

# **EFFECT OF INCENTIVE SCHEME ON PRODUCTIVITY OF SITE WORKERS IN THE NIGERIA CONSTRUCTION INDUSTRY**

**OLAMOJU A.M**

Department of Building Technology  
The Federal Polytechnic, Ilaro.  
Ogun State, Nigeria.

Email: [jasperjeep2001@yahoo.com](mailto:jasperjeep2001@yahoo.com), [jasperjeep2016@gmail.com](mailto:jasperjeep2016@gmail.com),  
+23408033860114,+23408053522435

And

**BAMIDELE E.O.**

Department of Building Technology  
The Federal Polytechnic, Ilaro.  
Ogun State, Nigeria.

Email:

**Being**

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## **ABSTRACT**

*High productivity is regarded as a goal that long-term survival of firms in Nigeria labor Construction industry seek, firm are currently applying various non-financial and financial incentive schemes aimed at improving employees productivity. The most important is planning for an incentive scheme that will align the goals of the company with the workers. Total samples of fifty (50) questionnaires were drawn from the collections of construction firm in Lagos and Ogun State. Forty-two (42) questionnaires were completed and returned, representing 84% response rate. A questionnaire survey involving the impact of incentive scheme on productivity were used to determine the Effect of Incentive Scheme on Productivity of Site Workers in the Nigeria Construction Industry. The survey was complemented with on-site observation and oral interview of workers on various construction sites in order to determine the impact of incentive scheme on productivity. Statistical Package for Social Sciences was used to analyses data collected from the audience and it was obtained that if incentive scheme is in place, workers tend to increase their output and moral at work thereby resulting to increased productivity.*

**Key Words: Construction, Financial, Incentive, Non financial, Productivity.**

## **INTRODUCTION**

All organizations are concerned with what should be done to achieve sustained high levels of performance through workers. So therefore Olugbenga (2011), defined incentive as a rewards given to an individual or group that cause them to respond with specific behaviours. Stolovitch (2002) defined incentives as something or item valued by an individual or group that is offered in exchange for increased performance. Incentives can be positive or negative, tangible or intangible. According to Olugbenga (2011), incentive may be financial, or non-financial. Such rewards may be available to workers, workers, or top managers. Whether the incentive is linked directly to such items as safety, quality or absenteeism, the reward follows successful performance.

Edwinah (2013), defined reward as a powerful human resource management tools for employment, retention, and inspiration for work done. It is a factor that must be considered if organizations want to remain competitive in its industry. What employees expect of their employers is no longer just “a reasonable day’s pay for a reasonable day’s work” but rather a competitive remuneration package with new innovative methods of providing benefits. Incentive provides employees with a tangible reward for their services to the organization. It also provides them with a source of livelihood. Incentive programmes are vital to both organizations and employees. According to Rao (2011), incentive schemes are programmes developed purposely to encourage a specific course of action or stimulate workers to behave in a particular manner. Rao (2011), incentive schemes envisage a basic rate usually on time basis, applicable to all workers and incentive rates payable to the more efficient among workers as extra compensation for their deserved performance in terms of cost, time and quality. Specific types of incentive schemes used in the construction industry include the profit sharing, day work, piecework, standard time or hour system, hour saved system, etc. (Harris and McCaffer, 2005).

## METHODOLOGY

The study will be in Lagos and Ogun State been the commercial centre of Nigeria with high level of construction workers. The two states are located in the Southwestern geopolitical zone of Nigeria.

The population of this study will be the workers (skilled and unskilled) in the Nigeria construction industry. The questionnaires will be coded before entering the data into Statistical Package for Social Sciences SPSS for analysis.

## PRESENTATION OF RESULT

It present the analysis of the data collected from the questionnaire survey. Out of Fifty (50) questionnaires administered, only 42 were completed and collected. The completed questionnaire was then scrutinized for errors of omission and inconsistencies. Data gathered from the respondent are analyzed and presented in subsequent sections. The analysis was carried out using Statistical Package for social Sciences (SPSS version 20).

## DISCUSSION OF RESULTS

**Table .1**  
**Company Name**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Brickwall	3	7.1	7.1	7.1
Mr. Kayode Construction	4	9.5	9.5	16.7
Cappa	11	26.2	26.2	42.9
Shultz	11	26.2	26.2	69.0
Remmy Construction	2	4.8	4.8	73.8
Elalan	6	14.3	14.3	88.1
Emerald Construction	4	9.5	9.5	97.6
2 High Tower Construction	1	2.4	2.4	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

The table above shows the company names of the firms visited. The tables revealed that majority of the respondents are staffs of Shultz Construction Company and Cappa Construction Company.

**Table 2**  
**Profession**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Builder	19	45.2	45.2	45.2
Quantity surveyor	2	4.8	4.8	50.0
Iron bender	3	7.1	7.1	57.1
Carpenter	3	7.1	7.1	64.3
Mason	7	16.7	16.7	81.0
Estate Valuer	1	2.4	2.4	83.3
Architect	2	4.8	4.8	88.1
Painter	1	2.4	2.4	90.5
Plumber	2	4.8	4.8	95.2
Electrician	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

Shows that 19(45.2%) of the respondents are Builders, 2(4.8%) are quantity surveyors, 3(7.1%) are iron benders, 3(7.1%) are carpenter, 7(16.7%) are Mason, 1(2.4%) are Estate valuer, 2(4.8%) are Architect, 1(2.4%) are Painter, 2(4.8%) are plumbers, 2(4.8%) are Electricians. It therefore concluded that majority of the respondents are builders

**Table 3****Do your company operate financial incentive scheme**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	14	33.3	33.3	33.3
A	23	54.8	54.8	88.1
NS	2	4.8	4.8	92.9
D	3	7.1	7.1	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 37(88.1%) of the respondents agreed that their company operate financial incentive scheme, 2(4.8%) are not sure, while 3(7.1%) of the respondents disagreed the claim. It is therefore concluded that company operate financial incentive scheme.

**Table 4****Do your Company Operate Non- Financial Incentive Scheme**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	5	11.9	11.9	11.9
A	22	52.4	52.4	64.3
NU	12	28.6	28.6	92.9
D	1	2.4	2.4	95.2
SD	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 27(64.3%) of the respondents agreed that their company operate non-financial incentive scheme, 12(28.6%) are not sure, while 3(7.2%) of the respondents disagreed the claim. It is therefore concluded that company operate non-financial incentive scheme.

**Table 5****The Company Operate Profit Sharing**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	4	9.5	9.5	9.5
	A	13	31.0	31.0	40.5
	NU	17	40.5	40.5	81.0
	D	7	16.7	16.7	97.6
	SD	1	2.4	2.4	100.0
	Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 17(40.5%) of the respondents agreed that their company operate profit sharing, 17(40.5%) are not sure, while 8(29.1%) of the respondents disagreed the claim.

It is therefore concluded that the company operate profit sharing

**Table 6****The Company Operate Earned Bonus Incentive Scheme**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	8	19.0	19.0	19.0
	A	16	38.1	38.1	57.1
	NU	10	23.8	23.8	81.0
	D	8	19.0	19.0	100.0
	Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 24(57.1%) of the respondents agreed that the company operate earned bonus incentive scheme, 10(23.8%) are not sure, while 8(19%) of the respondents disagreed

the claim. It is therefore concluded that the company operate earned bonus incentive scheme.

**Table .7****The Company Operate Merit Rating**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	7	16.7	16.7	16.7
A	15	35.7	35.7	52.4
NU	11	26.2	26.2	78.6
D	8	19.0	19.0	97.6
SD	1	2.4	2.4	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 22(52.4%) of the respondents agreed that the company operate merit rating, 11(26.2%) are not sure, while 9(21.4%) of the respondents disagreed the claim. It is therefore concluded that the company operate merit rating.

**Table 8****The Company Operate Overtime Pay**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	19	45.2	45.2	45.2
A	7	16.7	16.7	61.9
NU	11	26.2	26.2	88.1
D	3	7.1	7.1	95.2
SD	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Source: Field survey, August, 2018

Table above shows that 26(61.9%) of the respondents agreed that the company operate overtime pay, 11(26.2%) are not sure, while 5(11.94%) of the respondents disagreed the claim. It is therefore concluded that the company operate overtime pay.



**Table 4.3.10****The Company Operate Job Security and Safety**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	18	42.9	42.9	42.9
A	16	38.1	38.1	81.0
NU	1	2.4	2.4	83.3
D	6	14.3	14.3	97.6
SD	1	2.4	2.4	100.0
Total	42	100.0	100.0	

Source: Field survey, August , 2018

Table above shows that 34(81%) of the respondents agreed that the company job security and safety, 1(2.4%) are not sure, while 7(16.7%) of the respondents disagreed the claim. It is therefore concluded that the company operate job security and safety.

**Table 4.3.17****Percentage to Preferred Incentive Scheme to be adopted**

S/N	PREFERRED INCENTIVE SCHEME	SA	A	NS	D	SD
1	Profit sharing	10(23.8%)	10(23.8%)	10(23.8%)	6(14.3%)	6(14.3%)
4	Earned bonus	16(38.1%)	10(23.8%)	12(28.6%)	4(9.5%)	-
5	Merit rating	18(42.9%)	10(23.8%)	9(21.4%)	4(9.5%)	2(4.8%)
7	Overtime pay	18(42.9%)	12(28.6%)	4(9.5%)	4(9.5%)	4(9.5%)
9	Job security	21(50%)	18(42.9%)	2(4.8%)	1(2.4%)	-
10	Prospect of promotion	18(42.9%)	16(38.1%)	3(7.1%)	4(9.5%)	1(2.4%)

Source: Field survey, August, 2018

Table above shows that majority of the respondents are of the opinion that prospect of promotion and job security are the most preferred incentive scheme to be adopted to increase employee productivity. More so, 21(50%) of the respondents strongly agreed that the preferred incentive should be job security, 18(42.9%) of the respondents agreed, 2(4.8%) are not sure, while 1(2.4%) disagreed. It is therefore concluded that the preferred incentive should be job security.

**Table 9****Non-financial incentive performed better than the financial incentive in construction industry**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	12	28.6	28.6	28.6
	A	16	38.1	38.1	66.7
	NS	8	19.0	19.0	85.7
	D	3	7.1	7.1	92.9
	SD	3	7.1	7.1	100.0
	Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 28(66.7%) of the respondents agreed that non-financial incentive performed better than the financial incentive in construction industry, 8(19.0%) are not sure, while 6(14.25%) of the respondents disagreed the claim. It is therefore concluded that non-financial incentive performed better than the financial incentive in construction industry

**Table 10****The impact of incentive scheme is generally affected by their methods of selection/adoption**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	15	35.7	35.7	35.7
	A	15	35.7	35.7	71.4
	NS	8	19.0	19.0	90.5
	D	2	4.8	4.8	95.2
	SD	2	4.8	4.8	100.0
	Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 30(71.4%) of the respondents agreed that impact of incentive scheme is generally affected by their methods of selection/adoption, 8(19.0%) are not sure, while 4(9.6%) of the respondents disagreed the claim. It is therefore concluded that impact of incentive scheme is generally affected by their methods of selection/adoption.

**Table 11****The incentive scheme is effective in improving work quality**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	19	45.2	45.2	45.2
A	16	38.1	38.1	83.3
NS	5	11.9	11.9	95.2
D	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 35(83.3%) of the respondents agreed that the incentive scheme is effective in improving work quality, 5(11.9%) are not sure, while 2(4.8%) of the respondents disagreed the claim. It is therefore concluded that the incentive scheme is effective in improving work quality.

**Table 12****The incentive scheme adopted enhanced achievement of desired outcome**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	15	35.7	35.7	35.7
A	16	38.1	38.1	73.8
NS	5	11.9	11.9	85.7
D	3	7.1	7.1	92.9
SD	3	7.1	7.1	100.0
Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 31(73.8%) of the respondents agreed that the incentive scheme adopted enhanced achievement of desired outcome, 5(11.9%) are not sure, while 6(14.2%) of the respondents disagreed the claim. It is therefore concluded that incentive scheme adopted enhanced achievement of desired outcome.

**Table 13****The incentive scheme adopted increased service level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	10	23.8	23.8	23.8
A	17	40.5	40.5	64.3
NS	11	26.2	26.2	90.5
D	4	9.5	9.5	100.0
Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 27(64.3%) of the respondents agreed that the incentive scheme adopted increased service level, 11(26.2%) are not sure, while 4(9.5%) of the respondents disagreed the claim. It is therefore concluded that the incentive scheme adopted increased service level.

**Table 14****The adopted incentive scheme are operated with honesty**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SA	10	23.8	23.8	23.8
A	18	42.9	42.9	66.7
NS	9	21.4	21.4	88.1
D	3	7.1	7.1	95.2
SD	2	4.8	4.8	100.0
Total	42	100.0	100.0	

Source: Field survey, August 2018

Table above shows that 28(66.7%) of the respondents agreed that the adopted incentive scheme are operated with honesty, 9(21.4%) are not sure, while 5(11.9%) of the respondents disagreed the claim. It is therefore concluded that the adopted incentive scheme are operated with honesty.

## CONCLUSION

The findings of this study showed that incentive schemes used in the construction industry in Nigeria are of wide variety and different compositions. These incentive schemes impact workers differently and thus perform the function of motivating workers differently.

Majority of the respondents are of the opinion that the prospect of promotion and job security are the most preferred incentive scheme to be adopted to increase employee productivity as non-financial incentives performed better than the financial incentives.

There is a significant relationship between the use of incentive schemes and workers performance. It reduces project time and cost, improves quality and enhances achievement of desired outcome.

Based on the data collected from the field survey, this study therefore concludes that:

- It is therefore concluded that most construction company in Lagos and Ogun state operate financial incentive scheme and that the use of incentive scheme have impact on workers performance in Nigeria construction.
- A good working condition is a good driver for an incentive scheme and if it is not favorable, it will decrease the moral of the workers.
- It is therefore concluded that the preferred incentive should be job security and prospect of promotion.
- It is therefore concluded that the output of unskilled and skilled workers on site after the introduction of any incentive scheme is high.
- Worker's safety should be a major concern of an employer because the survival of firm depends greatly on its workforce.

## RECOMMENDATION

Some recommendations are stated here based on the findings and conclusion made in this study.

- Management of construction firms should give further encouragement to the provision of financial incentives such as cash awards, retirement plans, Overtime-with -pay, earned bonus incentive, merit rating since they are also preferred by the workers.
- Management of construction firms should introduce incentives like involvement in decision making as this stimulates sense of common purpose among workers.
- Incentives like overtime-with- pay should be carefully handled, as this can lead to workers deliberate substituting official work for overtime
- Incentive scheme should not be the type that will get the employee's completely exhausted and in case the workers has to work beyond the normal working, the employer should be ready to pay for overtime. It should also designed in such a way that the firm's goal can accommodate.
- Effective planning that is work study and survey should be carried out before incentive schemes are introduced. When introduced, the effects of such incentive scheme on workers' productivity should be constantly monitored.
- Emphasis should be laid on the use of job security as one of the non-financial incentive scheme mostly used in the construction industry to motivate workers.
- Workers could be motivated financially like cash gifts, housing allowance. Tool allowance end of the year bonuses and non-financial like holidays, promotion, medical attention, Free lunch, staff bus and finish and go.

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