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IMPACT OF MONETARY INCENTIVES OF EMPLOYERS PERFORMANCE

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ABSTRACT

This study delves into the intricate relationship between monetary incentives and workers' performance within the context of the Nigerian Automobile Industry. The objective is to discern the impact of various monetary incentive factors on employee performance while also investigating potential areas for enhancement. Through a meticulous examination of 120 completed questionnaires, the study identifies prevailing trends and disparities in the perception of monetary incentives among industry workers. The findings unveil a nuanced understanding of employees' familiarity with the elements and factors of monetary incentives, highlighting their comprehension of how these variables intertwine with their workplace performance. A critical observation is made concerning the incongruence between the societal image associated with workers within the Automobile Industry and the current salary structures. It becomes evident that salary adjustments are not conducted in alignment with the benchmark established by the Salaries and Wages Commission.

INTRODUCTION

In the pursuit of enhanced employee efficiency and productivity, organizations continually seek innovative strategies. While various approaches have been employed to foster employee motivation, achieving sustained commitment toward work-related goals remains challenging. A prevailing debate centers around motivation, with some asserting its intrinsic nature, thereby rendering it resistant to external influences. Conversely, others posit that many methods exist to enhance employee motivation, contingent upon discerning individual preferences. A fundamental approach frequently adopted by employers is the provision of monetary incentives, recognized for their potential to elevate motivation, efficacy, and productivity (Ballentine et al., 2003; Mittal, 2022). These incentives are designed to reward exceptional job performance through financial means. The research underscores the diversity of desired monetary incentives shaped by employees' career stages and generational characteristics. Given the centrality of human resources to organizational success, motivating, training, and developing employees assumes paramount significance, as motivated individuals equipped with skills and knowledge demonstrate superior performance. In developing countries, such as Nigeria, where the cost of living is high and quality of life may be compromised, the appeal of monetary rewards as a motivator is pronounced. Notably, economic considerations underpin a substantial portion of human activities. Consequently, monetary incentives hold a substantial influence over work engagement and commitment. Nevertheless, the efficacy of these incentives can be contentious, especially when confronted with circumstances where in financial rewards are withdrawn.

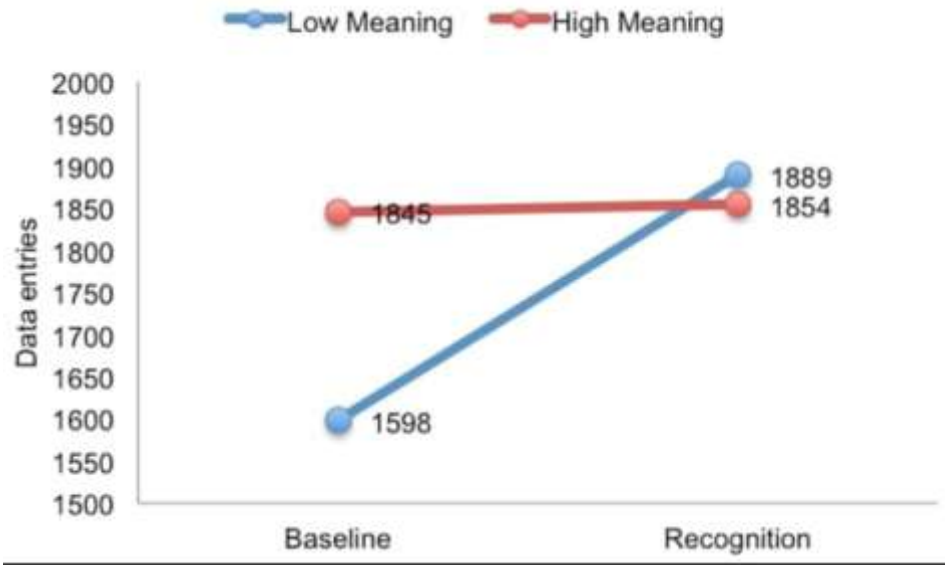
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CONCEPT OF MONETARY INCENTIVES

1. A monetary incentive scheme must be intricately linked to employee performance.
2. The arrangement of monetary incentives should cater to the diverse preferences of individual employees, offering various alternatives for greater inclusivity.
3. Monetary incentives must align with an organization's policies, contextual environment, constraints, regulations, and procedures.
4. Consistent monitoring of the monetary incentive program is necessary to ensure its just, uniform, and accurate implementation as envisioned and to ascertain its continued suitability in relation to the defined objectives. Notably, the concept of monetary reward systems holds paramount importance for employees. The process through which these rewards are determined, as highlighted by Morgeson, Campion, and Maertz, can significantly influence worker satisfaction.
5. An organization's incentive program may involve offering a variety of employee incentives, engaging in direct or indirect negotiations with labour unions, or employing a combination of these approaches. However, organizations must establish comprehensive policies that govern their incentive programs.

TYPES OF MONETARY INCENTIVES



Incentives represent crucial drivers that influence employee behaviour. When viewed through the lens of fostering successful strategy implementation, an effective incentive or reward program. These accomplishments can revolve around bolstering organizational proficiency, encompassing aspects such as flawless manufacturing, punctual delivery, expedited cycle times, elevated customer satisfaction, reduced costs, and other related dimensions.

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Salary or Wages: This stands as one of the most time-honoured and paramount motivational factors in human history. It encompasses monetary compensation received at the conclusion of a stipulated work period, typically bi- weekly or monthly. Notably, salary and wages should be both reasonably fixed and punctually disbursed (Resca & Munandar, 2022).

Bonus: A bonus encompasses an additional payment beyond the regular salary. Its purpose lies in incentivizing employees who achieve their sales targets or teams that successfully complete projects within stipulated timelines or exceed production benchmarks. Companies might also grant year-end bonuses or long-service bonuses as tokens of recognition for loyalty. It is crucial to underscore that bonuses are intrinsically linked to organizational profitability and productivity (Sorn, Fienena, Ali, Rafay, & Fu, 2023).

Pay Raise: A pay raise signifies an augmentation of an employee's salary. Such increments are extended to employees who have either demonstrated outstanding performance over a duration or have offered long-standing service to the organization. Furthermore, pay raises are granted to individuals who have been promoted to higher roles within the company (Coron, 2020).

ADVANTAGES OF MONETARY INCENTIVES

Monetary incentives offer a range of advantages that significantly impact employee motivation and overall organizational performance. In the context of this study, we will delve into ten distinct advantages of monetary incentives. One of the primary advantages of monetary incentives lies in their simplicity and straightforwardness. Implementing monetary incentive schemes provides a clear and uncomplicated approach to reward employees who consistently exhibit high levels of productivity (Read, 2005). Such schemes are not only effective in acknowledging hardworking employees but also serve as a direct means of influencing desired employee behaviours. Unlike certain incentive methods that demand personalized approaches, monetary incentives require no individual customization. The uniform nature of compensation ensures that each employee is adequately rewarded for their contributions, making it a convenient avenue for organizations to express appreciation and incentivize performance (Atmaja, Zaroni , & Yusuf, 2023; Hackethal, Kirchler, Laudenbach, Razen, & Weber, 2023).

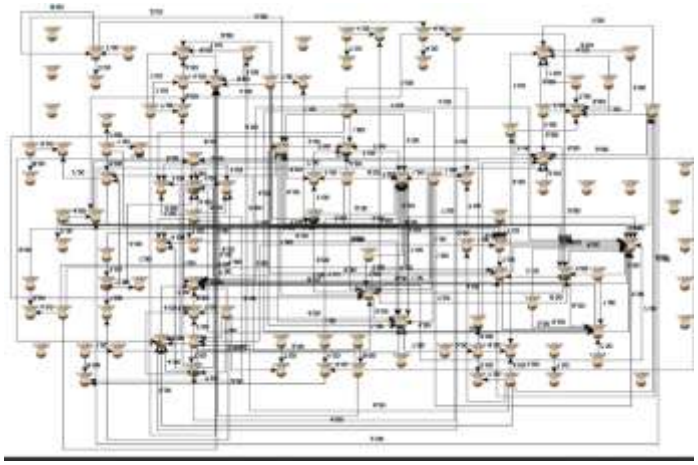
STRUCTURING MONETARY INCENTIVE

The strategic dimension of this study underscores the pivotal role of monetary incentives within organizational dynamics. The foremost objective behind any monetary incentive facilitated by management is to drive specific outcomes that culminate in enhanced profitability and heightened productivity for the organization. The configuration of the monetary incentive scheme holds sway over its effectiveness on employees and its ensuing advantages for management. Designing the scheme demands a strategic approach that resonates with employees, engendering a sense of anticipation and elevating productivity, thereby aligning with the desired organizational objectives. Examples elucidate the versatility of such structuring. Industry standards can serve as a foundational reference when structuring the monetary incentive scheme. For instance, in sales programs, incentives often manifest as commissions or bonuses contingent on sales achievements. These may take the form of per-sale rewards or cumulative aggregates over a specified period. A team-oriented approach might involve setting collective goals and rewarding the team upon successful attainment. Consider an illustration where the accounting team sustains an error rate below two per cent for a month, warranting a reward of N2000 for each team member. Such an approach nurtures teamwork, fostering an environment where mutual support is valued—a prime example of a team-based incentive structure.

NON-MONETARY INCENTIVES

Although our study is focused on monetary incentives, other incentives are given to employees which are not monetized. These incentives are known as non-monetary incentives. Non-monetary incentives are also effective in employee motivation and performance (Abdullah & Wan, 2013; Jeffrey, 2004). We will only list the various types available but will not go into details as it is not the focus of our study. The major types of non-monetary incentives are medical incentive schemes (popularly known as HMO), company transport schemes, staff quarters, work from home, vacations, free meal vouchers, children scholarship schemes, loan assistance, career development schemes, recognition on birthdays, outstanding employee plaques, life insurances schemes, and free mobile phones.

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EMPLOYEES PERFORMANCE

Huselid (1995) extensive research encompassing 968 US companies, conducted through questionnaires, unveils a compelling linkage between employee motivation and performance outcomes. Complementing this, Arthur (1994) study delving into labour efficiency underscores that enterprises adopting high-commitment strategies significantly manifest elevated performance levels. This convergence of findings substantiates the assertion that employee performance constitutes a pivotal determinant of overall productivity. Given its direct relevance to managerial concerns, this notion assumes paramount importance, emphasizing both output quantity and quality per employee.



According to Nishii, Lepak, and Schneider (2008), specific attitudes and behaviours exhibited by employees play a pivotal role in influencing their performance levels. Variables such as absenteeism, turnover rates, and job satisfaction significantly contribute to shaping performance outcomes. Recognizing the symbiotic relationship between employee performance and organizational viability, the imperative emerges to gauge and govern performance to ensure organizational sustenance. Labour productivity emerges as a crucial metric, denoting output per unit of time worked.Owing to the pivotal role of human input as a production factor, the enhancement of employee productivity has perpetually been a focal point

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This emphasis on productivity aligns with the necessity for measurement, constituting an indispensable facet of the control process. It is pertinent to acknowledge that productivity materializes as an outcome of performance, thereby highlighting the interconnectedness of these concepts. Notably, productivity assessment in certain domains poses challenges; for instance, quantifying the productivity of knowledge workers proves more intricate than that of skilled labour. Within the automotive sector, productivity is held in high esteem, thus prompting the formulation of guiding principles, regulations, and protocols aimed at optimizing employee performance.

RESEARCH METHODOLOGY

Research Design The descriptive research design was used for this study. The design was appropriate because the research is a case study approach, and data were collected for the purpose of interpreting the phenomena that exist, the altitude that prevails, and the opinions that the respondents held. Study Area The study area of this project is the Lagos metropolitan area, where the head offices of the companies used as the case study are located. The Population of the Study The population for the study comprised male and female, junior, Senior, and management staff selected from the three companies used as a case study. A total of 150

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persons were randomly selected. Sampling Procedures and Sample Size Determination Simple random sampling was used to select 150 persons from the population in the three companies used as the case study, which means 50 people from each company. The sampling frame was designed to mark from 01-50 for each company. And then, using the statistical table of random members, the desired sample size of 120 was selected.
Source of Data and Data Collection Method The data used for this study are primary sources from the staff of the three companies (Elizade Limited, Coscharis Ple, and Stallion Plc.) through the use of a questionnaire as a data collection method. The questionnaires were distributed to a sample population from each company understudy and were retrieved after twenty-four hours and this time allowed respondents to reflect on the questions and give unbiased and informed responses. Research Instrument The research instrument used for data collection for this study was a questionnaire.

CONCLUSION

The primary objective of our study was to comprehensively investigate the "Effect of Monetary Incentives on Workers Performance," using the Nigeria Automobile Industry as a pertinent case study . Our investigation reveals that individuals within the Nigerian workforce possess a comprehensive grasp of the diverse elements and factors comprising monetary incentives. These individuals also keenly understand how these pivotal factors have intricately shaped and influenced their workplace performance. Among the various incentive elements, our findings underscore the profound impact of incentives such as bonuses and Pay-Rise on workers' performance. These incentives emerge as the most influential factors driving enhanced work performance within the studied context.

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