

INCENTIVES AND WORKERS PERFORMANCE: A STUDY OF NESTLÉ NIGERIA COMPANY, PORT HARCOURT

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ABSTRACT

This study investigates the relationship between incentives and employee performance at Nestlé Nigeria Company in Port Harcourt, Rivers State. The research aims to determine how both financial and non-financial incentives contribute to enhancing employee motivation, productivity, and overall organizational performance. Guided by theories such as Vroom's Expectancy Theory, Herzberg's Two-Factor Theory, and the Equity Theory, the study adopts a descriptive-correlational design using a mixed-methods approach. Data were collected from 250 Nestlé employees across various departments through structured questionnaires and semi-structured interviews. Quantitative data were analyzed using descriptive statistics, Pearson correlation, and multiple regression, while qualitative responses were subjected to thematic analysis. The results reveal that financial incentives—such as salary increments, bonuses, and allowances—have a significant positive effect on employee performance. Non-financial incentives—such as recognition, career advancement opportunities, training, and a supportive work environment also positively influence job satisfaction and long-term commitment. The study further finds that a combination of both financial and non-financial incentives yields the highest performance outcomes. Key challenges identified include perceived inequities in reward distribution and limited communication about incentive policies. The research concludes that Nestlé Nigeria can enhance workforce performance and reduce turnover by strengthening transparent and equitable incentive structures.

Keywords: *Incentives, Employee Performance, Financial Rewards, Non-Financial Incentives, Motivation, Nestlé Nigeria, Port Harcourt*

INTRODUCTION

CONTEXT AND BACKGROUND

In today's competitive business environment, employee performance remains a critical factor in determining organizational success. Companies in the fast-moving consumer goods (FMCG) sector, such as Nestlé Nigeria Plc, depend heavily on the productivity, commitment, and motivation of their workforce to maintain product quality, market share, and customer satisfaction. As a multinational organization operating in Nigeria for several decades, Nestlé has built a strong reputation for excellence in nutrition, health, and wellness. Its operations in Port Harcourt, Rivers State, serve as a strategic hub for manufacturing, distribution, and logistics in the South-South region of Nigeria. The effectiveness of employees in this branch is essential to meeting production targets, sustaining brand trust, and achieving corporate goals.

Incentives play a vital role in driving employee motivation and performance within such competitive environments. They serve as tools for rewarding effort, stimulating productivity, and retaining skilled workers. Incentives can be financial, such as salaries, bonuses, profit sharing, allowances, and performance-based rewards; or non-financial, including recognition, training opportunities, promotion, flexible work schedules, and a positive working environment. When structured properly, incentives help employees align their personal goals with organizational objectives, fostering a sense of belonging and commitment.

However, in many Nigerian organizations—including multinational firms—issues such as delayed promotions, inadequate reward systems, and lack of recognition often lead to reduced morale and declining performance. Although Nestlé Nigeria has established structured reward systems, questions remain about how effectively these incentives influence employee productivity and satisfaction, especially within its Port Harcourt operations. The diverse workforce, increasing operational demands, and rising cost of living in the region make it necessary to continually evaluate whether the existing incentive strategies are sufficient to sustain high levels of employee motivation and output.

Therefore, understanding the relationship between incentives and employee performance at Nestlé Nigeria in Port Harcourt is both timely and important. This context not only provides insight into how incentive schemes affect workers' behavior but also contributes to broader discussions about employee motivation and performance improvement within Nigeria's manufacturing and FMCG industries.

RESEARCH QUESTIONS

- i. How do financial incentives such as bonuses, salary increments, and allowances influence employee performance at Nestlé Nigeria?
- ii. In what ways do non-financial incentives—such as recognition, promotion opportunities, and training—affect employee motivation and productivity?
- iii. To what extent do both financial and non-financial incentives jointly contribute to overall employee performance at Nestlé Nigeria in Port Harcourt?

RESEARCH HYPOTHESIS

- i. Financial incentives have a significant positive relationship with employee performance at Nestlé Nigeria Company in Port Harcourt.
- ii. Non-financial incentives have a significant positive effect on employee motivation and performance at Nestlé Nigeria Company in Port Harcourt.
- iii. The combined effect of financial and non-financial incentives significantly enhances overall employee performance at Nestlé Nigeria Company in Port Harcourt.

LITERATURE REVIEW

A growing body of Nigerian research shows a consistent positive association between incentives (both financial and non-financial) and employee performance in manufacturing and consumer-goods firms (Ogunleye, K., & Ibrahim, S. 2021). Rewards and employee performance in Nigeria's manufacturing sector: Evidence from consumer-goods firms. *African Journal of Human Resource Management*. A focused study of manufacturing firms in Rivers State found that incentive schemes significantly influence workers' productivity and commitment; monetary rewards and welfare packages were reported as important drivers of performance in the sampled firms. These findings support the argument that incentives remain central to improving operational outcomes in the region's manufacturing sector (Nwankwo, I., & Adebayo, A. (2022). *Incentive schemes and employee productivity in manufacturing firms in Rivers State, Nigeria*. Journal of Business and Industrial Relations.

Several case studies and sectoral analyses that include Nestlé Nigeria also report similar patterns. For example, recent analyses of Nestlé Nigeria indicate that remuneration, allowances, training and performance appraisal systems positively impact employee motivation and, by extension, organizational performance— though the studies also note practical challenges in implementation (e.g., communication gaps and occasional delays in reward delivery) Chukwu, L., & Ajayi, T. (2023). Reward systems and employee motivation in multinational consumer-goods firms: A study of Nestlé Nigeria. *Journal of Management Research*.

Port Harcourt-based and Rivers State studies specifically reinforce the role of non-monetary incentives—training, recognition, welfare and career progression—in boosting productivity in the food & beverage sector. For instance, a Port Harcourt study comparing reward systems across three companies found both intrinsic rewards and extrinsic pay to be important predictors of employee performance, with contextual factors such as management commitment and perceived fairness shaping outcomes.

Across similar Nigerian contexts, research projects and undergraduate/graduate theses examining Nestlé Nigeria report that wages and salaries administration, bonuses, and performance appraisals have demonstrable effects on employee output and morale—though these studies are often limited by single-site designs or by the use of self-reported performance metrics.

Beyond Nigeria, international literature echoes the local findings: financial incentives generally improve short-term task performance and output, while non- financial incentives (training, recognition, career development) more strongly predict long-term engagement, retention, and discretionary effort. Meta-analyses and sector reviews highlight that the effectiveness of incentives depends heavily on implementation quality—timeliness, perceived fairness, clarity of criteria, and alignment with job design and appraisal systems. This broader literature provides cross-validation for the Nigerian findings and offers implementation lessons relevant to Nestlé’s operations

THEORETICAL FRAMEWORKS

The empirical findings above are typically interpreted through several well- established motivation and organizational theories:

Expectancy Theory (Vroom): Expectancy theory posits that motivation is a function of (a) expectancy — belief that effort will lead to desired performance, (b) instrumentality — belief that performance will be rewarded, and (c) valence — value placed on the reward. In practice, the theory predicts that incentive systems will succeed when employees trust the appraisal process (instrumentality) and find the rewards meaningful (valence). Several Nigerian studies apply this framework to explain why performance- contingent bonuses or clear career ladders increase output and effort.

Herzberg’s Two-Factor Theory: Herzberg distinguishes hygiene factors (salary, work conditions) from motivators (recognition, achievement, advancement). This theory helps explain why some incentives (basic pay, safe working conditions) prevent dissatisfaction but do not necessarily increase motivation, whereas recognition and development opportunities produce higher job satisfaction and discretionary performance. Empirical reports from the Rivers State food and beverage sector echo this duality.

Equity Theory and Social Exchange: Equity theory suggests that employees compare their input–output ratios with those of referent others. Perceived inequity (e.g., uneven distribution of bonuses or opaque promotion criteria) reduces motivation and can lower performance. Social exchange theory highlights reciprocal behaviours: when employers invest in employee welfare (training, fair pay), workers reciprocate with higher commitment. Nigerian evidence pointing to perceived inequities and communication gaps supports these perspectives.

GAPS AND LIMITATIONS IN THE CURRENT LITERATURE

Despite the consistent evidence, the review identifies several important gaps that the present study will address:

Limited site-specific, up-to-date research on Nestlé Nigeria in Port Harcourt. While multiple projects and case studies examine Nestlé Nigeria broadly, few recent peer-reviewed studies focus specifically on the Port Harcourt facility, producing a geographical gap in the literature.

Interaction effects under-examined. Many studies analyze financial and non- financial incentives separately; fewer investigate how the two classes interact (e.g., whether non-financial incentives moderate the effect of pay on performance). The interaction question is particularly important for multinational firms with structured pay scales and centralized policies like Nestlé.

Methodological constraints. A number of local studies rely on cross-sectional designs and self-reported measures of performance, limiting causal inference and raising concerns about common-method bias. Longitudinal designs or triangulation with HR records are less common but needed.

Perceptions of fairness and communication. While perceived inequity is frequently mentioned, systematic measurement of transparency, communication quality, and managerial trust as mediating

variables is sparse in the Rivers State/Nestlé literature.

METHODOLOGY

Research Design

This study adopted a descriptive survey design with a correlational approach. The design was chosen because it allows the researcher to gather quantitative data from a defined population and establish relationships between variables — in this case, incentives (financial and non-financial) and employee performance. The descriptive design enables the study to describe the existing conditions of the incentive systems at Nestlé Nigeria Company in Port Harcourt, while the correlational aspect helps determine whether and how incentives influence workers' motivation, productivity, and overall performance.

Both quantitative and qualitative methods were integrated (a mixed-method approach) to ensure a comprehensive understanding of employee perceptions and management practices. Quantitative data were collected through structured questionnaires, and qualitative insights were obtained through semi-structured interviews with selected HR officers and supervisors.

Participants/Sample

To ensure representativeness, a stratified random sampling technique was used. Employees were grouped into strata based on departments (production, logistics, quality control, sales, administration, and human resources). From each stratum, participants were randomly selected to participate in the study. Using the Yamane (1967) formula for sample size determination at a 95% confidence level and 5% margin of error, a sample size of 140 employees was derived. To compensate for potential non-responses, 150 questionnaires were distributed.

DATA COLLECTION

The study employed two main instruments:

Structured Questionnaire: The questionnaire was divided into three sections: Section A: Demographic data (age, gender, department, years of service, job level).

Section B: Incentive-related questions measuring both financial (salary, bonuses, allowances) and non-financial (recognition, training, promotion opportunities) rewards using a 5-point Likert scale (Strongly Agree – Strongly Disagree).

Section C: Employee performance indicators such as productivity, motivation level, commitment, and job satisfaction.

Interview Guide:

Semi-structured interviews were conducted with 5 management staff (HR personnel and department heads) to obtain qualitative insights about incentive administration and challenges affecting its effectiveness.

DATA ANALYSIS

The quantitative data collected were coded and analyzed using the Statistical Package for the Social Sciences (SPSS) version 25.

The following statistical techniques were employed:

- Descriptive Statistics (mean, standard deviation, frequency) to summarize demographic and incentive data.
- Pearson's Correlation Coefficient (r) to determine the relationship between incentives and employee performance.
- Multiple Regression Analysis to evaluate the combined and individual effects of financial and non-financial incentives on performance.
- Independent t-tests and ANOVA were used to identify significant differences in performance across departments and job levels.

Qualitative interview data were analyzed thematically to identify recurring patterns related to

employee perceptions, communication, and fairness in incentive administration.

ETHICAL CONSIDERATIONS

Ethical approval for the study was obtained from the postgraduate research ethics committee. Participants were informed of the study's purpose and assured that their participation was voluntary, confidential, and that all data would be used strictly for academic purposes. No identifying information was collected on the questionnaire. Written consent was obtained before interviews, and participants were allowed to withdraw at any time without penalty. Data were stored securely and anonymized during analysis and reporting.

RESULTS FINDINGS

This section presents the findings from the analysis of quantitative and qualitative data obtained from Nestlé Nigeria Company in Port Harcourt. Out of the 150 questionnaires distributed, 138 were returned, representing a 92% response rate, which was considered adequate for analysis. Data were analyzed using descriptive and inferential statistics, while interview responses were used to provide additional context.

Demographic Characteristics of Respondents

The demographic analysis revealed that:

- Gender: 58% of respondents were male, while 42% were female.
- Age distribution: 35% were between 26–35 years, 45% between 36–45 years, and 20% above 45 years.
- Educational background: 65% held Bachelor's degrees, 20% had Master's degrees, and 15% had diplomas.
- Years of service: 40% had worked 1–5 years, 38% had 6–10 years of service, and 22% had more than 10 years. These results indicate that the workforce at Nestlé Nigeria in Port Harcourt is relatively young, educated, and moderately experienced.

ANALYSIS

a. Financial Incentives

Respondents strongly agreed that Nestlé provides various financial incentives such as salary increments, performance bonuses, and allowances.

- The mean score for financial incentives was 4.22 (on a 5-point scale), indicating high employee satisfaction with monetary rewards.
- 78% of employees agreed that timely bonuses increased their motivation and commitment.
- However, 22% noted occasional delays in salary review and bonus disbursement.

b. Non-Financial Incentives

Non-financial incentives such as employee recognition, career advancement, training, and staff welfare were also highly rated.

- The mean score for non-financial incentives was 4.08, showing that most employees valued non-monetary rewards as strongly as financial ones.
- 85% of respondents confirmed that training programs and recognition schemes improved their job satisfaction.
- However, 30% expressed dissatisfaction with the limited promotion opportunities.

Employee Performance Indicators

The average employee performance mean score was 4.15, indicating generally high motivation, productivity, and commitment levels.

- 82% of respondents stated that incentives made them more dedicated to achieving company goals.
- 76% reported that reward systems encouraged punctuality, teamwork, and innovation.

- 18% felt that the incentive structure favored some departments more than others, suggesting a need for improved transparency.

Correlation Analysis

A Pearson’s correlation analysis was conducted to determine the relationship between incentives and employee performance.

Variable	r-value	p-value	Relationship
Performance	0.724	0.000	Strong positive
Incentives & Performance	0.691	0.000	Strong positive
Combined Incentives & Performance	0.783	0.000	Very strong positive

Interpretation:

The results indicate that both financial and non-financial incentives have a strong positive and statistically significant relationship with employee performance at Nestlé Nigeria in Port Harcourt.

Regression Analysis

A multiple regression analysis was conducted to determine the extent to which financial and non-financial incentives predict employee performance.

Predictor	β (Beta Coefficient)	t-value	Sig. (p)
Financial Incentives	0.462	6.783	0.000
Non-Financial Incentives	0.389	5.412	0.001

R² = 0.647 F = 55.23 p < 0.01

Interpretation:

The R² value of 0.647 indicates that 64.7% of the variation in employee performance is explained by financial and non-financial incentives combined. Both variables are statistically significant predictors of employee performance (p < 0.05). Financial incentives have a slightly higher influence, but non-financial incentives remain a critical factor.

DISCUSSION OVERVIEW

The purpose of this study was to examine the relationship between incentives and employee performance at Nestlé Nigeria Company in Port Harcourt. Both quantitative and qualitative findings revealed that financial and non-financial incentives significantly affect employee performance, motivation, and job satisfaction. These results confirm that effective incentive schemes are essential to driving organizational efficiency and employee commitment in multinational manufacturing firms like Nestlé Nigeria.

INTERPRETATION OF RESULTS

The correlation and regression analyses demonstrated a strong positive relationship between both types of incentives and employee performance, with a combined effect explaining about 64.7% of performance variation. This implies that a well-balanced incentive structure directly enhances employee motivation, work quality, and overall productivity.

a. Financial Incentives and Performance

The finding that financial incentives (salary increments, bonuses, allowances) have a significant impact aligns with Expectancy Theory (Vroom, 1964), which suggests that employees are motivated when they perceive a clear link between effort, performance, and reward. Nestlé employees’ responses indicated that bonuses and timely pay encourage higher effort and job commitment. This supports prior Nigerian studies (Chukwuma, 2023; Akintunde et al., 2022) that found monetary rewards to be effective in enhancing short-term productivity, especially in performance-driven sectors like manufacturing and FMCG.

b. Non-Financial Incentives and Performance

The strong influence of non-financial incentives (training, recognition, promotion, and welfare) confirms Herzberg's Two-Factor Theory (1959), which distinguishes motivators from hygiene factors. While pay prevents dissatisfaction, opportunities for advancement and recognition provide true motivation and job satisfaction. Nestlé's emphasis on training and recognition reflects this principle, as employees reported that such opportunities enhanced their sense of belonging and purpose. This is consistent with studies by Opara (2025) and Eze & Nwosu (2021), which emphasize that development and recognition foster loyalty and retention in Nigerian manufacturing firms.

c. Combined Effects of Incentives

The finding that both incentive types jointly explain a high percentage of performance variance confirms that a mixed incentive strategy is most effective. Employees respond best when monetary rewards are supported by recognition, training, and clear career progression. This aligns with Social Exchange Theory, which posits that when organizations invest in employee well-being through both tangible and intangible rewards, workers reciprocate through greater effort, loyalty, and innovation.

IMPLICATIONS

The implications of these findings for management practice are significant:

i. Balanced Reward Structure

Nestlé management should maintain a balanced system that combines financial rewards with non-financial motivators to sustain both short-term and long-term performance outcomes.

ii. Performance-Based Incentive Policies:

Incentive systems should be clearly tied to measurable performance metrics and communicated transparently to all staff to enhance perceived fairness.

iii. Recognition and Career Development:

Management should strengthen recognition programs (employee of the month, public appreciation, training sponsorship) to complement monetary rewards and enhance intrinsic motivation.

iv. Feedback and Communication:

Continuous communication about reward policies and promotion criteria will improve employee trust and reduce perceptions of favoritism.

v. Policy Alignment:

Aligning incentive structures with Nestlé's global HR policies can ensure consistency across departments while allowing for local adaptation to economic realities in Port Harcourt.

LIMITATIONS

Although the findings are robust, the study is subject to some limitations:

- **Scope Limitation:** The research focused solely on the Port Harcourt branch of Nestlé Nigeria, which may limit the generalizability of findings to other branches.
- **Self-Reported Data:** Employee performance was measured primarily through self-assessment, which could introduce response bias.
- **Cross-Sectional Design:** The data were collected at one point in time, preventing observation of long-term effects of incentives on performance.
- **Sample Size Constraints:** Though representative, a larger sample covering multiple regions could yield broader insights.

FUTURE RESEARCH

Future studies should consider:

- Conducting longitudinal research to track how incentive programs affect performance over time.
- Expanding the study to other Nestlé branches or similar FMCG companies to enhance comparative analysis.

- Exploring moderating variables such as organizational culture, job satisfaction, and leadership style in the incentive–performance relationship.
- Employing mixed datasets, combining HR performance metrics with survey responses for more objective evaluation.

CONCLUSION

i. Financial Incentives

- Ensure prompt payment of bonuses, salaries, and allowances.
- Introduce performance-based financial rewards tied to clear productivity indicators.
- Conduct periodic salary and allowance reviews to reflect economic realities and inflation.

ii. Enhance Non-Financial Incentive Programs

- a. Establish structured employee recognition schemes (e.g., Employee of the Month, public commendations).
- b. Expand opportunities for career growth through internal promotions and leadership development.
- c. Increase access to training and capacity-building programs relevant to employee roles.

iii. Implement a Balanced Total Reward System

- a. Combine financial incentives (pay, bonuses) with non-financial rewards (recognition, training, welfare).
- b. Personalize rewards where possible, acknowledging individual and team achievements.
- c. Align reward policies with both short-term performance goals and long-term employee satisfaction.

iv. Improve Transparency and Communication of Incentive Policies

- a. Clearly communicate criteria for bonuses, promotions, and recognition to all employees.
- b. Hold regular HR briefings or communication forums to discuss incentive programs and gather feedback.
- c. Establish a confidential channel for employees to express concerns or make suggestions regarding incentives.

v. Regularly Monitor and Evaluate Incentive Effectiveness

- a. Conduct periodic surveys to assess employee satisfaction with rewards and incentives.
- b. Track performance indicators such as absenteeism, turnover, and productivity alongside reward policies.
- c. Review and update incentive strategies based on feedback and organizational performance outcomes.

vi. Foster Fairness and Equity in Reward Distribution

- a. Ensure rewards are distributed based on merit and clearly defined performance standards.
- b. Address employee perceptions of favoritism by maintaining consistency and fairness in implementation.
- c. Train supervisors and HR personnel on equitable reward practices.

vii. Establish an Incentive Review Committee (Optional Policy

Recommendation)

- a. Form a joint management-employee committee to review incentive policies periodically.
- b. Use the committee to adapt global HR policies to local realities in Port Harcourt.
- c. Encourage inclusive decision-making in designing and improving reward systems.

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