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EFFECT OF FINANCIAL REWARDS ON EMPLOYEES' TURNOVER AND JOB PERFORMANCE IN TERTIARY INSTITUTIONS IN CROSS RIVER STATE, NIGERIA

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ABSTRACT: *This paper investigated the* effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria. *The objective of the study was to ascertain the* effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria. A *survey-descriptive design wasadopted for the study. The population constituted 3,800 academic and non-academic employees of tertiary institutions in CrossRiver State, Nigeria. Two research questions and two corresponding hypotheses were formulated to guide the study. Tworesearcher-made rating scales were constructed for data collection. Data were analyzed with One Sample Test and ANOVA toascertain the* effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria. *The paper recommended that* heads of tertiary institutions in Cross River State, Nigeria should find out exactly why there is a turnover of employees in the institutions. It further recommends that further investigations should be conducted to ascertain other possible causes of employees' turnover in the tertiary institutions investigated.

Key Words: Financial Rewards Employees' Turnover Job Performance Tertiary Institutions Cross River State Nigeria

I. Introduction

Financial rewards constitute a sensitive and controversial issue between employees and management in any business organization. This is because while it is an income to employees, it is a cost to management and the organization. These opposing perspectives of both the employees and management (who oversee the organization's affairs) naturally bring the two sides into loggerheads. Moreover, employees come into an organization with qualifications, skills, experience, efficiency and effectiveness that they expect to be adequately paid. This is why they would offer their services to the highest bidder. On the other hand, managements of organizations are desirous of keeping down costs for ultimate profitability, survival and growth of the establishments. This conflict of interest situation appears to make employees jittery, perform below expectation and on the mover to greener pastures.

This situation makes managing the workforce problematic for managements of organizations because after identifying the type of workforce the establishment needs and the degree of flexibility required, managements should ensure that the employees are managed effectively such that they are able to make the necessary contributions to the organizations' strategic fit with the business environment (Capon, 2008). If the employees' job performance cannot guarantee their contribution to the strategic fit of the organization, then its survival and growth is at stake. Consequently, assessing the performance of employees and the rewards offered are critical. Performance deals with determining and implementing the best type of performance evaluation system. Performance targets and key results areas should be considered. Therefore, financial rewards are concerned with deciding on the system most likely to be effective now and in the future as well as identifying the kinds of financial rewards that guarantee employees' job performance for attainment of the organization's present, medium and long-term goals. This argument can be applied to tertiary institutions that are not profit-making organizations or establishments.

Education at all levels is a social service (Oku, 2010). However, in order to provide quality education especially at the tertiary level, there needs to be prudent management of resources as required in business organizations. Unfortunately, recent mind-boggling discoveries of unprecedented corruption in both Federal- and State-governments-owned tertiary institutions (Okonjo-Iweala, 2018) leave a sour taste in the mouth. At the Federal level, various financial management reforms have been initiated to control and reduce corruption in not only tertiary institutions but also other government ministries, departments and agencies (MDAs). These reforms saw the introduction of Integrated Payroll Personnel Information System (IPPIS), Government Integrated Financial Management Information System (GIFMIS), Treasury Single Account (TSA) and Pension Transitional Arrangement Directorate (PTAD) "in concert with the Central Bank of Nigeria to streamline the accounts of all government establishments ….and give the Finance Ministry better oversight and control of public resources" (Okonjo-Iweala, 2018). Unfortunately, too, state government-owned tertiary institutions are outside this control system and still operate the old corruption-prone system of subvention although all expenditures are approved by the Governor. This seems to explain the incessant and protracted face-offs between government and employees of tertiary institutions in matters of financial rewards. The resultant strikes embarked upon collectively by employees in tertiary institutions are an anathema to job performance both individually and collectively (Byars & Rue, 1997).

In this paper, the researcher defines financial rewards as those payments made to employees in monetary form weekly, monthly or yearly that may include basic salary, house rent, travelling allowance, meal subsidy, examination supervision, hazard allowance, and so on. The researcher also defines employees' turnover as the tendency and frequency of employees wishing to leave a present job in the tertiary institution for another on account of poor financial rewards. Finally, the researcher defines job performance in a tertiary institution as those tasks that both academic and non-academic employees are required to perform in order to provide qualitative services to students, the institutions and general public.

Definition of acronyms

In this paper, the following acronyms, unless otherwise stated, have the connotative and denotative meanings attached to them: ANOVA (analysis of variance), PMCCC (Pearson Product Moment Correlation Coefficient)

Statement of the problem

It was observed that a large number of academic and non-academic employees in tertiary institutions in Cross River, Nigeria were performing poorly and showed tendencies of leaving their jobs for better ones. For example, the frequent and protracted strike actions on account of financial benefits or payments to employees with attendant closure of these institutions are self-explanatory. The effect of this situation on the students, parents, government and the general public cannot be over-emphasized. What are the specific financial rewards demanded by employees and withheld by managements has not been resolved. This is why the researcher identified this problem for investigation. The absence of any research evidence on this problem, therefore, provided the focus for this paper.

Objective of the study

The specific objectives of this paper were to: (1) ascertain the effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria.

Research questions and hypotheses

Based on the stated objectives, the following research questions were posed for the study: (1) What is the effect of financial rewards on employees' turnover in tertiary institutions in Cross River State, Nigeria? (2) What is the effect of financial rewards on employees' job performance in tertiary institutions in Cross River State, Nigeria?. The following corresponding hypotheses were formulated to guide the study and be tested at $P < 0.05$. H_o1- There is no significant effect of financial rewards on employees' turnover in tertiary institutions in Cross River State, Nigeria Ho2- There is no significant effect of financial rewards on employees' job performance in tertiary institutions in Cross River State, Nigeria.

Theoretical Model

A simple model was designed for the study to illustrate the underlying direct causal effect between financial rewards, employees' turnover and their job performance in the tertiary institutions under investigation. Models are defined as visual or diagrammatic illustrations giving a demonstration or example of a process or product that is representative of the content they are expected to read. Models are, however, more than just giving a visual representation of content; rather, a model is a product or process someone can imitate to develop his understanding of the material being read or studied.

Financial Rewards and Employees' Turnover and Job Performance

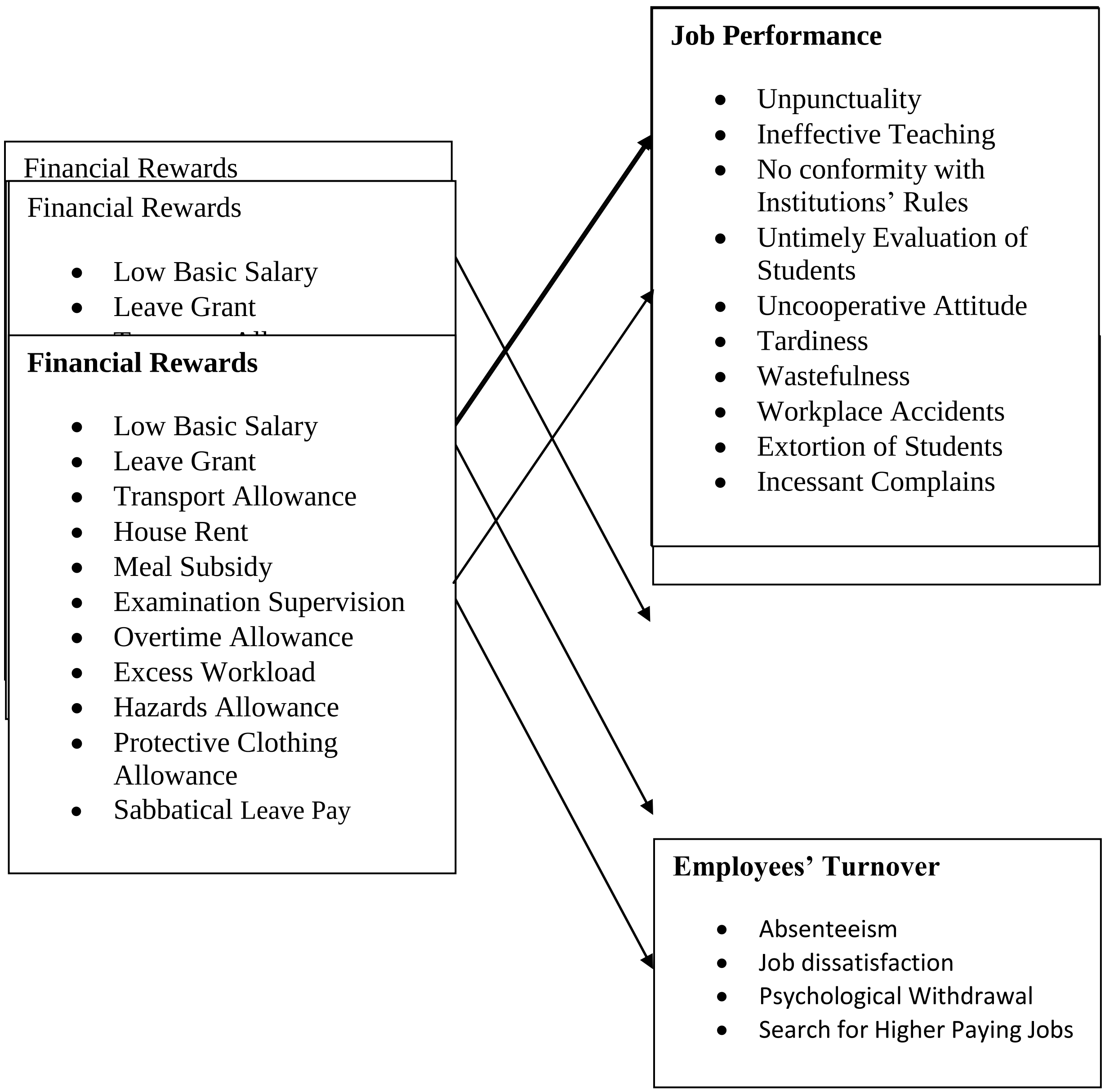

Fig. 1: Researcher's Creation (2021)

II. Literature review

The following literature materials were reviewed to give a good research background to this paper: Byars & Rue (1997) found that there was a strong effect of financial rewards on employees' turnover and job performance. Capon (2008) in an earlier study, found that for employees cannot make contributions to the strategic fit of any organization if their financial rewards were poor. Okonjo-Iweala (2018) found that corruption was responsible for the poor management of public organizations; especially government establishments that include tertiary institutions. Other researchers that investigated this problem inclue: Zaraket & Saber (2017), Mansaray-Pearce, Bangura & Kanu (2019); Fareed, Abiden, Shahzad , Amen, & Lodhi (2013); Gibbs& Ashill (2013); A study was conducted by Agwu (2013) on impact of fair reward system on employees" job performance in Nigerian Agip Oil Company Limited. The purpose of the study was to ascertain the impact of fair reward system on employees" performance. Results showed that effect of rewards on employee motivation is strong. Chacha & Gakobo (2019) investigated the effect of financial incentives on academic staff turnover in public universities in Kenya and analyzed data with descriptive and inferential statistics using descriptive measures such as frequencies, percentages, mean and standard deviation being used. The researchers found that there was a negative and significant relationship between financial incentives and academic staff turnover in public universities in Kenya ($\beta = -0.718$, p value = 0.000). Mendis (2017) investigated the impact of reward system on employee turnover intention: a study on logistics industry of Sri Lanka. The results indicated that remuneration, cash incentives, work life balance, supervisor support and employee recognition variables were negatively and significantly correlated with turnover intention. And those relationships were strong. Results of regressing the reward system on turnover intention showed that reward system is a powerful predictor of labour turnover in logistics industry of Sri Lanka. Asghar & Akram (2012) conducted a study on the impact of financial rewards on employee's motivation and satisfaction in pharmaceutical industry, Pakistan and hypotheses developed to ascertain the relationship between financial rewards, motivation and satisfaction of employees. A positive relationship was found between financial rewards, motivation and satisfaction. Overall results indicated that employees working in Pharmaceutical industry were being offered good financial rewards and motivated in performing their duties and satisfied with their salary and job position.

Population and Sample of the Study

The population of the study consisted of here thousand eight hundred academic and non-academic employees from the Universities of Calabar, Cross River University of Technology, Federal College of Education, Obudu, College of Education, Akamkpa and Institute of Technology and Management, Ugep as shown in Table 1.

Table 1: Population of academic and non-academic employees

	Name of institution	Location	Staff population
1	University of Calabar	Calabar	1442
2	Cross River State University of Technology	Calabar	1243
3	Federal College of Education	Obudu	530
4	College of Education Akamkpa	Akamkpa	325
5	Institute of Technology & Management, Ugep	Ugep	260
	Total		**3800**

Source: Institutions Senior Establishment Departments (2021)

From the above population, a stratified random sample of three hundred and thirty employees was identified from across the five tertiary institutions based on Taro Yamane Formulate for Identification of Sample Size as shown in Table 2.

Table .2: Sample Population of Respondents in the Institutions

	Name of institution	Location	Sample population
1	University of Calabar, Calabar	Calabar	
2	Cross River State University of Technology, Calabar	Calabar	
3	Federal College of Education, Obudu	Obudu	
4	College of Education, Akamkpa	Akamkpa	
5	Institute of Technology & Management, Ugep	Ugep	

Source: Field Survey, (2017)

III. Research Methodology

This study adopted a survey-descriptive methodology because the events had taken place in their natural course of happening. What was required was to ascertain the effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria. The rating scales were designed for data collection in respect of the variables of the study. The respondents were simply required to rate the turnover and job performance of the employees based on their satisfaction or dissatisfaction with financial rewards offered in the institutions. For this research, the variables for this study were operationalised in this way:

Y = f (x); Where y = independent variable (financial rewards, FR), x^1, x^2 = dependent variables (employees' turnover, ET; job performance, JP) that is, financial rewards – Y = ET + JP,

Hence, Y = f (ET, JP)

Where:
X_1, X_2 are the dependent sub variables
Y= independent variable, Financial rewards (FR)

IV. Results

Data generated from the rating scales were analyzed with the Statistical Package for Social Sciences (SPSS). Results obtained were presented in Tables 3 and 4. Further information on the result of this hypothesis is given in Appendices 2 and 3.

Table 3: *Effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria (N = 330).*

One-Sample Test

	Test value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence interval of the Difference	
Turnover	27.194	179	.000	12.82982	12.3523	13.3072
Job Perf.	22.380	149	.000	12.63939	12.0639	13.2148

Table 4: *ANOVA on Effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, Nigeria (N = 330)*

ANOVA[b]

Model	Sum of Squares	df	Mean Squares	F	Sig.
1 Regression	378.654	2	75.713		
Residual	25232.190	179	28.224	0.894	.020[a]
Total	25610.754	149			

a. Predictors (Constant), Financial Rewards (FR)
b. Dependent Variables; Employees' Turnover, Job Performance

V. Findings and Discussion

The objective of the first research question/hypothesis was to ascertain effect of financial rewards on employees' turnover and job performance in tertiary institutions in Cross River State, *Nigeria as* stated in research question one and hypothesis one. The result in respect of null hypothesis one (Table 3) showed t-calculated values of turnover, 27.194 and job performance 22.380. Compared to the critical t-value of 1.96, these values were greater; thus, indicating that the result was significant. Based on this result, the null hypotheses were rejected and the alternatives accepted. The finding indicated that employees' turnover and job performance were statistically significant.

The objective of research question two/null hypothesis two was to ascertain if financial rewards had any effect on job performance. The finding in Table 4 was derived from a combined ANOVA (overall) and t-test for specific variables. This hypothesis was, consequently, adjudged not significant since the F--Calculated of 0.894 was less than the F--Critical value of 1.96 at $P < 0.05$. The finding, therefore, was that financial rewards did not have effect on employees' job performance.

VI. Conclusions

The first finding on the significant employees' turnover implied that the employees would simply want to move out of the tertiary institutions. Moreover, it indicated that the employees applied themselves to their jobs and other work demands. It further implied that the theoretical value derivable from the structure of financial rewards in the institutions was acceptable to them.

The second objective was to ascertain if financial rewards had effect on employees' job performance. The insignificant result of F-Cal = 0.894 against F-Crit = 1.96, was a surprise finding because the incessant and prolonged strikes for financial benefits would suggest that this could have effect on their job performance. Ordinarily, financial rewards should have effect on employees' job performance. Besides, financial rewards have better motivating effect on employees in other sectors. For example, Byars & Rue (1997) found that there was an overall employees' better job performance as a result of financial rewards. This was not the case in the result of H_o2..

VII. Recommendations

The first recommendation is that heads of tertiary institutions in Cross River State, Nigeria should find out exactly why there is a turnover of employees in the institutions. The second recommendation is that further investigations should be conducted to ascertain other possible causes of employees' turnover in tertiary institutions in Cross River State, Nigeria.

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