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EFFECT OF FINANCIAL INCENTIVES ON EMPLOYEE PRODUCTIVITY: A CASE STUDY OF OLAM NIGERIA LIMITED

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Abstract
Many researchers however have looked into various motivational factors but less attention has paid to financial Incentives and how it impact organizational profitability especially in Olam Nig Ltd, this gap is what the study intend to bridge because the management of financial incentives is a very critical issue that should not be overlooked, as its neglect can lead to disruption of work process, sales and service delivery loss and consequently financial losses, which will consequently result in low profitability in an organization and such organization might be forced to liquidate. The problem at hand therefore is to examine whether Olam as an organization really make use of financial incentive to their employees for higher productivity which result in higher organizational profitability. The study used descriptive research design and the study population is 150 while Yaro Yamane formula used to determine 109 simple size. Data was analyzed both quantitatively and qualitatively. Data was analyzed through the use of Statistical Package for Social Science SPSS software. The formulated hypotheses were tested through single regression and the findings revealed that (i) The correlation coefficient (R) equals 0.877, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 70.5% of the variability in organization performance. This established that effective use of Financial incentive will effect organization performance (ii) The correlation coefficient (R) equals 0.553, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 38.7% of the variability in organization performance. The study concludes that financial incentives have a positive effect on organizational productivity. And therefore, recommend that Organizations should develop the habit of boosting the morale of employee through financial incentive as these will go a long way to

develop a positive attitude among the employee which will eventually lead to improve productivity.

Keywords: *Financial incentive, profitability, productivity, turnover*

Introduction

Every organization whether big or small is formed to achieve specific goal and that such goals can only be achieved through the employment and retention of qualified human resources at its disposal (Raymond,1965). In order to achieve the organizational goals and objectives, certain motivational factors must be put in place for employees to put in their best in their work place (Herzberg, 1969). Linda (2001) posits that financial incentives mean any inducement involving the payment of money and reduction in price paid for goods or services or any award of credit. In the theory of human behaviors, it is believed that everyone seems to inherit certain basic drives similar to those found in the nature of animals. People are often unaware of the urges, which lie in the conscious mind that forces people to act in certain ways. If this urge is suppressed, frustration occurs and unless something is done, the person suffers depression and his zeal is weakened (Seymen,2006). Incentive is one of the key elements of ensuring higher profitability in an organization (Jadallah M, 1995).

Profitability has been given considerable importance in an organization (Hifza Malik, 2011), Profitability is one of the most important objectives of organization since organization aim to maximize owners' wealth, and profitability is very important determinant of performance. A business that is not profitable cannot survive; conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment. Hence, the ultimate goal of a business entity is to earn profit in order to make sure the sustainability of the business in prevailing market conditions. Hermanson (1989) defines that profitability is the organizations' ability to generate income and its inability to generate income will result in loss. When there is loss in an organization, its going to affect the rate of incentives given to their employees which consequently affect the organization performance. All incentive inclinations cause people to behave in certain patterns.

This means that in every organization the employees behaviors determine the level of the incentives been given to them by the employer or the management. This seriously makes relationship between the employees and the employer to be threatened, unless the organizational incentives are understood and used properly. The importance of financial incentives to higher productivity has

influence the choice of this research works and data collected fully tried to analyze to come up with findings and recommendation that will stand the test of time. The underlying model today should be to build incentive schemes as an integral part of your remuneration strategy, reflecting the belief that everyone in the organization can and should be expected to contribute to the company's success. Besides the base pay strategy which, in actual fact, has little to do with the individual's contribution to the business, organizations need to institute variable pay schemes in order to drive business performance.

Statement of the Problem

Right from the beginning, management of organizations has always been faced with the problem of how to motivate worker in order to increase productivity that leads to profitability. Wealth or profit maximization is the goal of most organizations. This is however only achieved when shareholders or investors funds are invested with a higher return on their investment, which is only possible when that organization is able to effectively motivate its workforce to make profit (Henry 1998). Many researchers however have looked into various motivational factors but less attention has paid to financial Incentives and how it impact organizational profitability especially in Olam Nig Ltd, this gap is what I want to bridge because the management of financial incentives is a very critical issue that should not be overlooked, as its neglect can lead to disruption of work process, sales and service delivery loss and consequently financial losses, which will consequently result in low profitability in an organization and such organization might be forced to liquidate.

The problem at hand therefore is to examine whether Olam as an organization really make use of financial incentive to their employees for higher productivity which result in higher organizational profitability.

Research Questions

The study sets out to answer the following research questions:

1. Does financial incentives motivate employees to increase their productivity?
2. Does financial incentives lead to higher labour turnover?

Literature Review

Conceptual Clarifications

The relevant review of this study includes; meaning of incentives, Rewards and incentives, Concept of Financial incentives, Financial Reward, Effect of incentives on performance, productivity, organization productivity, and profitability.

Concept of Incentives

Anything that can attract an employee's attention and motivate them to work can be called as incentives. An incentive aims at improving the overall performance of an organization. Incentives can be classified as direct and indirect compensation. They can be prepared as individual plans, group plans and organizational plans. According to K.N Subramanian, 'incentive is system of payment emphasizing the point of motivation, that is, the imparting of incentives to workers for higher production and productivity'. According to Milton L. Rock, incentives are defined as 'variables rewards granted according to variations in the achievement of specific results'. The National Commission or Labour defines incentives as follows: 'wages incentives are extra financial motivation. They are designed to stimulate human effort by rewarding the person, over and above the time rated remuneration, for improvements in the present and targeted results'.

Concept of Financial Incentives

Financial incentives may mean the amounts paid to employees, either in the form of a lump sum or in form of monthly payments or in any other form which serves as additional income to an employee. It is considered the oldest forms of incentives which is characterized by quick and immediate form that make employee feel of an immediate feedback of their effort in meeting the organizational goal. Lawzi M (1995) defined financial incentives as a set which may satisfy basic human needs, encourage employee to do their best, and increase the level of their competences such as through prompt payment of salary, bonuses, allowances, profit sharing and rewards. Jadallah M (1995) also defined financial incentives as any form of payment based on increased and or improved productivity, as a result the employee earns more as they produce. While the fall in quantitative or qualitative production deny the worker from earning partial or total incentives.

Financial incentives on the other hand try to raise productivity and improve performance through encouraging employee to behave in a desired and prescribed manner in order to achieve organizational goal. The most influence factor that may raise the need of workers to work is financial incentives which may be in form of wages, are appropriate and are capable of satisfying employees need. On the contrary, low payment that is not appropriate to his efforts of work may lead to low efficiency of productivity. The advantages of financial incentives to an organization may include a rapid and immediate impact on the employees' effort that encourage him to do his work to the fullest, increase in production, increase in revenue, as a result of increase in productivity and improvement in

performance. According to Al-Jahni (1998) employees gain numerous psychological and social benefits as a result of enhancing his purchasing power to satisfy his needs of goods and services.

The disadvantages of financial incentives could push the employee for extreme hard work, which may often affect the workers' physical and mental state in the future and affect his social and humanitarian issues which may not take into consideration the employees age or his health condition. According to Angari (1999), financial incentives could not be applicable for a number of activities that are not based on quantity of production but rather the services rendering such as business services, supervision, security, the judiciary and scientific research. Financial incentives alone may not be sufficient enough except supported by other types of incentives. Their effects may be limited to satisfying the biological and basic needs of employees and have a slight impact after it reaches the limit of needs. Hence, employees are not willing to increase quantity produced for extra financial gains, thus, cannot be financially motivated to contribute in increasing production except for a certain amount based on their efforts.

There is a direct relationship between increased production and the interest of the employee, therefore financial incentives is an essential factor to the employee, in addition to stability and reassurance which gives him the opportunity to explore their talents and skill.

The role of money

The role of money as reward or incentive has received different views by different authors. According to Armstrong 2012 "commentators who question the usefulness of financial rewards often contend that money is much less important than many people think." To what extent this view is true has been a source of great debate for many years. Different researches and studies have been carried out with different results for and against the notion that money is not important factor in motivating employees. A strong view on money is given by Luthans (2002) when he states that "money has long been viewed as a reward and for some people, it is more important than anything else their organization can give them" He goes on to argue that the value of money will often vary by both individual and industry but states that one thing is clear, money is an important reward.

Luthans (2002) also states that money is an important motivator and can lead to higher levels of performance mainly because of the power it has and the ability it has to help employees get other needs like achievement and recognition, status and respect, freedom and control and power.

Pfeffer (1998) states that “people do work for money but they work even more for meaning in their lives.” He goes on to say that people work for fun and companies that do not take that into consideration are bribing their employees and will eventually lose their loyalty and commitment. The first assertion that people work for money is supported by many authors. Authors who write from less developed countries tend to agree that money is the main reason why people work and is the main motivator and that without it many people would not work. Doyle (2003) even says that because of the need for money, people are even prepared to do humiliating and dangerous jobs.

Doyle (2003) further states that “thus there seems little reason to doubt that one of the main reasons people work is to earn money to buy themselves necessities to sustain their lives” She further states that people are willing to continue working for money even if it is a source of serious dissatisfaction and grievance .”Pay is the reason why millions of people get out of bed and go to work ,what they do when they get there can be another entirely different matter and this is where the difficulty starts (Doyle 2003). There are very few authors who support the view that money is the sole motivator, most have expressed reservations or totally disagree with this notion.

According to Armstrong (2012) many surveys have been done to assess the relative importance of a salary in relation to other factors affecting motivation. Kohn (1998) states that numerous studies have shown that money ranks behind other factors as a motivator. According to Armstrong (2012) other researchers like Jurgensen (1978), Ritchie and Martin (1999), Slovic and Lichtenstein (1971) also found that money ranked lower than other factors as a motivator.

What is strikingly important and must be paid attention to is what Jurgensen (1978) quoted in Armstrong (2012) found out. He found out that “however when asked to rate the importance of the same 10 attributes to someone just like yourself – same age, educational level, gender and so on, pay jumped to being the most important factor amongst both men and women. In other words people seemed to believe that pay was the main motivator to everyone except themselves.” This means then that people give desirable answers or answers that are socially acceptable even if money is important to them, they will not say it. It is also important to note that Lutherans (2002)’s view when he says “despite the tendency in recent years to downgrade the importance of pay as an organizational reward, there is ample evidence that money can be positively reinforcing for most people and if the pay system is designed properly to fit the strategies, it can have a positive effect on individuals, team and organizational performance.”

He further argues that money will always be a motivator because even if it satisfies basic needs people can use it to get ahead, do more, achieve more ambitious goals, so people will always be motivated and are prepared to work harder for more money. He concludes by stating that there is evidence that shows that if and organization cuts on pay, morale suffers.

Effect of incentives on Performance

According to Ivancevich and Matteson (1990) incentives are used for increasing job performance and ensuring organizational commitment. According to these authors it is valued incentives that are used to motivate, they can result in exertion of effort to achieve high levels of performance. Incentives can also be used to develop organizational commitment which leads to a sense of loyalty and identification with the organization. In discussion the effect of reward on performance is that it is important to first understand what performance is. Armstrong, (2012) clearly states that performance is a complicated notion. Performance is often regarded as the outcome achieved. Armstrong (2012), Chung (2013) argues that performance is a function of ability and motivation. The employee must also be motivated. According to Armstrong (2012) if one of the two factors is missing the employee will not perform. "People need both ability and motivation to perform well and if either ability or motivation is zero then there will be no effective performance" Armstrong (2012).

According to Mailer (1955, 1965)'s model, cited in Chung (2013) Performance (p) is a function of Ability (A) and Motivation (M): P = (AXM). This analysis is very important because in some instances as much as companies offer an array of rewards and incentives, some employees will not perform to the expectations of the organization because they may lack other variables like ability. As Ivancevich and Matteson (1990) rightly put it "performance results from a combination of the effort of an individual and the individual's level of ability, skill and experience." Rewarding employees and giving them incentives is a way to motivating them and influencing their level of effort. Most authors agree that rewarding and providing incentives to employees has a direct effect on their performance. Ivancevich and Matteson (1990) further agree and state that "because employees consider these rewards important they have significant effects on behavior and performance."

Armstrong (2012) states that, "rewards generally influence performance by providing the means to recognize achievement, competence and merit". This therefore cements the notion that rewards can make a major contribution in the creation and maintenance of a high performance culture and also rewards can

exert considerable influence over the attraction and retention of talented employees. This assessment by Armstrong (2012) therefore cements the notion that when effectively applied "rewards makes an overall positive impact on performance by helping develop and implement a high performance culture, one in which the values, norms and the HR practices of an organization combine to create a climate in which the achievement of high levels of performance is a way of life." An analysis of the above statement reveals that where rewards are effectively administered, high performance will become the way of life, a high performance work system will be created and individuals and team performance will be enhanced.

It is also crucial to state that the process of rewarding high performance focuses the organization's attention on the kind of behavior that is necessary to performance well. A high performance culture will then emanate because performance expectations will be well defined and understood.

Factors Affecting incentives

It is important to understand, before analyzing different incentive options, factors that affect incentive strategies and practices. Each organization is faced with a number of internal and external factors that affect the incentive system is structured and administered. Armstrong (2010) identifies organizational culture, the organizations business or sector or work environment, people, business strategy, political and social climate as key internal variables that affect incentive strategies. Each of these factors is different for each organization and the organization will then develop a reward system based on how it values each of the variables. For example "Bankers, entrepreneurial directors or sales representatives will be more interested in financial incentives than, say people engaged in charitable work" Armstrong (2010). External aspects that may affect incentive strategies include globalization, rate of pay in the marketplace, the economy, societal factors, legislation and trade unions, Armstrong (2010).

These factors play an important role and may force organizations to take certain decisions for example trade unions in South Africa have a big influence in worker package and incentives.

Productivity

Akinmayowa (2008) defined productivity as the ratio of input to output of a group or an individual within a given period of time. Terry (1975) defines productivity as output divided by input. He further stated that productivity is increased when a greater output result from the same input or when greater

output is gained from less input without reducing the quality of the end product. He also said that productivity increase is reaching the highest level of performance with the least expenditure of resources'. Productivity is the relationship between output and one or more of the associated inputs used in the production process.

Organization Productivity

Organization productivity is determined by a broad range of factors, some can be evaluated quantitatively, while others require a qualitative, analytical approach. When assessing productivity, it is important to fully understand each of the key drivers that impact productivity. In addition to evaluating each driver individually, it is necessary to determine how well these drivers work together and function as a whole. Changes to one driver might (and probably will) have an effect on others. Effective assessment involves understanding how each driver contributes to overall productivity.

Profitability

Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of revenue, such as producing a product, and other expenses related to the conduct of the business activities. Profitability is ability of a company to use its resources to generate revenues in excess of it's expenses. In other words, this is a company's capability of generating profits from its operation.

Profitability is one of the four building blocks for analyzing financial statements and company performance as a whole. The other three are efficiency, solvency, and market prospects. Investors, creditors, and managers use these keys concept to analyze how well a company is doing and the future potential it could have if operations were managed properly. The two key aspects of profitability are revenues and expenses. Revenues are the business income. This is the amount of money earned from customers by selling products or providing services.

Generating income isn't free, however, businesses must use their resources in order to produce these products and provide these services. Resources like cash are used to pay for expenses like employee payroll, rent, utilities, and other necessities in the production process. Profitability looks at the relationship between the revenues and expenses to see how well a company is performing and the future potential growth a company might have. Profitability has been given considerable importance in the financial and accounting literatures. According to Hifza Malik, (2011), productivity is one of the most important

objectives of financial management since one goal of financial management is to maximize the owners' wealth, and profitability is very important determinant of performance. A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment.

The ultimate goal of a business entity is to earn profit in order to make sure the sustainability of the business in prevailing market conditions. Pendey (1980) defined the profitability as the ability of a business, whereas it interprets the term the term profit in relation to other elements. It is necessary to examine the determinants of profitability to understand how companies finance their operations. A financial benefit is realized when the amount of revenue gained from a business activity exceeds the expenses. Costs and taxes needed to sustain the activity. Profitability analysis classifies measures and assesses the performance of the company in terms of the profits it earns either in relation to shareholders investment or capital employed in the business or in relation to sales, profit, (or loss). Given that most entrepreneurs invest in order to make return, the profit earned by a business can be used to measure the success of the investment. Hermanson (1989) defines that profitability is the organizations' ability to generate income and its inability to generate income is a loss.

He further asserts that if the income generated is greater than the input cost, that is simply profitability but if the incomes are less than the input cost, it reflects poor performance.

Theoretical Review

Herzberg Theory

Herzberg two-factor theory (Dual factor theory) is one of the motivational theories that is used in the management field. The theory was formulated in 1969, in other to ensure that organization understand what motivates the employee as well as what causes dissatisfier to them. Herzberg believes that there are some factors that cause job satisfaction and motivation and some other separated factors that cause dissatisfaction. He argued that the opposite of satisfaction is not dissatisfaction but rather no satisfaction, and the opposite of dissatisfaction is no dissatisfaction. This American psychologist, (Herzberg) who was very interested in people's motivation and job satisfaction, came up with this theory. He collected his research by asking group of people about their good and bad experiences at work. Based on this, Herzberg developed the theory that people's job satisfaction depends on two kinds of factors, which include:

1 Hygienic Factors (factors of dissatisfaction)
2 Motivators (factors of satisfaction)

Hygiene factors: These are the factors that Herzberg believes they could not be counted as direct motivating factors but elements to prevent dissatisfiers. Those things are very compulsory for organization to be providing; such could be counted as a motivation. Hygiene factors are needed to ensure an employee does not become dissatisfied. They do not lead to higher levels of motivation, but without them there is no dissatisfaction. In order to remove dissatisfaction in a work environment, these hygiene factors must be eliminated. There are several ways that this can be done but some of the most important ways to decrease dissatisfaction would be to pay reasonable wages, ensure employees job security and to create a positive culture in the workplace. Herzberg considered the following hygiene factors from the highest to lowest importance: Company policy, security, supervision, employee's relationship with their boss, work conditions, salary, and relationships with peers.
Eliminating dissatisfaction is only one half of the task of the two factor theory. The other half would be to increase satisfaction in the workforce. This can be done by improving on:
Motivating Factors: These are the factors that can be counted as direct motivational factors. It is not compulsory for the organization to provide those things but if provided, it motivates workers. Motivation factors are needed in order to motivate employees into higher performance. Motivating factors are those factors that give positive satisfaction, arising from intrinsic conditions of the job itself. It involves challenging work, recognition of one's achievement, responsibility, opportunity to do something meaningful, involvement in decision making, and sense of importance to an organization, achievement, interesting work, growth and advancement.

Equity Theory

Equity theory is propounded by Adam in 1963, its concern with defining and measuring the relational satisfaction of employees. It is believed that employees of an organization try to maintain a balance between what they give to an organization and what they receive, and base their satisfaction on comparism with other colleagues. The input or what employee gives to the organization includes time, effort, loyalty, skills and other related ones. Outcome on the other hand includes salary, job security, and employee benefit. The human behavior in the work of Adam is perceived to be sense of maintaining equality among the

employee. Naturally human being generally like sense of equal treatment when they are in group and their behavior will be negative if they realize that their colleagues are satisfy better than them. According to Adam, motivation in many workers is influenced by the way manager deals with employee as a whole. Therefore, manager is expected to reward or compensate those employees who are doing similar job or doing the same level of work equally without being judgmental.

It is of the opinion that organization need to learn how to maintain equality among the employees. Adam perceived that many organizations have witnessed low sense of productivity basically because workers are not equally treated. Individual often feel bad or demotivated when they realize that someone doing similar job with them within or outside the organization is more compensated, this will result in effort relentless. Equity theory proposes that a person's motivation is base on what he/she considers to be fair when compare to others (Redman 2010). The main focus of equity theory is on employees work-compensation relationship, as well as assumption that employees attempt to minimize any sense of unfairness that may result or occur.

Reinforcement Theory

Reinforcement theory is one of the theories focusing on human motivation. The theory is base on the principles of casualty and knowledge that workers behavior is regulated by the type of the reward. The theory is on the assumption that individual behavior is a function of its consequence (management study guide 2013). According to Skinner, the best way to understand behavior is to look at the causes of an action and it consequences. It is of the opinion that people tend to repeat behavior and action, which their consequences are rewarding, while the actions and behavior which their consequence leads to punishment might not be likely repeated. This implies that behavior which is reinforced tends to be repeated and behavior which is not reinforced tends to be extinguished. The theory is on describing the condition that attempt to modify behavior. Reinforcement theory is the process of shaping behavior by controlling the consequences of the behavior.

In reinforcement theory, a combination of reward and/or punishment is use to reinforce desired behavior or extinguish unwanted behavior. Any behavior that elicits a consequence is known as operant behavior, as the individual operates on his/her environment. The theory suggests that individual can choose from several responses to a given stimulus and that individual will generally select the respond that has been associated with positive outcome in the past. Skinner

argued that internal needs and drives of individual can be ignored because people learn to exhibit certain behavior base on what happen to them as a result of their behavior. The reinforcement theory is based on the following:

Positive Reinforcement

Positive reinforcement is any pleasant or desirable consequences that follows a respond and increases the possibility that the response will be repeated (Wood, Wood, and Boyd, 2005). Positive reinforcement uses the reward system. The reward system is a collection of brain structures which attempt to regulate and control behavior by inducing pleasurable effect. Examples of reward in the work place include monitoring bonuses, promotion, praise, and attention. The reward might not result in the desired effect or behavior but will certainly stimulate people to produce the desired behavior. This implies that reinforcement should be highly motivating to individual. Positive reinforcement according to Skinner helps to produce desire behavior.

Negative Reinforcement

Negative reinforcement is a psychological reinforcement which focuses on removing unpleasant stimulus when a desire response occurs. This is of the beliefs that people are rewarded for desire behavior by having something unpleasant removed. For instance, in the workplace, a person may find it undesirable to be monitored closely. If a person is doing his job to the highest standard he may not be monitor closely anymore.

Extinction Reinforcement

This enforces withholding the pleasing stimulus that is, maintaining the unwanted behavior each time the behavior occurs. This continues until the behavior gradually decreases to zero or desired level (M. Sunden, and S. Sunden 2005). Extinction may decrease the frequency of desirable behavior if good behavior is consistently ignored.

Punishment reinforcement

Punishment reinforcement implies removing positive consequences so as to lower the probability of repeating the undesirable behavior in future. It enforce applying undesirable consequence for showing undesirable behavior. For instance, punishment may be base on suspending an employee for breaking the organization rule. Reinforcement theory explains in detail how individual learn behavior. It focuses on changing or modifying the behavior of people on the job.

Skinner reinforcement theory is essential for better understanding of human behavior as well as how these behaviors can be influenced. Because of this, reinforcement theory serve as an ideal theory for this research work and is effective. Financial incentives can be use to reinforce the behavior of employees in an organization so as to make them perform and increase organizational productivity which makes Skinner's theory to be applicable for this field of study. Though reinforcement theory can be improve better so as to ensure more efficiency. Though the theory is often criticize that positive reinforcement is not always good and negative reinforcement is not always bad, too much positive reinforcement can lead to fatigue or praise overload. Skinner also did not allow much room for other perspective in his theories. He was a radical behaviorist, and very closed off to other ways of looking at things, but then he developed some key ideas that are widely used today, he changed the way people look at things that are observable, and people are more aware of how to control behavior which has become very important in parenting techniques.

Empirical Review

Bailey CD, Brown LD, Cocco AF (1998) examined the impact of piece-rate and goal contingent incentives, as against fixed-pay on initial performance and subsequent improvement rate in an assembly task. They concluded that both overall and initial performance, but not improvement rate, are higher in the incentive-pay groups. It was discovered in their study that lack of differential improvement rates may be explained by two factors: subjects and effort allocation, since improving initial performance may be easier than improving subsequent performance; and the nature of these typical incentive-pay plans, which do not reward improvement directly.

Another study by Al-Aydi K (2000) investigates the effect of incentives on the level of performance in the textile industry in Iraq. He found out that there is a weak relationship between the incentives system and the level of performance and between the wages system and the level of performance. Also there is a strong relationship between rewards and the level of financial performance, appropriate promotion system and level of performance. Alwabel investigates the role of financial and moral incentives in raising the performance level of employees from the viewpoint of public security officers participating in the Hajj season. The results showed that there are no incentives standards provided to the officers but the degree of their satisfaction is very high and incentives play a major role in raising the level of performance.

Schmidt 2004 explained that the efforts of economists to emphasize the significance of incentives as determinants of organizational performance was successful to some extent, this may have left the mistaken impression that getting the incentives right is the only task requiring the attention of senior executives when designing corporate organizations. He identified the incentive-intensive companies envisioned by economists as mercenary organizations, or companies whose unique feature is near-complete dependence on financial rewards and controls. However he cited the difficulties of devising an effective incentive system that cannot be gamed which he calls the organizational equivalent of an anti-gravity machine, the paper questioned whether such organizations are likely to yield superior performance.
Al-Johani (1997) made an assessment on the incentive system used at their institutions including the opinions of employees at Jeddah Migration Office. According to the findings of the study, it is emphasized that there is no great difference among the opinions of employees in terms of incentives and the most important incentives are financial incentives and then promotion. Hermalin and Weisbach (1991) examined the effect of administrative structure and direct incentives on company performance. Hilman (1987) examined the effects of financial incentives at medical institutions in terms of attitudes of doctors and their service. The researcher det1ermined as a result of the analysis by taking the opinions of 302 doctors into consideration that financial incentives have important effects on the attitudes of doctors and service quality. Ryan et al. (1986) examined the effects of financial incentives in terms of controlling expenditures. Solt and Miller (1985) examined the effect of administrative incentives on financial performance in terms of real-estate investment partnerships. Grossman and Hart (1982) determined that the incentive effects of the threat of bankruptcy on the quality of management in a widely held corporation.

Methodology

Research Design

Research design is the arrangement of condition for collection and analysis of data in a manner that aims to generate the findings of the sample and the population. The research study is base on the financial incentives and organizational profitability with particular reference to Olam Nigerial Limited, with the use of descriptive research design. Descriptive research design according to (Gill and Johnson, 2002) looks at particular characteristics of a

specific population of subject, at a particular point in time or different times for comparative purposes.

Population of the study

The population of the study consists of 150 staff of the Olam Nigeria Limited.

Sample technique and Sample size

The study adopted random sampling technique in order to ensure that every member of the population have equal chance of being included in the study.
The research consists of sample size of one hundred and nine (109) employees of Olam Nig Ltd. the selection is based on Yaro Yamane techniques which is given as:

$$n = \frac{N}{1+\text{Ne2}}$$

Where n = Sample size
N = Total number of population (150)
e = Error term (5%)

$$n = \frac{150}{1+150(0.05)2}$$

$$n = \frac{150}{1+150(0.0025)}$$

$$n = \frac{150}{1+0.375}$$

$$n = \frac{150}{1.375}$$

$$n = 109$$

Instrument of data collection

(Copper and Schilndler, 2006) defined data collection as the process of gathering and measuring information on targeted variables in an established systematic fashion, which will enable one to answer relevant questions and evaluate outcomes. The method adopted in this research for the collection of data is the use of questionnaire. The Likert Five-Scale questionnaire consisting of several questions relating to the research question is used. The questionnaire is structured in such a way that it will facilitate quick and easy response of the respondent. Variables such as Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD), are used to gather data from the respondent.

Method of Data Analysis

Descriptive statistics such as frequency distribution, percentages, means and standard deviations were calculated and data presented in form of table and chart. Inferential statistics (single regression) was used to draw implications from the data.

Test of Hypotheses

Hypothesis One

H_{01}: Financial incentive does not have significant effect on organization performance

Table 4.3.1: Model Summary

MODEL SUMMARY				
MODEL	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.877[a]	.705	.703	.94258
SOURCE: AUTHOR'S COMPUTATION, 2019				
A. PREDICTORS: (CONSTANT), FINANCIAL INCENTIVE				

The correlation coefficient (R) equals 0.877, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 70.5% of the variability in organization performance. This established that effective use of Financial incentive will effect organization performance.

Table 4.3.2: ANOVA

MODEL		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	464.646	1	464.646	522.978	.000[b]
	Residual	303.854	342	.888		
	Total	768.500	343			
SOURCE: AUTHOR'S COMPUTATION, 2019						
A. DEPENDENT VARIABLE: ORGANIZATION PERFORMANCE						
B. PREDICTORS: (CONSTANT), FINANCIAL INCENTIVE						

Also the p-value of (0.000) which is less than the level of significant at the 0.05 indicate that the result is statistically significant; therefore the null hypothesis is rejected. Therefore, it can be concluded that there is a significant effect of financial incentive on organization performance

Table 4.3.3: Regression Coefficient

MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	Std. Error	Beta		
1	(Constant)	1.158	.124		9.325	.000
	financial incentive	.770	.034	.778	22.869	.000

SOURCE: AUTHOR'S COMPUTATION, 2019
A. DEPENDENT VARIABLE: ORGANIZATION PERFORMANCE

The regression coefficient of the above equation for the model implies that unit change in financial incentive will exert a positive effect on organization performance.

Hypothesis Two

H_{02}: Financial incentive does not have significant effect on labour turnover

Table 4.3.4 Model Summary

MODEL	R	R SQUARE	ADJUSTED R SQUARE	STD. ERROR OF THE ESTIMATE
1	.553[a]	.387	.385	1.26608

SOURCE: AUTHOR'S COMPUTATION, 2019
A. PREDICTORS: (CONSTANT), FINANCIAL INCENTIVE

The correlation coefficient (R) equals 0.553, indicates a positive relationship between the variables. The R-Squared statistic indicates that the model as fitted explains 38.7% of the variability in organization performance. This established that effective use of Financial incentive on organization performance.

Table 4.3.5: ANOVA

MODEL		SUM OF SQUARES	DF	MEAN SQUARE	F	SIG.
1	Regression	220.287	1	220.287	137.425	.000b
	Residual	548.213	342	1.603		
	Total	768.500	343			

SOURCE: AUTHOR'S COMPUTATION, 2019

A. DEPENDENT VARIABLE: ORGANIZATION PERFORMANCE.
B. PREDICTORS: (CONSTANT) FINANCIAL INCENTIVE

Also the p-value of (0.000) which is less than the level of significant at the 0.05 indicate that the result is statistically significant; therefore the null hypothesis is rejected. Therefore, it can be concluded that there is a significant effect of financial incentive on organization performance.

Table 4.3.6: Regression Coefficient

MODEL		UNSTANDARDIZED COEFFICIENTS		STANDARDIZED COEFFICIENTS	T	SIG.
		B	Std. Error	Beta		
1	(Constant)	.948	.249		3.816	.000
	financial incentive	.737	.063	.535	11.723	.000

SOURCE: AUTHOR'S COMPUTATION, 2019

A. DEPENDENT VARIABLE: ORGANIZATION PERFORMANCE
B.

The regression coefficient of the above equation for the model implies that unit change in financial incentive will exert a positive effect on organization performance.

Conclusion

The study has established that financial incentives have a positive effect on organizational productivity. With financial incentives, followers are able to cope with uncertainty since leaders that exhibit financial incentives communicate determination, motivation as well as inspiration. Consequently, such organization can take risks to achieve what is the most beneficial outcome for the organization succession.

Recommendations

In light of the findings of the study, the followings recommendations were made

1. Organizations should develop the habit of boosting the morale of employee through financial incentive as these will go a long way to develop a positive attitude among the employee which will eventually lead to improve productivity.
2. The increases employee turnover in the midst high employment situation is a slap on organization therefore, one way of curbing with this menace is through financial motivation since is the main language employee understand. And

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