

Effects Of Financial Reward On Industrial Harmony Of Selected Public Tertiary Institutions In Southwest Nigeria

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ABSTRACT:- *This study examined the effect of financial reward on industrial harmony of Selected Public Tertiary Institutions in Southwest Nigeria. Specifically, the study examined the effect of salary and other allowances on industrial harmony of Selected Public Tertiary Institutions in Southwest Nigeria. A descriptive survey research design was adopted for the study. The population of the study comprised 11,374 academic and non-academic staff of the selected Public Tertiary Institutions (Ekiti State University, Ado-Ekiti, Adekunle Ajasin University, Osun State University and Olabisi Onabanjo University, Ago Iwoye) in Southwest Nigeria, out of which 386 staff were sampled using Yamane sampling model. Primary data used for the study were gathered through structured questionnaire. Data gathered were analysed using multiple regression.. The study found that salary have a strong significant effect on industrial harmony ($t=2.788$ and $t=5.474$, $p<0.05$); Also, the study found that allowance have a very strong significant effect on industrial harmony ($t=4.816$, $t=2.933$, $t=2.414$ and $t=2.470$, $p<0.05$). Based on the findings, it was discovered that allowances affect industrial harmony than salary. The study concluded that financial reward constructs significantly affect industrial harmony of Selected Public Tertiary Institution in Southwest Nigeria.*

Keyword:- Reward, Financial Reward, Industrial Harmony

I. INTRODUCTION

In the world today, most Universities are faced with consequences of poor performance, low staff morale and high employee turnover due to poor or ineffective reward management (Kirunda, 2010). Reward management is a factor that needs huge attention in recent time. This is necessitated by the various disagreement and strikes that occurs occasionally owing to unequal remuneration packages. A good number of these Universities have poor or no reward management structure that often result to disharmony. In view of this, organization uses rewards management in order to fulfil and satisfy the needs of their employees and to ensure that they operate equitably and fairly. According to Ahmed and Shabbir (2017), rewards system plays a pivotal role in increasing individual performance in an organisation. The expertise of an employee can be enhanced where organization entertains its employees by rewards. Management expects that employees should comply with the rules and bring revolutionary changes and betterment in order to add new skills to their job. On the other hand, employees expect the organization to provide fair salary, better and safe working environment (Preatheepkanth 2011). In this situation, organization should establish a system that must ensure equilibrium or strike a balance that will enhance harmony between management and staff. Danish and Usman (2010) posited that reward system contributes to keep employee's self-esteem level intact.

Similarly, Bello and Adebajo (2014) opined that organizations reward their employees in the form of wages and salaries, promotions, long service awards and certificates, end of the year bonus and other fringe benefits. These rewards are to motivate individual behaviour through contributing to the achievement of organizational goals. The roles of employers in enhancing industrial harmony in Nigeria public and private sectors have received wide attention in the literature of industrial relations. This is because many organizations in Nigeria are bedevilled with a myriad of industrial challenges caused by inefficient and ineffective management style or strained relationship between management and labour unions (Osamwonyi & Ugiagbe, 2013). Consequently, productivity in most organizations has comparatively been hampered due to frequent industrial conflict. Industrial harmony implies a healthy and cooperative working relationship between employers and employees.

Nigeria educational institutions particularly State Universities have been experiencing disharmony in recent times, instability and other forms of industrial conflict as a result of poor remuneration in the Nigeria universities (Enyi, 2001). This situation has resulted to low productivity of educational system in Nigeria. Most of these problems emanated because of incessant industrial disputes under-funding or poor financing of quality education (Ladan, 2012; Mukoro, 2013). According to Nworgu (2005), most Nigerian Universities have

experienced a series of crises among staff, management and university administrators due to non-regular payment of salary and other bonuses in most State Universities particularly in Southwest, Nigeria. Consequently, some of the State Universities staff particularly in Southwest Nigeria are recently owed above two month salary which might be as a result of irregular payment or release of subvention, increase in university wage bill and corrupt practices or embezzlement. More importantly, industrial conflicts disrupt academic activities which make it difficult to achieve its set goal within the time frame. Suggestively, the imperatives of industrial harmony for academic excellence are the most potent panacea in a developing economy like Nigeria, for a productive educational system and sustainable human development.

Markova and Ford (2011) asserted that the real success of tertiary institutions originate from employees' willingness to use their creativity, abilities and know-how in favour of the organisation and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place to inspire tertiary institution staff to put in their best. To this end, there are a number of loopholes in the administration of the various ways of rewarding employees in tertiary institutions which most them view reward as the monetary reward given to employees to compensate them for their performance and when the reward is not commensurate with the effort put in or not paid at the due time, this may lead to dissatisfaction and enhances industrial disharmony. In view of the above fact, the ill treatment of academic professionals in Nigeria tertiary institution has given rise to dissatisfaction level and hampers classroom effectiveness and productivity (Cole, 2002). In the face of frustration, low morale and job-dissatisfaction, tertiary workers had been accused of being responsible for disharmony.

Waswa and Katana (2008) asserted that pay for performance system has much advantage in the organizations practiced; attracting high-quality employees and motivating employees to exert more effort at their jobs. In view of the above, it is noted currently that Federal Universities relatively enjoys timely payment of salary and other allowances while most State Universities in Southwest are faced with non-regular payment of salary and emolument, some are faced with delayed payment and some are experiencing half payment of salary. These have triggered industrial disharmony in different State Universities compared to Federal Universities in Nigeria. Studies have been conducted on reward system on different variable with positive results such as Edirisooriya (2014) in Sri Lanka and Bello and Adebajo (2014) in Nigeria to mention but few, these previous researchers carried out their studies on reward and different dependent variables like productivity, performance, satisfaction and commitment but none of these studies considered the potential link or nexus between staff reward management and industrial harmony which is a major issue or challenges facing public sector organisations in Nigeria. Salary and allowance are not paid regularly and some States are also faced with average salary and allowance payment particularly among State owned universities in Nigeria where there is rapid response to reward system through strong established unions. Therefore, the study focused on how financial reward affects industrial harmony with reference to state owned university in southwest Nigeria.

1.2 Research Objectives

- i. examine the effects of salary on industrial harmony;
- ii. investigate the effects of allowances on industrial harmony.

II. LITERATURE REVIEW

In current world, reward is an important motivational factor for all employees. Reward is basically used to motivate employees towards achieving reasonable level of productivity. Every business use rewards like salary, promotion and other types of bonuses to encourage employees towards high level of performances (Irshad, 2016). Edirisooriya (2014) described reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility. The principal reward for performing work is pay, many employers also offer reward packages of which wages and salaries are only a part among reward packages. The packages typically include: bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more (Agwu, 2013). Most business organizations use different types of rewards to enhance workers performance. Unfortunately, it is not yet clear as to which type of rewards in particular has the most effective impact on people reactions and performance. Salah (2016) defines rewards as positive outcomes that are earned as a result of an employee's performance and these rewards are aligned with organizational goals. When an employee helps an organization in the achievement of one of its goals, a reward often follows. There is a great agreement in literature regarding the types of rewards used in real life situations. Yousaf, Latif, Aslam and Saddiqui (2014) categorized rewards into two groups, which are financial and nonfinancial rewards. The financial rewards are also called extrinsic rewards and the non-financial rewards are called intrinsic rewards. Extrinsic rewards are usually financial or tangible rewards which include pay, promotion, interpersonal rewards, bonuses and benefits (Zaman, Hafiza, Shah & Jamsheed, 2011). While intrinsic reward according to Stoner and Freeman (1992), is the psychological reward that is experienced directly by an employee. Therefore, this study concentrated on extrinsic or monetary reward.

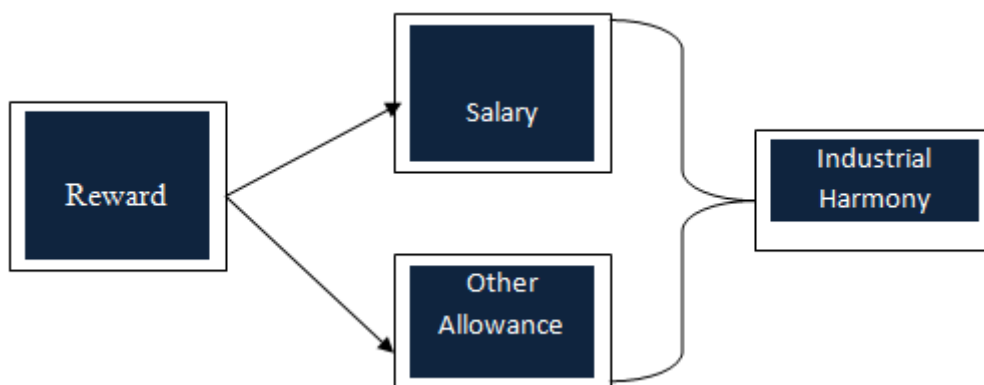
2.1 Extrinsic Rewards

Every organization needs a strategic and fair reward system for employees. According to Schaufeli, Saianova, Gonzales-Roma and Bakker (2002), rewards play an important role in organizations. Extrinsic rewards can be referred to as tangible returns or monetary rewards. Extrinsic rewards include cash compensation such as salary, bonus, increment, short term incentives, long term incentives and other benefits such as income protection, allowances and others (Schuler & Jackson, 2002). Basic pay is the payment that is received as a wage or as salary. In view of this, Schutt (2006) described basic pay as the fixed payment paid to an employee for performing their specific job responsibilities Paauwe and Boselie (2005) argued that merit pay is used to adjust salaries or provide compensation to reward higher level of employee task in organization and used as a tool to motivate employee, hence it can increase their level of performance and minimize potential conflicts and challenges from employees. Merit pay is more likely to be considered as a reward programmes. In the same vein, merit pay can be described as the allocation of pay raises based on individual performance and one of the most prevalent compensation practices used by most employers in private and public sector. Performance bonus is a monetary reward that is given to employees based on their performance (Harmon, 2007). A bonus scheme is also an essential monetary reward that organisation like tertiary institutions need to give more attention in order to avoid industrial disharmony. According to Teddie and Tashakkori (2008), a successful bonus scheme depends on performance of organization and focus on efficiency of goal setting process. Extrinsic rewards that is preferred by employees especially in the lower level category, is money in a form of bonus, trips paid for by the organization, gifts from a rewards catalogue, or services such as cell phone or paid cable. Therefore, extrinsic rewards also refer to the financial inducement that organizations offer employees in exchange for their contribution and recognition in influencing their productivity in the organization.

2.2 Industrial Harmony

Industrial harmony covers the area of responsibilities, employment policy, collective bargaining, communication and consultation (Odia & Omofonmwan, 2007). Industrial harmony enhances employee productivity and in turn improves performance in education sector and enhancing living standards and quality of life. In the same vein, industrial harmony creates a peaceful working environment conducive to tolerance, dialogue and other alternative (to strike) means of resolving industrial disputes in Nigeria. This creates a high level of employee satisfaction. Harmonious industrial relations refer to an industrial environment where workers along with their union and management understand and accept each other as partners in progress and also, that a cooperative attitude is mutually beneficial in terms of productivity, performance and rewards. It is assumed that conflicts exist but that effective and proactive collective agreements and grievance procedure exist in order to prevent conflicts from transforming into a crisis. In view of this, internalizing harmonious industrial relations will eliminate poor management as it relates to human resources management (Bateman & Snell, 1999).

2.3 Conceptual Framework



Source: Adapted from Edirisooriya (2014)

Figure 2.1: Relationship between Financial Reward and Industrial Harmony

The role reward plays on industrial harmony in educational sector cannot be neglected due to the strong unionism in various tertiary institutions in Nigeria. As a result of this, through well reward structure, employees are relatively inspired and becomes more effective in their daily operation but the dimension of this reward varies and motivate differently which organisation maintain a focus to reduce disharmony and enhances effectiveness. Reward strategies such as options for salary sacrificing and competitive pay, there are a lot of financial benefits which firms can provide on regular basis to enhance industrial harmony commitment and effectiveness at work.

2.4 Theoretical Framework

For the purpose of this study, equity theory will underpin this study. The theory established that individuals will compare them-selves to others in similar circumstances to them-selves similar work, hours, study fellowship etc and to the treatment that the others receive-pay, bonus, promotion etc and if there is similarity, the individual will sense a feeling of equity, However, if individuals believe that there is an input-outcome in equity (more work for less pay-than others), they will sense a feeling of in equity. They theory assesses an individual’s perceived fairness of an employment situation and find that there are perceived inequalities, he/she would change behaviour and may go further to take action to seek a redress of the in balance.

III. METHODOLOGY

This study focused on selected State Universities in Southwest, Nigeria. This research employed a descriptive survey through primary source which were gathered via structured questionnaire to elicit information from the target respondents in southwest Nigeria. The population of this study was made up of the total number of staff of selected public tertiary institution in Southwest Nigeria. Four State Universities (Ekiti State University, Ado-Ekiti (EKSU), Adekunle Ajasin University (AAUA), Osun State University (OSU) and Olabisi Onabanjo University, Ago Iwoye (OOU)) were selected for this study while Federal Universities was excluded from the study. This is due to the fact that they are not faced with the current reward challenges like half salary and untimely payment of salary. Lagos State Universities was also excluded due to their capabilities and prompt and full payment of salary in the State. Therefore, the study population is 11,374 staff.

Table 1 Study Population Distribution

Universities	Number of Staffs
Ekiti State University	2,905
Adekunle Ajasin University Akungba Akoko	2,215
Osun State University	1,884
Olabisi Onabanjo university, Ago Iwoye	4, 370
Total	11, 374

Source: Personnel Office of selected Universities (2019)

Three hundred and eighty six (386) respondents were sampled from the selected four public Universities using Yamane model (1967) (cited in Ahmed & Nawaz, 2015). Four State Universities were selected using convenience sampling. The selected universities were proportionately sampled respectively due to the differential number of academic-staff and non academic staff in each sampled tertiary institution. In order to calculate each size of the stratum, Kumaran Model (cited in Dada & Enitilo, 2017) was employed.

Table 2 Summary of Stratified Sample Size of each University

University	Sample Size	Number of Respondent
EKSU	$\frac{(386)(2,905)}{11,374}$	99
AAUA	$\frac{(386)(2,215)}{11,374}$	75
OOU	$\frac{(386)(4,370)}{11,374}$	148
OSU	$\frac{(386)(1,884)}{11,374}$	64
Total		386

Source: Author’s Computation, 2019

Inferential and descriptive statistics were employed. The descriptive statistic included frequency distribution to describe the demographic variables of the respondents while inferential statistic was used to measure the effect of reward on industrial harmony through standardised multiple regression analysis.

III. RESULTS AND DISCUSSION

4.1 Presentation of Respondents’ Demographic Data

This chapter presents the analysis of data, interpretation and discussion of the findings with regards to the objectives of the study. Three hundred and eighty six (386) respondents were sampled, three hundred and one (301) questionnaires were filled and returned which represented 78% response rate which thus implies that

the selected Southwest Universities ‘staff response rate to the information needed for this study is very high and adequate for data analysis. The response of the respondents is analysed in Table 3.

Table 3: Respondents Demographic Distribution

Variables	Frequency	Percent
Gender		
Male	179	59.5
Female	122	40.5
Total	301	100.0
Marital Status		
Single	104	34.6
Married	189	62.8
Divorced	8	2.6
Total	301	100.0
Academic Qualification		
OND/NCE	37	12.3
HND/B.Sc	103	34.2
MBA/M.Sc	88	29.2
Ph.D	61	20.3
Others	12	4.0
Total	301	100.0
Employment Status		
Academic Staff	133	44.2
Non-Academic Staff	149	49.5
Technologist	19	6.3
Total	301	100.0
Year of Experience		
1-5	86	28.6
6-10	102	33.9
11-15	72	23.9
16 Above	41	13.6
Total	301	100.0

Source: Field Survey, (2019)

Table 3 indicated that the male distribution was 179 (59.5%), while the female were 122 (40.5%). Therefore, male staff are more than the female staff which implies that male staff are more than female staff counterpart among the selected Southwest Public Universities staff. Considering the staff’s marital status, 104 (34.6%) of the total respondents were single, 189 (62.8%) were married while only 8 (2.6%) of the total respondents were divorced. The summary of the response gathered here shows that the larger populations of respondents are married thus implied most of the staff has many responsibilities to meet up either daily or monthly considering their children as a major factor. From the Table 4.1, it was also revealed that 37 (12.3%) of the total respondents are NCE/OND holders, 103 (34.2%) of the total respondents are HND/B.Sc degree holder, 88 (29.2%) of the total respondents were MBA/M.Sc. degree holders, 61 (20.3%) of the survey respondents hold Ph.D. degree, while 12 (4.0%) of the total respondents hold other qualifications which implied that staff with HND/B.Sc degree are more than staff with other qualifications. It was also revealed that the 133 (44.2%) of the total respondents are members of academic staff. 149 (49.5%) of the total respondents are Non-academic staff while 19 (6.3%) of the total respondents are technologists which implies that Non-academic staff are at population advantage due to the complex nature of administrative activities in Nigerian University system. Finally, It was also shown that 86 (28.6%) of the respondents were within the range of 1-5years of experience, 102 (33.9%) were within the range of 6-10years of experience, 72 (23.9%) respondents were between 11-15years of experience while 41 (13.6%) respondents were between 16 and above years of experience which implied that staff within 6-10 year of experience is more than other year of experience.

4.2 Discussion of Result
Objective One

Table 4: Regression Results of Salary on Industrial Harmony

Model	R	R ²	Adj R ²	DW	B	Std Error	T value	P Value
	0.620	0.384	0.363	1.701				
Timely salary Payment					.224	.080	2.788	.001
Full Salary Payment					.401	.073	5.474	.000
Constant					1.241	.413	3.003	.000
F – Cal 17.780*								

Source: Field Survey, (2019)

To test this hypothesis, two variables (timely salary payment and full salary payment) were used to measure salary. From Table 4, the R (Regression Coefficient) gives a positive value of 0.620; this indicates that salary has a strong and positive effect on industrial harmony. The R² is a portion of the total variation in the dependent variable that is explained by the variation in the independent variables. From the results obtained, R² is equal to 0.384, this implies that timely salary payment and full salary payment brought about 38.4% variance in industrial harmony among Selected Public Tertiary Institution in Southwest, Nigeria, this is further proven by the adjusted R² that shows the goodness of fit of the model which gives a value of 0.363, implying that when all errors are corrected and adjustments are made the model can only account for 36.3% of salary in the surveyed tertiary institution. The value of Durbin Watson statistics is 1.701 which showed the absence of autocorrelation in the model due to large sample. However, two variables were used to measure salary which are: timely salary payment, full salary payment and industrial harmony were which subjected to multiple regression analysis. From the Table 4.2, the unstandardized β co-efficient of timely salary payment gives a positive value of 0.224 with t= 2.788 and (P= 0.000 < 0.05). This result showed that timely salary payment has a positive effect on industrial harmony. This means that respondents’ reason for industrial harmony is strongly influenced by timely salary payment. However, the higher the T-value, the better the result and the positivity of the result showed that tertiary institutions will have smooth operation and avoid frequent conflict due to timely payment of salary. The unstandardized β co-efficient of full salary payment gives a positive value of 0.401 with t= 5.474 and (P= 0.000 < 0.05). This result showed that full salary payment has a great significant effect on industrial harmony, therefore, it was found significant. This means that respondents’ reason for industrial harmony is strongly and positively influenced by full salary payment. However, the higher the T-value, the better the result and the positivity of the result showed that full payment of salary bears serious consequence on university staff commitment, performance and satisfaction. This may also result to absenteeism and lateness which in turn influences the effectiveness of staff. This is in line with the findings of Irshad (2016) investigated the impact of extrinsic rewards on employees’ performance in United Arab Emirate. In the end it was concluded that Salary impacts employee performance. It can help the employers to focus on these factors to motivate employees. The multiple regression equation of the model is:

$$\text{Industrial Harmony} = 1.241 + 0.224T_{sp} + 0.401F_{sp}$$

Test for Significance

The F-test is used to test the overall significance of a model by comparing the F calculated with the F tabulated, the comparison is done on Table 4. The table shows that the calculated value of F distribution gives a value greater than the F tabulated. Hence, we accept alternate hypothesis and reject null hypothesis. This implies that salary will significantly affect industrial harmony of Selected Public Tertiary Institution in Southwest, Nigeria.

Objective Two

Table 5: Regression Results of Allowances on Industrial Harmony

Model	R	R ²	Adj R ²	DW	B	Std Error	T value	P Value
	0.707	0.500	0.464	2.368				
Leave Bonus					.532	.111	4.818	.000
Earned Allowance					.281	.094	2.933	.000
Hazard Allowance					.235	.097	2.414	.005
Arrears					.202	.082	2.470	0.001
Constant					1.267	.443	2.859	.000
F-Cal 13.773 *								

Source: Field Survey, (2019)

The regression table is an important table to explain the effect of allowances industrial harmony. From Table 5, the R (Regression Coefficient) gives a positive value of 0.707; this indicates that allowances have a strong and positive effect on industrial harmony. The R² is a portion of the total variation in the dependent variable that is explained by the variation in the independent variables. From the results obtained, R² is equal to 0.500, this implies that leave bonus, earned allowance, hazard allowance and arrears brought about 50.0% variance in industrial harmony among southwest universities, this is further proven by the adjusted R² that shows the goodness of fit of the model which gives a value of 0.464, implying that when all errors are corrected and adjustments are made the model can only account for 46.4% of allowances in the surveyed tertiary institution. The value of Durbin Watson statistics is 2.368 which showed the absence of autocorrelation in the model due to a large sample. However, four variables were used to measure allowances which are: leave bonus, earned allowance, hazard allowance, arrears and industrial harmony which were subjected to multiple regression analysis.

From the Table 5, the unstandardized β co-efficient of leave bonus gives a positive value of 0.532 with t= 4.816 and (P= 0.000 < 0.05). This result showed that leave bonus have a positive effect on industrial harmony therefore, it was found not significant. This means that respondents’ reason for industrial harmony is not strongly influenced by leave bonus. However, the higher the T-value, the better the result and the positivity of the result showed that fair and regular leave bonus has a greater implications on industrial harmony. Moreso, most employees want their interest protected in various institutions.

The unstandardized β co-efficient of earned allowance gives a positive value of 0.281 with t= 2.933 and (P= 0.000 < 0.05). This result showed that earned allowance has a great significant effect on industrial harmony. It was found significant: therefore, we reject the null hypothesis and accept alternate hypothesis. This means that respondents’ reason for industrial harmony is strongly and positively influenced by allowance. However, the higher the T-value, the better the result and the positivity of the result showed that periodic earned allowance payment is encouraging to boost public university employees.

The unstandardized β co-efficient of hazard allowance gives a positive value of 0.234 with t= 2.414 and (P= 0.005 < 0.05). This result showed that hazard allowance has a great significant effect on industrial harmony therefore it was found significant. This means that respondents’ reason for industrial harmony is strongly and positively influenced by allowances. However, the higher the T-value, the better the result and the positivity of the result showed that employees feel secured due to timely payment hazard allowance.

From Table 5 the unstandardized β co-efficient of arrears gives a positive value of 0.202 with t= 2.470 and (P= 0.001 < 0.05). This result showed that arrears have a great significant effect on industrial harmony, therefore, it was found significant. This means that respondents’ reason for industrial harmony is strongly and positively influenced by allowance. However, the higher the T-value, the better the result and the positivity of the result showed that prompt payment of arrears increases employee’s level of trust. This is in line with the findings of Ntiamoah, Agyei-Sakyi, Opoku, Abrokwah and Siaw (2014) who evaluate the role that performance-based rewards play in productivity in Ghana. Results of the study showed that there are high positive correlation between the constructs of performance-based rewards and productivity. Furthermore, the findings of Osibanjo, Adeniji, Falola, Heirsmac (2014) evaluated the effect of compensation packages on employees’ job performance and retention in a selected private University in Ogun State, South-West Nigeria. The results showed strong relationship between compensation packages (salary, bonus, incentives, allowances, and fringe benefits) and employees’ performance and retention. The multiple regression equation of the model is:

$$\text{Industrial Harmony} = 1.267 + 0.532\text{Lbn} + 0.281\text{Eaw} + 0.234\text{Haw} + 0.202\text{Arr}$$

Test for Significance

The F-test is used to test the overall significance of a model by comparing the F calculated with the F tabulated, the comparison is done on Table 5. The table shows that the calculated value of F distribution gives a value greater than the F tabulated. Hence, we accept alternate hypothesis and reject null hypothesis. This implies that allowances will significantly affect industrial harmony of Selected Public Tertiary Institution in Southwest, Nigeria.

V. CONCLUSION

Based on the findings of this study, salary and allowance were used to proxy financial reward. It was found that salary has a strong significant effect on industrial harmony thus implied that timely payment of salary and full payment of salary has a positive effect on industrial harmony. Moreover, allowances have a very strong significant effect on industrial harmony, this showed how important these allowances are to tertiary institutions staff in southwest Nigeria and that failure to make timely payment may cause disharmony. However, the hypotheses tested were found significant at 0.05 level of significance. From the findings, alternate hypotheses were accepted while null hypotheses were rejected thus concluded that financial reward is positively related to industrial harmony particularly among selected public Universities in Southwest Nigeria.

5.1 RECOMMENDATIONS

- i. Based on the findings of salary, hence, it is recommended that management of public universities should ensure that salary are paid on time and that the salary should be fully paid to avoid industrial frequent actions that can inhibit the activities of the institution.
- ii. Furthermore, other allowances constructs were found positive and significant on industrial action and that other allowances like hazard allowance, leave bonus, arrears earned allowance cannot be undermined in determining employee performance, commitment, satisfaction, absenteeism, lateness, effectiveness and peaceful conduct of daily operation. In view of this, allowances should be given more attention to avoid disharmony in the public owned universities.

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