Reward System and Employee Performance in the Oil and Gas Industry in Rivers State

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Abstract:- The study examines reward system and employee performance in the oil and gas industry in Rivers State. The objectives include: to examine the influence of bonuses on employee productivity; to analyze the relationship between compensation and employee productivity; and to determine the influence of promotion on employee productivity in oil and gas industry in Rivers State. The questionnaire was adopted as the research instrument to elicit the needed data from 243 respondents. The descriptive statistics and Pearson’s correlation analysis were employed to carry out the data analysis. The results indicate that there is a significant relationship between bonuses and productivity, compensation and productivity, promotion and productivity in the oil and gas industry in Rivers State. Based on the findings, the study recommends that reward framework of oil and gas firms should be planned with the end goal that employees are qualified for some percentage of profit earned by the firm as a method for improving productivity amongst workers, improving dependability and guaranteeing worker devotedness to performing allotted task. As a method for guaranteeing cohesiveness among employees, hardworking employees that meet targets should be promoted promptly to increase employee productivity. Employees in oil and gas firms should not be paid fixed pay rates as it could bring about a high pace of lateness and hesitance of worker within a group to put in more than average performance. It should be a basic salary plus additional bonuses and compensations. This would enhance innovativeness and the craving to acquire new knowledge among worker.

Keywords:- Reward System, Employee Performance, Bonuses, Compensation, Promotion.

I. INTRODUCTION

Human resources remain the foundation for organizations to achieve competitive advantage and succeed in a competitive and dynamic business environment. To achieve these set targets, organizations have to employ, train, and retain skilled workforce (Edirisooriya, 2014). In this current world of globalization, where organizations have to compete for skilled workers from different countries and in an environment where international laws regulate employee engagement; fair and adequate reward system have come to the fore as a competitive tool for attracting skilled employees (Walter, Bamidele, Emmanuel, Nwanneke & Benedict, 2019). In fact, globalization has put enormous pressure on business organizations to be creative, innovative and proactive to survive in the turbulent business environment (Ezigbo, 2011). This implies that organizations need skillful and motivated workforce to remain in this ever-changing and ever-competitive business environment (James, Olasunkanmi & Mumen, 2017). Skillful and motivated workforce can be achieved through proper employee reward system, undoubtedly, the most important aspect of human resources management (Armstrong, 2005; Ernias, 2017). This factor is widely recognized by international oil companies (IOCs).

IOCs have established investment dominance in the Nigerian oil and gas industry, resulting in alteration of employee demography and labor supply in the local market (Babalola, Dogon-daji & Saka, 2012). Acknowledging the fact that employees have included boundary biases towards policies on human resources, developing uniform and efficient reward strategies for hiring and motivating culturally diverse employees have become a daunting task to managers of IOCs in Nigeria (Ogunyemi et al., 2015). The employment of foreigners in the Nigerian oil and gas industry has been productive owing to constant workers’ strikes attributable to discriminatory reward structure to local employee, which contributes to low employee job satisfaction (Mordi, 2015; Salawu, Hassan & Adefeso, 2013; Uma, Obidike, Eboh & Ogbonna, 2013). The implementation of reward structure that contributes to increasing employee performance – productivity and job satisfaction is inevitable of organization want to remain competitive and stay in business (Kingsley, 2016).

Agwu (2013) defines rewards as the benefits that an individual receives from performing a job, rendering a service, or discharging an obligation. The major incentive for performing a job, or rendering a service, or carrying out an obligation is pay, and many employers of labor offer wages and salary as part of a pay package (Agwu, 2013). This package usually includes health insurance, bonuses, loans, cars, subsidized meals, options on profit sharing, amongst others (Walter et al, 2019). Organizations use reward system as a channel to motivate employee toward
achieving a predetermined goal (Nkechi & Okezie, 2013). This means that reward structure is a veritable tool to attract skilled employees, and keep them motivated to increase their performance level.

Several theoretical postulations have been used to uncover the motivational factors entrenched in organizations’ reward system (Mordi, 2015). Herzberg et al (1957) differentiated between intrinsic and extrinsic rewards. Herzberg et al. argued that intrinsic rewards such as achievement, recognition, and advancement motivate the employee more than extrinsic rewards such as work environment, salary, job security, etc (Nkechi & Okezie, 2013). According to Zhou et al (2009) the philosophy of intrinsic rewards emanated from the term “utilitarianism” which means that the behavior of an individual can be motivated. Thus, extrinsic rewards can be used to enhance employee performance (Zhou et al, 2009) Contrary to utilitarianism “Romanticism”, which suggests that intrinsic rewards boost employee creativity and innovativeness (Mordi, 2015).

Mathis and Jackson (2009) linked performance with job efficiency and effectiveness resulting to quality and quantifiable output. Thao and Hwang (2012) define employee performance as the timely completion of a task by an employee based on the acceptable standard of operations while making use of organization resources within the work environment. Aguinis (2009) argued that employee performance is about the behavior of the employee and not necessarily the output. Employee behavior as Aguinis (2009) suggested is the conviction that an employee has to contributing to the organization’s overall goal. Employee performance to a large extent is influenced by motivation, knowledge on the job procedure, and experience (Thao & Hwang, 2012). But this work sees employee performance is enhanced by rewards or incentive. Carlson (2006) argued that employee performance is influence by leadership, empowerment, and organizational culture; alongside side incentives, and motivation.

Incentive gives a medium through which organizations can inspire their workers to improve their productivity. Researchers like Pouliakas (2008), Pinar (2008), and Arnolds and Venter (2007) have all completed study into employees’ reward system (Mordi, 2015). Herzberg et al (1957) differentiated between intrinsic and extrinsic rewards. Herzberg et al. argued that intrinsic rewards such as achievement, recognition, and advancement motivate the employee more than extrinsic rewards such as work environment, salary, job security, etc (Nkechi & Okezie, 2013). According to Zhou et al (2009) the philosophy of intrinsic rewards emanated from the term “utilitarianism” which means that the behavior of an individual can be motivated. Thus, extrinsic rewards can be used to enhance employee performance (Zhou et al, 2009) Contrary to utilitarianism “Romanticism”, which suggests that intrinsic rewards boost employee creativity and innovativeness (Mordi, 2015).

Pattanayak (2005) highlighted various types of motivation programs extending from money related incentives to substantial non-financial incentives and impalpable non-money related incentives. Pattanayak (2005) adumbrated immediate and aberrant remuneration (commission, reward, benefit sharing, travel costs and retirement plans) as the mainstays of financial incentives while treats, grants and knickknacks as proof of tangible non-financial incentives, and social rewards and errand related he connected with intangible non-money related rewards (Falola, Ibidunni & Olokundum, 2014).

Studies have large evidence of the impact of reward system on employee performance. However, the vast majority of the works referred to above were regardless carried out outside of Nigeria apart from the study of Agwu (2013) that considers the role of culture in figuring out what persuades an employee, accordingly one could state there is a research gap in the literature that addresses the issue of employee reward framework and employees performance concerning our geological area and furthermore having as a main priority the uniqueness of the oil and gas industry in Nigeria. It is because of this gap that the study tries to address the connection between worker reward framework and employee performance in the oil and gas industry in Rivers State.

1.1 Statement of the Problem
Nigeria is a developing country with over 80 percent of its revenue coming from the oil sector. Oil companies have been working from time to time to ensure they contribute to sustaining the growth of their contributions to the economy. These oil companies required skilled employees to remain in the organizations with full commitment. This entails employees must be satisfied in terms of their job and rewards. However, job satisfaction of a workforce that is demographically diverse has remained inconsistent in the world over (Berg, 2012; Bockerman & Ilmakunnas, 2012). Finding from previous research works in Nigeria showed that approximately between 70 percent and 82 percent of employees recognized job dissatisfaction is a serious problem confronting employee performance in the oil and gas sector in Nigeria (Ajayi & Abimbola, 2013; Agwu, 2013). The major challenge is the low output in oil production in Nigeria. Additionally, one major problem was that international oil companies (IOC) managers have restricted knowledge on the relationship between employee productivity, job satisfaction, commitment, engagement and intrinsic, extrinsic rewards after controlling for gender and nationality of oil workers.

As a result of global competitiveness organizations are left with no option than to evaluate the performance of their employees to serve the interest of stakeholders effectively. The cardinal goal of organization is to remain in business and stay competitive by constantly improving performance. By extension, organization’s success is determined by the
performance of its employees. For oil firms to remain competitive, they have to increase output. This has pressured oil firms to set targets for employees and reward them for every target met; making organizational performance a function of employee performance. But employee performance remains a function of the reward system application by the organization. Organizations that have succeeded in effectively manage their reward system end up with motivated workforce. Motivated employees have high morale, the right attitude and are committed to achieving organization goals.

However, while oil firms are struggling to sustain competitiveness by demanding high performance as employee contribution, some oil companies have neglected the need to strike an equitable balance between employee performances and organizational performance in terms of employee welfare. In several situations, those who are favored by management are rewarded over the better performing staff, which has resulted in the case of “Monkey dey work Baboon dey chop”. In a bid to achieve some of these almost impossible targets, some employees outstretch their abilities; they break their back while working very hard, others engage in unethical practices. These actions have cost the oil sector so much. Oil firms drive employee so hard and neglect to give them commensurate rewards. Unfortunately, the misapplication of rewards sent wrong signals to employees; some workers already felt the reward system is a farce since employees are not rewarded based on their contribution and that has frustrated employees, demotivated them, lowered their morale, increase job dissatisfaction and reduced their productivity because their expectations were not met regardless of the huge efforts they have put in an attempt to meet or surpass organizational targets. In spite of the fact that rewards have been proven to be a mechanism used by organization to induce corporate performance, some oil companies still suffer high employee turnover, incur high cost through recruitment and training. Over the years as a result of poor reward system, employees have increasingly shown their dissatisfaction by displaying negative attitude to work, which consequently result to poor performance.

1.2 Aims and Objectives of the Study

This study examines the effect of reward system on employee performance in the oil and gas industry in Nigeria. Specifically, the study intends to:

a. Examine the nexus between bonuses and productivity in the oil and gas industry in Rivers State;

b. Analyze the relationship between compensation and productivity in the oil and gas industry in Rivers State;

c. Ascertain the effect of promotion on productivity in the oil and gas industry in Rivers State.

1.3 Research Questions

The research questions below were raised to achieve the objectives stated above;

a. To what extent do bonuses affect employee productivity?

b. Does compensation contribute to employee productivity?

c. Does promotion influence employee productivity in the oil and gas industry in Rivers State?

1.4 Research Hypotheses

The study formulated the following hypotheses:

H01: Bonuses do not influence employee productivity in the oil and gas industry in Rivers State.

H02: Compensation has no effect on employee productivity in the oil and gas industry in Rivers State.

H03: Promotion does not retard employee productivity in the oil and gas industry in Rivers State.

II. LITERATURE REVIEW

This section attempted to provide insight on what has been done and what is yet to be done in the research area. Literature review is the summarizing, paraphrasing and or commenting on the works of other scholars concerning the research phenomenon. It establishes the bases for data collection and analysis. The main aim of this section was to review related literature on the opinion of scholars relating to the study. The section discusses the theoretical and empirical findings, concepts used and evaluation of the reviewed studies.

Conceptual Framework

Reward System

Human resource contributes to enhancing capacities of organizations to remain competitive (Edirisooriya, 2014). In return, organizations reward human resource. According to Pitts (1995) reward is the benefit an individual receives for discharging a responsibility or rendering a service. Principally, organizations reward employees through the mechanism of reward framework that involves different packages. These packages usually include bonuses, subsidized meal, loan, health insurance, profit sharing, among others (Agusu, 2013). Reward framework plays an important function in employee performance and evidence shows that proper designed reward systems have positive effect on employee productivity (Obiacci, 2015). According to Reham et al. (2010) reward entails the payment that an individual gets from a contractual arrangement.

Reward structure is vital to attracting skilled human resources (Agwu, 2013). Employee reward system is how employees are paid in accordance with the value of contribution made to achieving the goals of the organization (Torrington & Hall, 2009). Employee reward system is any institutionalized process within an organization that motivates, compensates workers for taking a specific responsibility or rendering a set of service (Agwu, 2003). These rewards may be immediate or delayed, cash or non-cash (Agwu, 2013). Reward system is the procedure for ensuring that employees are rewarded in consonance with their contribution and skills to the achievement of the organization’s goals. This by implication means that reward system is organizational framework or mechanism that makes things happen through reciprocity interactions (Agwu, 2013).

Reward system is broadly divided into two basic groups namely: intrinsic rewards and extrinsic rewards (Luthans, 2002; Edirisooriya, 2014). Extrinsic rewards are
tangible or financial rewards. Extrinsic reward system commonly called financial or tangible reward is strictly monetary in nature. Financial or extrinsic reward is independent or outside of the work itself and there are people who are responsible for controlling its size and whether or not it will be approved (Obicci, 2015). Extrinsic rewards include such elements as pay, bonuses, promotion, fringe benefits, among others (Mahoney & Lederer, 2006; Agwu, 2013; Obicci, 2015).

Intrinsic reward commonly known as non-financial reward is a psychological reward that is given to an employee for performing a task well. It represents self-confidence and experience. According to Abiola and Ajila (2004), intrinsic rewards include receiving appreciation, positive recognition, and being treated with care. Allen et al. (2004) say that intrinsic reward includes status recognition, opportunities to use one’s abilities and skills. By these definitions on extrinsic and intrinsic rewards, it means that reward includes all economic and psychological benefits that organizations present their employees for using their knowledge, capabilities, competence and skills to performing organizational task.

Dimension of Reward System

Bonuses

Bonuses can be defined as the additional amount that is given to an employee for an extra job done or for spending additional time in executing an assignment that is official. A bonus can be used by organization to accomplish a task that is not included in the official work plan. According to Healthfield (2016) bonus pay is usually higher than the salary base rate. The base rate of salary is normally indicated in the employee offer letter and it is also filed in the employee record. In most case, the organization manager can circulate the bonus plan or can be indicated in the contract agreement.

According to Bardot (2014) a bonus can be paid by installment to the employee or an employee can decline working extra hours to earn a bonus. Organizations can decide to pay bonus to an individual, or a group of workers or to all the employees as a reward for previous job accomplishments. The primary reason for using bonus in organization is to influence the behavior of employees towards achieving a set target of the organization. There are options available to organizations and employees. Bonuses can be financial or non-financial. The type of bonus incentive can be decided by the management. However, bonus can be paid immediately or delayed based on the agreement between the employee and the employer (Bardot, 2014).

Compensation

The process of compensation is derived from compensation strategies and those include specific arrangements which are designed by the organization that employee is adequately compensated (Bob, 2011). Compensation entails measuring job values, paying for competence and skill, ensuring that employees’ benefits are provide and paying for employees’ performance (Bob, 2011). This does not imply that it is restricted to financial incentive. It is also concerned with non-monetary incentive, which covers intrinsic and extrinsic aspect of rewards (Fubara, 2019). Compensation is an integral aspect of human resource management approach, which aimed at improving organizational productivity (Armstrong, 2005). Compensation management deals with the design, implementation and management of compensation mechanism that is directed towards organizational improvement, and increasing employees’ performance. In the opinion of Pearce (2010), compensation means putting in place compensation structure where a more performing employee is rewarded adequately and higher than average performing employee. Armstrong (2005) stressed the policies are formulated and implemented to ensure that organizations reward hard working employees in line with organizational values. Anyebe (2003) says that management responsibility is to initiate policies to attract, satisfy and retain talented and motivated employees. This is as a result of its high-level significance both to the workers and the businesses (Ofurum, 2012).

Promotions

Promotion is an astounding way of compensating individuals; it is a way which organizations uses to acknowledge employees and let them realize that their superb performances are being recognized, it is additionally a method of letting workers reach the pinnacle of their career. Promotion shows that employees are skillful as they move starting with one evaluation level then onto the next in a similar movement, till they arrive at the pinnacle of their profession which is their own objective. A decent performance appraisal guarantees that the correct people are promoted (Yasmeen, Furoq & Asghar, 2013).

Promotion implies moving of workers for an occupation of lesser essentialness and compensation to a career of higher importance and compensation dependent on the employee’s past record of extraordinary performance and aptitude. It is the upward development of a worker in the hierarchy of the organization, generally that prompts a more intricate duty and rank and an improved compensation package. Promotion is the elevation of an employee to a higher position of work than the previous one (Wan, Sulaiman & Omar, 2012) as cited in (Watson, 2009). Promotional openings likewise may incorporate opportunity to seek after greatness, the option to settle on choices comparable to work cycles and techniques, guarantee a harmony among work and family, and palatable compensation levels, just as opportunities for career advancement and professional success (Wan, Sulaiman & Omar, 2012). Job promotion and profession development can meet the self-realization desire of employees. Promotion openings and sufficient training offered by organization can satisfy workers’ need and decrease their turnover expectations.

Gallup, Rath and Clifton (2001) attest that promotions create an opportunity for an employee to discover additional potentials to increase the level of obligation, a feeling of
accomplishment, and increase social status which is the ultimate aspiration of all employees. It is in fact a degree that an organization gives to its employees to hierarchical development and employment fulfillment. It is a piece of performance assessment measure where a worker is given a chance to develop and improve as per their capacities, abilities and work. Promotion frequently accompanies extra benefits, increment pay, official vehicles and houses, better workplaces and work condition, strengthening, moving from a lower grade level to a higher one, topping off an empty higher position, extra status and obligations. At the point when workers see that their commitments to meeting organization goal additionally help meet their own objectives in career development and statuses, they will definitely expand their endeavors towards acknowledging organizational goals (Caudill & Porter, 2014).

Ibrahim, Mayendesifuna, Buteeme and Lubega (2013) stress that workers that think the use of promotion is adequate are bound to be locked in and experience profession fulfillment perform better and thusly have a lower goal to leave the organization. Promotional opportunities correspond with workers’ commitment as employees will in general stay in their organization whenever they see that they have better odds of being promoted. Furthermore, promotion can impact employee motivation and performance. To be sure, it is important for organization management ensure that the workers deserve the promotion and that the promotion is in accordance to reward standard (the obvious components which directors need more data about) or since they appreciate great performance; and this is the aftereffect of the promotion (Mathew, 2013) as cited in (Muhammad, Rizwan & Yasin, 2012).

Employee Performance

By and large, the idea of performance implies the objectives that establishments try to accomplish through their workers (Al-Rabayah, 2003). It interfaces activities and objectives by means of workers’ obligations inside organizations. As such, it is the people’s obligations and activities that their work comprises of, which ought to be done in the correct manner taking into cognizance the qualified employees’ capacities to do them (Bilan & Fowowe, 2017). Employee’s performance can be characterized as performing various exercises and responsibilities that their work comprises of (Al-Rabayah, 2003). Most people spend huge pieces of their lives on looking for work fulfillment because of its positive endeavors on their personal and professional lives (Bilan & Fowowe, 2017). It additionally prompts increased organizational and employees’ efficiency and advantage. In this way, it is so difficult to accomplish elevated levels of the drawn-out productivity except if the activity satisfaction is there (Bilan & Fowowe, 2017).

Performance is necessary yardstick measuring in human resources management because it provides the basis for weighing both extrinsic and intrinsic rewards (Bilan & Fowowe, 2017). Employee performance, therefore, is the effort engaged employee directed towards the achievement of organization strategic goals (White & Druker, 2009; Armstrong & Taylor, 2014). Performance entails the degree at which the goals set by an organization are achieved as well as the level of efficiency in workplace based on a range of measurement (Fubara, 2019). Generally, employee performance is measured by the rate of productivity, customer satisfaction index, level of goal achievement and attachment (Fubara, 2019). According to Putteril and Rohrer (2005), employee performance is measured by the units of acceptable quality output produced by an employee within a particular time period. The quality output produced by an employee within with9in an equalized period determines the success of an organization. This implies that employee productivity culminating into performance is the bedrock of for sustaining organization existence.

One of the most viable ways to increase organizational profitability is to increase employee performance while at the time ensuring that factors that affect profitability are put in check. Employee performance improvement is not only dependent on a well-organized and functioning reward system but on also on effective human resources strategy that is built on recruiting and sustaining motivated workforce (Al-Ahmadi, 2009). The measures on which employee performance are evaluated are called criteria or measures of evaluation (Ivancevich, 2008). There are several criteria suggested to accurately evaluate employee performance (Opatha, 2010). According to Mathis and Jackson (2006), managers obtain information or data on how employees perform their job in three forms. The trait-based information provides data on employee subjective character such as attitude, creativity or initiative (Opatha, 2010). Behavior-based information concentrates on job evaluation and what is incorporated in the job itself (Mathis & Jackson, 2006). The result-based information focuses on the outcomes produced by the employees in measurable terms.

Measures of Employee Performance

Productivity

David, Larcker and Brian (2013) opine that an important channel to increase employee productivity is to increase employee efficiency. Productivity has significant influence on an organization’s long-term performance (Cole, 2013). The organization for Economic Corporation and Development (OECD) (2014) publication asserts that employees’ productivity is a prerequisite for improving organizational performance. In line with the strategic project of OECD (2014) employee productivity is measured by value added output and value-added input wrapped in value added productivity measurement (VAPM) (Kassim, Anyanwu & Nwuche, 2017). According to Thomas (2013) productivity is computed as output divided by input or output to input ratio.

Input refers to something added to a system that modified a process (Kassim, Anyanwu & Nwuche, 2017). Input may be advice, information, power consumption, stimulus, a factor of production such as labor, capital or any resource employed (Schreyer, 2013; Freemean, 2013). Output on the other hand refers to service or production units (Kassim, Anyanwu & Nwuche, 2017). In production,
output denotes the number of goods produced within a given time period, and the cost of production (Freeman, 2013). Output can also be referred to as the number of sales made from customers’ visitation. This information is sometimes connected to cost of production or service delivery (Kassim, Anyanwu & Nwuche, 2017). Output can be viewed as the number clients completing service within a particular time frame.

There are different definitions of productivity. Mali (2007) refers to productivity as a measure of how well resources are assembled in an organization and how efficiently they are utilized to achieve set organizational goals within a stipulated period. It entails achieving the highest level of performance with the minimum expenditure of resources (Mali, 2007). According to Fubara (2019) productivity is often measured as total output against total input. Thus, employee productivity is seen as the relationship between labor output and labor input measured in units. The level of efficiency in the use of factor production to produce goods and services is recognized as productivity (Fubara, 2019). In the view of Nwanchukwu (2005) productivity is the effective integration of resources, material and human to yield high outputs. A proper definition of productivity includes three basic elements (a) output, (b) resources used, and (c) time.

Following from the above three elements, productivity is the output emanating from a given committed resource input at a specific time (Fubara, 2019). In several seminars, conferences, symposia and workshops, the topic has been how to improve the productivity of the Nigerian employees. According to Beatson (2008), productivity is a necessary factor in social and economic development in it is the standard of living determined. Low productivity results in high price.

Corporate Culture

Dennison (2014) earnestly declared that corporate culture includes consistency, adaptivity, and inclusion. This means for organization to achieve its objectives, increase productivity should be seen as a corporate culture. As firms face genuine rivalry, they have to work sufficiently to improve quality. Reward system has a vital role to play in organizational performance because it is the point of convergence between the employer and the employees. Employees depend on wages and salaries. For managers, remuneration decisions have impact on business overhead and capacity to be competitive. Reward can be in form of cash or in form of non-financial incentives but it points to “how much” organizations are willing to pay their employees. Most organizations study the pay levels in the market before fixing their pay level. Work costs are a component of pay cost for particular employee and for all the employees (Dennison, 2014).

Empirical Review

Reward System and Employee Performance

Khan, Shahid and Nawab (2013) explored various variables deciding extraneous and intrinsic incentives using two-factor hypothesis and their effect on banking workers’ job satisfaction and employment performance and attempts to relate it to the general performance of commercial banks of Pakistan. For this reason, 200 representatives were chosen and 165 duly completed polls were utilized for measurable analysis. The consequences of this study demonstrated that the arrangement of incentive is good, and that respondents concurred that rewards expanded workers performance. The finding was considered as an achievement for understanding frameworks of remunerations and their impact on general organizational performance, particularly in Eastern nations.

Aktar, Sachu and Ali (2012) led a comparable report that pointed toward analyzing the connection among rewards and workers performance just as to distinguish the connection among extrinsic and intrinsic rewards. The investigation investigated factors deciding extraneous and inherent rewards and their effect on workers performance and activities to impact commercial banks for a thought of a more precise and an organized way to deal with recognize employees’ endeavors which thusly influence superior culture in commercial banks of Bangladesh. For the sake of gathering pertinent data, 200 surveys were circulated and 180 were returned and utilized for measurable analysis to test the speculations got from predictive theory. The t-test demonstrated that, there is a factual noteworthy connection among extrinsic and intrinsic rewards on employee performance, that is, a positive connection among remunerations and workers performance and an exceptionally certain critical connection among extrinsic and intrinsic rewards, and because of this positive relationship, banks of Bangladesh should continue utilizing rewards in the event that they to expand their performance.

Tausif (2012) directed an investigation on the effect of non-monetary awards on worker in instructive sector of Pakistan. Organized survey was utilized to gather the information from the chose respondents. The author created two contending hypotheses on the connection between non-budgetary rewards and worker’s performance. In the investigation t-test, regression and correlation analyses were used to test speculations, regardless of whether non-budgetary rewards have positive relationship with worker job satisfaction or negative relationship with job satisfaction. The autonomous variable of promotion, work enhancement and independence and its effect on subordinate variable of employee performance were stated clearly.

Nnaji and Nnadozie (2015) investigated the impact of rewards on employee performance in selected banks in Awka Ibom Metropolis. The principal objective of this investigation is to decide if a relationship exists between remuneration frameworks and employee performance. All the more explicitly, the examination expects to address the connection between intrinsic (non-monetary) and extraneous (money related) compensations on workers’ performance. Discoveries: The experimental outcomes demonstrated the presence of a connection among remunerations and employee performance and that there is a critical contrast on the impacts of intrinsic and extraneous compensations on employee performance.
Agwu (2013) conducted a research to ascertain the effect of fair reward system on job performance of employees in Nigeria Agip Oil Company in Port Harcourt between 2011 and 2012. A sample of 36 respondents involving 34 managers, 97 supervisors, 259 workmen was selected from a population using a stratified random sampling technique. The questionnaire was used as the instrument for eliciting responses from the participants. The results from the study indicated that approximately 82% of employees’ job satisfaction was influenced by fair reward system and reduced the rate of industrial action by 80%. The study recommended that periodic review of reward system by the organization is inevitable to ensure fairness, maintain competitive pay rates and flexibility in the administration of reward.

Zakaria, Hussin, Noordin, Zakaria and Mohamed (2011) carried a study to investigate the relationship between reward system and employees’ performance in Toyota. The questionnaire was used to obtain the needed data from selected respondents. The results showed that there was no significant relationship between reward system and employee performance. Similarly, a study was conducted by Ong and Teh (2011), to examine the relationship between reward system and financial performance of organization in Malaysia through the distribution of questionnaire to selected companies. The results revealed that there is no significant relationship between reward system and age, and size of the companies. However, it was reported that intrinsic rewards have positive and significant relationship with organizations’ financial performance.

Aktar, Sachu and Ali (2012) conducted a study in commercial banks in Bangladesh to ascertain the correlation between reward and employees’ performance. The aim was also to identify the relationship between extrinsic and intrinsic rewards. The questionnaire was the preferred instrument for data collection. The result of the study showed that there was a significant relationship between extrinsic and intrinsic rewards. In addition, it was observed that both extrinsic and intrinsic rewards have statistically significant impact on employee work performance.

Shahzadi and Farooqi (2014) attempted to investigate the relationship between reward system and employee performance in some public and private banks in Pakistan. The questionnaire was used to obtain the needed information from the participants while SPSS was used to aid the data analysis. The results revealed that reward system has positive effect on employee work performance.

Udeze, Ugwu and Aku (2019) study the effect of remuneration management on employee performance in the Nigerian financial segment. In particular, the study tried to survey the idea of the connection between remuneration structure and worker motivation, look at how acknowledgment of outstanding performance influences employee’s job satisfaction and explore the impact of promotion on employee’s responsibility. The study adopted the survey research design. The populace for the examination was 6,060 staff from fifteen (15) deposit money banks (DMBs) purposively chosen from the five (5) states in South-East Nigeria. The sample size of 546 was acquired utilizing Godden’s factual equation for ascertaining sample size from a finite populace. Relative stratified irregular sampling technique was utilized to ascertain the proportionate sample size for the clusters. The Questionnaire was utilized to gather information from the respondents in the wake of being approved by specialists from the industry and the scholarly community; out of the 546 duplicates of the questionnaires directed, 524 were returned and utilized for the study while 22 duplicates were not returned. Information was gathered through essential and auxiliary sources. The hypotheses were tested utilizing Spearman correlation ordinal calculated regression and chi square. After the investigation, the study uncovered that there was a positive connection between remuneration structure and employee motivation; acknowledgment of superb performance emphatically influenced employees’ job satisfaction and promotion decidedly influenced employee’s dedication. In light of the discoveries, the investigation suggested that human resources managers in each organization particularly DMBs ought to guarantee that they create reward structures that can deal with the assorted inspirational needs of their employees. DMBs ought to guarantee that they reasonably reward moral conduct and exceptional performance. DMBs should make available assortment of promotional opportunities so as to get their workforce focused on organizational goal.

Payam, Akram, Majid and Seyed (2013) examined the connection between rewards and employee performance. Here in this investigation, zeroing in on 77 completed surveys by various categories of employees from two Malaysian travel industry organizations. There has been an endeavor to analyze the part of various reward sorts applying the Backward Multiple Regression strategy. In general, the measurable outcomes show that albeit all reward kinds (including intrinsic and extrinsic rewards) have an immediate positive relationship with employee performance dependent on the connection test, three sorts (for example bonus, fringe benefits, and appreciation) lose their significance when they are considered in a more thorough model including different rewards. Besides, the study shows that intrinsic rewards have more impressive consequences for employee’s performance than the extrinsic rewards.

Ashraf and Mohammad (2014) examined the function of motivating forces on employee performance for the employees of the Jordanian the travel industry and travel establishments. Statistical packages for social sciences (SPSS) program were utilized for graphic investigation. With the end goal of this study, the sample was picked haphazardly and it comprised of 28 establishments found in Amman. Concerning the respondents of the example, they were 44 employees who got 44 surveys. 41 surveys were returned, which forms 93% of the sample. The fundamental discoveries demonstrate that there is a satisfactory degree of incentives given to employee. Moral motivations, rewards, efficiency of remuneration framework and promotions are
four elements found to affect employee performance in Jordanian travel and the travel industry organization. Nonetheless, rewards positioned in the first of its effect on employee performance while promotion positioned in the last spot. At long last, this investigation has confirmed further examination openings that could advance the understanding of motivations and employee performance at the Jordanian travel and the travel industry organizations.

Walters, Bamidele, Ladoke, Emmanuel, Nwanneka and Benedict (2019) study examined the impact of remuneration framework on employee performance in chosen producing firms in the Littoral Region of Cameroon. In particular, the examination evaluates how much benefit sharing influences worker commitment in assembling firm; determines the impact of flat-rate frameworks on employee work esteems in assembling firms; and assesses the impact of aggregate bargaining reward frameworks on worker cohesiveness in assembling firms. This exploration work is a study which utilizes a sample of 538 employees drawn from a populace of 5146 representatives of ten chosen producing firms inside the Cameroon Littoral Region. The sample was chosen by the utilization of the Cochran's formula for finite populace test at a 95% certainty level. The significant wellspring of information utilized for the investigation was primary data and the instrument utilized for information assortment was questionnaire. The discoveries uncovered that, benefit sharing had an altogether beneficial outcome on employee commitment in assembling firms; flat-rate frameworks had an essentially negative impact on worker work esteems in assembling firms; and aggregate bargaining reward frameworks had a fundamentally sure effect on employee cohesiveness in assembling firms. The investigation presumed that there is a positive connection between remuneration frameworks and employee performance. This connection creates the avenue for employers to utilize reward framework as a spurring component to adjust employee conduct towards productivity and viability. In view of the discoveries, it was suggested among others that reward frameworks for assembling firms ought to be structured with the end goal that employees are qualified for rates of benefit earned by the firm as a method for improving productivity and encouraging cohesiveness among workers. The study further exhorted that employees in manufacturing firms ought not to be paid fixed compensations as it could bring about a high pace of lateness and hesitance of workers within a group to place in anything over the performance of an average performer in the group.

Relationship between Bonuses and Employee Performance

Employee performance can be supported by dealing with a substantial performance assessment, bonus and reward framework (Bretz, et al., 1992). It ought to be viewed as the measure of fringe benefits (or certain recompense) and rewards are differ among well-performing and fail performing workers. The incentive, which is the aftereffect of workers' support with money or different things, for example, rewards (for example vehicle advance and installment increment), will prompt workers efficiency and better job execution. Accordingly, it is critical to perceive which compensating systems lead to higher workers’ productivity and to upgrade their performance. Thinking about the aftereffect of this investigation, it tends to be resolved that distinctive persuading components like promotions and bonuses, and reasonable installment pay have noteworthy association with better job performance (Oyebanju, 2009).

Helena (2013) inspected the effect of performance related compensation on workers utilizing a case study of performance incentive scheme at the Motor Vehicle Accident Fund in Namibia. The targets of the investigation were to review the effect of the current MVA Fund Performance Incentive Reward Scheme on worker motivation, employee performance and organizational performance. The examination utilized questionnaire-based data for the contextual investigation of PIBS in the MVA Fund. 61 respondents partook in the overview. The sample contained 3 heads and 58 workers. The study instrument was the questionnaire. The aftereffect of the investigation uncovered that the impact of performance related compensation on employee performance is high and the fulfillment impact of legitimacy pay is regularly upheld by Performance Incentive reward Scheme.

Edward (2013) explored the part of worker reward on work execution in Ghana. The destinations of the investigation were to decide if extra practices in Accra Brewery Limited benefit the workers, to set up the persuasive projects utilized by Accra Brewery Limited to hold its workers and to learn if employee bonus has a relationship with work performance in Accra Brewery. This examination took a glance at the bonus practices in Accra Brewery Limited (ABL) from the perspective of its employees and what job bonus plays in their job performance. A sample populace of thirty workers containing senior and junior level staff in the different offices was utilized. Eight out of the thirty employees representing 26.67% were happy with the bonus practices of ABL. The investigation affirmed that absence of reward, work-life balance, absence of remunerations and appreciation and salary and compensation were more normal purposes behind turnover among all employees. The discoveries were that criticism on employee performance is imperative to building trust in the bonus acts of the Brewery. Also, worker offer as revered in the vision articulation of the Brewery must be maintained while management ought to be adaptable regarding bonus procedures.

Following the findings, the hypothesis beneath were detailed.

H01: Bonuses do not influence employee productivity in the oil and gas industry in Rivers State.

Relationship between Compensation and Employee Performance

The profoundly energetic employees build competitive advantage for their organization and lead the organizations to accomplish its targets (Rizwan and Ali, 2010). This investigation inspected the effect of remuneration
measurement on worker performance with exceptional reference to profoundly motivated organizations. As indicated by (Hasbuan, 2003) job satisfaction influences the degree of employee performance which implies that fulfillment got from work pronounced by worker is so good. Contentions have upheld five factors that have expands job satisfaction such as position, age, monetary assurance and impact, job satisfaction comprise of mental factor and social factor (Blau & DeVaro, 2007). Compensation is the key assurance however experience awards in study demonstrate more complex and troublesome relationship.

Reward is the most significant component to take out employee for paying their earnest attempts to produce new ideas to increase the organization performance both budgetary and non-money related. Dewhurst et al. (2010) relationship of the director reward power is connected with worker performance, greater productivity, fulfillment and turnover and organization citizenship conduct. Deeprose (1994) says that inspiration of worker efficiency can be upgrade to give powerful acknowledgment which can result in improved organizational performance. The whole responsibility of the organization is that the employee is roused to appraisal the performance of the employee with adequate employee remuneration (Blau & DeVaro, 2007).

Fubara (2019) analyzed the connection among pay and employee performance of banks working in Port Harcourt. Among the statement of the problem is the need to investigate how banks could use remuneration as a technique to stay competitive in business by holding high performing staff. Especially at a time where there exist other worthwhile businesses both locally and around the world fit for absorbing such staff, particularly with the continuous backing and backing programs pointed toward urging imaginative youthful personalities to turn into their own boos. It depended on this scenery that the reinforcement and expectation theory was embraced as the hypothetical establishment for the study. The study used a cross sectional review plan as the examination procedure as well-structure questionnaire was disseminated to 149 staff of five chosen banks and 120 were recovered from the field. The mean, standard deviation and Pearson Product Correlation Coefficient were used to analyze the result of the study. Discoveries from the exploration uncovered that pay relates decidedly and fundamentally with employee performance, as it has critical effect on job satisfaction, employee productivity and worker effectiveness. Hence, it was suggested that remuneration is a key instrument management can use to improve employee performance and it ought to be decidedly used.

It was on this note this research formulated the following hypothesis:

H02: Compensation has no effect on employee productivity in the oil and gas industry in Rivers State.

Relationship between Promotions and Employee Performance

A potential connection exists between work vulnerability and goals to turnover; and furthermore, there is a little negative relationship between job uncertainty and employees’ commitment (Filipkowski & Johnson, 2008). Moreover, there is an immediate connection between job satisfaction components like compensation, promotions, colleagues, and the work condition itself and the performance of the employees (Blau & DeVaro, 2007).

Promotion is a significant component of employee’s way of life and occupation, influencing other professional training levels (Kosteas, 2009, Cobb-Clark, 2001; Blau & DeVaro, 2007; Francesconi, 2001) and can obviously affect other employment angles like employment connection and duties. For this situation, the organizations can apply promotion as a remuneration factor for elite workers, building up a consolation for them to do their manager exertion. Also, promotion can impact the instrument of applying better endeavors, if employees put a significant effort on it (Francesconi, 2001). If not, the organizations would zero in on pay increment to remunerate high exertion and efficiency. In fact, the workers might merit the promotions since they make an increase in work services like spending account or a greater office (the noticeable components which managers need more information about) or since they appreciate great performance; and this is the after-effect of the promotion (Kosteas, 2009).

H03: Promotion does not retard employee productivity in the oil and gas industry in Rivers State.

Theoretical Framework

From the review of literature, employee performance is a sequence influenced by extrinsic and intrinsic rewards. Following from this, employee reward systems have been argued to impact employee performance; although the impacts of employee rewards on employee performance are still not clear per se (Obicci, 2015). However, this inconclusive argument surrounding the effects of reward system on performance is blamed on the choice of employee motivation theory adopted at a time. In view of this, the section provides a theoretical framework on which the study is based upon care analysis of other theories on employee reward system.

The Social Exchange Theory

This theory provides a strong rationale for explaining employee performance (Saks, 2006). It explains the various levels of employee performances observed in different places of work environment (Saks, 2006). The theory posits that employee feel obliged to put in their best possible way when they are adequately rewarded and would to ensure they respond positive to the organization’s gesture by putting addition time and efforts in the job they are assigned to do (Obicci, 2015). It further stressed that when repeated meetings are hold it could be used to stir obligations and positive contributions (Kumar & Swetha, 2011). The primary tenet of the theory is how the relationship that exists between the parties leads to trust, loyalty, and mutual commitments (Obicci, 2015). The rules tend to be reciprocal interdependence, so that the action of one party necessitates the action of the other party. For example, when an individual receives extrinsic or intrinsic rewards from an organization, he/she is motivated to reciprocal the rewards by contributing to the common goals of the organizations.
The two-way relationship between the employee and employer is consistent with the description provided by Robinson et al. (2004) on the employee-organization engagements.

The social exchange theory is used as the theoretical foundation for the current study because employee commitment and involvement in contributing to the realization of the goals of the organization is dependent on the reward they received as well as the weightage of the reward (Obicci, 2015). It is stated that if organization do not provide the appropriate rewards, there is high possibility that employees would tactically refuse to work. As mentioned by Kumar and Swetha (2011), the level of physical and mental efforts that workers are willing to devote to the roles assigned to them at work places may depend the economic and psychological rewards receive from the organization.

The researchers have maintained that reward system affects employee performance. Thus, the underpinning conceptual framework as shown in figure 2.1 is derived from the Social Exchange Theory upgraded by research findings on employee reward system.

The Goal Setting Theory
This theory assumes that the personal goal of an employee has significant effect in inspiring employee performance (Guest, 2002). It encourages employees to set goals and work towards achieving the goals, but in a situation where these goals are not achieved, the goals should be adjusted and the employee should improve performance to achieve the set goals (Guest, 2002). The goal-setting theory was propounded by Edwin Locke in 1968. It assumes that employee personal goal plays a significant part in persuading him/her for unrivaled performance. Skills required include the capacity to draw in workers to set common goal and get positive performance feedback. Time and efforts will also need to be devoted to providing important performance motivation incentives, overseeing measures, giving satisfactory resources, and workplace training. It additionally advice that to drive the organization to top performance level, managers and supervisors must ensure that human resources are given adequate priority. The standard here is to promote human-to-human relationship by offering personal support to every single employee (Salaman et al, 2005).

Employee performance as a concept is intended to accomplish results and it has a solid connection with the predetermined objectives of an organization (Abbas & Yaqoob, 2009). Performance is the key factor that is used to measure accomplished task, which has a significant association with the predetermined targets of the organization (Sabir et al., 2012). According to this theory, employees can accomplish a given task by making work environment appealing, palatable, and inspiring to workers (Sabir et al., 2012). How work is assigned, structured and carried out influence how individuals performed. In addition, the level of experience, skills and organizational support is pivotal to employee performance (Taiwo, 2009).

The Expectancy Theory
The expectancy theory postulates that behavior and commitment of employee in an organization is determined how much the employee feels that the goals set by them can be achieved. This means that employees alter their behavior and commitment in organization to favor their course. The theory underpins that performance management can be affected by future expectations of the employee (Guest, 2002). The most widely recognized theory of motivation that has been used to examine motivation is the theory propounded by Victor Vroom popularly called the expectancy theory (Salaman et al, 2005). The theory assumes that the propensity to perform a task is depended on the goal that is entrenched in the mind of the employee and the degree of motivation received by the employee (Salaman et al, 2005). The theory concentrates on the relationship between performance and reward, reward and goal, and goal and performance (Salaman et al, 2005). The Vroom expectation theory therefore says that employee expectation influences the behavior and the way individual would work to contribute in achieving the organization’s goals.

Appraisal of Reviewed Literature
This section reviewed theoretical and empirical literature on the influence of rewards on employee’s performance. The literature is replete with mixed evidence on how reward system affects employee productivity. The social exchange theory posits that when employees receive rewards from organizations, they are engaged in to work, they feel obliged to put in their best possible to ensure the occurrence of fair exchange by responding through higher levels of engagement (Obicci, 2015). The theory further stressed that series of interactions between the parties involved are used to stir obligations (Kumar & Swetha, 2011). The basic tenet of the social exchange theory is that as relationship between parties evolved, it leads to trust, loyalty and mutual commitments in so far as the parties involved abide by the stated ‘rules’ of exchange (Obicci, 2015).

Empirical findings from Ajila (2004), Yousaf, Latif, Aslam and Saddiqui (2014), Katua, Mukulu and Gachunga (2014) and Akhtar, Sacha and Ali (2012) revealed that rewards have significant impact on employee performance. However, it was reported that extrinsic reward is more significant in influencing employee productivity. On the contrary, Ajila (2004); and Nnjja, Maina, Kibet and Kageni (2013) findings showed that extrinsic and intrinsic rewards, especially the use of physical cash does not have any influence on the performance of employee and this is because the opinion of employees on the effect of cash bonuses differ. In-between these findings, Nnaji and Nnadozie (2015) reported that a significance difference exists on the effect of extrinsic and intrinsic effects on employee performance. In addition, all the literatures, expect the study conducted by Agwu (2013), which attempted to examine effect of fair reward system on job performance of employees in Nigeria Agip Oil Company in Port Harcourt between 2011 and 2012, were conducted in the banking sector and manufacturing sector with less production risks and disasters. The concentration of research
of this nature on other sector outside the oil and gas industry has created a research gas which needs to bridge. It is on this note that this study attempts to specifically identify the reward system in operation in the oil and gas industry in Nigeria and how the reward systems have influence employees’ performance in the oil and gas industry in view of the sector’s contribution to the development of Nigeria.

Agwu (2013) conducted a research to ascertain the effect of fair reward system on job performance of employees in Nigeria Agip Oil Company in Port Harcourt between 2011 and 2012. A sample of 36 respondents involving 34 managers, 97 supervisors, 259 workmen was selected from a population using a stratified random sampling technique. The questionnaire was used as the instrument for eliciting responses from the participants. The results from the study indicated that approximately 82% of employees’ job satisfaction was influenced by fair reward system and reduced the rate of industrial action by 80%. The study recommended that periodic review of reward system by the organization is inevitable to ensure fairness, maintain competitive pay rates and flexibility in the administration of reward.

Operational Framework

The operational framework for the study is presented graphically. The framework was derived from the understanding developed from the review of relevant literature regarding the research topic. It is hypothesized that the dimensions of reward system have relationship with the measures of employee performance. The operational framework is thus presented in figure 2.1 as shown below.

![Figure 2.1: Operational Framework on the relationship between reward system and employee performance in the oil and gas industry in Nigeria](source: Adopted from related literature review)

III. METHODOLOGY

This section is used to provide detailed explanation on the methodological issues relating to the study. It discusses the research design, the population of the study, the sample and sampling technique. It also discussed the method of data collection and data analysis as well as the reliability and validity of the research instrument.

Research Design

Research design is a roadmap the guide the collection and analysis of data in a research work (Baridam, 2007). Basically, there are three types of research design, which includes qualitative, quantitative and mixed design. The qualitative research design is used in gathering data that can be measured or quantified while the quantitative design is used in gathering quantifiable or numerical data. Both qualitative and quantitative designs have their advantages and disadvantages. Quantitative research design is less bias, has higher reliability and validity rating when compared to qualitative design. In research work, quantitative research is faster in terms of data analysis than qualitative design (Denzin & Lincoln, 2011). The limitation of using quantitative design is that it cannot be used to analyze research that has to do with perceptions, opinions and feelings of respondents. This is where the use of qualitative design is important and useful because it can be used to analyze the feelings, perceptions and views or opinions of participants. A hybrid of qualitative and quantitative research is mixed design. The mixed design is used to cover the weaknesses inherent in the qualitative and quantitative designs by exploring their benefits (Ritchie, et al. 2012). Therefore, this study employs the mixed design to gain multi-dimensional insight into the influence of reward system on employee performance by collecting qualitative and quantitative data. Mixed design ensures the reliability and validity of the research is maximized through the triangulation of quantitative and qualitative data obtained from the participants.

Population of the Study

The population of a study refers to the entire group of individuals, events and objects with common characteristics that can be observed (Robson, 2002). The total population of
this study comprises of 620 managers of Total Nigeria Limited, AGIP and Shell in Rivers State.

Sample and Sampling Technique

The sample included two hundred and forty-three (243) selected top, middle and lower-level managers. A sum of 243 members, consequently, framed the sample size for the investigation. The simple random inspecting strategy was utilized to test respondents of the examination. The basic irregular inspecting gives the respondents the equivalent possibility of being sufficiently selected. The respondents are 620 managers of Total Nigeria Limited, AGIP and Shell in Rivers State. The sample size was determined using the formula below. Using Taro Yamane (1967) formula, a sample size of two hundred and forty-three (243) participants were selected from the population as shown below.

\[ n = \frac{N}{1+N(e)^2} \]

Where

\( n \) = Sample Size
\( N \) = Population,
\( e \) = expected error (5% = 0.05)

\[ n = \frac{620}{1+620(0.05)^2} \]

\[ n = \frac{620}{1+620(0.0025)} \]

\[ n = \frac{620}{1+1.55} \]

\[ n = \frac{620}{2.55} \]

\[ n = 243 \]

Minimum Sample Size = 243

Therefore, a sample of two hundred and forty-three (243) individuals was used for the study. The simple random sampling technique was used to distribute the questionnaire. The simple random sampling gives the respondents the equal chance of being adequately selected.

Method of Data Collection

The data used for this research is primary data. In ensuring high validity of the primary data, questionnaire was employed. The copies of questionnaire were mainly distributed to the different level managers of Total Nigeria Limited, AGIP and Shell in Rivers State. The open-ended questions were directed to those interviewed, while the questionnaire was in form of open and close-ended questions with the 5-point Likert’s options of strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1).

Methods of Data Analysis

The descriptive statistics and Pearson’s Correlation Coefficient were used to analyze the data generated from the distribution of our questionnaire and oral interview. The descriptive statistics were used to analyze the response rate of the respondents while the Pearson’s Correlation was used to determine the level of association between the dependent and independent variables in testing the hypotheses. Data was analyzed through the use of Statistical Package for Social Sciences (SPSS).

The measuring instrument that was used in this research is by means of a structured questionnaire, attached as Appendix 1.

Independent Variables

The independent variable in this study is reward system. It was assessed in three areas: bonuses, compensation and promotions.

Bonuses: This is an independent variable in the study. It was measured as the pay over and above the amount of pay specified as a base salary or hourly rate of pay.

Compensation: This is an independent variable in the study. This is measured as the compensation structure put in place where a more performing employee is rewarded adequately and higher than average performing employee.

Promotions: This is an independent variable in the study. This is measured as the upward movement of an employee in the hierarchy of the organization, usually that leads to a more elaborate responsibility and rank and an improved pay package.

Dependent Variables

The dependent variable in this study is employee performance. The measure of employee performance includes employee productivity.

Employee Productivity: Productivity is measured as how well resources are assembled in an organization and how efficiently they are utilized to achieve set organizational goals within a stipulated period.

Validity and Reliability

Hair et al. (2007: 8) characterized validity as “how much a measure precisely produces to what it should”, and accordingly validity is has to do with how well a concept is characterized by the measure(s). This investigation tends address to content validity through the survey of literature and utilizing instruments portrayed in the procedure of data analysis.

Reliability shows the degree to which a variable or set of factors is steady in what it is planned to measure (Hair et al., 2007). It contrasts from validity in that it relates not to what exactly ought to be estimated, yet rather to how it is estimated. This study utilizes various items in all constructs thus the internal consistency strategy is applied in the current investigation. Fujun et al. (2007) said that the Cronbach Alpha with adequate cutoff point 0.70 shows that all attributes are internally predictable and as a general guideline for depicting internal consistency utilizing
Cronbach's Alpha is satisfactory among numerous scientists. The estimation scale for the factors in this investigation depended on a 5-point Likert's scale extending from "strongly agree" to "strongly disagree". Reliability insights demonstrate that the 'alpha estimation' of all items surpassed suggested criterion of 0.70 for scale reliability and consequently the tool was solid enough to gather the correct information as shown in the table 3.1

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale</th>
<th>Cronbach's α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonuses</td>
<td>5</td>
<td>0.78</td>
</tr>
<tr>
<td>Compensation</td>
<td>5</td>
<td>0.81</td>
</tr>
<tr>
<td>Promotion</td>
<td>5</td>
<td>0.80</td>
</tr>
<tr>
<td>Productivity</td>
<td>5</td>
<td>0.82</td>
</tr>
<tr>
<td>Corporate Culture</td>
<td>5</td>
<td>0.73</td>
</tr>
</tbody>
</table>

### IV. RESULTS AND DISCUSSION

The section is divided into three subsections and they include: data presentation, data analysis and the discussion of the results.

#### Presentation of Data

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed</td>
<td>243</td>
<td>100</td>
</tr>
<tr>
<td>Collected</td>
<td>220</td>
<td>90.5</td>
</tr>
</tbody>
</table>

Source: Data Survey 2020

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>O/Level</td>
<td>10</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>OND</td>
<td>35</td>
<td>15.9</td>
<td>15.9</td>
<td>20.4</td>
</tr>
<tr>
<td>HND</td>
<td>44</td>
<td>20.0</td>
<td>20.0</td>
<td>40.4</td>
</tr>
<tr>
<td>B.Sc/B.Ed/B.A</td>
<td>84</td>
<td>38.2</td>
<td>38.2</td>
<td>78.6</td>
</tr>
<tr>
<td>M.Sc/MBA/M.A</td>
<td>30</td>
<td>13.6</td>
<td>13.6</td>
<td>92.2</td>
</tr>
<tr>
<td>Ph.D</td>
<td>5</td>
<td>2.3</td>
<td>2.3</td>
<td>94.5</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>5.5</td>
<td>5.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Total 220 100.0

Source: Data Survey 2020

The result in Table 2 represents the number of questionnaires that were distributed and the number of questionnaires that were retrieved Table 2 reveals that a total 243 copies of the questionnaire were distributed and 220 were duly filled and retrieved. The number of copies of the questionnaire that were duly filled and returned represents 90.5 percent of the total number of questionnaires that were distributed. The number of copies of questionnaire returned is adequate for the study. For the purpose of analysis, the numbers of questionnaire retrieved would constitute 100 percent.

#### 4.2 Data Analysis

<table>
<thead>
<tr>
<th>Questionnaire</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Male</td>
<td>144</td>
<td>65.5</td>
<td>65.5</td>
<td>65.5</td>
</tr>
<tr>
<td>Female</td>
<td>76</td>
<td>34.5</td>
<td>34.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 3 shows the proportion of male to female that participated in the study. A total of 144 male, which represents 65.5 percent took part in the study. Of the total 220 respondents, 76 percent representing 34.5% were female. The result indicates that more male than female participated in the study. This implies that males are more gainfully employed in the firms used for the study because every employee was given the equal chance of being adequately represented.

Table 4 depicts the educational background of the participants. 10 participants which accounts for 4.5 percent of the respondents had O/Level certificate. 35 of the participants which represent 15.9 percent had OND certificate. 44 of the participants which represent 20 percent had HND certificate. 84 respondents out of the 220 respondents, which represent 38.2 percent had first degree certificates. 30 participants representing 13.6 percent had M.sc/MBA/M.A degree. The Table also reports that five respondents had PhD degrees while the remaining 12 respondents representing 5.5 percent had other qualifications. It could be seen from the Table 4.3 that more than 50 percent of the participants in the study have attained a reasonable level of literacy. This is important of the educational background of the respondents is that it contributes to the reliability and validity of the findings of the study.
productivity in the oil and gas industry by approximately 67.1 percent.

Table 8: Correlation between Promotions (PRM) and Productivity (PRO)

<table>
<thead>
<tr>
<th>PRM</th>
<th>CC</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.576**</td>
<td>.532**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.004</td>
<td>.000</td>
</tr>
</tbody>
</table>

The result in Table 8 shows the analysis of the correlation result between promotions and productivity in the oil and gas industry in Nigeria. The result of the Karl Pearson correlation coefficient $r = 0.576$ shows a strong positive correlation between promotions and productivity in the oil and gas industry in Nigeria. This means that oil and gas companies in Nigeria have used promotions as a strategy to increase employees’ productivity.

Table 9: Correlation between Corporate Culture (CC) and Reward System (RS)

<table>
<thead>
<tr>
<th>CC</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.532**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>

The result in Table 9 depicts the Karl Pearson correlation coefficient $r = 0.532$ shows that there is a strong positive correlation between corporate culture and reward system in the oil and gas industry in Nigeria. This means that the corporate culture in the oil and gas industry in Nigeria plays an important role in the reward structure of oil and gas companies in Nigeria. The degree of association between corporate culture and reward system is significant in the oil and gas industry given that the probability value = 0.000 is less than the critical value = 0.05.

Table 5: Years of Working Experience of the Respondents

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–5 years</td>
<td>31</td>
<td>14.1</td>
<td>14.1</td>
<td>14.1</td>
</tr>
<tr>
<td>6–10 years</td>
<td>97</td>
<td>44.1</td>
<td>44.1</td>
<td>58.2</td>
</tr>
<tr>
<td>11–15 years</td>
<td>62</td>
<td>28.2</td>
<td>28.2</td>
<td>86.4</td>
</tr>
<tr>
<td>16 years and above</td>
<td>30</td>
<td>13.6</td>
<td>13.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Data Survey 2020

Table 6: Correlation between Bonuses (BON) and Productivity (PRO)

<table>
<thead>
<tr>
<th>BON</th>
<th>PRO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.642*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.004</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
</tr>
</tbody>
</table>

The result in Table 6 is the correlation analysis of bonuses and productivity. The result shows that there is a strong positive correlation between bonuses and productivity given that the correlation coefficient $r = 0.642$. This means that bonuses play important role in motivating employees to work more to achieve organizational goals.

Table 7: Correlation between Compensation (COM) and Productivity (PRO)

<table>
<thead>
<tr>
<th>COM</th>
<th>PRO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.671**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.003</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 7 shows the result of the correlation analysis between compensation and productivity in the oil and gas industry in Nigeria. The result of the correlation coefficient $r = 0.671$ shows that there is a strong positive correlation between compensation and productivity in the oil and gas industry in Nigeria. This means that the use of compensation as a reward system contributes to increasing employee productivity in the oil and gas industry by approximately 67.1 percent.

The result in Table 8 shows the analysis of the correlation result between corporate culture and reward system in the oil and gas industry in Nigeria. The result of the Karl Pearson correlation coefficient $r = 0.532$ shows a strong positive correlation between corporate culture and reward system in the oil and gas industry in Nigeria. This means that the corporate culture in the oil and gas industry in Nigeria plays an important role in the reward structure of oil and gas companies in Nigeria. The degree of association between corporate culture and reward system is significant in the oil and gas industry given that the probability value = 0.000 is less than the critical value = 0.05.

The degree of association between corporate culture and reward system is significant in the oil and gas industry given that the probability value = 0.000 is less than the critical value = 0.05.
Table 10: Correlation between Corporate Culture (CC) and Employee Performance (EP)

<table>
<thead>
<tr>
<th></th>
<th>CC</th>
<th></th>
<th>EP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.602**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>5</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The study noticed that there is a significant relationship between corporate culture and employee performance in the oil and gas industry in Rivers State. This means that the corporate culture plays a vital role in the performance of employees in the oil and gas companies in Nigeria. The level of association between corporate culture and employee performance is significant in the oil and gas industry given that the probability value = 0.001 is less than the critical value = 0.05. The results imply that corporate culture moderates significantly and strongly between reward system and employee performance.

V. DISCUSSION OF THE RESULTS

The correlation coefficient and the probability value show that there is a strong and significant relationship between bonuses and productivity in the oil and gas industry in Rivers State. This means that the use of bonuses as a reward strategy in the oil and gas industry in Nigeria has overtaken led to motivating employment to increase their level of productivity. This study supports the findings of Helena (2013), who reports a positive relationship between bonuses and employee performance. Similarly, Edward (2013) carried a study to examine the impact of bonuses on employee productivity and confirmed a positive relationship exists between bonuses and employee performance.

The results of the study indicate that there is a strong positive and significant relationship between compensation and productivity in the oil and gas industry in Rivers State. This means that employees’ productivity increases when they are adequately compensated for a job well done. They also feel satisfied to carry out and carry on the job. The findings in the study corroborate the findings of Fubara (2019) who posits that compensation contributes to retaining high performing employees because have job satisfaction. In turn, employees increase their level of productive energy to keep output higher and stable and make the organization gain competitive edge.

The study noticed that there is a significant relationship promotion and productivity in the oil and gas industry in Rivers State. Filipkowski and Johnson (2008) confirm that promotion results in employee feeling of job security and this contributes to higher productivity. From the findings therefore, it means that the results of the study support the view held by Filipkowski and Johnson (2008) that promotions is a veritable tool for increasing employee productivity in Nigerian oil and gas industry.

Test of Hypotheses

This section tests the hypotheses stated in chapter one. The probability of the correlation coefficients and the critical value at 0.05 level of significance were compared to either accept or reject the null hypotheses.

Hypothesis One

H01: Bonuses do not influence employee productivity in the oil and gas industry in Rivers State.

The probability value shows that the correlation coefficient between bonuses and productivity is lower than the critical value given that the calculated Pr = 0.004 is less than the theoretical P-value = 0.05. This implies the rejection of the null hypothesis. Therefore, the study accepts the alternative hypothesis which states that there is a significant relationship between bonuses and productivity in the oil and gas industry in Rivers State.

Hypothesis Two

H02: Compensation has no effect on employee productivity in the oil and gas industry in Rivers State.

The probability value shows that the correlation coefficient between compensation and productivity is lesser than the critical value given that the calculated Pr = 0.003 is less than the theoretical P-value = 0.05. This implies the rejection of the null hypothesis, and acceptance of the alternate hypothesis, which states that there is a significant relationship between compensation and productivity in the oil and gas industry in Rivers State.

Hypothesis Three

H03: Promotion does not retard employee productivity in the oil and gas industry in Rivers State.

The probability value shows that there is a significant relationship between promotion and productivity in the oil and gas industry in Rivers State given that the calculated Pr = 0.004 is less than the theoretical P-value = 0.05. This implies that the research accepts the alternative hypothesis, which states that there is a significant relationship between promotion and productivity in the oil and gas industry in Rivers State.

VI. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

a. The study shows that there is a significant relationship between bonuses and productivity in the oil and gas industry in Rivers State.

b. The study result indicates that there is a significant relationship between compensation and productivity in the oil and gas industry in Rivers State.
c. The study noticed that there is a significant relationship
promotion and productivity in the oil and gas industry in
Rivers State.

Conclusion
Human resources are important resources of firms and they
comprise basic segment of vital accomplishment over a
wide range of organizations. Profoundly rewarded workers,
will in turn be exceptionally fulfilled well performing
employees; they additionally will in general stay longer with
the organizations and that would lead to or increase
competitive advantage. Following the discoveries of this
study, positive connections have existed between employee
reward system and employee performance; thusly, the issue
of remunerating workers utilizing every single imaginable
kind of remunerations matters so much and ought to never
be disregarded by the management of oil and gas industry
on the grounds that intentional neglect of compensating
employees will lead to non-motivated, non-committed
employee with lackluster performance.

There is an agreement on the connection between
remuneration frameworks and employee performance. This
connection makes an open door for businesses to utilize
reward framework as a propelling component to adjust
employee conduct towards productivity. It is an opportunity
for the management to enhance worker productivity by
guaranteeing that a reward framework properly remunerates
the right individual to cause employee to feel that the firm
acknowledges them and that reward has a place with the
people playing out their assignment with progress and with
great discipline. Employee recognizes an incredible
incentive on various work assignment given to them by their
bosses and this significantly affects their performance. This
study concludes that oil and gas firms in Rivers State use
employee reward system such as bonuses, compensation and
promotions to improve employee productivity.

Recommendations

For Policy
Following the findings of the study the following
recommendations were made:
1. Reward framework of oil and gas firms should be
planned with the end goal that employees are qualified
for some percentage of profit earned by the firm as a
method for improving productivity amongst workers,
improving dependability and guaranteeing worker
devotedness to performing allotted task.
2. As a method for guaranteeing cohesiveness among
employees, hardworking employees that meet targets
should be promoted promptly to increase employee
productivity and job satisfaction.
3. Employees in oil and gas firms should not be paid fix
pay rates as it could bring about a high pace of lateness
and hesitance of worker within a group to put in more
than average performance. It should be a basic salary
plus additional bonuses and compensations. This will
enhance innovativeness and the craving to acquire new
knowledge among worker.

For Further Studies
The study recommends that further study should be
carried out to investigate the impact of reward system on
employee performance in the oil and gas industry in Nigeria
using variables other than the ones used in this study.

Contribution to Scholarship
The findings from this study have clearly revealed that
reward system is important to increasing employee
productivity. The study contributes to knowledge as it shows
that bonuses, compensations and promotions are vital
employee motivation strategies in the workplace. Human
resources managers by these findings should be able to
develop reward frameworks that fit the peculiarity of their
work environments.

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APPENDIX 1
QUESTIONNAIRE

SECTION A

Please tick [√] in the appropriate place

1. What is the name of your company? …………………………………………..

2. What is your gender?
   a. Male [ ]
   b. Female [ ]

3. What is your academic qualification?
   a. O/Level [ ]
   b. OND [ ]
   c. HND [ ]
   d. B.Sc/B.Ed [ ]
   e. Master/MBA [ ]
   f. PhD [ ]
   g. Others please specify ………………………………..

4. What are your years of working experience?
   a. 1 – 5 years [ ]
   b. 6 – 10 years [ ]
   c. 11 – 15 years [ ]
   d. 16 years and above [ ]

5. What are the dimensions or types of reward system known to you?
   a. Bonuses [ ]
   b. Compensation [ ]
   c. Promotions [ ]
   d. Others, please specify …………………………………….

SECTION B: EMPLOYEE REWARD SYSTEM

Please tick [√] in the appropriate place, according to the scale given. Note: Strongly Agree SA = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) = 2, Strongly Disagree (SD) = 1

1. To what extent do you agree or disagree to these statements?

<table>
<thead>
<tr>
<th>S/N</th>
<th>BONUSES</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bonus is part of the employee reward system in my company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bonuses contributes to increased employee productivity in my company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. To what extent do you agree or disagree to these statements?

<table>
<thead>
<tr>
<th>S/N</th>
<th>COMPENSATION</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compensation is an integral part of employee reward system in my company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Employees are adequately compensated and this increases employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. To what extent do you agree or disagree to these statements?

<table>
<thead>
<tr>
<th>S/N</th>
<th>PROMOTIONS</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promotion is a type of employee reward system in my company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Promotions are timely in my company; hence it leads to higher productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION C: EMPLOYEE PERFORMANCE

Please tick [√] in the appropriate place, according to the scale given. Note: Strongly Agree SA = 5, Agree (A) = 4, Undecided (U) = 3, Disagree (D) = 2, Strongly Disagree (SD) = 1

1. To what extent do you agree or disagree to these statements?

<table>
<thead>
<tr>
<th>S/N</th>
<th>PRODUCTIVITY</th>
<th>SA</th>
<th>A</th>
<th>U</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My company measures employee performance by employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>My company expects higher productivity when employees are rewarded adequately</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>My company’s bonuses have positive effect on employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>My company’s compensation has positive effect on employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>My company’s promotions have positive effect on employee productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>