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## **CREATING AN EFFECTIVE REWARD SYSTEM BASED ON PERFORMANCE: AN INSIGHT FROM SECONDARY SCHOOLS IN ADAMAWA STATE**

**HADIZA DAUDA, PhD**

*Department of Business Education Management, Adamawa State Polytechnic,  
Yola*

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### **Abstract**

*People engage in work in order to be able to meet their physiological and other needs. Compensation is the reward for labour. A reward should be able to attract, motivate and maintain a brigade of qualified employees. Compensation is perceived as equitable when it commensurate with the work done. The mode of rewarding teachers in Secondary Schools in Nigeria, especially in Adamawa State is perceived to be ineffective and incapable of creating job satisfaction for improved performance. This study examines how secondary school teachers are remunerated in Adamawa State and seeks to establish the relationship between pay and performance. Seventy respondents comprising the principal, the bursar and 5 teachers from each of five public and five private secondary schools participated in the survey. Data collected were assessed by textual and descriptive analyses. It was established that teachers are paid based on salary grade levels and steps without consideration for individual or team performance such as number of subjects taught, excess work hours, subject skills, outstanding student performance in standardized examinations (e.g. WAEC and NECO) and innovation or meritorious performance. This practice is capable of creating disillusionment and dissatisfaction among hard working teachers, which eventually fuels poor standard of education. It is recommended within the context of this study that school administrators should give consideration to distinguished performance when remunerating teachers.*

**Keywords:** *Creating, Compensation, Reward, Secondary schools, Performance*

## **Introduction**

Instituting an effective and efficient pay system is the most sustainable strategy to reward labour. Wage administration is one of the challenging functions of management of secondary schools. An effective reward strategy is that which can attract, motivate and retain employees. It is no gainsaying that a worker who is properly and adequately compensated is likely to be motivated, enthusiastic and more productive. An effective compensation system plays a crucial role in human resource management. While it helps the employer to manage the employee's work behavior, it provides the bedrock of factors that motivate the employee to put in his best (Wilson 2003). To the employees, wages and salaries are considered equitable when they are commensurate with the work done (Dessler ,2001)

The pay system in most secondary schools in Nigeria, whether public or private, is perceived to be devoid of holistic orientation. Teachers are placed on grade levels and are paid collectively without regard for teaching hours and outstanding performance. Base pay and other benefits are tied to qualifications and length of service without necessarily considering individual input to overall productivity. The effect of this type of reward system may be adverse. It is in consideration of this view that the compensation management of 5 public and 5 private secondary schools in Adamawa State was examined to determine the extent to which it relates to teachers' performance on the job

The objectives of this study were

1. To examine the criteria for determining the entry point of teachers in secondary schools
2. To assess the criteria for progression of teachers in secondary schools
3. To determine the extent to which progression and reward of teachers relate to performance on the job

## **Literature Review**

An effective reward system is tied to good compensation management. The purpose of compensation is to maintain a dependable workforce by attracting, motivating and retaining qualified employees who are capable of driving the goals of the organization.

According to Amstrong (2009), compensation management is all about 'developing a positive employment relationship and psychological contract that adopt a total compensation approach which recognizes that there are numbers

of ways in which people can be compensated'. Compensation must be based on a well-articulated philosophy, which is a set of beliefs and guiding principles that are consistent with the values of the organisation (Bob 2001; Anyebe, 2003). The employees constitute a formidable human asset of any organization and in order to derive remarkable return, it is necessary to compensate people differently accordingly to their contributions. The main reason why people seek for work is to earn a living reward (Harrison and Liska 2008). Reward for labour may be intrinsic such as opportunity for personal growth, self- accomplishment, and mutual respect or extrinsic such as salary, bonus, promotion, profit sharing. Reward is actually what an organization gives in exchange for job done or job well done (Brown 2003),

Many factors influence employee pay and this explains the reasons why all workers do not receive same pay. Job positions, educational qualifications, skills and experience and nature of the job are some of the common factors that determine the base pay and associated fringe benefits (Cole & Kelly, 2011). Similarly, it is commonplace for organisations to vary employee rewards according to differences in performance of the individual, group or whole organization. That is why Mondy (2011) defines compensation to include both fixed and variable elements – being the totality of all rewards provided to employees in return for their service, the overall purposes of which are to attract, retain and motivate employees. In order to efficiently reward employees for their contributions, it becomes necessary to ensure optimum combination of all variables, including performance, in calculating what is due to each employee at the end of the month. According to Namasivagam and Zhao (2007), direct compensation fully mediates the relationship between indirect compensation and performance.

Like other employees who have desire to satisfy their physiological and other needs, teachers of secondary schools anticipate to enjoy not only extrinsic rewards such as bonuses, base pay, promotion but also intrinsic benefits in the form of recognition, self - accomplishment , respect , among others. Fabi, Lacoursière, & Raymond (2015) advocate that progression on the job and corresponding reward should be significantly related to performance rather than dogmatically tying everything to years of service and additional qualifications. Where performance is rewarded, hard -working employees are motivated to work more while lazy ones are challenged to work harder. School administrators should develop appropriate performance measures on which to

base reward so that undesirable behaviours are not rewarded at the expense of the rightful ones.

Brown (2008) suggests 10 rules for creating effective performance measures that can guide efficient compensation in the work place. These include the following:

1. Selecting measures that link key outcomes that can be influenced by human behavior, e.g. sales statistics, customer referrals, profits, projects completed successfully, and new products. In the case of teaching, this can be student intake, number of teaching hours, extra lessons, number of subjects taught, etc
2. Not linking compensation to overall company performance but fixing each worker's rewards in relation his contribution to overall performance
3. Not basing compensation on metrics that can easily be manipulated such as customer satisfaction survey that is not validated
4. Avoiding complicated compensation formulas but should be open enough for all to understand
5. Setting realistic and achievable targets based on standards
6. Measuring performance as frequently as daily, weekly or monthly in order to keep track records
7. Basing rewards on individual and team performance so as to be more realistic and motivating
8. Providing employees easy access to track their performance throughout the year
9. Creating strategy maps such as flipcharts to show relationship between performance metrics and outcomes
10. Avoiding efficiency measures that eventually make consumers dissatisfied

If reward is based on functional, realistic performance measures, there is tendency that workers will put in their best which eventually boosts productivity. A statistical significant relationship exists between reward and motivation. A periodic upward review of base pay, bonuses, allowances, and other fringe benefits based on recognition of individual and team contributions keeps workers' morale high and makes them more motivated (Danish and Usman 2010). The reason why many teachers appear frustrated and

disillusioned may be because they are hardly rewarded in proportion to their efforts.

Goe, Bell & Little (2008) developed approaches to evaluating the performance of teachers. The two most popular among these methods are value – added models and class performance. Others include principal evaluation, analysis of classroom artifacts, portfolios, self – report of practice and student evaluation. Goldhaber & Anthony (2006) argue that value – added model is a good approach for judging teachers’ performance. This is related to how better students perform in standardized tests compared with previous periods. It is assumed that improved performance of students in such examinations as WAEC, NECO or NABTEB is a function of teachers’ performance, especially in respective subjects.

Pianta, La Paro & Hamre (2006) were of the opinion that classroom observation provides a more valid way of determining a teacher’s teaching practices and specific subject techniques and skills. Teachers who deliver well in the classrooms are supposed to be rewarded, especially those who do better than the others. Objective classroom evaluation can be achieved when it is done by a school administrator or an external evaluator. Student evaluation is also useful if the students are trained or familiar with the techniques of assessing teaching skills

There are many motivational theories that explain the impact of compensation, some of which include operant theory, behavior reinforcement theory, equity theory and agency theory. The operant theory is based upon the premise that job performance of an employee is dependent on the outcome of the job behavior but not a function of inner thoughts, feelings, perceptions and emotions (Chandan 2005). This means the consequence of a given behaviour would determine whether the same behaviour is likely to be repeated in the future or not. The behavior reinforcement theory is similar to operant theory; it states that if a person is rewarded for a particular behavior, he or she is more likely to perform that action again and again (Latham, 2012). The equity theory states that employees’ actions are changed based on how they perceive their pay in comparison with those of their coworkers (McCaffery, 2010). While two workers on same grade level, putting in same work hours should receive same rewards, any worker putting in excess work or extra hours should be compensated accordingly. The agency theory seeks to harmonize the interests

of different parties involved in an organisation into one for the purpose of maximizing productivity, performance and reputation (Latham, 2012).

Compensation that is performance driven and equitable is capable of improving productivity. Hence, instituting an objective reward system is capable of revamping the falling standard of education in secondary schools

### **Methodology**

This study adopted survey design to purposively sample 5 public and 5 private secondary schools in Adamawa State to examine their reward system to determine the extent to which such reward relates to teachers' performance on the job. It was a pilot study carried out in 2021 in the first term of 2021/2022 session. The principal and bursar of each secondary school were chosen as respondents because of their close involvement in the payment of teachers' salaries. The principals play active role in the recruitment and recommendation of teachers for promotion and pay rise. Being a pilot survey, only 5 senior teachers from each of the 10 secondary schools were randomly chosen from the staff nominal roll made available in the administration office. All the respondents showed their willingness to participate in the survey during a pre-visit for sensitization to explain the purpose of the study. The names of the secondary schools are withheld for the purpose of confidentiality. Two sets of instruments – a structured interview and a structured questionnaire – were used for eliciting the desired data. While the questionnaire was administered to the teachers, the principals and the bursars were interviewed. The questions raised in the instruments bothered on criteria for hiring of teachers and their subsequent promotion and pay increase. The questions were divided into three parts: A, B and C.

Part A contains questions on recruitment criteria of teachers – educational qualifications, experience, nationality, area of specialization, physical ability, aptitude and practical tests

Part B contains questions on the criteria for progression and remuneration of teachers after recruitment. This relates to years of service, additional qualifications, annual performance evaluation report, number of subjects taught, types of subject taught (whether science or art, theoretical or practical biased), student performance in different subjects in WAEC and NECO, student evaluation, and promotion examination

Part C contains questions on the components of the pay packet of teachers - basic salary, housing allowance, transport allowance, bonus, distinction allowance, science subject allowance, excess workload, overtime allowance, and profit share

All the respondents fully participated in the study and supplied the required information. Data collected were processed by textual analysis and simple descriptive statistics to adjudge how compensation of the teachers relate to their performance

### **Results / Findings**

The responses of the 50 teachers with those of the 10 principals and 10 bursars were considered useful for analysis in this study. A close examination and textual analysis of the data reveal the following:

#### **Criteria for Recruitment of Teachers**

All the principals and bursars were unanimous on the criteria for the engagement of teachers at entry. Such qualifications as educational and professional attainment, years of previous experience, area of specialization and physical fitness are given consideration when employing teachers to serve in secondary schools. Candidates with bias in education and previous experience are always given preference. This finding coincides with Onah (2008) who emphasize basic minimum qualifications for teachers in secondary schools. Teachers' qualifications and skills are said to have critical impact on students' performance (Sagala 2013, Wisdom 2011).

In similar vein, 37 (74%) out of the 50 teachers agreed that their recruitment was based on educational and professional qualifications, experience and area of specialization. However, they were not sure that their entry salary grade level was commensurate with their qualifications, especially in the private secondary schools

#### **Criteria for Progression and Remuneration**

It is the expectation of every teacher to grow on the job and earn more but not without corresponding added value to teaching and learning. In this study, it was found out that teachers in the public secondary schools were promoted regularly every three years from one grade level to another without much ado for student performance in standardized examinations, student evaluation of

teachers, number of subjects taught, excess hours or any award for distinguished performance, even though such promotions are not backed up by financial benefits for a long time. This finding negates the principle of equity and condition for effective teaching advocated by Omojunnwa (2007). The teachers from the private secondary schools indicate that they don't enjoy regular promotion, not even annual increment as it is the case with public service. Also, educational advancement, professional attainment, value addition, student evaluation, and excess workload are not promptly given attention for deciding promotion or progression of teachers in private secondary schools; a practice that is capable of demoralizing spirited teachers and inducing low productivity (Wadak 2011). Though there was no evidence of promotion examinations for teachers in public and private schools, all the respondents agreed that there is annual evaluation conducted by school heads or administrators but the contents of such reports are never shown to the teachers.

### **Relationship between Teachers' Remuneration and their Performance**

One consideration for objective remuneration or compensation in the workplace is to tie reward to individual and team contribution to overall performance or productivity (Brown 2008). In this study, the teachers' emoluments were assessed to determine the extent to which they have bearing on performance. In most cases, the teachers are paid based on basic salary, housing allowance, and transport allowance which remain fixed for years, especially in private secondary schools. When asked why teachers were not paid such allowances as bonus, excess work hours, practical allowance, and allowance for best performing subjects in WAEC and NECO, one principal simply reply:

*'There are no such allowances. Teachers who are due for annual increment or annual leave grant are the ones that receive additional pay to their salaries'*

The responses of all the principals and bursars were same on this matter, since none of them agreed that teachers receive extra pay other than their grade levels' salaries. In the same vein, none of the 50 (100%) teachers who participated in the survey has admitted receiving any pay relating to overtime, excess workload, distinguished performance, best teacher award or personal achievement. This finding negates the principle of fairness and merit pay and a reward system of this type is not capable of attracting, motivating and retaining



hard working teachers (Hellerman and Kochanski 2008). Subjecting teachers to same salary based on grade level and step without consideration for individual performance is not strategic enough.

## **Conclusion**

While it is apparent that performance – based compensation is a good strategy for maintaining an effective and efficient work brigade, many secondary schools in Adamawa State are not benefiting from this practice. By examining how the reward system of secondary schools in Adamawa relates to teachers' performance, this study established that teachers are paid based on salary grade level and step without consideration for individual or team distinguished performance. No reward has been attached to value addition such as outstanding performance by students in standardized examinations, excess workload, teaching of special science subjects, and initiatives by teachers. While public secondary schools implement annual increment for their teachers and carry out promotion exercise after every three years, private secondary schools maintain fixed rank and pay for most of the times.

The current prevailing scenario in compensation of the secondary school teachers is not motivating enough to cause high level performance and this is one of the strong reasons causing falling standard of education in Nigeria as observed by Wadak (2011). Switching from fixed salary system to performance based reward system is meritorious and it can serve as a morale booster for hard work through job satisfaction. Appropriately compensating a teacher will improve his performance for the betterment of the educational system

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