

## Reward Systems and Teachers' Performance: Evidence From Ghana

Emmanuel Erastus Yamoah<sup>[a],\*</sup>

<sup>[a]</sup>PhD Candidate Senior lecturer. School of Business, Valley View University, Accra, Ghana.

\*Corresponding author.

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### Abstract

The hallmark of an organization's success is effective employee performance. However, employees' effort will be driven to this objective if their expectations of fair and just reward system are met. Reward system, therefore, falls into the broader process of performance management in the organization. This study examined the relationship between reward systems and teachers' performance. Data was collected and analysed in terms of descriptive statistics and Pearson chi square was used to test the significance of relationship between rewards and performance. The result indicated a significant relationship between teachers' rewards and job performance. Other motivational factors such as job design and talent management were a contributing factor to the high performance of the teachers. The study recommended that school management initiate additional reward programmes such as free lunch and beneficial loans in order to increase the performance of teachers.

**Key words:** Reward systems; Teachers' performance

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### 1. INTRODUCTION

An organization's integrated policies, processes and practice of rewarding employees in accordance with skills, competencies, contributions and market value

without any bias can be a reward system of that particular organization (Armstrong, 2010). Every organization has different approach of managing rewards in order to ensure its effectiveness and efficiency. A reward system consists of financial rewards and employee benefits, which is commonly called total remuneration. It is the reward system that outlines the pay levels, pay structure, base pay, employee benefits and all non-financial rewards. From the employees view point, reward systems should meet their expectations in terms of equity and fairness. The reward policies should be well-communicated to the employees understanding, and the rewards should match market rate, qualification, and skills. Management must therefore put in place proper procedure to manage this reward system so that the organization can achieve its goals and objectives.

Every organization establishes a reward system which determines how its employees will be rewarded. The educational sector is not an exception. Teaching as an occupation is regarded as a noble or respected profession and any educational institution that employs teachers set up systems to reward them. The question is that why do employers spend time establishing this reward system? Does a reward system have an influence on how teachers perform? Some studies have shown that there is a direct relationship between reward systems and the performance of teachers (Ubom & Joshua, 2004). Teachers are expected to render high job performance because of their crucial role in education. However, they are sometimes accused of laziness, purposeful lethargy, lack of dedication and zeal to work. While teachers on their part argue that the existing reward system does not satisfy their basic needs and aspirations (Ubom & Joshua, 2004).

#### 1.1 Objectives of the Study

This study seeks to achieve the following objectives:

a) To assess the performance of the teachers in selected senior high schools.

b) To ascertain the availability of different reward programmes in the senior high schools.

c) To determine whether there is a significant relationship between rewards of teachers and their performance.

d) To identify other motivational factors that influences the performance of the teachers.

## 1.2 Research Hypothesis

H<sub>0</sub>: there is no significant relationship between reward system and the performance of teachers in the senior high schools.

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## 2. LITERATURE REVIEW

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### 2.1 Concepts of Reward System

Armstrong (2010) defined reward systems as consisting of an organization's integrated policies, processes, procedures and practices for rewarding employees in accordance with their contribution, skill, competencies and market value. Armstrong, further, explained that reward system should consist of the following:

- Policies that provide guidelines on approaches to managing rewards.
- Practices that provide financial and non-financial rewards.
- Processes concerned with evaluating the relative size of jobs (job evaluation) and assessing the individual performance (performance management).
- Procedures operated in order to maintain the systems and to ensure that it operates efficiently and flexible and provides value for money.

The explanation given by Armstrong reveals that rewards given to employees can either be in monetary terms or non- monetary terms. Managers should, therefore, not reward employees based on their own discretion, but a standard or guideline should be followed in order to reward these employees. This might prevent biases to some extent. The standard or guideline should be able to define the size of the employee's job and an assessment of the employee's performance on the job. The reward system should also contain established methods used to maintain the reward system so that it can easily adapt to changes in both the external and internal environment.

Pitts (1995) also posited that reward is the benefit that arises from performing a task, rendering a service or discharging a responsibility. The main reward for performing work is salary or wages. Aside salary and wages, many employers also offer pension benefits, paid lunch, child education, health insurance, official car, beneficial loans, bonuses, and many more. Reward system is an important tool that management uses to influence employees motivation. In other words, management uses reward system to attract people to join the organisation, keep them coming to work and motivate them to perform to high levels (Agwu, 2013).

Reward systems differ from organization to organization, but reward system just boils down to one thing; a system that recognizes the effort of individual employee in their performance. Reward systems motivates employee to perform better.

### 2.2 Job Evaluation

Job evaluation falls in the broader process of reward system, which is very important. Reward system will be incomplete, if there is no job evaluation. Job evaluation provides the basis for achieving equitable pay. It is essential as a means of dealing with equal pay for work. According to Bowen (2000), job evaluation is the process of determining the relative worth of a job in an organization. Job evaluation is important in ensuring that a fair payment system is in place, which is transparent and can be communicated to all employees in organization. Milkovich (2002) also described job evaluation as providing a systematic basis for determining the relative worth of jobs within an organization. It flows from the job analysis process and is based on job description and job specification. Every job in the organization is examined and ultimately priced according to the following features:

- Relative importance of the job
- Knowledge, skills and abilities needed to perform the job
- Difficulty of the job

Furthermore job evaluation is a formal and systematic comparison of jobs to determine the worth of one job relative to another, and eventually results in a wage or salary structure. This involves weighing the advantages and disadvantage of a job and comparing it to another job. The difference in the comparison will amount to the difference in salary of one job to another job (Perry et al., 2006).

### 2.3 Market Rate Analysis

To ensure that reward systems are competitive, it is necessary to follow the trends of market rate for jobs within the organization especially those that are vulnerable to market pressures because of scarcity factors. Job evaluation is used to determine the worthiness of the job but it cannot price jobs. The market rate analysis is what will guide the employer to price the job. According to Armstrong (2010), market rate analysis is the process of identifying the rates of pay in the labour markets for comparable jobs to inform decisions on the levels of pay within the organization. This definition focuses on the need to compare the pay rates of different organizations in the labour market in order to choose the best and appropriate reward rates. After the comparison, employees will be able to determine the appropriate reward system (Perry et al., 2006).

### 2.4 Motivation of Performance

Empirical evidence has shown that when certain specifiable conditions exist, reward systems do have an influence on performance (Gerhart and Milkovich, 1992; Lawler, 1990; Lawler 1971; Vroom 1964). What are those conditions? Important rewards must be perceived

to be tied in a timely fashion to effective performance. Organizations get the kind of behaviour that leads to the rewards their employees value. This occurs because people have their own needs and mental maps of what the world is like. They use these maps to choose those behaviours that lead to outcomes that satisfy their needs. Therefore they are inherently neither motivated nor unmotivated to perform effectively; performance motivation depends on the situation, how it is perceived, and the needs of people (Lawler, 1993).

## 2.5 Expectancy Theory and Performance

Expectancy theory was proposed by Vroom (1964) to target work motivation. It explains why people perform or fail to give off their best to an organisation. Now there are different versions of the model and some are complex but Vroom's (1964) model is based on three key variables: expectancy, instrumentality and valence, which are of interest to this study.

Expectancy theory thrives on the idea that people prefer certain outcomes from their behaviour to others. The theory posits that performance depends upon the perceived expectation regarding effort expending in achieving the desired outcome. An employee who desires promotion will only achieve high performance if he/she believes his/her behaviour will lead to promotion or else he/she will not exert effort. Effort to performance expectancies range from 0 to 1.0 where zero is no expectation of performing the task correctly and 1.0 signifies absolute faith in being able to perform the task properly (Tosi, et al., 1995; Robbins, 2008). Expectancies thus influence whether a person will even strive to earn a reward. Self-confident and well-trained people have higher expectancies than less self-confident ones.

However, performance is considered a joint function of effort, environment and ability. Although a person's effort contributes greatly to performance without proper ability and a supportive environment no matter how hard one tries, good performance will be impossible to attain. Hence, managers who seek higher performance from employees must offer them the right training and enabling environment so that they can perform well.

The second key belief of expectancy theory is instrumentality. Instrumentality is the perceived likelihood that performance will be followed by a particular outcome (Tosi, et al., 1995). This implies that when employees engage in a particular behaviour they do so with the intention of achieving a desired outcome or reward. Like expectancy, instrumentality can be high or low, ranging from 0 to 1.0 where zero is chance of receiving the desired reward, and 1.0 is a belief that the reward is certain to follow.

Instrumentality has two levels of outcome: one is related to the job itself and the other is need-related. The first one refers to the quantity of output or the comparative level of performance. When an employee works hard, he expects to accomplish such outcomes as producing quality

goods or supplying quality service. The need-related outcomes are the rewards such as recognition, pay raise or praise associated with performance when an employee successfully accomplishes a first level outcome, it usually leads to a second-level outcome (Mullins, 1996).

The last key belief of expectancy theory is valence. It is the worth or attractiveness of an outcome. Valence ranges from -100 to +100. A person who intensely desires an outcome has a valence of +100. A valence of -100 means a person is strongly motivated to avoid an unpleasant outcome such as being fired. On the other hand, a valence of zero signifies indifference to an outcome and is therefore of no use as a motivator (White, 1995). According to the expectancy theory, the three conditions of expectancy, instrumentality and valence must all be high for motivation to occur. An employee may be unwillingly to work hard if that person believes his effort will not lead to task accomplishment or there are no rewards for performance or the employee does not value the rewards. If the sum of the valence is positive, automatically in most cases the employee will work hard.

## 2.6 Elements Of Reward System

Reward systems comprises of some elements which are as follows;

### 2.6.1 Pay Structure

According to Armstrong (2010), pay structure is defined as the different levels of pay for jobs or groups of jobs by reference to their relative internal value as determined by job evaluation, to external relativities as established by the market rate surveys and, sometimes, to negotiated rates for jobs. This means that before an organization determine the pay level for every job, the job should be evaluated and compared to other related jobs in the labour market. An organization can decide to use a single pay structure for all the jobs in the organization or the organization can also decide to design a separate pay structure for the different levels of management and the job ranks in the organization.

### 2.6.2 Purpose of Pay Structure

The purpose of pay structure includes the following:

- To provide a fair and consistent basis for motivating and rewarding employees
- To have a logical design frame work that would ensure internal equity and external competitiveness
- Enable organization to recognize and reward employees according to their job performance, contribution, skills and competence (Armstrong, 2010).

### 2.6.3 Criteria for Pay Structure

- The Pay Structure should be flexible in response to external pressure especially market rates and skill shortage
  - The Pay Structure should facilitate rewards for performance and achievements
  - The Pay Structure should clarify pay opportunities, developmental pathway and career ladders. Employees should know what to do to move to the next pay level.

- The Pay Structure should give scope to rewarding high level performance and significant contribution.

#### 2.6.4 Total Rewards

Total Rewards include all types of rewards- indirect as well as direct, and intrinsic as well as extrinsic. Each aspect of reward namely; base pay, contingent pay, employee benefits and non-financial rewards. Intrinsic rewards from the work itself are linked together and treated as an integrated and coherent whole (Manus & Graham, 2003).

Total rewards encompasses not only traditional or quantifiable elements like salary, variable pay and benefits, but more intangible non- cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization.

#### 2.6.5 Employee Benefit

Employee benefit is an indirect reward given to an employee or group of employees as part of organizational membership (Becker & Gerhart, 1996). Benefits are extras to the working conditions that have a cash value. Employee benefits include security benefits such as severance pay (a security benefit voluntarily offered by employers to employees who lose their jobs), health-care benefits such as sick pay, educational benefits such as day care and time-off benefits such as holiday pay, vacation pay and leaves of absence. An advantage of employee benefits to the organization is that it helps the organization to attract and retain good performers. The organization is able to attract good performers because of the good brand the organization carries. The organization is able to retain good performers because employees will be motivated and committed to the organization (Storey, 1995).

#### 2.6.6 Base Pay

According to Boxal, et al, (2009), the basic compensation that an employee receives is called base pay. Hence, base pay is the standard rate of pay not having any additions made to it. Many organizations use base pay categories such as hourly and salary. These categories are identified according to the way pay is distributed and the nature of the job. Employees who are paid hourly receive what is called wages. This wage is calculated on the amount of time worked. Employees who are paid

consistently from period to period like annually, weekly or monthly receive what is termed as salaries.

#### 2.6.7 Non- Financial Rewards

These include the rewards which focus on the needs people have to varying degrees for achievements, recognition, responsibility, influence and personal growth. According to Armstrong (2010), non-financial rewards are rewards that do not involve any direct payments and often arise from the work itself, for example, achievements, autonomy, and recognition, scope to use and develop skills, training, career development opportunities and high quality leaderships. Aside the pay given to the employees, employers should also concentrate on the non-monetary aspect. Employees should be given the room to express their views. Employers should also involve employees in decision making. The organization should ensure that employees can develop their careers by taking them through training and development. The working environment should be conducive for employees where they will feel a sense of belongingness.

### 3. METHODOLOGY

The population for the study consisted of teachers and students of two senior high schools in the Madina and Adenta Municipality of Greater Accra, Ghana. A total of one hundred (100) respondents were selected by the researcher using purposive sampling technique. Descriptive statistics, frequency and percentages, were then used to describe the opinions of respondents; and a chi square test used to ascertain the relationship between teachers' performance and rewards.

### 4. RESULTS AND DISCUSSIONS

The first objective was to ascertain the performance of teachers in the selected schools. Respondents were asked to assess the performance of teachers using performance indicators like students' performance, teachers' method of teaching, punctuality, teacher-student relationship, teacher commitment to the teaching and learning process, and teacher command over subject matter. Respondents were to rate the indicators as excellent, very good, good, average or poor. The result is presented in Table 1 below.

**Table 1**  
**Assessment of the Performance of Teachers**

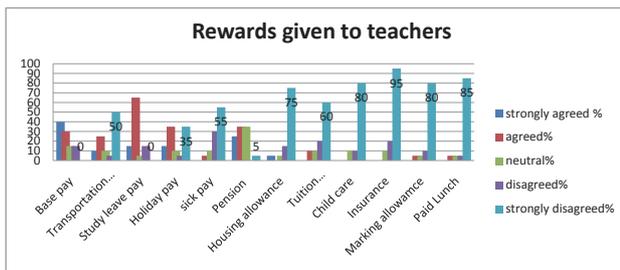
Performance indicators	5	%	4	%	3	%	2	%	1	%
Students 'academic performance	28	28	54	54	16	16	2	2	0	0
Teachers' teaching methods	36	36	44	44	16	16	4	4	0	0
Punctuality	42	42	18	18	30	30	6	6	4	4
Relationship between teachers and students	36	36	22	22	26	26	12	12	4	4
Commitment to work	18	18	38	38	28	28	8	8	8	8
Teachers' delivery	34	34	38	38	20	20	8	8	0	0
Teachers' control over the class	42	42	30	30	16	16	10	10	2	2

Source: Field Data 2012

Key: 5= excellent; 4= very good, 3=Good, 2=Average, 1=Poor

Considering the first objective which sought to ascertain the performance of teachers from the perspectives of teachers, management and students, respondents were asked to assess the performance of teachers using performance indicators like students' performance, teachers' method of teaching, punctuality, teacher-student relationship, teachers' commitment to the teaching and learning process, and teachers' command over subject matter. Respondents were to rate the indicators as excellent, very good, good, average or poor. On students' academic performance, 28% rated it excellent, while 54% rated it very good. Nobody rated it average or poor. Out of the seven indicators used to assess the performance of teachers, four was rated very good while three was rated excellent. The average rating for all the indicators was 3.45. This places the average rating as being very good. However, there were incidences where students rated the teachers average or even poor. These were in the areas of, teacher-student relation (12%) and teacher command over subject matter (10%). The overall performance was very good.

Respondents were also asked to indicate the availability of different reward programmes in the institution. This assessment was done by only management and teachers. Figure 1 presents a summary of the results.



**Figure 1**  
**Types of Rewards Given to Teachers in the School**  
 Source: Field Data 2012

Majority of the respondents (70%) agreed that base pay was a reward system that existed and was beneficial to them. Study leave with pay and pension benefit were also accepted as being available to them. However, majority disagreed that rewards such as sick leave, transportation allowance, sick pay, housing allowance, tuition reimbursement, insurance, child care, and free lunch were available to them as workers.

A Chi Square test was used to determine if any relationship exists between teachers' performance and their respective remuneration. Table 3 presents the Chi Square Tests.

**Table 3**  
**Relationship Between Rewards System and Teachers' Performance**  
**Chi Square Tests**

	Value	Df	Asymp. (2-tailed)
<b>Pearson Chi Square</b>	7.738	2	0.021

P < .05

The results indicate a Pearson Chi Square value of 7.738, with an associated significance level of .02. Since this value is less than the alpha value of .025, it means that the test result is significant. This means that there is a significant relationship between teachers' performance and teachers' remuneration. Thus any improvements in the rewards of teachers will likely influence their performance positively. This result confirms Ubom & Joshua, (2004) who also found that the relationship between teachers rewards and their job performance is significant. This is also in agreement with Perry et al (2006) who stated that the effect of rewards should result in a positive change in behaviour. Furthermore, Malhotra, et al. (2007) posited that rewards are the psychological process that gives behaviour purpose and direction.

From the perspectives of teachers and management, other motivational factors that influence the performance of the teachers include: recognition, job design, talent management and core values of the institution. These factors tend to address both Maslow's theory on motivation and the hygiene theory of Herzberg. They address the basic needs of teachers and their working environment. Herzberg claimed that:

The primary factors that cause satisfaction and motivation are called Motivation factors, such as recognition. The presence of these factors results in job satisfaction and motivation, while their absence leads to feelings of 'no satisfaction' rather than dissatisfaction. The other set of factors is called Hygiene factors, which refer to things such as job security, pay and working conditions. Without these factors, people will be dissatisfied; and if they are present, there will be feelings of 'no dissatisfaction', rather than satisfaction (Perry, et al., 2006).

## 5. CONCLUSION AND RECOMMENDATIONS

This study was about rewards and job performance of teachers of public schools in Ghana. The objective was to assess the performance of teachers and ascertain if rewards affect their performance significantly. It was clear from the results that rewards serve as motivation for teachers. Teachers' performance was rated good and with additional motivation they could perform excellently. It is hoped that this finding would enhance the understanding of management of public schools in Ghana in associating rewards and teachers' performance. It is recommended to management of public schools to initiate additional reward programmes such as free lunch and beneficial loans for teachers in order to motivate them more to excel.

Based on the findings of the study the following recommendations are made:

- Management of schools should engage teachers in deciding reward packages.
- Child care and other allowances should be considered as a means of rewarding teachers.
- Other motivational factors such as recognition in the form of awarding the best teacher in the school.
- Other researchers replicate the study using larger sample size and in different geographical locations.

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