuses are paid to the employees who meet their performance target and the assumed non-performers are eased out of the organizations (Abdulraheem 2011). This is possible partly due to the high unemployment rate in the country (Worldbank, 2012) and encouraged by the money culture of Nigeria with a tendency towards a Machiavellian and survivalist attitude (Nworah 2005). Therefore, it could be suggested that the use of reward as a strategic choice (Reily 2003; Armstrong 2005) is in the alignment with business strategies, HR Practices, employee's needs and the context in which the business operates (Culture, technology, and type, people and external environment) to yield the desired business outcomes. Most importantly it should be perceived as fair by the employees.

3.2. Reward – Theoretical and Contextual Review

Motivation and reward both have extrinsic and intrinsic categorization. Extrinsic rewards are tangible rewards which include salary, benefits, work environment, and promotion opportunities (Panagopoulos, 2013) while intrinsic rewards are intangible such as praise, recognition, sense of belonging, challenging work, autonomy in role and involvement (Twenge *et al.*, 2010). Extrinsic motivators' particularly financial reward (Pay) according to Lawler (1990) is the reason why people get up in the morning to go to work, although what they do there may be something different (Presenteeism). Thereby limiting the effect of pay as a motivator of performance, whereas, benefits (Non-financial rewards) as suggested by Kohn (1993) is also a motivator.

According to Dan Satterthwaite, head of HR at DreamWorks Animation, (citing John Evans CEO of group-buying website, Incahoot.com) he said "*The days of the gold watch are long gone. As organizations are getting leaner, cutting pay and squeezing every customer both internal (employees) and external (clients) for all their worth, unless the value of the gold watch is worth*

more than cash, then “cold hard cash” should be used to motivate staff (Meet the Boss TV). This is supported by Rynes et al., (2004) who asserted that managers have underestimated the power of pay as a motivator.

However, a study carried out by MIT (2007) using physical task and pay as an incentive observed that performance increase with pay when the task involves the use of mechanical skills, but decreases when cognitive abilities are required. A replica of the same study in India resulted in a worse performance in both category which is contrary to the economic theories assumption that the larger the reward the better the performance (Shapiro and Varian, 2013).

A typical case of less preference for extrinsic reward is the case of Wikipedia, where several scholars takes their time to contribute to the website with no form of motivation, however, these gives them some personal fulfilment and meaning (intrinsic), which serves as a pointer for businesses in developing reward strategy (Arazy and Gellatly, 2012).

Similarly, in a study by Kovach (1946; 1981; 1995) in the US on managers motivation and employees job reward factor reported that the Generation Y (younger workforce) not in leadership position are motivated by pay, while the Generation X (Older workforce) in leadership roles prefers job security, quality work and recognition.

In China and Hong Kong, financial incentives (Particularly good wage) is most important to younger employees to satisfy their physiological need of safety and security (Maslow, 1954), followed by working condition and personal loyalty from the superior and organizations. The preference for personal loyalty assumed to be due to their cultural and economic bonds which emphasised social relationship (Hofstede, 1980; Yeung and Tung, 1996).

Furthermore, in Finland where tax is imposed on both earning and benefits, employees are only motivated by non-financial incentives (Chiang and Birch, 2007). This implies that rewards and motivation are inseparable as reward preference is an important influence on employee's level of motivation. The above examples further pointed to the fact that the transferability of reward practices across cultures may be less feasible as organizations policies including approaches to employees motivation may change with a change in it environment (Hofstede 1980a; 1999)

3.3. Reward Strategy- Empirical Evidence

British Telecommunication (BT) switched from the traditional pay by grade structure to adopting a holistic total reward strategy which includes (a) bonuses -linked to employee performance (b) recognition, (c) Base pay- based on role and performance and (d) benefits Flexibility - over which employees have a choice for recruitment and talent retention. This is in line with their corporate mission of rewarding behaviour and achievement consistent with the business value of creating high performance culture and these has resulted in the reduction in employees cost for the management (BT e-reward report, 2005).

Centrica, after the merger with British gas and Enron, adopted an environmental adaptive strategy (Hall and Vredenburg 2012) which sees to the migration of the two companies to Centrica culture. Competitive pay for performance strategy was adopted for low level employees and a total reward strategy for senior management staff. This is said to have increased the level of employee engagement by 2% which may be small, but is a milestone considering the changes the organizations has undergone during the year (Centrica CSR Report 2006)

Etisalat an international Telecommunication company in Nigeria, adopted a hybrid reward strategy that operates the equal traditional pay grade structure for entry level employees and promotion based on length of service until they reached a managers level, while performance based and total reward strategy is used for senior management (Madichie 2011). Although, the approach for the entry level staff ensure equality and transparency, but can also be frustrating as they have a long to wait before a chance of promotion or growth is allowed.

In Zenith Bank Nigeria, it is more of pay for performance reward strategy, where a clearly defined target is set at the beginning of the year and assessed through a performance management approach that rewards performance and ease out none performers (Gberevbie 2010). Therefore, these case examples have clearly showed the importation of western reward strategies into the Nigeria but its usage and application are different.

4. Methodology

4.1. Sampling and Population

The research aim is to examine contract and permanent employee's preference for Premier Banks reward strategy. The name Bank Premier Bank was chosen to protect the anonymity of the bank as part of the ethical agreement for the conduct of this research. Premier bank has over 300 branches across Nigeria, but the study was limited to three branches with population of about 150 staff (Contract and Permanent) who were chosen using convenience stratified sampling methods (Bryma 2004). This facilitated the coverage of the various departments in the bank (operations, marketing, IT, and customer's services) and responses divided into two categories of contract and permanent workers. The research instrument used in the data collection was questionnaire and interview to enhance validity and ensure triangulation and data collection process was carried out over a period of four weeks. The reliability of the items used was tested using the Cronbach Alpha reliability testing.

4.2. Measurement

A five point Likert scale was used (ranging from '1' strongly agree to '5' strongly disagree) and all the items used in the data collection were adapted from previous researches and modified to suit the research context while the reward in place at Premier banks was obtained from the Banks Policy Manual of 2013. A self-administered questionnaire design was used which was completed by each respondents (Robert 2002) comprising of standardized set of questions were administered to contract and permanent employees of Premier Bank on a 50:50 ratio to give a fair representation of the two sets of workers and interview conducted.

The question comprises of items asking employees to identify the rewards applicable to them among those identified in the policy document and measures their preference for the rewards strategies by rating them in order of importance using five point Likert scales ranging from “Not important” as 1 and “Extremely Important” as 5. Care was taken in the wording of the question to make it appear general rather than specific to the organizations so as not to incite negative emotions by pitching one group of employees against the other. Finally, questions were added to measure preference for other kinds of rewards based on the total reward components identified by Tower Watson survey (2011).

5. Data Analysis

A total of 100 surveys were administered and about 91% response was obtained giving a total of 91 usable questionnaire responses in a number of 40 contract and 51 permanent staff (see figure 1). The rate is deemed satisfactory as it has been shown by Rea and Parker (2012) that a high response rate is an indication of surveys quality. Similarly, interviews were held with both contract and permanent staff who have spent about five years in the organization.

The statistical analysis of the survey data was carried out by carrying out a descriptive analysis of the findings (percentage, mean and standard deviation). The qualitative research was analysed using coding and theme similarities to provide further clarification of findings from survey. The analysis of responses from the interview has been interjected into the discussions of the survey outcome for clarification during the process.

6. Result and Findings

6.1. Participants Demography

A comparison of the demographic characteristics of both contract and permanent respondents highlighted that majority of the contract employees are in customer service related role (57%), below 30 years of age (70%), single (65%) and comprises mostly of females (52%) compared to the permanent employees. This from the view of the researcher's is as a result of the assumption that women are better in service role than men and that the use of feminine skills would result in increased sales and performance. It seems to be a common practice in the Nigerian banking sector, where young, unmarried people are employed on contract basis for sales position. This is based on the belief that younger people have high life expectancy which is used to determine productivity and being unmarried reduces family distractions. Similarly, Adenugba and Ilupeju (2012) and Iyiola (2011) found from studies on ‘working conditions of female marketers in selected New Generation Banks in Ibadan, Nigeria’ and ‘gender and racial differentials in the Nigerian Banking Industry’ respectively, that compared to married women, the industry preferred to deliberately and temporarily employ beautiful, educated and single young ladies as marketers to attract customers to their various banks and whom they could lay off when they could not meet their targets (Adejoke and Adekemi 2012 and O'Malley and Tynan 2000).

It is interesting to know that though all of the permanent staff has a minimum of a degree qualification, 77% of the contract staff are also degree holders too. This shows the level of diffusion of employment types in Nigeria, such that employees with a degree qualification are taken on as contract to carry out more tasks by utilizing their competence, knowledge and skills in return for low wage. A percentage and frequency table of the demographic information is found in Table 1.

Variable	Category	Contract (%)	Permanent (%)
Department	Customer service Role	57%	17%
	Banking Operations	43%	83%
	Total	100	100
Gender	Female	52%	42%
	Male	48%	58%
	Total	100	100
Age group	20-30	70%	42%
	31-40	30%	40%
	41-50	-	18%
	Above 51	-	
	Total	100	100
Level of Education	OND	21%	-
	HND/Bachelor Degree	77%	95%
	Postgraduate	2%	5%
	Total	100	100

Table 1: Participants Demographic Information

6.2. Contract and Permanent Employees Reward Preference Measured

A review of the Premier Bank's policy manual identified 15 reward types available to both contract and permanent employees and the HR/Reward strategy policy stated the use of direct monetary incentives systems to meet the Bank's Objective. The above

objective implies that the Reward strategy at Premier Bank is financial in nature and also confirms the research of Tower Perrin (2007) top drivers of organizations reward strategies as retention and attraction.

6.3. Reward Preference and Motivation

Premier Bank's ability to motivate and retain employees (contract and permanent) using the existing reward strategy was measured by comparing their preferences for the 15 reward types. The data collected was analysed using SPSS software to calculate the mean, standard deviation and group mean of the two groups. A table is presented below showing the combined mean of the two group's reward preferences and the percentage, frequency and mean distribution of the respondents.

Reward Types	Contract		Permanent		Group Total	
	Mean	Standard Deviation	Mean	Standard Deviation	Combined Mean	Standard Deviation
Salary	4.65	0.580	4.73	0.532	4.69	0.552
Promotion	4.50	0.716	4.69	0.678	4.60	0.697
Pension Scheme	4.33	0.797	4.08	0.956	4.19	0.893
T&D	4.35	0.77	4.08	0.796	4.20	0.792
Medical Allowance	4.15	0.893	4.08	0.891	4.11	0.888
Lunch Allowance	3.58	1.152	3.45	1.154	3.51	1.149
Vehicle Loan	3.50	1.219	3.29	1.154	3.38	1.181
Mortgage Loan	3.52	1.154	3.61	1.150	3.57	1.146
Leave Allowance	4.17	0.844	3.84	0.809	3.99	0.837
Insurance Policy	3.70	1.067	3.39	1.250	3.53	1.177
13th Month Salary	4.10	0.810	3.82	0.994	3.95	0.923
Performance Bonus	4.18	0.781	4.16	0.925	4.16	0.86
Birthday cakes/ Gifts	3.10	1.215	2.76	1.242	2.91	1.235
Xmas Bonus/ Gifts	3.25	1.127	3.12	1.243	3.18	1.189
Wedding Gifts	3.23	1.209	3.00	1.233	3.10	1.221

Table 2: Mean Distribution of Contract and Permanent Reward Preference

Reward Types	Important		Slightly Important		Not Important	
	Contract/ N-40	Permanent/ N-51	Contract/ N-40	Permanent/ N-51	Contract/ N-40	Permanent/ N-51
Salary	95%	96%	5%	4%	0%	0%
Promotion Opportunity	88%	92%	13%	6%	0%	2%
Pension Scheme	85%	75%	13%	18%	3%	8%
Training and Development	88%	76%	10%	22%	3%	2%
Medical Allowance	73%	78%	25%	18%	3%	4%
Lunch Allowance	53%	49%	28%	31%	20%	20%
Vehicle Loan	48%	43%	35%	31%	18%	25%
Mortgage Loan	50%	53%	33%	33%	18%	14%
Leave Allowance	78%	63%	20%	35%	3%	2%
Insurance Policy	58%	47%	30%	31%	13%	22%
13TH month Salary	78%	61%	20%	29%	3%	10%
Performance Bonus	83%	78%	15%	18%	3%	4%
Birthday Cake and Gift	28%	29%	45%	25%	28%	45%
Xmas Bonus	35%	45%	45%	24%	20%	31%

Table 3: Showing Frequency and Percentage distribution of Employees Preference

Salary was found to be the top motivators for all employees at 95% for contract and 96% for permanent staff respectively with a high mean score of 4.69. The lowest motivator was birthday cakes (2.91) at 28% and 29% respectively. The affinity for financial reward is in line with the money culture of Nigeria, where everyone is striving to amass as much wealth as they can at the expense of others (Nworah 2005).

In comparing the mean (M) score and percentage of the top three motivators for the two employee groups, 95% of contract staff were motivated with money (M= 4.65), 88% promotion (M=4.50) and 88% Training and development (M=4.35). Whereas, 96% permanent staff prefers Salary (M=4.73), 92% promotion (M=4.69) and 75% wants performance bonus (M=4.16) as shown in figure 1. below.

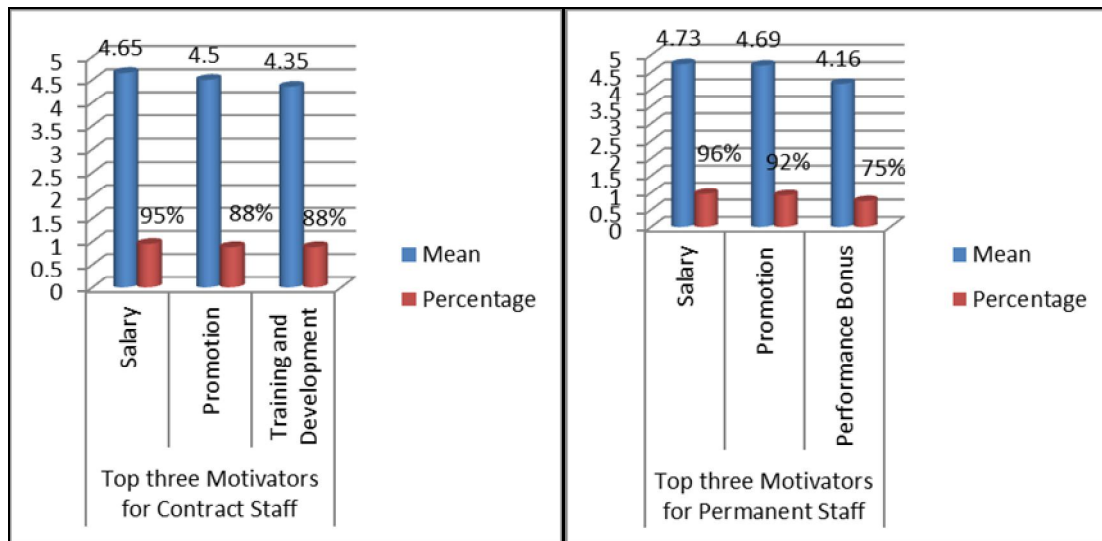


Figure 1: Charts showing the Top three motivators for Contract and Permanent Staff

The extrinsic nature of the top motivators lends credence to Lawler's (1990) argument that pay is a motivator and the reason why people go to work. Furthermore, in the analysis, it was noted that 83% of contract staff shows high preference for performance bonus compare to only 75% of permanent, this seems to show a deviation from the McCausland (2005) study that performance related pay is less favoured by low level employees as it offers low utility benefit, but preferred by higher grade employees. Although, the context of McCausland's study context and that of this research are different, the specificity of low paid workers categorization was not mentioned in the research, hence cannot be ascertained whether low level bank workers in Nigeria fit in to this group.

However, during the interview process, findings indicated that both contract and permanent staff have preference for salary – financial reward, as it is required to meet their daily needs and the perception that 'money can buy everything'. Whereas preference for promotion is also premised on the belief that with promotion comes more pay. The contract employees prefer training and development because, lack of work life balance in the bank has made it difficult for them to seek further educations, thereby reducing their chances of getting a better job elsewhere.

Finally, it is interesting to note that although both employee groups have high preference for performance bonus evident in their combined mean score of 4.16, contract staff seems to favour it more than the permanent. The reason for being less favoured by the permanent staff is due to lack of trust for the performance management systems in Premier Bank as performance goals are set without the input of the employees and managers decide who gets the best rating. Excerpts of staffs' words from interview are given below.

"Premier Bank reward strategy is not motivating and encouraging as it is based on performance appraisal, but the appraisal system is not objective as some people in my branch were rated A while I was rated C by the manager and they always say it is the overall branch rating that counts"
(Permanent Staff 1)

"I don't believe in the performance appraisal system, as they keep shifting the goal post once you are getting close to achieving your target, they increased your target so that you don't get the performance bonus"
(Permanent Staff 2)

Contract staffs' preference for performance bonus is because the bank does not usually make performance appraisal available to them unlike the permanent staffs which comes annually, theirs could sometimes be after two or three years and in most cases with no feedback when conducted.

"We are treated as second class citizen despite the fact that we do more than the permanent staff" (Contract staff 1)

I am in customer service unit and the banks use numbers of customers attended to in a day to judge performance which may not reflect the true extent of the work I have done or the numbers of customers I have satisfied. (Contract staff 2)

Using the total reward component to measure employees preference for intrinsic, extrinsic and psychological aspects of reward revealed that permanent employees have high preference for extrinsic related rewards than contract staff who values intrinsic like job title, sense of belonging, appreciation and recognition.

7. Discussions of Results

7.1. Employees Reward Preference

The employees of Premier bank both contract and permanent seems to be aware of all the reward types available in the bank. The highest importance was given to extrinsic related rewards (Particularly money) by the two groups and the reason was due to the socio-economic situation in the country where there is a high rate of corruption and people are striving to meet the basic physiological needs (Maslow 1954). This is consistent with Yeng and Tung (1996) study of motivators that preference for extrinsic reward is premised on the need to satisfy the physiological needs (Maslow 1954) particularly in developing countries where the economic situation is less favourable.

As suggested by Gagne *et al.* (2010) that organization should not only seek to understand what energises employee's behaviour but to ensure sustenance of such behaviour through motivational strategies. The Premier's Banks reward strategy policy has clearly been premised on the understanding that financial incentives and extrinsic rewards will motivate the employee's efforts as in the expectancy theory (Vroom, 1959). However, some rewards types have been found to be of least importance to the two categories of employees such as wedding gifts (contract staff) and birthday gifts (Permanent staff). This could be as a result of large numbers of the contract staff being unmarried while most of the permanents are male. Therefore, the former would have less preference for wedding gifts and the latter for Birthday cake due to the masculinity culture (Hofstede, 1980) that views birthday celebration as a feminine attributes. Lastly, using the total reward component to measure preferences, though a high preference for extrinsic reward was still recorded, but the contract staffs seems to have a higher preference for intrinsic rewards like job title, recognition, sense of belonging and appreciation than the permanent

7.2. Summary of Key finding from Interview and Survey

- Majority of the contract employees are in customer service related role (57%), below 30 years of age (70%), single (65%) and comprises mostly of females (52%) compared to the permanent employees.
- All permanent employees had at least a bachelor's degree.
- The top three motivators of permanent employees was a salary, promotion and performance bonus; while contract employees were salary, promotion and training and development.
- A high preference for rewards that are extrinsic (Financial reward) in nature among both contract and permanent employees.
- Contract employees have high preference for performance related pay (PRP).
- Contract employees expressed a preference for intrinsic related rewards like job title, recognition, challenging and interesting work, flexible working than permanent staff when compared to permanent employees.

8. Conclusion

The research provided an analysis of employee's rewards preference using a case study of Premier Banks reward strategy. Emphasis was placed on financial reward as a means of incentivising employees in Premier bank. Evidence from this study highlighted that both contract and permanent employees have high preference for extrinsic rewards, particularly pay rather than intrinsic rewards. This study has set the pace for future research works on the design and implementation of reward strategy in the Nigeria context. Furthermore, during the conduct of this study some factors such as level of education, grade level and employments type has been found to have influence on employee reward preference. This serves as a pointer for future research in the Nigeria context and a consideration of the effect of socio-economic factors on employee's reward preference. Finally, further study is needed in relation to employee's preference for intrinsic rewards and the value of performance related pay to contingency workforce.

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