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Reward System and Organizational Productivity: An Assessment of Chevron Nigeria Limited, Lagos State.

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Abstract. Reward system is a necessary tool to advance productivity of an organization. It is a major way of motivating employees to produce their best performance in line with organizational goals. However, poor organizational productivity has been attributed to the absence of effective rewards system. Hence, this paper dissect the reward system in Chevron by measuring indicators such as financial incentive, verbal recognition and promotion. The paper adopted a survey research design in ascertaining the relationship between Reward system and Organisational productivity. The targeted population were staff of Chevron Nigeria PLC, Lagos State. A simple random sampling technique was used to arrive at the sample size. 327 questionnaire were administered and 300 were retrieved for analysis. Secondary data also used for further analysis. The paper established the relationship between financial incentive and organization to be statistically significant at r = .269, verbal recognition significantly correlate with organizational productivity r=0.044 and promotion correlates with organizational productivity r=0.284. Therefore, paper recommends that since rewards system is a necessary tool in organizations, its engagement to motivate employees should be basic in order to generate productivity.

Keywords: Reward System, Organizational Productivity, Incentive, Chevron, Lagos State.

1. Introduction

In every organizations, whether profit or service oriented, the ultimate goal is to increase productivity in their engagement. In attaining the desired level of productivity, most organizations realize the importance of human resources as integral to achieving the targeted level of productivity (Antoni, Baeten, Perkins, Shaw & Vartianen, 2017). As such, it can be said that the productivity of an organization is greatly tied to the performance of the employees (Laplante & Ambady, 2012). The relationship between the performance of employees and their productivity levels shows the need for the effectiveness and efficiency of every employees within an organization. According to Kiima (2015) organizations need the individual productivity, innovation and commitment of employees in order to succeed and to get this from employees, organizations need to make their employees feel valued and recognized. There are several ways of going about this such as having a good system for training and development, a good working environment and ensuring the participation of employees (Kerr, 2018). However, according to Makoui and Aloui (2016) a major way of motivating employees to produce their best performance is by instituting an employee reward system.

Reward involves giving a prize, recompense, benefit or award in honour of service, effort or achievement (Mamdani & Minhaj, 2016). According to Armstrong (2010) reward management is defined as the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. In other words, reward systems seeks to attract people to the organization, to keep them coming to work, and motivate them to perform to high levels (Ijaz & Khan, 2013). In order for reward to be effective it must have positively affected the economical and psychological aspects of the employee’s life which will in turn influence the productivity of the organization (McKinsey Global Institute, 2018).

According to Armstrong (2010) reward management is not just about financial rewards, pay and employee benefit, it also concerns non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. However, the issue for most organizations is how to determine the appropriate reward system that will motivate employees to produce excellent performances and ensure organizational productivity.

Productivity is a major competitive issue for organisations round the globe, whether it be profit or service oriented. Productivity affects the profitability and competitiveness of a profit oriented organisation and the total cost in a non-profit organization. According to Harder (2017), productivity is the relationship between the output generated by a production or service system and the input provided to create this output. The productivity level of an organisation is dependent on the input of employees thereby making the role of employees in ensuring organizational productivity a crucial one. This is a fact that is recognized by majority of organizations around the world including the global giant that is Chevron Corporation. Hence, the reward system of Chevron, applicability and the impact such has on productivity will be what this paper intend to investigate and examine.

1.1 Objective of the Study

The paper's objective was to identify if there is a relationship between reward system and organizational productivity in Chevron PLC Nigeria, Lagos State. Hence, certain indicators to measure the reward system that helps in achieving productivity need to be employed. Therefore, the measured indicators employed for reward system in this paper are financial incentive, verbal recognition and promotion. More so, the crafting of the objective suggest that a hypothesis should be developed. Consequently, the specific objectives and hypothesis are indicated below:

- Identify the relationship between financial incentive and organizational productivity at Chevron Nigeria PLC, Lagos
- Examine the relationship between verbal recognition and organizational productivity in Chevron Nigeria PLC, Lagos
- Investigate whether promotion has an influence on organizational productivity of Chevron Nigeria PLC, Lagos

1.2 Test of Hypothesis

H_0 There is no significant relationship between reward system and organizational productivity at Chevron Nigeria PLC, Lagos

2. Theoretical Framework

Under this section, two types of theories shall be examined. The first theory is the main theory called Skinner's Reinforcement theory while the second is a complimentary theory called Total Reward theory.

Skinner (1948) studied operant conditioning by conducting experiments using animals which he placed in a '*Skinner Box*' and he coined the term operant conditioning; which is the changing of behaviour by the use of reinforcement which is given after the desired response. Skinner identified three types of responses or operant that can follow behaviour. They are; **Neutral operant**: responses from the environment that neither increase nor decrease the probability of a behaviour being repeated, Reinforcers: responses from the environment that increase the probability of a behaviour being repeated. Reinforcers can be either positive or negative.

Punishers: responses from the environment that decrease the likelihood of a behaviour being repeated. Punishment weakens behaviour (Mcleod, 2018).

The reinforcement theory is also known as learning theory. It refers to the stimuli used to produce desired behaviours with different occurrences and schedules (Skinner, 1937). Reinforcement theory proposes that you can change someone's behaviour by using reinforcement, punishment and extinction. Rewards are used to reinforce the behaviour you want and punishments are used to prevent the behaviour you do not want. Extinction is a means to stop someone from performing a learned behaviour. The technical term for these processes is called 'Operant conditioning' (Skinner, 1937, 1938 and 1957). The Reinforcement theory includes four approaches which are Positive reinforcement, Negative reinforcement, Punishment and Extinction. Positive reinforcement is a technique to elicit and to strengthen new behaviours by adding rewards and incentives instead of eliminating benefits according to Catania (2001) cited in Wei & Yazdanifard (2013). Positive reinforcement is a method that increases the occurrence of new behaviours by rewarding them positively. It is done because one is attempting to increase the chances of that particular behaviour occurring again. Positive reinforcement strengthens a behaviour by providing a consequence an individual finds rewarding (Mcleod, 2018).

Negative Reinforcement is the removal of an adverse stimulus which is 'rewarding' to the person. Negative reinforcement strengthens behaviour because it stops or removes an unpleasant experience (Mcleod, 2018).

According to Hall (2013) sited in Wei & Yazdanifard (2013), Punishment is a tool used to remove unwanted or undesired actions and it can be used to decrease the intensity of behaviours. Punishment occurs when you impose a negative consequence to reduce an undesirable behaviour. They stated further that in other words, punishment is designed to remove awkward, dangerous, or otherwise unwanted behaviour from an individual on the assumption that a person who has been punished is less likely to behave in the same way again.
Extinction reinforcement **o**ccurs when an employee puts in effort in ensuring that his performance level is high, it will get to a point where if he does not get a reward for a job well done, he would cease putting in that much effort at the workplace. Extinction means absence of reinforcements. In short it means lowering the probability of undesired behaviour by removing the reward for that kind of behaviour.

Total reward theory describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments. The components of the total reward can be described as in the following figure (Armstrong, 2006).

In relation to this paper, the theory is significant in showing that employees are positively rewarded for the amount of effort put into their jobs which enhance performances, both productivity and profitability and if a negative reward is attached to a particular level of performance, the employee will do everything he can to stay above that level so as to not get that negative reward. Consequently, it shows that the incentives given to employees by an organization drives their motivation and ultimately the level of performance.

3. Presentation of Data and Analysis

This section present data and the analysis of the questionnaire with testing of the hypothesis to find the relationship between reward system and productivity using different indicators of reward system such as financial, verbal recognition and promotion as measurement to evaluate whether such contributed to the organizational productivity experienced at Chevron Nigeria PLC, Lagos.

Table 1: Distribution of respondents based on departments

Departments	Frequency	Percentage%
Products and services	55	18.33
Transportation	10	3.333
Supply and trading	65	21.6
Production	50	16.66
Human Resources	30	10
Finance	35	11.66
Legal	10	3.333
Business	25	8.33
I.T	15	5
Cleaning	5	1.66
TOTAL	**300**	**100%**

Source: *Researchers field survey, (2021)*

Table 1 shows the departments of the respondents. The table revealed that 18.33% of the respondent were from product and services department, 3.333% were form Transportation, 21.6% were from supply and trading, 16.66% respondent were from Production Department, 10% were from Human Resources Department , 11.66% were from Finance, 3.333% from Legal, 8.33% from Business, 5% from I.T and 1.66% from Cleaning Department.

Table 2: Position of Respondents

Work Experience	**Frequency**	**Percentage%**
Junior Management Level	135	45
Middle Management Level	165	55
TOTAL	**300**	**100**%

Source*: Field Survey, 2021*

Table 2 shows the position of the respondents. The table revealed that 45% of the respondents were in junior management level while 55% were in middle management level. The majority of respondents that participated in this study are in middle management level.

3.1 Analysis of Research Questions

Keys: Where; SA= Strongly Agree, A= Agree, PA= Partially Agree, SD= Strongly Disagree, D= Disagree and PD= Partially Disagree.

What is the relationship between financial incentives and organizational productivity in Chevron Nigeria Limited?

Table 3: Financial incentives and organizational productivity

S/N	ITEMS	SA	A	PA	PD	D	SD
1	I would describe the salary of employees in this organization as competitive	23%	41%	26%	5%	4%	1%
2	Employees are given financial bonuses as incentives to achieve organizational targets	20%	38%	34%	3%	3%	2%
3	Employees are given salary raises as incentives to achieve organizational targets	52%	37%	5%	4%	0%	1%
4	Employees are given paid vacations as incentives to achieve organizational targets	23%	41%	26%	4%	0%	6%
5	Financial Incentives given to employees in this organization is effective in ensuring they achieve their target	42%	34%	14%	2%	2%	6%

Source*: Researchers Field Survey, 2021*

Table 3 shows the relationship between financial incentives and organizational productivity of Chevron Nigeria Limited. The table shows that 23% of the respondents strongly agreed that salary of employees in the organization is competitive, 41% of the respondents agrees to the premise, 26% of the respondents partially agreed with the premise. However, 5% partially disagreed, 4% disagreed and 1% strongly disagreed. In addition, it was discovered in the table that 20% of the respondents strongly agree that employees are given financial bonuses as incentives to achieve organizational targets, 38% of the respondents agree to the premise, 34% of the respondents partially agreed. But 3% partially disagreed, 3% disagreed and 2% strongly disagreed. It was discovered that 52% of the respondents strongly agree that employees are given salary raises as incentives to achieve organizational targets, 37% agreed, 5% partially agreed, 4% partially disagreed, none of the respondents disagreed and 1% strongly disagreed. The table revealed that a combination of 90% either strongly agreed, agreed, or partially agreed that employees are given paid vacations as incentives to achieve organizational targets while 10% either disagreed, strongly disagreed or partially disagreed. Likewise, a combined 90% of the respondents either agreed, strongly agreed or partially agreed that financial incentives given to employees in the organization is effective in ensuring they achieve their targets while 10% either disagreed, strongly disagreed or partially disagreed.

Therefore, the responses from the questionnaire shows that there is the presence of financial incentives in Chevron and that the relationship between financial incentives and organizational productivity in Chevron is positive and enough to motivate their staffs to be more productive which affects the general productivity level of the organization.

How does the verbal recognition of employees affect the organizational productivity of Chevron Nigeria Limited?

Table 4: Verbal recognition of employees and organizational productivity

S/N	ITEMS	SA	A	PA	PD	D	SD
1	There is well defined structure for the verbal recognition of employees according to their performance levels	51%	24%	21%	4%	0%	0%
2	There is a variety of verbal recognition techniques employed to reward employees	41%	34%	10%	10%	5%	0%
3	There is a personalized recognition of accomplishments	42%	34%	14%	1%	8%	1%
4	There is significant management's interest in verbally recognizing employees	51%	24%	21%	4%	0%	0%
5	Employees are consistently verbally recognized for every good performance	52%	37%	5%	1%	3%	2%

***Source**: Researchers Field Survey, 2021*

Table 4 shows the effects of verbal recognition of employees affect the organizational productivity of Chevron Nigeria Limited. The table shows that 96% of the respondents indicated strongly agreed, agreed or partially agreed that there is well defined structure for the verbal recognition of employees according to their performance levels however, 4% of the respondents partially disagreed, disagreed or strongly disagreed with this view. The table also revealed that there is a variety of verbal recognition techniques such as celebration of small and big accomplishments, mention in the company's bulletin and so on employed to reward employees, this is reflected in 85% of the responses who indicated strongly agreed, agreed and partially agreed while 15% of the respondents partially disagreed, disagreed or strongly disagreed. Also, 90% of the respondents strongly agreed, agreed and partially agreed that there is a personalized recognition of accomplishments while 10% partially disagreed, disagreed or strongly disagreed with this view. 96% of the respondents indicated strongly agreed, agreed or partially agreed that there is significant management's interest in verbally recognizing employees while 4% partially disagreed, disagreed or strongly disagreed to the statement. 94% of the respondents strongly agreed, agreed and partially agreed that employees are consistently verbally recognized for every good performance whereas 6% partially disagreed, disagreed or strongly disagreed to the statement. From the responses of the questionnaire, it is evident that verbal recognition as a reward system for organizational productivity in Chevron is present and functional. The verbal recognition of employees in this organization does a good job at showing to the employees that they are valued and their inputs are recognized by the organization which influences the employees to put in more effort into their daily jobs and in turn increases the productivity level of the organization.

What is the impact of promotion on the organizational productivity of Chevron Nigeria Limited?

Table 5: Promotion and organizational productivity

S/N	ITEMS	SA	A	PA	PD	D	SD
1	There is the availability of promotion opportunities in the organization	32%	39%	13%	6%	6%	4%
2	Promotions are fair and unbiased	40%	43%	9%	1%	5%	2%
3	There is equal opportunity of all employees to be promoted	43%	31%	22%	4%	0%	0%
4	The performance of employees is a determinant for promotion eligibility	32%	39%	13%	5%	6%	5%
5	Employees are promoted frequently	40%	43%	9%	5%	1%	2%

***Source**: Researchers Field Survey, 2021*

Table 5 shows the impact of promotion on organizational productivity of Chevron Nigeria Limited. From the table, it was found that 84% of the respondents indicated strongly agreed, agreed or partially agreed to the availability of promotion opportunities in the organization whereas 16% indicated partially disagreed, disagreed or strongly disagreed. 92% indicated strongly agreed, agreed or partially agreed that promotions are fair and unbiased while 8% indicated partially disagreed, disagreed or strongly disagreed. Furthermore, 96% of the respondents strongly agreed, agreed or partially agreed that there is equal opportunity of all employees to be promoted while 4% had a contrary view. 84% of the respondents indicated that the performance of employees is a determinant for promotion eligibility whereas 16% indicated partially disagreed, disagreed or strongly disagreed. 92% of the respondents indicated strongly agreed, agreed or partially agreed that employees are promoted frequently and only 8% indicated partially disagreed, disagreed or strongly disagreed to the statement.

Majority of the respondents strongly agreed, agreed or partially agreed that there are promotional opportunities in Chevron and that employees are being promoted frequently which shows that promotion is a good reward system in Chevron and it has impact on the productivity of the organization because it is able to motivate the employees to perform better since promotion in Chevron as seen from the responses of the questionnaire, is based on the performance of employees.

H_{04} There is no significant relationship between reward system and organizational productivity

Table 6: Correlation between reward system and organizational productivity

		Organisational Productivity	Financial Incentives	Verbal Recognition	Promotion
Organisational Productivity	Pearson Correlation	1	.269**	-.020	.284**
	Sig. (2-tailed)		.007	.044	.004
	N	300	300	300	300
Financial Incentives	Pearson Correlation	.269**	1	.198*	.284**
	Sig. (2-tailed)	.007		.048	.004
	N	300	300	300	300
Verbal Recognition	Pearson Correlation	-.020	.198*	1	.491**
	Sig. (2-tailed)	.044	.048		.000
	N	300	300	300	300
Promotion	Pearson Correlation	.284**	.284**	.491**	1
	Sig. (2-tailed)	.004	.004	.000	
	N	300	300	300	300

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 shows the correlation between reward system and organizational productivity in Chevron. The correlation analysis presented in the table indicates that there was a positive correlation between financial incentives and organisational productivity, which was statistically significant (r = .269). Verbal recognition significantly correlate with organisational productivity (r=0.044). Also, promotion correlates with organisational productivity (r=0.284). Therefore, the null hypothesis was rejected, indicating that there is a significant relationship between reward system and organizational productivity.

4. Discussion of Findings

The discussion is based on the findings from the responses of the questionnaire and of the study in the hypothesis test. Three objectives were used to measure the reward system and its influence on organizational productivity. Findings from the questionnaire administered shows that there is a relationship between financial incentives and organizational productivity. Equally, finding from the hypothesis revealed that financial incentives were found to correlate with organizational productivity. The correlation analysis presented in the table 6 indicates that there was a positive correlation between financial incentives and organisational productivity, which was statistically significant (r = .269). These findings found support in the work of Akintoye (2000) who opined that money remains the most significant motivational strategy to productivity of workers at the work place. Also, in agreement is Kootz (2005) who noted that money can never be overlooked as a motivator, whether in the form of wages or any incentive pay in issues that borders on productivity.

Financial incentives such as pay, merit pay, incentives, commission, bonus and healthy allowances are essential motivators for organisational productivity as found in this paper. This paper agreed with Bates (2006) who indicated that, for financial incentives to motivate, merit pay rises must be at least seven percent of base pay for employees to perceive them as motivating and to catch anybody's attention. The finding was also in line with that of Locke (1998) on the four methods of motivating employees which indicated that money rated the second among lower-level employees. Such evidence demonstrates that money may not be the only motivator, but it is difficult to argue that it doesn't motivate employees.

Second is the finding on how verbal recognition of employees affect the organizations productivity of Chevron. The study found that verbal recognition correlated with organisational productivity. Further revelation showed that verbal recognition as a functional reward system, is present in Chevron. Equally, the correlation analysis presented in table 6 indicates a positive correlation between verbal recognition and organizational productivity which was statistically significant at r=0.044. There are various ways in which this are display in Chevron, one is by celebrating such individual in the company's News bulletin. The above is supported by Jain & Rashmi, (2016) who opine that employee recognition and rewards play an important role at work to attract and retain their employees. The finding also supported Akafo & Boateng (2015) who found that employees do not only want attractive pay and benefits but also expect that their efforts are valued, appreciated and treated fairly. Equally, Ukaejiofor (2013) stated that a critical part of the process of developing self-esteem and self-worth lies in the nature and levels of recognition accorded to the achievement of particular goals. It was stated further that individuals tend to pursue goals that will be recognized and valued by those whose opinions and judgement are important to them such as family, friends, peers and social groups, as well as work organisations.

Third, is the impact of promotion on the organizational productivity of Chevron. The study found promotion to correlate with organizational productivity. It was revealed from the responses of the questionnaire that promotion in Chevron is merit based on performance towards productivity. Moreover, the correlation analysis presented in table 6 indicates a positive correlation between promotion and organizational productivity which was statistically significant at r=0.284. This finding agreed with those of (Adnan & Mahazril, 2011; Kowalska & Duda, 2017; Tuwei, Matelong, Boit & Tallam, 2013) that promotion increases employee loyalty to the organization, provides opportunities for personal growth, increased responsibility and social status. The paper also in line with Saharuddin & Sulaiman (2016) who posited that promotion is evidence of recognition of employee performance, promoted employee is considered to have a good performance on the job and employees who are aware that they will never be promoted will decrease their performance until they think there will be opportunities to be promoted in the future. Therefore, promotion practices are very important for the company because the promotion means the stability of the company and employee morale will be more assured.

Finally, findings from the questionnaire and test of hypothesis have shown that there is a direct link between financial incentives, verbal recognition, promotion and organizational productivity.

5. Conclusion

The paper has been able to establish the importance of reward system in an organization. By so doing, a pattern of relationship for a structural reward system has been seen to have positive effect on productivity. However, measuring reward system comes with certain indicators to show its effect on performance, motivation and productivity in organization. Such measurements, according to the paper, but with particular focus on Chevron structure are, but not limited to; financial, verbal recognition and promotion. The paper was able to establish through the usage of these measurements, a significant relationship that is positive between reward system and organizational productivity in Chevron Nigeria PLC, Lagos. Hence, it is recommended that the usage of rewards system in this three dimension would be positive in any organization that adopt it in its structural incentive system.

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