

Influence of Monetary Incentive on Human Resources Management in selected Tertiary Institutions in Ogun State

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Abstract

The study examined the influence of monetary incentive on Human Resources Management in selected tertiary institutions in Ogun State. Two research questions guided the study and adopted the survey type of research design. The target population comprised of 150 academic staff and 150 Non-academic staff making a total of 300 respondents from Olabisi Onabanjo University, Ago-Iwoye and Tai-Solarin University, Ijebu-Ode, Ogun State. The study employed the use of multi-staged sampling techniques of stratified, purposive, and simple random sampling techniques to select respondents. Self-structured instrument Influence of Monetary Incentive on Human Resources Management in Tertiary Institutions Questionnaire (IMIHRMTIQ) was used to gather data. instrument comprised 20 close-ended items where the first sub-scale was subjected to a Yes/No format while the second-sub scale was done with responses on a modified Likert scale of Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD) respectively. Two experts in the Department of Human Resources Management, Faculty of Management Sciences, University of Benin validated the scale. The researcher adopted the split-half reliability technique to establish the internal consistency of the Instrument. The reliability coefficient yielded an r-value of 0.895, which means that the instruments was suitable for the study. Data were analysed using descriptive statistics and Z-test analysis tested at a significant level of 0.05. The study revealed that monetary incentives play a significant role in HRM. It then concluded that despite the pivotal role played by monetary incentives, tertiary institutions still find it difficult to incentivize their staff by paying their medical bills and sponsoring education. It is recommended that staff be exposed to compulsory in-service training twice annually.

Keywords: Monetary incentives, Tertiary institution, Human Resources Management, Profit, Staff

Introduction

Incentives are all rewards given to employees in either monetary or non-monetary form to motivate them to work more efficiently, although money remains one sensitive tool that is often used in private and public spaces to motivate staff in a bid to achieve specific tasks and projects. It is a reinforcement

that can navigate labor's minds toward actualizing certain duties and responsibilities. Motivated staff by monetary incentive will always channel more energy, effort, and abilities towards meeting the top management team's expectations and display skill dexterity in areas least expected. In any establishment, the role played by monetary incentives cannot be underestimated due to the far-reaching implications of human management. Monetarily incentivized staff will be action and objective-driven, ready to execute job descriptions, and result-oriented within the specified time limit. Monetary incentives play a crucial role in human resource management in most tertiary institutions that understand the pivotal role played by incentives. These incentives can include bonuses, salary increases, performance-based pay, and other financial rewards.

According to Irmohizam and Norhasni (2023) and Gadi and Bagobiri (2021) monetary incentives are essential rewards and penalties linked to specific actions designed to encourage certain behaviors in meeting specific goals and these rewards aim to achieve specific objectives. Adeyemo (2011) also sees the term monetary incentives as all financial rewards offered to individuals as motivation, drivers, or compensation for their actions or performance. These incentives could motivate the receiver in a bid to achieve set-aside actions. Meanwhile, Hubeis and Affandi (2017) claimed that monetary incentives are financial rewards or penalties that can influence individuals' decision-making and behavior. This incentive can influence the decision-making process of individuals. Technically speaking, monetary incentives are payments or bonuses given to individuals in exchange for their services, performance or participation in a particular activity. They are financial inducement that influences individuals' behavior and choices by altering the cost-benefit calculations they make. Irmohizam and Norhasni (2023) claimed that monetary incentives are financially induced in nature. It can take the form of bonuses, promotions, increments in pay, stock options, medical and child education benefits, profit sharing of

commissions, corporate discounts, insurance benefits, and contributions to employee provident funds. The prerequisites for an effective incentive plan include, voluntary cooperation of workers must be obtained, scientific execution of performance evaluation, improvement in working standards, motivation by employees to give better performance, distribution of incentives must be just and equitable (Irmohizam & Norhasni, 2023).

However, the concept of human resources is very universal owing to its uniqueness in the paradigm of managerial services rendered. HR is a universal term used to represent a stipulated and legalised workforce in an organisation, industry, and economy. A more comprehensive concept is that human resources encapsulate human capital, labour, workforce, knowledge, and skills that the individual command. HR is that segment of an organisation saddled with the responsibility of funding, screening, recruiting, and training job applicants as well as administering employee-benefit programs, and terminations among others. Meanwhile, Prasad (2005) noted that Human Resources revolve around the core matter of managing relationships at the workplace. Because human beings are social animals that hardly work in isolation, they are known to be good planners who can manage relationships both consciously and unconsciously. Management of relationships is a function of an action which depends on their ability to manage expected actions. From the cradle, every individual acquires knowledge and experience in understanding others and how to behave in every situation in life. Later in life, this learning and understanding will be used in the management of relations at the workplace.

Human Resources Managers in public and private sector firms agree that people truly are the organization's most important asset. Having a competent staff and management team does not guarantee that firm human resources will be a source of competitive advantage. But in a bid to remain competitive, grow, and diversify, such an organization must ensure that its employees are qualified, professionally trained, managed effectively, and committed to the firm's growth

and development. Human Resources management aims to maximize employee contribution to achieve optimal productivity and effectiveness while simultaneously attaining individual objectives such as having a challenging job and obtaining recognition while meeting societal objectives.

According to Sparrow, Brewster, and Harris (2004), human resources is a management function in an establishment or organisation concerned with hiring, motivating, and maintaining people in an organization. It focuses on the development of people in organizations. Human resources is a designed management system that ensures that human talent is used effectively and efficiently to accomplish organizational goals. Mayhew and Seidel (2019) see HR as the personnel function that is concerned with the procurement, development, compensation, integration, and maintenance of personnel of an organization to contribute towards the accomplishments of the organization's objectives. Invancevich (2006) recalled that HR is concerned with the most effective use of people to achieve organizational and individual goals. It is a way of managing people at work so that they give their best to the organisation. Meanwhile, Dessler (2010) noted that the policies and practices involved in conducting people or human resources aspects of a management position include recruiting, screening, training, rewarding, and appraisal of human resources management.

HR refers to the management of people in an organisation about activities, policies, and practices involved in obtaining, developing, utilising, evaluating, maintaining, and retaining the appropriate number and skill mix of employees to accomplish the organisation's objectives (Nugroho,2022) In a holistic term, Human Resources (HR) could be defined as the art of procuring, developing, and maintaining a competent workforce to achieve the goals of an organization effectively and efficiently (Rafiel & Davari,2015). The goal of HR is to maximize employees' contributions to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as

having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility) (Nugroho,2022).

Empirical studies on incentives show that monetary incentives play a pivotal role in the effective coordination of human resource management in an organization. According to Idigo, (2023), Ogunmakin and Sunday (2023) and Randhawa (2018) monetary incentives are crucial in shaping effective human resource management practices in formal organisations. These authors claimed that the process brings about an attraction and retention of talents through competitive salaries, retention bonuses; motivation of staff and performance through performance-based pay, disbursement of research grants and funding; enhancement of professional development programmes, enhancement of job satisfaction by way of incentives for achievements; encouragement of collaboration and teamwork (provision of team-based incentives); addressing of equity and fairness; aligning with goals and objectives; the impartation of academic freedom by balancing incentives with autonomy noting that incentives can enhance performance because maintaining academic freedom is very crucial for integrity in research and teaching (Ogunmakin & Sunday, 2023, Idigo,2023).

Monetary incentives are vital for effective HRM in tertiary institutions, be it firms, industries, or tertiary institutions. They influence talent attraction, reward performance, motivation, drive innovation and excellence, and enhance job satisfaction. Institutions may attract and retain top talents, boost productivity, and achieve stated goals and objectives through strategic financial rewards.

Statement of the problem

Any organization aims to minimize costs and maximize satisfaction, utility, profit, and results, but if no extraneous condition is administered such an objective may likely not see the light of the day because most productive firms and service-driven organizations have been lately reported to fold up, as the few existent ones are barely meeting the target outcome. This is widely associated with harsh working conditions, lack of staff motivation, no remuneration

packages, poor establishment of human relationships between and among staff, lack of incentives, and other intrinsic packages that can increase productivity. The absence of these motivators may lead to under-performance. The studies of Oseni (2020) and Tochukwu (2021) reveal that monetary incentives serve as motivators that can drive people towards unimaginable performance. However, none of these associate their studies with HRM, as a result, this study seeks to investigate the influence of monetary incentives on HRM in selected tertiary institutions in Ogun State.

Purpose of the Study

The main purpose of this study is to investigate the role of monetary incentives on Human Resources Management in selected Tertiary institutions in Ogun State, the specific objectives include:

1. Identify the operational monetary incentives used by HRM in tertiary institutions.
2. State the roles played by monetary incentives in the enhancement of effective HRM in tertiary institutions.

Research Questions

- i. What are the operational monetary incentives used by HRM in tertiary institutions?
- ii. What are the roles played by monetary incentives in the enhancement of effective HRM in tertiary institutions?

Hypothesis

H₀₁: Monetary incentives do not have any significant influence on Human Resource Management in tertiary institutions.

Methods

The study adopted a survey research design as it's a design type that allows for large number of entities to be studied where a fractional segment is selected to represent the totality of the general group. The population comprised of tertiary institutions in Ogun State as target population was staff from Tai-Solarin

University and Ago-Iwoye University, all in Ogun State. A sample of 300 staff from both institutions was selected through multi-stage techniques of stratified, purposive, and simple random sampling techniques. First, the researcher identified two universities through the ballot and hat method where the names of institutions were picked twice without replacement. Secondly, a stratified sampling technique was used to classify the participants into academic and non-academic staff as students were not involved. The researcher then introduced purposive sampling techniques to select faculties/Colleges across the institutions. Tai-Solarin uses the Collegial system while Olabisi Onabanjo uses the faculty system. Finally, the researcher introduced a simple random sampling technique to select 150 staff from each of the institutions irrespective of their designations and portfolios. This technique affords every participant an equal opportunity to be selected for the study. An instrument titled, Influence of Monetary Incentive on Human Resources Management in Tertiary Institutions Questionnaire (IMIHRMTIQ) was used to gather data for the study. The researcher self-designed a Questionnaire, a 2-sub-scale type that contains 20-closed closed-ended items that were originally constructed on the Yes/No format, and the other scale, a 4-Likert format of strongly agreed, agreed, disagreed, and strongly disagreed respectively. The scale was sent by mail to 2 experts in the Department of Human Resources Management, Faculty of Management and Social Sciences, University of Benin for validation. After removal and adjustment of items, a clean copy of 20 items was acclaimed to meet both face and content validities. The researcher adopted the split-half reliability technique to establish the face and content validity of the Instrument. The reliability coefficient yielded an r-value of 0.895 which was adjudged adequate for the study. Data were analysed using descriptive statistics and Z-test analysis tested at a significant level of 0.05.

Results

Research Question 1: What are the operational monetary incentives used by HRM in tertiary institutions?

Table 1: Descriptive statistics showing the operational monetary incentives used by HRM in tertiary institutions.

S/N	Items	True	False	No.	Remark
1	In my institution I enjoy promotion regularly as at when due	245 (81.7%)	55 (18.3%)	300	True
2	I enjoy bonus emoluments at intervals in my institution	262 (87.3%)	38 (12.7%)	300	True
3	I enjoy incremental pay in my salary annually	285 (95%)	15 (5%)	300	True
4	My institution pays my medical bills upfront through a scheme	31 (10.3%)	269 (89.7%)	300	False
5	We assess education sponsorship easily and dutifully	68 (22.7%)	232 (77.3%)	300	False
6	As a staff, our job is under an insurance portfolio and benefit	269 (89.7%)	31 (10.3%)	30	True
7	I enjoy increasing in steps and level	261 (87%)	39 (13%)	300	True
8	My institution makes provisions for employee leave allowances	237 (79%)	63 (21%)	300	True
9	My institution provides me with transportation benefits	267 (89%)	33 (11%)	300	True
10	Palliative benefits is provided quarterly by my organization	92 (30.7%)	208 (69.3%)	300	True
Total					

Source: Research work (2024)

Table 1 above shows that most of the staff are of the support that they enjoy regular promotion benefits, earn bonus emoluments at intervals, incremental pay in salary annually, insurance portfolio and benefits, increase in incremental steps

and level, employee leave allowances, transportation benefits, and Palliatives benefits quarterly by their institutions while on the negative paradigm, staff surprisingly noted that they rarely benefit from the payment of medical bills through a scheme and education sponsorship.

Research Question 2: What are the roles played by monetary incentives in the enhancement of effective HRM in tertiary institutions?

Table 2: Descriptive statistics showing the role played by monetary incentive in the enhancement of effective HRM in tertiary institutions.

S/N	Items	SA	A	D	SD	Total	Remark
1	Monetary incentives help to address the problem of equity and fairness in tertiary institutions	146 (48.7%)	117 (39%)	12 (4%)	25 (8.3%)	300	Agree
2	Monetary incentives have helped to align with the organization's goals and objectives	78 (26%)	157 (52,3%)	47 (15.7%)	18 (6%)	300	Agree
3	Monetary incentives encourage collaboration and teamwork	124 (41.3%)	97 (32.3%)	34 (11.3%)	45 (15%)	300	Agree
4	Monetary incentives enhance professional development programmes and job satisfaction	94 (31.3%)	152 (50.6%)	33 (11%)	21 (7%)	300	Agree
5	Monetary incentives aid disbursal of research grants and funding	144 (48%)	95 (31.7%)	23 (7.7%)	38 (12.7%)	300	Agree
6	Monetary incentive promotes staff performance through performance-based pay	87 (29%)	123 (41%)	45 (15%)	45 (15%)	30	Agree
7	Monetary incentives bring about motivated and articulated staff	136	105	46	13	300	Agree

		(45.3%)	(35%)	(15.3%)	(4.3%)		
8	Monetary incentive promotes retention bonus	135 (45%)	98 (32.7%)	47 (15.7%)	20 (6.7%)	300	Agree
9	Monetary incentives bring about attraction and retention of talents through competitive salaries	144 (48%)	90 (30%)	14 (4.6%)	52 (17.3%)	300	Agree
10	Monetary incentives are crucial in shaping effective human resource management practices in tertiary institutions	90 (30%)	109 (36.3%)	62 (20.7%)	39 (13%)	300	Agree
Total							

Source: Research work (2024)

Table 2 reveals that monetary incentive plays a key role in the enhancement of effective HRM in tertiary institutions. Although the data presented shows that the majority of the staff are of the notion that monetary incentives help to address HRM-related problems of equity and fairness, alignment with the organization's goals and objectives, encourage collaboration and teamwork, enhance professional development programmes and job satisfaction, aid disbursement of research grants and funding, promotes staff performance through performance-based pay, brings about motivated and articulated staff, promotes retention bonus, brings about attraction and retention of talents through competitive salaries, shape effective human resource management practices in tertiary institutions among others.

Testing of hypothesis

H₀₁: Monetary incentives do not have any significant influence on Human Resource Management in tertiary institutions.

Table 3: Influence of monetary incentives on human resources management in tertiary institutions

Variables	N	Z	sig.(2-tailed)	Decision
Monetary incentives	300	.693	.021	Significant
Human Resources Management				

$\alpha = 0.05$

Table 3 above results show that 300 people participated in the study and an alpha value of .05 is greater than the z-test value at .021, the null hypothesis is rejected while the alternative which states that monetary incentives do have a significant influence on HRM in tertiary institutions is retained.

Discussion of Findings

The findings from this study revealed that monetary incentive remains a valuable tool that can influence effective and efficient HRM in tertiary institutions. Since HRM deals with the management of the labour force by way of studying their behavioural patterns, it is believed that with monetary incentives, the expected behavioural tendencies will be displayed and expressed accordingly. The outcome of this work confirms the studies of Indigo (2023); Ogunmakin and Sunday (2023) and Randhawa (2018) that monetary incentives are crucial in shaping effective human resource management practices, especially in formal organisations. These researchers state that monetary incentives affirm attraction and retention of talents through competitive salaries, disbursement of retention bonuses, motivation of staff, disbursement of research grants and funding, enhancement of professional development programmes, enhancement of job satisfaction by way of incentives for achievements, encouragement of collaboration and teamwork through the provision of team-based incentives among others. They reiterated that monetary incentives sometimes serve as oil and grease used to service worn-out parts. These incentives, if well administered can triple sales, lead to expansion of organization, promote good human relations

in the organization, develop self-confidence and esteem, minimize wastages, and lead to improved quality of output.

Conclusion

The study concluded that monetary incentive plays a pivotal role in the enhancement of Human Relations, especially in our tertiary institutions. However, the study also concluded that despite the positives associated with monetary incentives, most institutions find it difficult to incentivize their staff through payment of their medical bills and sponsorship of education. For HR firms to effectively achieve their organizational goals and objectives, it must at intervals introduce some forms of financial and non-financial incentives to continue to induce workers toward optimal functioning. It also concluded among others that with the introduction of strategic incentives, institutions stand a better chance to attract and retain top talents, boost productivity, and foster academic integrity and freedom to foster a healthy academic environment.

Recommendations

Among other recommendations suited for this work, the following were noted:

10. Aside from monetary incentives, HRM should complement human services with non-incentives like regular promotions and issuance of recommendation letters.
11. Staff should be exposed to compulsory in-service training at intervals.
12. Salary and other earned entitlements should be paid regularly since they also contribute towards the enhancement of productivity.

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