

**APPLYING EMPIRICAL EVIDENCE FROM VROOMS EXPECTANCY THEORY IN
MANAGING INCENTIVES SCHEME IN NIGERIAN UNIVERSITIES: A FOCUS ON
NNAMDI AZIKIWE UNIVERSITY, AWKA**

**Onuorah, Anthonia Ngozi and Okeke Margaret-Mary Ngozi
Department of Business Administration Anambra State
University, Ighariam Campus, Anambra State, Nigeria**

ABSTRACT

This study assessed the management of incentive plans in Nigerian University with a view to ascertaining the extent to which these plans motivate employees and help to accomplish the organizational objectives/the needs of employees. The assessment was made, using Nnamdi Azikiwe University Awka as a focus of study. Copies of the questionnaire were administered on 60 respondents, followed by personal interview to elucidate and/or corroborate some of the issues identified in the questionnaire. The data were analyzed using descriptive statistics. Though incentive plans increase morale, they are not always commensurate with the efforts/inputs of employees. The study argues that employee incentive programmes are desirable when they have a possible positive correlation with their efforts/performance and their rewards.

INTRODUCTION

Incentives are the various forms of compensation paid to workers. It is an inducement or supplementary reward that serves as a motivational device for a desired action or behavior. For organizations to improve their performances (effectiveness), employee compensation must be given due consideration. Individuals form or join organizations because they have personal objectives they wish to achieve, using the organization as a vehicle. In a well functioning organization, management must understand the behaviour of the participants and design appropriate motivation plans to stimulate them to the desired goals of the organization. This underscores the importance of incentives as strategies for motivating organization participants/workers in an organization.

In order to facilitate the operations of incentives, organizations rely extensively on the various theories of motivation, some of which are the Need Theory of Abraham Maslow, the two-factor theory of Herzberg, the value expectancy theory, theory X and Y of Me Gregory.

STATEMENT OF THE PROBLEM

The bone of contention in this paper is to examine how these incentives should be managed in an organization to ensure that both the objectives of the employees and that of the organization were highly met.

OBJECTIVES OF THE STUDY

The objectives of this study are to

- (1) Determine how universities manage the incentive scheme to suit the needs of their employees.
- (2) Examine how incentive plans motivate employees and increase productivity and performance and
- (3) Evaluate how the incentive plans commensurate with the inputs of employees.

RESEARCH HYPOTHESIS

The following hypotheses have been formulated to guide the major activities of this study in consideration of the stated problem.

Hypothesis 1

Ho: A well designed and proper management of incentives does not satisfy individual needs and accomplishment of organizational objectives.

Hi: A well designed and proper management of "incentives satisfies individual needs and helps organizations to accomplish their objectives.

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Hypothesis 2

Ho: Implementation of incentive plans does not motivate employees and increases productivity and performance.

HI: Implementation of incentive plans motivates employees and increases productivity and performance.

Hypothesis 3

Ho: The input of employees does not commensurate with the organizational incentives.

HI: The input of employees commensurate with the organizational incentives.

LITERATURE REVIEW

Incentive Management

Incentive pay is a wage system that rewards a worker for productivity above an established standard. It is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time

Flippo (1961), employees incentive can be used for two basic purposes:

- (1) To attract and retain qualified personnel in the organization.
- (2) To motivate these personnel to higher level of performance.

Incentive management is a new conception of the relationship between management and workers. There are many incentives schemes administered in organizations. Some are complicated so much that they are easily understood by managers or workers. As a result of the said deficiencies virtually inherent in them. Most incentive schemes become ineffective in motivating workers towards superior performance. Nickson (1992) opines that a good incentive scheme should be a scientific attempt to work out the most advantageous relations between productivity and reward for all concerned. There is a wide variety of incentives programmes. Any of them can be modified to suit the particular circumstances of the organization. This attention will facilitate computation and administration by personnel officers.

EMPLOYEE INCENTIVE IDEAS

Some of the common incentives for employee motivation as identified by Sifleet (2004), are listed below. Most of these are an assured way of providing job satisfaction and ensuring better results for an organization.

Making Them Feel Special

One of the most genuine concerns of any individual is the need of belonging and appreciation. Individuals feel more at ease, secured, and have a deep sense of gratification, when they feel wanted and important. Sometimes, the feeling of being trusted and worthy is a much bigger incentive than monetary benefits. If an organization values the words and ascertains the importance of employees, it can be a big morale booster for them, thus leading to dedicate culture and high productivity.

Quality Work Environment

Another big incentive is a workable and an inviting work environment. People would readily work for a company, even if it offers slightly less pay, but provides excellent working conditions. This includes things like quality sanitation, fresh and charming work environment, baby-sitting facilities for nursing mothers, providing recreation facilities for employees to relax and get refreshed, shopping centers or gyms for employee discount memberships. If you can provide for balance and a pleasant state of mind for the workforce, it is bound to positively affect the company's performance. Firms like Toyota and Google are famous throughout the world for their excellent work culture care leading to better employee performance.

Flexibility in Work Hours and Food

Most often, flexibility is the most desired aspect of a job. If there is flexibility with regards to time people spend at their workplace (especially for mothers with kids to look after and single parents and a liberal structure for vocation and off days), employees' spirits are usually very high. They say, 'the way to a man's heart is through his stomach.' Infact, many people, men and women, have food preferences as one of the major concerns for choosing a workplace. The fact that a firm takes care of the diet requirements of an individual with regards to the food quality, and variety and hygiene, shows its genuine interest in looking after the well-being of the employees.

Money Matter

The most genuine concern, whether accepted by the employee or not, is the monetary compensation and performance appraisals. It simply works out that if a firm guarantees more pay, it may be successful in ensuring a quality workforce and greater productivity from same. Therefore, if it is possible to provide good pay timely rewards, and appreciation, employee incentive plans and ideas work the best when there is an element of sincerity in providing them.

FINANCIAL/NON FINANCIAL INCENTIVE

All incentive systems can be classified into two categories, financial plans and non financial plans. Both are inducement of employee motivation. Highlighting the impact of financial incentive, Abimbola (2001) uses Mc. Gregor's theory to affirm managers' need to apply threats of withdrawal of financial incentives to compel non-challant workers to perform. Generally, workers are attracted to jobs with higher remuneration. Non financial incentives are based on the recognition that people respond to a variety of inducements that carry no monetary benefits. Although they by themselves do not create the strong pull of financial incentives, non financial incentives nonetheless help to make financial incentives more effective and palatable. In the light of the above position, management has the responsibility to choose the appropriate mix of financial and non financial incentives that will induce employees to work together most enthusiastically for the achievement of the objectives of the organization.

VROOMS EXPECTANCY THEORY AND VARIABLE COMPENSATION

Although this theory (expectancy theory) was developed by Levin in 1951, it is usually identified with Victor Vroom who applied it to his study motivation to work in 1964.

Onwuchekwa (1994) opined that the value expectancy theory is principally based on the philosophy that you can use what someone values and what he is sure to get from you if he does what is expected of him to motivate such a person. In other words, the theory is based on two premises, viz

- (1) That people assign values to the expected outcomes of various courses of actions and therefore have preference among the expected outcomes.
- (2) Any explanation of motivated behavior must take into account not only the ends that people hope to accomplish but the extent to which they believe that their own actions contribute to produce the preferred outcome.

In the light of the above, Vroom (1964) devises a formula on the strain of motivation within any individual, thus:

Motivational force = value x expectancy. Motivational force here means the strength of one's motivation. Valence represents the value placed by an individual on the reward to be given, while expectancy is perceived probability that person's goals would be achieved by carrying out a presented action or actions. The degree of expectancy of an individual depends on:

- (1) The individual's capacity to perform the prescribed action, and
- (2) The person's perceptions that such behaviour will actually be rewarded.

When applying the above theory to variable compensation policies in organizations, we should understand in clear terms that the employers here aim at using money to motivate workers superior performance or the achievement of some formulated organizational goals.

RESEARCH METHODOLOGY

The study adopted a descriptive design approach. Gay (1976:47) posits that descriptive decision is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of subjects in a study. Primary data were obtained through structured questionnaire, copies of which were administered to a sample of 100 respondents, randomly selected from faculty of Management Sciences, Social Science, Education and Arts of Nnamdi Azikiwe University Awka.

POPULATION OF THE STUDY

The population of this study consisted of all non-academic staff of Faculties of Management Sciences, Arts, Education and Social Science of Nnamdi Azikiwe University, Awka. 100 copies of the questionnaires were distributed, but only 60 usable were returned by the respondents, giving 60% response rate.

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TABLE 1
PERCENTAGE RATING AND SUMMARY STATISTICS
Percentage of Responses

S/N	QUESTION	YES	NO	YES	NO
1	Do your organization implement any incentive plan	60	-	100%	0%
2	Management adopt both monetary and non monetary incentives in your university	37	23	61.6	38.3
3	Are you satisfied with the process of administering the existing incentives?	35	25	58.3%	41.6%
4	An incentives helps organization to achieve its objectives and that of his employees	50	10	83.33	16.68
5	The best way to accomplish all the organizations is to use motivational strategies	40	20	66.6	33.3
6	Consultation of employees before the implementation of incentives is necessary	45	15	75	25
7	The organizational incentive does not commensurate with the inputs/efforts of the employees	33	27	55	45
8	Provision of conducive working environment enhance performance of the employee	37	23	61.6	38.3
9	Incentive plans attract new employees and retain existing ones in your organization	40	20	66.6	33.3
10	Incentives do not always have the desired effect on performance	50	10	83.33	16.16
11	Incentives scheme increase productivity and morale of the employee	32	28	53.3	46.6

Source: Questionnaire responses

TESTING OF HYPOTHESIS

This section was used to test hypothesis formulated using the formular

$$X^2 = \sum \frac{(o_i - e_i)^2}{E_j}$$

Where O_i = Observed frequency

e_i = Expected frequency

Decision Rule: The hypothesis is accepted if the computed value X^2 , otherwise the hypothesis is rejected.

Degree of freedom = 2-1 = 1

Level of significance = 0.05

Critical value of X^2 at 0.5 = 3.841.

Hypothesis I

The chi-square test of employee responses on the effect of management incentives on individual needs and that of the organization (Question No. 3 on the Questionnaire) had a critical value of 3.841 at 0.05 levels.

TABLE 2: CALCULATION OF CHI-SQUARE (χ^2) VALUE

Responses	Observed Frequency	Expected Frequency	oi-ei	(oi-ei) ²	(oi-ei) ² /ei
Yes	35	30	5	25	0.83
No	25	30	-5	25	0.83
Total	60	60	0	30	1.66

This hypothesis showed that a well designed and properly managed incentive system satisfies individual needs and those of the organization.

Source: field work survey 2011

HYPOTHESIS 2:

TABLE 3: CALCULATION OF CHI-SQUARE (χ^2) VALUE

Responses	O _i	e _i	oi-ei	(oi-ei) ²	(oi-ei) ² /e _i
Yes	32	30	2	4	0.13
No	28	30	-2	4	0.13
Total	60	60	0	8	1.26

Source: field work survey 2011

The chi-square test of employee responses on whether implementation of incentive plans motivate employees and increase productivity and performance (question II) had a critical value (3.841) at 0.05 level of significance, which means that the null hypothesis is accepted, implying that the implementation of incentive plans motivates employees and increase productivity and performance.

HYPOTHESIS 3

The analysis of employee responses on whether employees inputs/ cohere with organizational incentives showed.

TABLE 4: CALCULATION OF CHI-SQUARE (χ^2) VALUE

Responses	O _i	e _i	oi-ei	(oi-ei) ²	(oi-ei) ² /e _i
Yes	27	30	-3	4	0.60
No	33	30	3	4	0.60
Total	60	60	0	8	1.20

That the incentives received were not commensurate with the inputs.

Source: field work survey 2011

SUMMARY OF FINDINGS

The research findings reveal as follows

1. There were increase in moral and productivity of the employees as a result of proper incentives management.
2. The incentive received does not commensurate with the efforts/inputs of the employees.
3. Human beings been insatiable in nature the incentives does not satisfy all the needs of the employees.
4. Actually, incentives are an important means of attracting and retaining important personnel.
5. There are appearances of favoritism or incentives which seem out of reach for some group of people.

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RECOMMENDATIONS

Since people engage on behaviour which they expect will lead to outcomes or reward of their desires

- Employees need to have a clear understanding of the linkage between their efforts and their incentives.
- Consultation and participation of employees is very necessary while taking decision on incentive plan.
- The appearance of favoritism should be avoided because it can cause counter production in organization.
- There should be harmonization of objectives.
- Incentives should be given to employee based on his capacity to perform

CONCLUSION

While incentives can be helpful in reaching organizational strategic goals, care must be taken to create a tactical plan with specific, measurable objectives. Taking an inventory of the organizations existing benefits and incentive plan in writing and soliciting feedback will clarify the measurability, feasibility and effectiveness of the plan.

Teams have components in most organizations and incentives must not conflict with their functioning. The appearance of favoritism or incentives which seems out of reach for certain employees can be counter productive for the organization and this should be avoided. Finally, employees must understand the incentives scheme and see the connotation between their efforts and their rewards.

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