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BONUS SCHEME AS CATALYST FOR MOTIVATING EMPLOYEE PERFORMANCE AT FEDERAL TEACHING HOSPITAL GOMBE

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Abstract

The study examined bonus scheme as a catalyst for motivating employee performance at Federal Teaching Hospital (FTHG) Gombe, Gombe State-Nigeria. It aimed at assessing the influence of bonus scheme on the hospital in motivating employee performance. 399 respondents sampled in the study and Analysis of Variance (ANOVA) was employed in analyzing the correlation between bonus scheme and employee job performance at the hospital. It was however found that there is significant relationship between bonus scheme and the employees performance due to motivational efforts of the management towards employees' productivity as well as significant relationship between bonus scheme used by the leadership of the hospital on employees and hospital productivity. It is therefore recommends that the management should avoid the misuse of bonus scheme as a long term strategy, give additional allowances to employees and by placing more emphasis on developmental policies.

Keywords: Hospital, Employees, Performance, Bonus, Scheme and Federal

1. Introduction

Often than none, organizations and or institutions especially in Nigeria tend to down grade or neglect the relevance of bonus scheme approach in influencing the performance of the organization. Paying your employees their salaries and wages is one thing while motivating your employees is another pole apart entirely. This collides with Ude and Coker (2022) asserted that employees are responsible for converting input into

productive out, hence the need to be adequately motivated squarely. Many organizations have failed in achieving their goals and objectives while others have not been performing beyond their expectations while many are struggling with the system as to which strategies will they apply to achieve it target. Organizations exist to achieve the designed goals/objectives, which FTHG is not exceptional and this can be successful through its employees and

employees need to be motivated either financially or non-financially. Regardless of the nature of the objective you have, it is utmost significant to the institutions and or organizations to ensure that, employees are contributing positively in achieving the designed objectives, hence, the need to be motivated at all levels.

To be effective, hospitals need to address the issue of motivating its employees vigorously, this is because bonus scheme system is tailored to prevent poor performance by the employees in the organization, to increase the moral of employees and of course increase the organizational performance, above that, bonus scheme system gives or influence full participation of employees in an organizations. On the other side, bonus scheme may be seen as management commitment in enhancing the hospital performance, while others may see as a way of setting standard. Bonus scheme may come in so many ways, it can be negative or positive, it can also be in financial or non-financial bases. Some of them are; salaries and wages, donations, reward or otherwise (sanction), etc. all these can influence the extent to which bonus scheme system affects the performance of the organizations.

However, it is a fact that, bonus scheme system can improve the productivity of an organization, but to what extent does that affect the organizations in Nigeria, and specifically FTH Gombe? bonus scheme systems reside within the organizations, their structure, rules, human resource management, opportunities, internal benefits, rewards and sanctions, etc. (Balassanain, 2006) Whether based on perception or reality, organizational bonus scheme do have a significant influence on the productivity of individuals, groups and as well the organization at large, but this research is targeted and narrowed down to investigate the extent to which financial and non-financial bonus scheme system affect the system of motivating employee performance of FTH Gombe.

Motivation is the catalyst that spurns employees' eagerness to work in a formal setting without pressure. To motivate employee is to provide them with a motive to do some set organizational tasks. Some thinks that, it does not matter, but in reality, motivation usually causes or provokes somebody to act either positively or

negatively. To say that nobody can motivate employees at work is like saying there are no influential managers or unit head, that there are no effective managers, that there are no motivational speakers, that the psychologists in organizational management teams are useless and that motivation is not achievable. Employee motivation has been used by effective managers recently to prompt common employee to achieve uncommon results in all fields of endeavours of the organization.

Although there is general agreement among psychologists that man experiences a variety of needs, there is considerable disagreement as to what these needs are and their relative importance. There have been a number of attempts to present models of motivation which list a specific number of motivating needs, with the implication that these lists are all-inclusive and represent the total picture of needs. Unfortunately, each of these models has weaknesses and gaps, and we are still without a general theory of motivation. All organizations are concerned with what should be done to achieve sustained high levels of performance through people, especially in hospital setting. Consequently, the subject of adequate motivation of workers as derived from the so many attempts made by management practitioner is to look for the best way to manage so as to accomplish an objective or mission with the least inputs of material and human resources available.

A lot of theoretical concept, principles and techniques of management have evolved in response to these challenges. In general management authors have tended to view motivation as a key component of the managerial function of leading or directing. However, leading or leadership style, although an important factor in determining the attitude of employees toward assigned job responsibilities is not the only determinant, other managerial function such as planning, controlling, staffing and organizing also play a role. In any serious and competitive society workers are one of the tools for economic progress. Their welfare is taken into serious consideration because without a dedicated workforce an organization crumbles. Knotz et al (1980) holds that management strives to create and maintain an environment that is conducive for the performance of individuals who are working together in groups towards

the accomplishment of pre-selected objective. Workers in organization work in-groups and group dynamics often result in the conflict of goals between individuals and their groups.

Organization's Managers are responsible for accomplishing task through other people (employees within the organization), to achieve these, they oversee different activities in the organization and design several strategies aimed at reaching the predetermined goals. (Robbins, 2015) listed the components of a manager's work to include among other leadership, negotiation, communication, decision making, monitoring and evaluation. Managers have formal authority over the organizational units; their interaction with personnel is considered to be the core of management (Thomas 2012).

Managers consistently struggle with the evolutions and changes in the workplace and are actively engaged in the reinvention of management of these changes (Hiam, 2013). In the past, managers were able to manage with their technical skills alone but in today's competing and demanding workplace this is not enough, managers now need to have good people skills or develop extensive emotional intelligence. Organizations are facing a more complex world with more competition; individuals are now better equipped to manage themselves, take responsibility and make decisions. The role of manager has changed and today managers guide, support and encourage their employees to achieve results (Barry, 2004).

Knowledge and skills of employees are the main productive element in today's economy and these human assets derives job satisfaction, commitment and motivation which enable the ability to perform (Litschka, Markom & Schunder, 2016). What defined work in the past are not the same today as work has become more dynamic, the employer-employee relationship is less hierarchical and more transactional. Employees have moved away from long term employment relationships and long term rewards and effort is focused on short term rewards. The work place has also undergone radical changes and organizations are becoming more heterogeneous in terms of gender, age, race, ethnicity, and sexual orientation. The work force is

becoming more diverse and includes women, people of colour, physically disabled, senior citizens and managing the diversity has become a major concern. Managers need to understand that people bring their cultural values, lifestyles preferences and difference with them when they come to work. Some organizations have tried to make changes, but most are still struggling to understand the new work environment. In order to motivate employees managers has to recognize the pattern that orient and direct behavior of his or her employees (Hanson & miller Jr, 2022).

Individuals have different motivational behavior at work which is accomplished by different mindsets that have particular importance for the individual and this explains certain work behavior. Employee motivation has been defined as "a set of energetic force that originates both within as well as beyond an individual being, to initiate work related behaviors and to determine its form, directions, intensity and duration" (Meyer, Becker & Vandenberghe, 2014) Goal setting is at the heart of motivation process and for some individuals, certain conditions are of more importance than the others, this can be feedback, goals, commitment, ability and task complexity. It is hard to discuss motivation without touching on the concept of commitment, as motivation is a broader concept and commitment is one among a set of energizing forces that contribute to individuals motivated behavior. Theories on motivation as well as commitment have been developed over the years in an attempt to understand, predict and influence employee behavior (Meyer, et al 2004).

Statement of the Problem

Motivating employees is not the same today as it was in the past and employee motivation present one of the last frontiers for organizational influencers of performance. It is becoming more difficult for organizations like hospitals to examine, manage and motivate the employees at this. Managers cannot really motivate anyone on a personal ground without prior expectation, but they can create a situation to which individuals will respond because they choose to, going in that way, bonus scheme has been one of that situations. Literally,

the aim of all managers is to motivate employees to achieve the organizational goals and make them feel that they are working with manager and not for manager, to achieve this, it is important to understand the individuals to be motivated, and the environment of operation. This is because of the number of factors, which influence individuals in different organizational set ups differs.

In some cases, such a method could prove to be counterproductive because the issue of adequate motivation and consequently workers' productivity is a product of a person's set up of needs, goals, drive and experience. By implication, this means that factors which govern motivation, job satisfaction, workers' productivity and attitude to work differ from one society to another. However, the entire issue of the implication of adequate motivation on workers' productivity is embedded in the bonus scheme which is supported by various theories of motivation. This research will attempt to proffer answers to the question agitating the minds of management of the organization, as to what to do to adequately motivate her workers to contribute their quota to their company's productivity and growth.

The research also will look at motivation from the perspective of the bonus scheme. While seeking to refute or validate the various models and theories of motivation by finding out from the "horse mouth" what really motivates the employees in the organization of today and the effects of bonus schemes on the employees' performance and productivity, specifically, FTH Gombe. The purpose of this study includes finding out whether there is any relationship between adequate bonus scheme and employee motivational factors and productivity to work among management, senior staff, junior staff and contract staff respectively of FTH Gombe under study. Secondly, it is hoped that this study will help to identify how the staff of FTH Gombe rate that existing bonus scheme as a motivational factor and its implication. Finally, it is expected that the findings of this study will serve as a basis for formulating improved working relationship between management of the organization and her staff.

Objective of the Study

The core objective of this research work is to assess the influence of bonus Scheme on the system motivating employee performance at FTH Gombe. The specific objectives are;

- i. Examine the influence of financial bonus scheme on motivating employee performance at FTH Gombe.;
- ii. To assess the relationship between non-financial bonus scheme and employee productivity at FTH Gombe.;
- iii. Evaluate the relationship between bonus scheme and the growth of FTH Gombe.

Research Hypotheses

- i. There is no significant influence of bonus scheme on the employee performance of FTH Gombe;
- ii. There is no significant relationship between bonus scheme and the organizational productivity of FTH Gombe
- iii. There is no significant relationship between bonus scheme and the organizational growth of FTH Gombe

2. Literature Review

2.1 Conceptual Issues

Concept of Employee Motivation

In the perspective of employee motivation, it has been observed that, motivation serves as a tool for cheering and rousing employees to put forth extra effort, and to improve employees work productivity. According to Arvidsson (2004) as cited by Magnusson and Nyernius (2011) asserted that, the major aims of incentive system are; management control, motivating employees to desired performance and recruiting and keeping employees. Bonus scheme has been seen from different angle by different scholars depending on the area of usage. Balassanian (2006) defined bonus scheme system as those external measures that are designed and

established to influence motivation and behavior of individuals, groups or organizations. The author here mentions influencing the behavior of individuals, groups or organizations which is attributed to every successful leader. Bonus scheme systems or structures are combinations of several more or less coherent. Hartman, Kurtz and Moser (1994) opined that, Bonus scheme are one method or practice by which workers carry out their closing stages of the employment contract, that is, compensating employees for their efforts. Now, the question is what happens to those that are in the company or organization? They don't need to be compensated or what?

Business leaders have embraced different theories of motivation and principal agent relationships realizing that motivation and productivity can be created given that proper control tools are used (Merchant, & Van 2008). This has proven the correlation between the productivity and incentive system. The aim of incentive system is to motivate the staff to work in line with the organization's goals but to be effective they need to be designed to fit the differences of the staff (Magnisson & Nyrenius, 2011). An incentive system is one of the strategies used by head of institutions or organizations for attracting and retaining employees and also improves their productivity. This has been confirmed by Carruth, Middlebrook and Frank (1982), opined that, the general purpose of bonus schemes is to increase productivity in the organization.

It is a fact that whenever employees are rewarded either financially incentive or non-financially incentive, it will result in positive output. For instance, Njanja, Maina, Kibet and Njangi (2013) posit that, managers focused on "recognition" as the key to raising morale. One has to be recognized for the job well done, this fall under non-financial incentive. Merchant and Van der Steede (2008), point out the critical factors for successful incentive system in an organization. These are; valuable, large enough, understandable, timely and reversible. The factors are essential, looking at them, the incentive should be of value and the employees will be highly appreciative and well-motivated. The incentive should be large enough to keep employees motivated and also the employees should understand the incentive

is been given. The other factor is that, the incentive should be timely, when employees are timely motivated it will affects their behaviors toward the job, therefore, there is need for doing it the right time and for the right people and in the right direction. The last factor is that, incentive should be reversible so as to correct mistakes. Conditions attached to incentives given to employees serves as a guide to in reversing some incentives in an organization.

Employee motivation is the interior drive that stations individuals to realize goals Nnabuife (2019), motivation seem to have significant relationship with the employee needs; on the contrary, employees needs seem to be understandable. Going by the theory of motivation, those human needs include food, shelter, love, self-esteem, and purpose as mentioned by Balassanian (2016); Boehm & Lyubomirsky (2018). However, to be adequately motivated according Boehm & Lyubomirsky (2018), means to be stimulated to do something different. An employee that feels no stamina to act is usually categorized as unmotivated employee. Furthermore, Ryan and Deci (2020), depict that, an employee which is strengthened in performing better is considered to be or seem to be motivated.

Motivation according to Rajput, (2021) originated from Latin word "Mover" which means "to move". It further characterizes and describes it as "the individual's desire to exhibit the behavior and shows green signal to use effort". Similarly, it also of two kinds, i.e. extrinsic and intrinsic motivation. First kind of motivation according to Shields, Brown, Kaine, Dolle-Samuel, North-Samardzic, McLean, Johns, Robinson, O'Leary and Plimmer (2015), are; salary, wages and benefits while intrinsic system of rewards include among others are; job satisfaction, freedom and responsibility. Therefore, the intrinsic system has a deeper and long-lasting effect because the intrinsic motivators work for 'quality of working life'. Torrington, Hall, Taylor and Atkinson (2019) stated that; "Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement" While, on the other hand, employees according to Ong and Teh (2022), are

technically refer to as human resources in some organizations, and at the same time are usually

Concept Bonus Scheme

Bonuses for employees are a topic of great significance to practitioners, stakeholders and academics. Practitioners have placed remuneration committees, and the non-executive directors who populate and exercise judgement within them, firmly in the spotlight. In relation to the setting of Bonuses scheme for employees, non-executives find themselves torn between a number of competing or conflicting influences (Pass, 2013; Conyon, & Murphy, 2020). As Perkins and Hendry observe, corporate governance reforms locate non-executive directors in the role of intermediaries in the principal-agent relationship, explicitly assigned to resolve the conflict of interest inherent in boardroom Bonuses scheme for employees, while simultaneously they are expected to play a team role as board members responsible for the overall strategy and operation of the company. As such, at the level of the Bonuses scheme for employees, non-executive directors are required to develop pay arrangements which satisfy, or achieve acceptable compromise between, diverse considerations such as market comparability (in relation to the motivation of employees at all levels), internal equity, incentive and reward, executive expectations, shareholder and public acceptability and the advice of external consultants. The task of the Bonuses scheme for employees committee member is often difficult (Conyon, Peck, & Sadler, 2001), increasingly scrutinized and arguably more complex than simply managing the tensions between the aspirations of shareholders and executives.

Earnings-based bonus schemes are a popular means of rewarding organizational employees. Fox (2019) reports that in 1980's and 1990's ninety percent of the one thousand largest U.S. manufacturing corporations used a bonus plan based on accounting earnings to motivate employees and other managers. This research tests the relationship between bonus schemes and employee motivation and the organizational performance, thus, their income-reporting incentives under these plans (bonus schemes). Earlier studies

testing this relationship postulate that employees rewarded by bonus schemes select Income-Increasing motivating procedures to maximize their bonus compensation (Irons, 2023). Their empirical results are conflicting. These tests, however, have several problems. First, they ignore the bonus schemes' definitions of the plans; bonus schemes are not defined which it should be so that certain bonus schemes decisions do not affect the employee performance. It is not surprising, therefore, that Hagerman and Zmljewski (2019) find no significant association between the existence of bonus scheme system and employee motivation and organizations' methods of improving its performance. Second, previous tests assume bonus schemes always induce employees to select what really motivate employees or procedures. The schemes examined in my study also give managers an Incentive to select income-decreasing procedures. For example, they typically permit funds to be set aside for bonuses awards when earnings exceed a specified target in the organization. If earnings are so low that no matter which motivation procedures are selected target earnings will not be met, managers have incentives to further reduce current earnings by deferring revenues or accelerating write-offs, a strategy known as bonus scheme. This strategy does not affect current bonus awards and Increases the probability of meeting future earnings' targets. Past studies do not control for such situations and, therefore, understate the association between bonus Incentives and motivational procedure decisions.

Financial Incentive System and Productivity

Financial incentives are incentives that meet the direct and immediate need of the workers. Ude and Coker (2012) stated that, it is expected that the prospect of the incentive payment will "trigger" the desired performance behavior in the employee. This signifies that the general output of an employee can be influence by paying incentives by institutions. This shows the relationship between incentives and the productivity of the institution. Especially in the Nigerian public sector, I concur with the opinion of Ude and Coker.

Financial incentives are those incentives that are relatively in cash. These includes amongst other things

are; salaries, insurance, wages, bonuses, allowances as suggested by Buchan, Thompson and O'May (2020) asserted that, pays, insurance, bonuses, allowances, tuition fees reimbursement, fellowships and other direct and non-direct financial benefits are the most common financial incentives. According to Caruth, Middlebrook and Frank (2012), the general purpose of incentive schemes is to increase productivity in the organization. But the question that remains unanswered is whether salary and wages which seems to be an employee's right is part of incentive system? Looking at Ikpefan and Adewoye (2017) opined that, people work in order to satisfy their needs and these needs can be met through monetary incentives. One feature of financial incentives is that it is variable in nature. For instance, according Gross, 1995 as cited by Ikpefan and Adewoye (2014) financial incentives are often called variable pay, as there are not guaranteed. It further stated that, financial incentives also refers to pay that is conditional based on actual performance of workers, as different to privileges or entitlement.

Non-Financial Incentive System and the Productivity of an Organization

By definition, incentives are an external persuading issue that encourages the motive that absolutely directs the individual into operate hard working in long duration, matching the desired performance within the institution to gets the inducement. Incentives also are outlined as strategies employed by institutions to encourage staff to figure with elation and also as concrete and ethical methods of satisfying the individuals' moral and material wishes (Palmer, 2022). The importance of incentives originates from the necessity for the worker to be recognized and appreciated for his or her efforts. Actually, appreciating individuals for his or her efforts by giving them incentives could be a terribly vital factor in satisfying the interior wishes of an individual. The individuals' own skills don't seem to be enough to allow them to work with high productivity unless there's an incentive system that encourages their internal motives so leads terribly tireless efforts (Kefay & Kero, 2019, Locke and Braver, 2018).

Non-financial incentives are incentives without a financial gain. Incentives such as praise and recognition for achievements, award of plaques, and employee of the month award etc. these incentives though may not have immediate financial gains spur employers' into achieving more. Non-financial incentive system is another way or system of motivating employee's by institutions in a public sector. Some of such could be leaves of any kind, training for development, attending workshops, accelerated promotion, study grand, staff welfare, bonuses, education, official cars and many more. Many authors have affirmed the impact of incentives in enhancing the productivity of the institution. Non-monetary incentive includes a vital and distinct role that infuses enthusiasm in a very employee to perform. A study by Lawler (2013) that has been explained by Wiscombe (2022) has the flexibility of reinforcing the conception that non-monetary incentive includes a vital outcome of achieving organization goals. The reward structure ought to encourage adept workers to remain long period in the organization similarly as increase the motivation and commitment to the organization and thus increase the productivity (Brickley et al, 2002).

Non-financial incentives are the key to improving employees' motivation, job satisfaction and better performance, there are a number of non-financial incentives that may represent more effective means of improving quality of work performance as well as motivational level (Franco, et al, 2004). A simple definition has been given by Mathauer and Imhoff (2016) non-financial incentives as any means of incentives that do not involve directly with money, transfers of monetary values or equivalents. Selected non-financial incentives for this study were job promotion, recognition, and training and development.

Relationship between financial bonuses as motivational factor on the performance of employees.

One of the most important perceptual factors with respect to how individuals' respond to compensation within organizations is their evaluation of the fairness of their pay (Hewett and Leroy, 2019). Economists have traditionally advocated the view that bonuses raise

employee performance. The key idea is simple: if people are paid according to their performance, they should be motivated to work harder. Practitioners and academics have sometimes challenged this view. And while for many years the use of performance pay in firms had increased, recent descriptive evidence indicates a potential reversal of this trend (Thiha, 2019).

For a surprisingly long time, there was very little clean causal evidence from actual firms on the performance effects of bonuses. A key reason is that if a firm introduces a bonus scheme for all its employees at the same time (as is common in practice) it is virtually impossible to estimate its effects on performance. This is because many other impactful things tend to happen at the same time (business cycle effects, market developments, and so on); any changes in performance can then not be cleanly attributed to changes in the bonus scheme. In a field experiment (randomized controlled trial, RTC), however, a new scheme is only implemented for a subgroup of employees, which allows researchers to cleanly estimate its causal effects. Evidence from a growing number of field experiments and quasi-experiments on the performance effects of bonus schemes in firms is now available and may help shed further light on the subject (Hewett and Leroy, 2019).

For effective incentive system design, bonuses and penalties should be closely tied to performance to motivate desirable or to discourage undesirable behaviors in employees. When the link between bonuses/penalties and outcomes is unclear, the incentive system becomes less-effective. Many studies of subjective performance evaluation have documented such a mismatch between rewards and outcomes. For example, Marchegiani, Reggiani, and Rizzolli (2016) find that leniency and severity biases, both of which represent mismatches between compensation and outcomes, lead to deterioration in subsequent performance.

Therefore various types of bonuses are typically used in HRM practices to reward employees. Bonuses are deemed to be those financial rewards paid to employees above and beyond any fixed monthly salary. Managers should focus on three types of bonuses:

bonuses based on business metrics (additional remuneration that an employee receives based on performance measures, such as meeting targets), discretionary bonuses (a type of financial bonus based on the overall qualitative opinion of a supervisor, rather than on direct performance measures), and annual bonuses. All these have significant influence of employee performance in organisations.

Influence of non-financial bonus and motivation on performance of employees

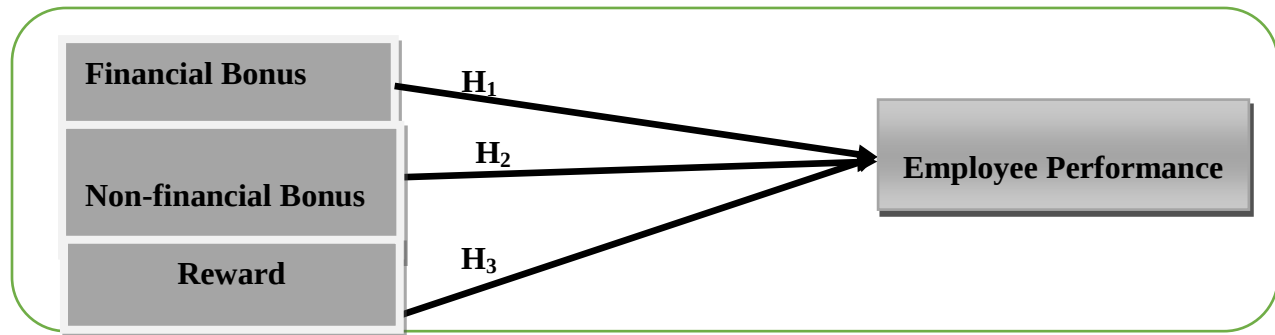
Companies offer a wide range of non-financial incentives and this encourages workers to remain in the job market for long periods (Aakvik, Dahl, & Vaage, 2015). Non-financial incentives that most significant to the workers is Autonomy. Most people want to set their schedules and working in their convenience. High levels of autonomy tend to create job satisfaction, and many workers prefer this as they wish to remain independent. Non-financial incentives are associated with various benefits to the organization and the workers. Providing non-financial incentives to workers promotes their confidence and desire to work in that organization. Workers need motivation, and this increases their overall output. Many companies have employed some of these ideas, and they prove to be working in motivating workers to produce their best.

Non-financial incentives are the motivators of workers in an organization. Motivated workers will work with zeal, and they will give the best result. The results can be seen with the desire many people are showing to remain in the job market despite hitting their retirement age.

Similarly, the impact of non-financial incentives on employees correlates with the general organizational performance (Jex & Britt, 2014). According to Jex and Britt (2014), both tangible and intangible benefits advanced to employees affect the psychology of the workers, which in turn impacts positively or negatively on their work relationship with the leadership of the organization. For example, an increase in pay can motivate and improve the morale of the employees. Intangible benefits such as good relationship in the organization and respect affect the psychology of

employees and positively create motivation to work more.

Research Conceptual Model



Source: The researchers, (2023)

Figure 1: Conceptual model developed by the Researchers

Therefore, the research conceptual model in figure 1 above explain the relationship and inter-relationship between the variables in the study, financial bonus scheme, non-financial bonus scheme and reward bonus scheme, thereby making performance of FTH Gombe to be more efficient and effective using the bonus scheme as employee motivation.

2.2 Empirical Studies

Several studies have conducted similar researches, where clear and concise gaps were identified given this study strong reasons to carry out this study using FTH Gombe as a case study. For instance, Hagerman and Zmljewski (2019), conducted a research on “Some economic determinants of accounting policy choice of bonus scheme”. The study was conducted in the United State of America with large organizations as it targets population and has a size of 380. The study revealed that, there is significant relationship among the variables. Another study conducted by Han and Shen (2017) on the effects of bonus systems on firm performance in Taiwan's high-tech sector the research investigates the effects of cash and stock bonus systems in Taiwan's high-tech sector on firm performance, as measured by sales and value-added. To test the robustness of the estimated results, two proxies for bonuses are adopted, namely the total value of bonuses per employee and bonus payments as a

percentage of total payroll. This study adopts three production functions, including the Cobb–Douglas, Translog and CES functions, to estimate the performance effects of bonuses. Our results show that, to a great extent, the bonus systems have positive impacts on firm performance.

Again, Shilongo (2023) studied the impact of performance related pay on employees-A case study of the performance incentive bonus scheme at the Motor Vehicle Accident Fund (Doctoral dissertation). He added that the Performance Incentive Bonus Scheme (PIBS) is part of the broader market type transformations occurring in Public Service in Namibia today (Mwita, 2022). The thesis claims that the value of PIBS policy is a function of the organizational setting, objectivity of performance measurement process and perceived equity of the fixed scheme. The research uses survey based data for the Case Study of PIBS in the MVA Fund. The issue of employees’ performance in persistence of organisational objectives has employed management consideration for long. This study examined the issue of performance-related pay as a motivational device for realizing organisational performance at the Motor Vehicle Accident Fund of Namibia as a Case Study. The main objective of the study was to survey the impact of the current MVA Fund Performance Incentive Bonus Scheme on employee motivation, employee performance and organizational performance. Sixty one respondents

took part in the survey. The sample comprised 3 executives and 58 employees. The research instrument was the questionnaire. The result of the study revealed that the effect of performance-related pay on employee performance is very high; and the motivational effect of merit pay is often supported by Performance Incentive Bonus Scheme.

The Impact of PRP on employees- A case study of MVA Fund PIBS 2 Most outstandingly, in conjunction with the goal setting theory, the point to which both employees and executives are involved in crafting the organizational objectives is a main source of motivation to the MVA Fund employees. It was also noted that there is buy in from the employees, which actually helps the institution to attain its set objectives. This inclusiveness assisted the MVA Fund to make the Performance Incentive Bonus Scheme a success. Evidence indicates a robust support at all level on the acceptability of the scheme in the Fund. The main limitation of the study is that it could not cover all employees within the target population, due to time and financial constraints. In this respect, the interpretation of the results of the study should not be over-generalized.

Furthermore, Bruce, Skovoroda, Fattorusso and Buck (2017) researched on Executive bonus and firm performance in the UK and reported that As part of good corporate governance in general, executive bonuses are supposed to motivate senior managers to raise shareholder value; successive governance reforms since the 1995 Greenbury Report have tried to support remuneration committees to that end in the design of executive pay packages. However, well-intentioned regulations calling for the attachment of ‘challenging and stretching’ performance conditions to executive pay can work both ways. Yes, they can strengthen pay/performance relations, but attempts to make performance conditions stretching or ‘hard’ can also involve more bureaucracy and ‘camouflage’ opportunities for executives effectively to guarantee themselves higher incomes through ‘soft’ conditions. This paper addresses these possibilities, and reports on an analysis of executive bonuses in the UK from 2001 to 2013 that focuses on the question of whether the aggregate value and transparency of bonus schemes are

associated with higher total shareholder returns. Bonus scheme complexity turns out to be the only dimension of bonus transparency that is associated with bonus pay-outs, tending to increase the value of pay-outs but without any associated increase in shareholder returns.

Similarly, Leisen (2018) in his study titled “Does Bonus Deferral Reduce Risk Taking? Also characterized continuous-time risk taking and show that the introduction of deferral increases risk taking at any time when the realized asset value is large or small. For realized asset values in-between he derive the parameterizations of deferral for which risk taking decreases and discuss trade-offs in setting the deferral parameters. He concluded that deferred remuneration is a useful tool for improving risk-taking incentives, because the amount ultimately received by employees can be made to depend on risk outcomes.

More again, Fattorusso, Skovoroda, Buck and Bruce (2017) conducted a study on “UK executive bonuses and transparency—a research note” and they reported that executive bonuses have attracted little attention and have been only lightly regulated. This raises important questions. Has lighter regulation been associated with significant levels of rent extraction through bonuses, that is, a weak relation between bonus pay and shareholder returns? Have more transparent performance conditions attached to bonuses strengthened the relation, making rent extraction more difficult, or have they acted as camouflage for rent extraction, associated with higher bonus pay but lower pay-performance responsiveness? Are measures of CEO power associated with larger bonuses? This empirical note provides the first, preliminary answers to these questions.

Kuvaas and Dysvik (2020) who studied individual variable pay for performance, controlling effects, and intrinsic motivation. Adde that a core question in research on compensation and motivation is whether individual variable pay for performance (IVPFP) can undermine intrinsic motivation in the workplace. They investigated the mediating role of a controlling effect on the relationship between the amount of IVPFP received and intrinsic motivation. In a three-wave study of 304 employees from eight European

countries and found that a controlling effect mediated the negative association between IVPFP and intrinsic motivation. Their findings support the proposition from self-determination theory that financial rewards can have a controlling effect that decreases intrinsic motivation. Theoretical and practical implications for compensation and motivation in the workplace were advancedly discussed in the study.

In the same vein, Olamoju and Bamidele (2019) in their study on the effect of incentive scheme on productivity of site workers in the Nigerian construction industry added that 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.

Another study by Daniel (2019) on the effects of incentives on employees' productivity investigates the effects of incentives on employee's productivity. The study had the following objectives: The relationship between incentive and productivity of employee's in organisations, to determine the influence of employee's productivity incentives on employee productivity in the organization, to analyze the link between incentive and

employee productivity in organizations in Nigeria. To achieve these goals, a questionnaire was designed based on the objectives. The completed questionnaires were processed and analyzed using Pearson Product Moment Correlation Coefficient. The findings of this study revealed that there was a positive relationship between incentives and productivity, alongside monetary incentives, another key factor in motivating employees is to involve them in the process aimed at attaining organizational effectiveness because without their co-operation the organization cannot perform. The study recommends the establishment of a unit to look at issues of incentives that will enhance productivity.

Klindžić and Galetić, L. (2020) researched on combining individual and collective employee incentives to enhance organizational performance. The study reported a positive relationship between reward practices and performance. To them, little has been said about different combinations of individual and group incentives as drivers of organizational competitiveness. The paper examines bundles of nine individual and group PFP practices and their joint effects on selected financial and non-financial indicators of organizational performance (OP). Our empirical research study included 61 middle-and large-sized companies in Croatia in order to analyze the aforementioned relationships. The categorical principal component analysis generated two factors of PFP practices that were subsequently used as independent variables in a multiple regression analysis. The first PFP bundle consisted of individual subjectively-based bonus and two shared-ownership practices and was found to positively influence non-financial indicators of OP, i.e. quality of services or products and innovativeness. The second factor consisted of individual performance appraisal, bonus scheme and profit-sharing and it positively influenced financial indicators of OP, i.e. productivity and, to a lesser extent, profitability, implications for theory and practice were also discussed.

Furthermore, Van der Stede, Wu and Wu (2020) examined an empirical analysis of employee responses to bonuses and penalties. The researchers examined how employees respond to bonuses and penalties using a

proprietary data set from an electronic chip manufacturer in China. First, we examine the relative effects of bonuses and penalties and observe a stronger effect on subsequent effort and performance for penalties than for bonuses. Second, we find that the marginal sensitivity of penalties diminishes faster than that of bonuses, indicating that the marginal effect of a bonus may eventually exceed that of a penalty when their values are sufficiently large. Third, we find that penalties increase employee turnover especially for skillful and high quality workers. Finally, we extend our analyses to implicit gains/losses and find a negative impact of both implicit gains/losses, where the effects of implicit losses are stronger. These results help inform our understanding of the observed limited use of penalties in practice, their effectiveness and possible unintended consequences, and also how these effects may extend into implicit incentives.

In addition, Abernethy, Hung and van Lent (2020) researched on the expertise and discretionary bonus decisions focusing on the association between managers' expertise and their discretionary bonus decisions in a hospital setting. They hypothesized that high-expertise managers make decisions that encourage cooperation among their subordinates. However, low-expertise managers cannot do so because their lower levels of knowledge, experience, and domain expertise

prevent them from having sufficient personal influence to persuade other professionals to cooperate. We find that high-expertise managers make two types of bonus decisions: (1) keep a smaller share of the bonus pool than what they are entitled to retain and (2) allocate the remainder to subordinates more evenly after adjusting for the underlying heterogeneity in their productivity. We also find evidence that high-expertise managers whose bonus decisions reflect their support for cooperation have higher department performance than all other managers.

2.3 Theoretical Framework

Herzberg's Two-factor Theory of Motivation

According to Herzberg an individual's relation and attitude towards work can determine success or failure. Herzberg further stated that certain characteristics are related to job satisfaction and others to job dissatisfaction. Intrinsic factors, such as advancement, recognition, responsibility and achievement are related to job satisfaction. Job dissatisfaction is a result of extrinsic factors; supervision, pay, company policies and working conditions. Herzberg finally states that a job do not get satisfying by removing dissatisfying factors and therefore dissatisfaction is not the opposite of job satisfaction (*see Figure 2*).

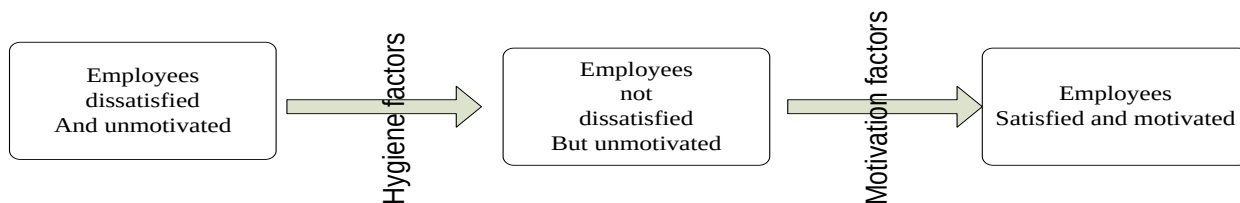


Figure 2: Two factor theory

Source: Adapted from Robbins, 2003, p. 160.

In Herzberg's study the previous task-related motivators resulted in positive attitudes: recognition, achievement, possibility of growth, advancement, responsibility and work itself. According to Herzberg (2003) the following nine factors motivates personnel; reducing time spent at work, spiraling wages, **fringe benefits**, human relations training, sensitivity training, communications, two-way communication, job participation and employee

counseling. Herzberg suggests that motivation is similar to an internal self-charging battery. For employees to become motivated the energy has to come from within. Bonuses and other fringe benefits energizes employees from within and become motivated and gear additional efforts by increasing productivity in the organization. Therefore this theory is adopted in this article because of its direct relationships with the variable under study

3. Methodology

3.1 Population of the Study

The population of this study is 3460 which consist of all staff of FTH Gombe. Due to the nature and scope of the study area, it's difficult for the researcher to cover the entire element in the hospital. Thus, the study identified and stratified relevant staff that will be beneficial at arriving at a reliable finding from all department and units of the organization.

3.2 Sample size and sampling Technique

The sample size of 399 was used for the study, the sample size was determined using the Yaro Yamane

(1967). Calculation of the Sample size using the formula as given below;

$n = N/1+N(e)^2$ Where, n = Sample size, N = Finite Population, 1 = Unity or Constant

e = Level of significance (5%), $n = 4545/1+4545(0.05)^2$
 $n = 4545/1+4545(0.0025)$

$n = 4545/4546(0.0025)$, $n = 4545/11.365$, $n = 399$.

The sample size is 399 stratified and randomly selected the staff of the hospital. Simple random sampling technique adopted in order to estimate the chances that each staff will or may be chosen randomly and entirely by chance, such that all staff should have the same probability of being chosen at any stage during the sampling process. Therefore, simple random sampling techniques will be used.

Table 1: Sampling Frame

S/N	Department	Sampled from each cadre	Percentage
1	Senior staff	57	93.22
2	Middle Staff	154	3.38
3	Junior staff	124	0.28
4	Casual Staff	45	0.35
5	Management Staff	09	2.7
	Total	399	100

Source: (Research survey, 2023)

3.3 Method of Data Analysis

Primary data will be obtained from individual responses which will be analyzed through the use of descriptive statistics, mean, standard, skewness and kurtosis will be used as measures of normality test to see if the variables are normally distributed, correlation will be used to see how correlated the variables are and multi collinearity will be used to see if there is collinearity among the variables, Statistical Package for Social Sciences (SPSS) version 25.0 has been used for statistical analysis and inferential statistics of Multiple regression analysis will be used to test the hypotheses stated respectively. The multiple regression analysis formula is given as follows;

3.4 Model Specification

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where; Y = Dependent Variable (Performance)

α = Intercept, β = Slope/coefficient

X_1 , X_2 , and X_3 are Independent Variable (Financial, Non-financial and reward)

Whereas for the three different hypotheses;

H_{01} : $Y_1 = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$ Y_1 = performance, X_1 = Financial

H_{02} : $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$ Y_2 = performance, X_2 = Non-financial

H_{03} : $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$ Y_3 = performance, X_3 = reward

4. Results and Discussion

Hypotheses Testing I: *There is no significant influence of bonus scheme on the employee performance of FTH Gombe*

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.987 ^a	.975	.974	.19668

R=0.987 measures the correlation between the observed (Bonus scheme) and the predicted (Employee performance) values. Meaning there is high correlation between the observed values and those that will be predicted by the model. R-squared=0.975 measures the amount of variations in the dependent (employee performance) variable explained by the independent

variables (Bonus scheme). Adjusted R square (0.974) is the modified version of R square after correcting for the number of independent variables and sample size. The standard error of the estimate (0.19668) is a measure of the accuracy of predictions made with the regression model; the smaller the standard error of estimate the better is the model, this suggests a better model

Table 3: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	560.914	8	70.114	1812.551	.000 ^b
	Residual	14.429	373	.039		
	Total	575.343	381			

The ANOVA, test for linear relationship between the dependent and independent variables, from the results it is obvious that there is strong linear relationship between the dependent (Employee performance) and independent variables (Bonus scheme). With p-value of less than 5% (i.e $0.000 < 0.05$). It is indicated that non-financial variables considered in the study contribute significantly to the output of FTH Gombe at 5% level of significance (p-values < 0.05) while the Management should place

more emphasis on developmental policies and practices such improved bonus scheme that leads direct economic benefits for the employees as it increased employee satisfaction and increased output/performance

Hypotheses Testing II; *There is no significant relationship between bonus scheme and the organizational productivity of FTH Gombe*

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980 ^a	.960	.960	.22917

R=0.978 measures the correlation between the observed (Bonus scheme) and the predicted (Employee Performance) values. Meaning there is high correlation between the observed values and those that will be predicted by the model. R-squared=0.980 measures the amount of variations in the dependent (employee

performance) variable explained by the independent variables. Adjusted R square (0.960) is the modified version of R square after correcting for the number of independent (Bonus scheme) variables and sample size. The standard error of the estimate (0.22917) is a measure of the accuracy of predictions made with the regression

model; the smaller the standard error of estimate the better is the model, this suggests a better model

Table 5: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	474.789	6	79.132	1506.675	.000 ^b
	Residual	19.695	375	.053		
	Total	494.484	381			

The ANOVA, test for linear relationship between the dependent and independent variables, from the results it is obvious that there is strong linear relationship between the dependent (Employee performance) and independent (Bonus scheme) variables with p-value of less than 5% (i.e. $0.000 < 0.05$). Meanwhile, most of the financial bonus scheme variables considered in the study contribute significantly on the employees' output at FTH Gombe at; 5% level of significance (p-values < 0.05). However, most of the financial bonus scheme variables considered in the study contribute significantly on the employees' output at FTH Gombe; 5% level of significance (p-values < 0.05). Except The non-financial bonus scheme given by my employer is the major factor that encourages them put more efforts and there are a lot of benefits derived by large companies who afford issuing bonuses (P-values > 0.05).

5. Conclusion and Recommendations

After a critical analysis and deep exploration, this research work revealed that there is a significant relationship between bonus scheme and the organizational productivity of FTH Gombe. The report revealed that the top management in the hospital should avoid the misused of bonus scheme as long term career, Giving additional Allowances (accommodation, clothing, Childcare, travel, etc.) is seen as long term investment strategy on the employee, Employee with additional Pensions, bonuses, insurance (accident, Health, or life insurance, etc.) work with speed, accuracy and reduced errors which lead to increased performance for their organization than those without

Equally there is a significant relationship between bonus scheme and the organizational productivity of FTH Gombe. Failure to give financial bonuses is the main reason why the organizations produce ineffectively and inefficiently, and the leadership should place more emphasis on developmental policies and practices such as reimbursement that could motivate employees to contribute to hospital performance.

The following recommendations were made for possible consideration and implementation.

- i. Since there is a relationship between bonus scheme and the organizational productivity at FTH Gombe to avoid the misused of bonus scheme as long term career.
- ii. The management should be giving additional Allowances (accommodation, clothing, Childcare, travel, etc.) its employees with additional Pensions, bonuses, insurance (accident, Health, or life insurance, etc.).
- iii. The management should also consider financial bonuses as it is the main reason why the hospital produce lower than expected, and leadership of the hospital should place more emphasis on developmental policies and practices.
- iv. Good salary, working condition and benefits (rewards) enjoyed because of additional training and development helps in employee performance therefore should also be considered in the organisation

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