



## COMPENSATIONAL EFFECT AND EMPLOYEE PERFORMANCE IN AN ORGANIZATION: UNIVERSITY OF BENIN IN FOCUS

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### ABSTRACT

The study examined Compensational effect and Employee Performance in Nigeria, deploying University of Benin. Primary and secondary sources were used. The use of questionnaire was employed to gather necessary and relevant data from the respondents. The methods were used in order to minimize the problems associated with data collection and to ensure that the results are visible and bias free as expected. The data was analyzed using simple percentages and descriptive statistics. The descriptive statistics involves frequency table while the hypotheses were tested using Analysis of Variance. From the results of the study, findings show that there is a significant relationship between good welfare service and employees performance. More so, there is a significant relationship between compensation management and improved productivity. Aside from these, there is a significant relationship between compensation management and retirement of staff. Conclusively, there is a positive significant relationship between compensation management and employees performance.

**Keywords:** Compensation, Compensational Effect, Employee, Organization, Performance.

### INTRODUCTION

One of the fundamental tasks in human resources management is compensation management. It is a complex task that occurs periodically, demand accuracy and must not be delayed. Compensation management requires integrating employees' processes and information with business process and strategies to achieve optimal organizational goals and objectives. This can be attributed to the fact that compensation management is an essential tool to "integrate individual efforts with strategic business objectives by encouraging

employees to do the right things with ever improving efficiency” (ASH, 1993). In other words, compensation management is a powerful means of focusing attention within an organization. They send clear messages to all employees of the organization informing them about expected attitudes and behaviors (Schell and Solomon, 2007).

Furthermore, researchers have argued that compensation management system can create and sustain a competitive advantage for organizations (Milkovich and Newman, 2002). In recent years, the inclusion of non-financial measures has gained some popularity in compensation management, while some schools demonstrate positive effects of incorporating non- financial measures into the compensation management system empirically (Widmier, 2002). He further states that, human resources model of compensation generally assume that higher performance requires greater effort or that is in some other ways associated with dis-utility on the part of workers. In other to provide incentives, these models predict the existence of reward systems that structure compensation so that a worker expected utility increase with observed productivity. These reward can take many different forms including praise from superiors and co-workers, implicit promise of future promotion opportunities, feelings of self-esteem that comes from superiors achievement and recognition and current and future cash rewards related to performance.

Koln (2003), argues that failure of compensation system is due to inadequate assumption about human motivation, reason for this can be attributes rather to the measurement of employee satisfaction and employee loyalty to the organization. Hence, there is a strong need for the development of a holistic reward and performance measurement model enabling an organization to derive company specific success drivers and identify cause and effect relationship when linking rewards to measure such as employees satisfaction and loyalty. Thus, Dalton McFarland (2008), asserted that among the various devices for eliciting the loyalty, cooperation and effort of individuals are the various forms of economic rewards’

According to Ojo (2007) there are three components of employees compensation in an organization which are (i) the basic pay (ii) the fringe benefits and (iii) performance incentives or bonus. The basic pay is the basic wage in form of salary, fringe benefits are supplementary compensation awarded to employers over and above the basic wage or salary. Since the coming of the term “Fringe Benefits” during world war ii, the scope of employees benefits has widened markedly in both developed and developing countries. Such benefit covers a wide range of rewards which provides security, deferred remuneration and various services for employees.

The significance of the subject matter, Compensation emanates mainly from the fact that it provides income to workers and constitutes an important cost item to the employers, the largest single cost item for many organizations. For the workers, wage provides the means of satisfying their wants and needs. This research took its point of departure from the University of Benin where primary data were sourced.

### **Statement of Problem**

The relationship between organizational compensation system and employees performance is indispensable, though some surrounding factors may determine the satisfaction one derives from the other. The high inflation rate which has led to high cost of living, low income and purchasing power, that Nigerians presently face, can be a reason for poor performance. In order to achieve the needed output level, the Nigerian managers faces an uphill task in trying to fashion out a reward system which does not have to necessarily be totally monetary inclined to motivate and bring out the best in employees to whom morale would have been affected by the bad state of socio-political and economic sphere of the country.

The question now is can there be a reward system that could adequately have an effect on workers performance? How often is this system reviewed? Would a fixed organizational compensation system bring out the required performance? Does the system reward the right set of employees? Would the outlined reward solve the immediate problems of workers in order to boost performance? Can the reward system stand out the test of time?

Most times, only good behavior is rewarded while performance based reward is ignored. Also, some organizations confuse activity with action and reward those who seem busy, yet the quiet employees may have been doing the bulk of the work. From this, there is need for management to build its reward system along the line of actual performance and actual level of work, input and productivity. Therefore, the problem of trying to figure out these loopholes with intent of correcting them forms the basic for this research. And this is done in the context of University of Benin.

### **Objectives of the Study**

The general objective of this study is to highlight the impact of compensation scheme on employee's performance, using University of Benin. The following are the specific purpose of the study.

1. To identify how compensation system affects workers in Nigeria.
2. To identify the impact of job motivation on employee's productivity.

3. To identify the need for effective reward system policies in employee's administration.
4. To find out the different problem of inadequate compensation system.
5. To identify how reward system is administered in Nigeria.

### **Research Questions**

In order to have better understanding of the study, the following research questions were raised:

1. What are the major effects of lack of incentives in Organizations?
2. How best can an organization motivate their employees?
3. If an employee is been motivated, does it really improve their productivity?
4. When incentives are given to employees, does it lead to a reduction in corruption and fraud in any organization?
5. Is performance based on incentives rendered to staffs in any establishment?

### **Research Hypothesis**

#### **Hypothesis I**

**H0:** There is no significant relationship between rewards and employees performance.

**H1:** There is a significant relationship between rewards and employee's performance.

#### **Hypothesis II**

**H0:** There is no significant relationship between incentives and rewards on employee performance.

**H1:** There is a significant relationship between incentives and rewards on employee performance.

### **Significance Of The Study**

The information from this research will add to the body of knowledge and theories on the subject matter of compensation.

This study was brought about by the persistent quest for higher employee's performance by several organizations especially the University of Benin, in Edo State. The basic question to date is how well the use of compensation packages relates positively to employees performance. Finally, the outcome of this study will pose a challenge for future researchers or students who may be interested in carrying out more research in this area and it will also serve as reference materials for students.

## **Operational Definition of Terms**

**Compensation:** This refers to all forms of reward given to employees arising from his employment. Reward could be extrinsic (Wages/salaries, benefits, incentive etc) or intrinsic (recognition, interesting job opportunity for development).

**Motivation:** This is the factor that prompt employee to perform optimally in their task e.g drives, urges etc. it is a psychological concept related to the strength and direction of human behavior, it's explained how driving force within individual which they attempt to achieve some goal in other to fulfill some needs or expectation.

**Performance:** This is the efficient and effective execution of job given to employees. Performance is a comprehensive terms describing a process in which employee participate with their superior or in setting performance target.

**Promotion:** This is another way of attaining intrinsic satisfaction. Promotion of workers is when working hard that boost someone morale of employees of performed very well in their individual area of job.

**Employee:** An employee is a person who is paid to work for some body or organization especially for a particular kind of work.

**Incentives:** This is a way of boosting worker/employees morale at work in other to increase productivity. Also an organization reward endeavored on a worker/employee to promote productivity could be formed as incentive.

**Training:** This is designed to improve skills in the present job, development programs are designed to prepare employee for promotion. It is to increase employee's abilities to contribute to organization ineffectiveness.

## **LITERATURE REVIEW**

### **Performance Management**

Allan Cowling (1998) defined performance, as a comprehensive term describing a process in which employees participate with their superiors in setting their own performance targets. These targets and the process are directly aligned with the stated goals of their departments. And the process, employees will be provided with training and resources needed to achieved their targets. In this way reward and appraisal are specifically linked into an organization mission and goals in manner rarely achieved in traditional appraisal schemes. According to cowing (1998) well developed performance management systems will usually have the following terms.

A statement outlining the organizations values, a statement of the organizations objectives, individual objectives which are linked to the organizations objective

### **Training and counseling.**

On the face of its performance, management appears to be a sensible way of managing any organization have adopted a performance management system in practice is show in.

### **Definition of Compensation**

Pattern (1977) defines compensation as a generic term that refers to all forms of payments or reward given to employees at all organization level and arising from their employment in the work organization.

Simon (1983) defines it as “inducement payments made by the organization to its participants in return for contribution”. Thomason (1981) identifies it as a “level of consideration are valued”.

Correlated (1980) makes a distraction between compensation, ways and salaries administration.

Compensation refers not only the extrinsic rewards such as salaries and benefits but also intrinsic reward such as recognition, chances of promotion and more challenging job opportunities. The terms wage and salaries administration refers strictly to monetary reward given to employees” compensation system is supporting this view.

### **Compensation System**

Rock (1972) explains that as a total package, compensation is an integral part of the art and science of management. It involves people job design and co-operate effectiveness. Compensation must consider the employees needs for self-realization need to feel that they (the employees are having a real impact in the organization.

**Table 1: A Total Compensation System**

<b>Compensation of employees</b>	<b>Extrinsic reward</b>	<b>Monetary hourly wage, reward, salary bonuses. Commission pay, incentive. Benefits, insurance, retirement paid, vacation paid, holiday, food service, credit union, recreation etc.</b>
	<b>Intrinsic reward</b>	<b>Recognition promotion opportunities</b>

**Source:** Michal R. Carrey Kuzmits. *Personnel Human Resources Management* merrily publishing company 2<sup>nd</sup> edition 1982 page 305.

### **Nature of Reward System**

The issue of reward system is very important to workers one of the reasons that makes a workers to pick up on employment as due to the reward which he is going to receive from the job. All workers thrive to be adequately rewarded. Rewards are what the workers expect from the organization as a compensation for the contribution which they made towards the achievement of the organization goals.

This organization gives rewards to their workers in both financial and non-financial terms. The financial rewards are wages, salaries, annual bonuses, vehicle loans death benefit. The Non-financial rewards are promotion, awards, canteen services, transportation of workers, medical services. These companies also go to the extent of giving fridge benefits, to workers to prevent dissatisfaction with work. An example of these benefit includes sick pay day, pension right holiday pay etc.

In recent years, this organization had increased their rewards to the giving of packs to top executive member outside their regular salaries. This has taken the shape of granting special low interest loans to executives which they are to pay back in not less than five years, executives having share in companies profit, executive allowance to use companies car for private purpose as well as assisting them with schools fees, if they want to undertake a course in higher institution most workers of the organization reward system of these organization are mostly attracted by financial reward to prevent disaster with workers on the part of the workers the reward system in these companies pay high salaries and wages, bonuses to the workers. Executives' salaries and wages bonuses to the workers. Executive salaries and packages are also high but these companies' workers give a moderately high non-financial rewards and fridge benefits to the workers.

A part from giving satisfaction to workers, these companies reward system also equate workers, reward with their impact to their companies workers that do tough, risky and highly range jobs are given more rewards than their workers who contribute less into the company.

They also employ reward system which correlates with status system in this company. This is not only necessary but legally and morally right. Disjunction between a workers reward and his status will lead to dissatisfaction, if the feels that this will lead to dissatisfaction, if the feels that this reward system is less than what his status implied if the reward system is adjusted, the workers status will decline until the two system are again in conjunction

Reward system has been very effective in directing character and behaviors of workers, in these organization toward the company's goals by the company management. This is because reward are both positive and negative workers try to avoid negative reward while they also

aim at maximize positive reward which is an incentives to high performance. The character and behaviors of workers in these organizational/companies had been directed towards organizational objectives.

## **EMPIRICAL REVIEW**

### **Relationship between Motivation and Workers Jobs Performance**

One thing that has un-disappointedly increased the performance of workers in companies is by motivating them. Jones (1955) asserted that “motivation is sustained attempt to improve workers productivity through certain behavioural activities that keep them happy’. There exist a direct relation between motivation and performance of workers in companies in Edo state, this is because motivation through the reward system shapes and modifies the characters of the workers. Motivated workers will hardly score low performance. This has led to increase in works performance and had reduced minimum wages approved by the system. Statistics from the companies worker revealed four reasons while increase in motivation will lead to increase in performance.

1. A worker that is motivated will be filled with satisfaction. This satisfaction will make him to willingly go extra mile in his productivity
2. Motivation is a positive stimulus, so motivated workers are always been enthusiastic whenever at work.
3. A motivated worker finds its easier to accepts his works, new method, new equipment and change in material
4. Each worker has a goal and it is the satisfaction on this goal that motivated him since his need is satisfied, he finds it easier to pursue the goal of the company.

Due to the above stipulation, a motivated worker always stands the chance of increasing his output and risk taken tendency. Also, experiment had shown that financial reward is the best motivation for a worker, his/her output and risk taken tendency. Any situation that will lead to increase in monetary reward will induce them to a high performance. Analysis of effect on performance of workers by motivation in these companies has be carried out in many work units in the past using opportunity for more money, as source of motivation. This is replete in the writings of Hawler (1971).

Hawler (1971) asserted that employee motivation can be changed by tying a worker’s pay closely to his performance, he further itemized by other researchers to prove the direct relationship which exist between motivation and workers performance the following list is as fellows Fredrick Winslow Taylor (1911) performance an experiment on the relationship



between motivation and performance of workers Taylor for thirty Dutch man who was shore thing a pigiron and put him on a piece rate plan that offered more money of pision. The worker surprised Taylor by responding with a several increase, because more ration and performance of workers Taylor took a thirty Dutch man who was shore thing a pigiron and past him on a piece rate plan that offered more money of should for pisiron. The workers supplied Taylor by responding with several hundred percentage increase in productivity.

Vitalas (1953) also emphatically cited the Murray Corporation as an example of what can happen when a company shifted from a fixed wages payment to an individual incentives plan which motivate individual to put in his best in the case of Murray Corporation amazing percentage of (10) was reward

Wyath (1939) asserted the direct relationship which exists between motivation and workers performance he presented a study in which he changed the reward system from fixed weekly paid system to a competitive bonus system. The letter was designed to relate pay to producing. Akkinson and Retrrar (1956) perform an experiment in which he shared the work into two group "A and B" both group were given a task. While "A" was given non financial reward incentives as motivation "B" was given financial reward. Result show increase in output in both group but increase in "B" was high which means finance is the best motivator to performance.

All things being equal there is a direct relationship between motivation and performance of employee in these companies.

But cases abound in which the worker were motivated through reward scheme and yet there are record of little or no increase in the performance of workers and some cases, the performance will decrease with increase in motivation. These negative of direct relationship occur if additional motivation to high for a complex task in which motivation is already high. The principle has been most effective in simple tasks. What is obtained in these companies on simple tasks also tally work the work of boos under and Ehis (1954,) they undertook a study in which pay was increase under certain conditions workers were motivated but performance fall.

These relationships also hold for group workers and company-wide. Motivating a group of worker in a company has led to increase in performance in the group effort. Example of this was when the top executives bonus was increased, the increase in performance decease, with increase in number of people in the group. The result of experiment performed by Mamot (1979) show that there is a direct relationship between motivation and group performance

while that performed by Bebehuki and Gowde (195) state that increase in number of people in a group being motivated will lead decreased in performance.

It is now clear while the management of the company have been motivating their workers to maximum so as to get the best from their effort through increase productivity

## **THEORETICAL FRAMEWORK**

A number of theories came in handy in explaining this study. They include;

- (i) Equity Theory
- (ii) Expectancy Theory
- (iii) The Manifest Need Theory
- (iv) Two Factor Theory

These theories are deployed in an integrated manner.

The theories however will be undertaken as as a vista through which we can better understand the work. When embarking on any research, it is customary that theory or theories concerning such ought to be review due to the fact that it helps to properly situate it. A lot have been written concerning the impact of incentives scheme on employees performance and these theories listed above are related to this work.

## **THEORIES OF MOTIVATION**

Armstrong (1983) defines motivation as what makes people act or behave in the way they do. Cole (1990) explaining further writers, “A motive is need or driving force within a person. Perhaps Apple by (1981) shared same view when he wrote, “motivation refers to the way, urges, aspiration, drives and needs human beings direct or control or explain their behaviour. Allan cowling (1998) defines motivation as a psychological concept related to the strength and direction of human behaviour. It is frequently explained as a driving force within individual by which attempt to achieve some goals in order to fulfill some need or expectation. There is an implication of deliberate choice by individual to exert effort.

Mitchell (1998) also define motivation as “the degree to which an individual wants and chooses to engage in certain specified behaviour” in the work place. Motivation is also concerned with the manner in which individual chooses to exert effort in pursuit of their goals and accordingly, with the manner in which employees attempt to create work environment with stimulated efforts.

## **Two Factor Theory**

Hertzberg (1998) made a research in motivation in the united state of America it has been replicated on a number of occasions since then and it continues to carry weight till date. Based on individual responses to questions as to what provides motivation with the most

memorable instances of happiness or unhappiness at work, people tend to indicate two different sets of factors, one contributing to happiness the other to unhappiness.

Typically, the former lists include:

- A sense of achievement
- Recognition by superiors
- Responsibility inherent in the job
- Satisfying job content
- Promotion

Hertzberg (1989) by way of contrast, the negative factors typically include the following:

Company policy and administration  
Relationship with supervisors and peers  
Physical working conditions

Pay also attract comments, some favourable and some unfavourable. This led to Hertzberg dubbing the second list hygiene factors on the ground that corrective actions need to take place before positive motivation will result in the same way that human beings have observe the rules of hygiene before they can progress to high level of physical fitness and performance. For significance proportion of employees particularly high flying management and staff, financial rewards are an important form of recognition.

However, further studies have lent support to the idea that both extrinsic (hygiene) and intrinsic (motivation) job factors affect job satisfaction in different ways all hypothesized by (Hertzberg).

Hackman and Holdman (1970) redesigned the two factors theory; this has recently re-emerged with the drive to multi-killing in many companies. This more to redesigned was giving to the popularizing of the social technical framework of job design as well as the requisite task attributes model of turner and Lawrence and copes.

**Table 2: Herzberg Two Factor**

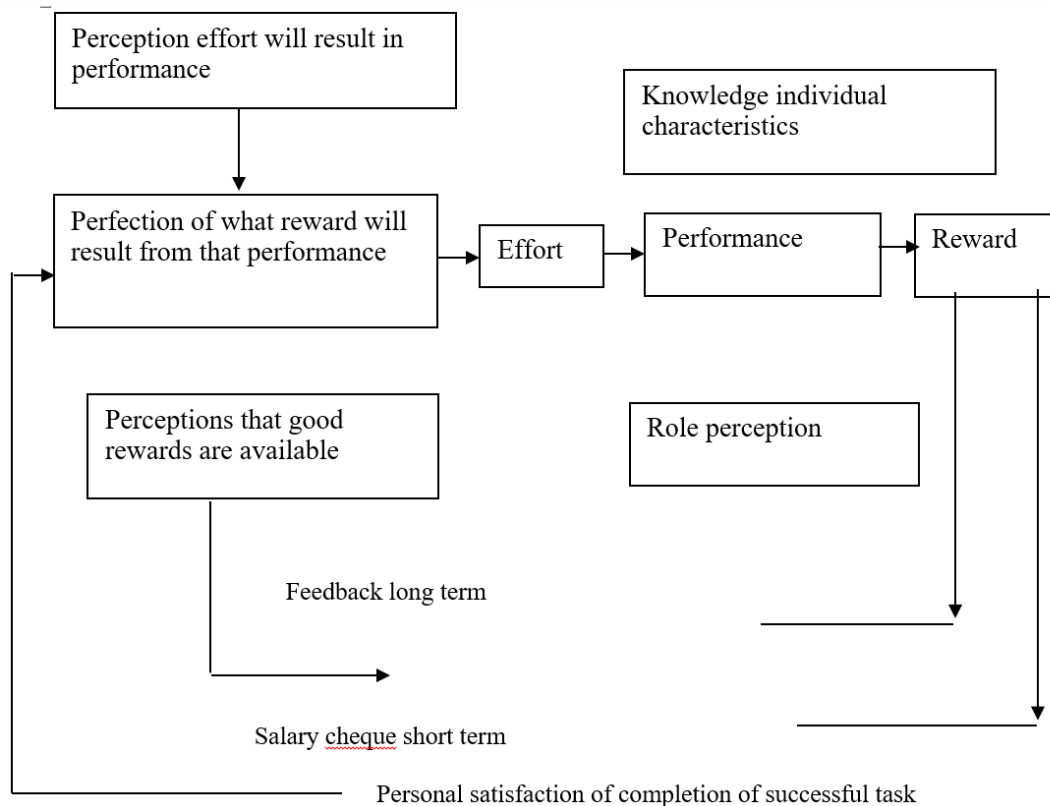
THEORY HYGINE FACTORS		MOTIVATION
Company policy and Technical salary	Administration supervisor	Achievement
		Recognition work itself
Inter personal relations working conditions		

**Source:** Fred lathing (1985) organization behaviours (4<sup>th</sup> ed.)

### Homan's Exchange Theory

Flippo (1984) quoting Homans (1961) assert that equity is concerned with felt justice. Expectancy theory challenges management to demonstrate to employees that extra effort will reap a commensurate reward.

**Figure 1: Expectancy theory of motivation applied model.**



**Source:** Adapted from Alan cowling and Cholemailer (3<sup>rd</sup> ed., 1998).

### Creating a Motivating Environment

Recent thinking about the manner in which a motivating or compensation environment at work can be created has been usefully summarized by Ivan Robertson and Dominic cooper (1998) who includes the following: employees have a realistic understanding of the links between effort and performance. Employee have competence systems are expressed in terms of hard work but attainable specific goal. Employees participate in setting goal.

Employees are praised for good performance.

Feedback to employees is regular, informative and easy to interpret.

Employee psychological and physical well being is recognize as important.  
Productivity is recognized as important

## **FORMS OF COMPENSATION**

A good starting point would be to classify compensation in two broad categories-Extrinsic and intrinsic

Tock (1922) assert thus:

In the broadcast sense if compensation can be considered pyloric as well as economic and indeed, it is often difficult to separate the two. Each economic fact has value (ways and salaries and benefits) intrinsic value in the form of status or recognition of symbolic accomplishment”.

### **Extrinsic Reward**

According to (Flippo, 1984) the forms comprises of base compensation, supplementary compensation.

#### **A. Base Compensation**

Lumens (defined base compensation as a pay or salary which is given for job regardless of how it is performed he further explains that the base compensation does not reward above average, and it is controlled largely by performing the job.

Flippo (1984) open that if the compensation is to attract employees, they must perceive that the base wage/salary offered is fair and equitable. To achieve this job evaluation has to be carried out.

Cumming (1985) says that job evaluation is a techniques of assessing the worth of each job in comparison with others throughout the organizations. Job contents are to enable one to be compared with another. These include job ranking, job classification, points rating and factor comparisons each resulting in a progressive more detected analysis of jobs.

#### **B. Supplementary Compensation-Fringe Benefit**

In addition to basic wages, a substantial portion of the total costs in many companies today give fringe benefits. for the employee these fringe benefit represent extra income, additional security of more desirable working condition that require no additional effort

According to Flippo (1984) supplementary compensation is expenditure designed to benefit employees over and above regular base pay and direct variable compensation related to output.

Service provided for employees are numerous. The following classification has been identified in the work of Flippo (1984).

#### **a. Medical Facilities**

This is provided free of charge to employees sometimes extended to their families

#### **b. Other Fringe Benefits**

Are as follows:

- i. Paid public annual holidays, these being payment for which no work is done.
- ii. Contribution towards sickness
- iii. Redundancy payment, Christmas bonus and retirement
- iv. Company provided funds and pension schemes designed to provide employees with security by currently building up right which will give a guarantee income to the employee or his dependent on retirement or death.

#### **C. Recreational Services**

Provision of a sporting facilities and clubhouses where employees go to after working hours.

#### **D. Credit Union**

Organization group of people who pool their money and agreed to make loans to one another.

#### **Intrinsic Rewards**

Appleby the whole job to complete and allowing him more freedom to set targets or redefining a job to allow a person or team to have authority and discretion for a unit of work. Variety of job and opportunities for growth and achievement motivates employees towards high performance.

In view of Bottomely (1988) compensation through job enrichment and provision of education creates a framework for a career structure in the company. By making an equitable employee standard of living and stability of earning is guaranteed.

Therefore compensation is a tool to encourage desired behavior in an organization.

### **Maslow's Hierarchy of Needs**

Appleby (1991) asserts that Maslow's theory of motivation claims that human motives develop in sequence according to five levels of need (figure 2.7). This theory assumes needs follow in sequence and when one need is satisfied it decreases in strength and the higher need then dominates behaviour.

1. **SATFETY**  
Protection against danger
2. **SAFETY**  
Protection against danger
3. **SOCIAL NEED**  
To belong, associate and accepted by other
4. **ESTEEM NEED**  
Achievement of self, confidence being status, Respect recognition by other.
5. **SELF ACTUALIZATIONS**  
Realizing one's potential for continued self-development

In this sequence when one's satisfied increases in strength and perform excellently in the place of work. Furthermore, expectancy theory recognizes that people will act only when they have a reasonable expectation that their actions will lead to desired goals.

### **COMPENSATION PACKAGE**

Bottomley (1988) said that a computation package is basically administered to carry out the following.

- a. Attraction and induction of staff of the caliber and numbers necessary to achieve present and future objectives.
- b. To encourage designed behavior
- c. The motivation of suitable staff to accept greater responsibilities and complicity.
- d. The provision of a framework for a career structure in the company.
- e. The maintenance of employee standard of living of earnings.

Finally, to achieve the above and thus assess the effect of compensation programme must also take the following into consideration.

**PAY LEVELS:** If the company is to attract and retain employees, the level should be approximate to those paid in comparable organizations.

CONTINGENCY: The greater the degree, of contingency, which is establishing between reward and desired behaviour, the more satisfied the employees.

NEED: Individual should be assessed and linked with organization compensation method.

### **Framework/Relevance**

Some studies reveal that compensation has a significant positive influence on the form of organizational commitment (Nawab & Bhatti, 2011). Shoko & Zinyemba, (2014) stated that there was a significant positive relationship between employee engagement and organizational commitment. Therefore, it can be found that compensation and employee engagement have a positive and significant influence on organizational commitment. Then previous research also revealed that there was a positive and significant influence between compensation for employee performance (Odunlami & Matthew, 2014). Dajani (2015) revealed that employee engagement has a significant influence on employee performance. Then, Khan et al. (2010) also revealed the existence of a positive and significant relationship between organizational commitment and employee performance. Therefore, it can be found that compensation, employee engagement and organizational commitment have a positive and significant influence on employee performance.

### **Central Theme of These Integrated Theories**

The overarching argument of these various grand theories is that the compensational regime of any organization must deploy reward and punishment to motivate staff. It is not possible for an organization to grow without deliberately putting measures to vitiate indolence and to encourage hard work. The difference between an organization that is productive and one that is not is the extent to which they encourage hard work and discourage indolence.

### **MATERIALS AND METHODS**

This section attempts to specify the approaches that were adapted in finding answers to the research questions that is, the method used to carry out this erudite exercise. The tools and instruments used in looking at the question are described and explained here. The characteristics of the population of the study were enumerated. Also the types of data were considered.

The research design deployed in this study is the survey research design, essentially aimed at investigating compensation in organizations. This research design is most appropriate here since the researcher intends to examine a sampled population from which the results will be generalized.



### **Population of the Study**

The population of this study constitutes all the academic staff in some selected faculties in University of Benin. Three faculties, Education, Engineering and Environmental Sciences formed the population with a total of four hundred and three (403) lecturers (University of Benin Registry, 2023).

### **Sample size/Sampling Procedure**

An essential requirement of a good sampling method is that it must promote adequate representation. For this reason the random sampling which is probability sampling, was used to select respondents for the research. This method was used because it provides equal opportunity for all the workers in the company to be represented in the study. A total of one hundred and ten (110) lecturers were sampled.

### **Instruments of Data Collection**

The instruments used by the researcher in gathering information in this research work

- A. Questionnaires
- B. Personal interview
- C. Desk and library research.

### **Questionnaires Design**

This questionnaire was used in collecting data open and closed- ended questions. The closed ended question are meant for easy analysis and tabulation, while opened-ended question is to give room for respondents to express their opinion or view which may not contains in the closed questions.

### **Desk and Library Research**

Books, journals and other publications relevant to his work were consulted and they all provided the researcher some useful information.

### **Method of Data Collection**

All relevant data were obtained from both primary and secondary sources. The criteria used in selecting a particular source of data depend on its relevance to the research topic:

The primary data, questionnaire and personal interview were used. The questionnaire were administered to the personnel in the selected faculties. For the secondary data proper instrument needed to gather all topic for the project work are used.

### Method of Data Analysis

The researcher adapted the simple percentage method to analyze its data of the research work. The data was tabulated and itemized according to responses by this formulary below:

$$\frac{X}{N} \times 100$$

N = 1

Where: X = number of response

N = total number of respondents

i.e. 
$$\frac{\text{number of responses}}{\text{Total number of respondents}} \times 100$$

In analysis, the alter native, which receives the higher number of responses, is accepted while the other is reelected.

## DATA PRESENATION, ANALYSIS AND INTERPRETATION

### Presentation of Data

The information to be presented and analyzed came from a variety of sources. This include the use of questionnaires as well as personal interview. A set of 20 items was contained in the questionnaires on employee's performance in an organization.

**Table 3: Employee (Staff) Distribution**

Grade works	No. of Respondents	Percentage
<b>Professors</b>	20	18
<b>Senior Lecturers</b>	40	36
<b>Others</b>	50	46
<i>Total</i>	<i>110</i>	<i>100%</i>

*Source: Field Survey, 2023*

The above table shows that 20 employees are Professors in different departments, while 40 are Senior Lecturers and 50 as Others(LI, LII, Assistant Lecturers and Graduate Assistants). It therefore shows that Others (50) or 46% constitute the highest number of the employee's strength in the organization.

### Analysis of Data

**Table 4: Age Distribution**

Age Group	No. of Respondents	Percentage
<b>18-27</b>	32	29
<b>28-37</b>	25	23

<b>38-47</b>	22	20
<b>48-57</b>	19	17
<b>58 and above</b>	12	11
<i>Total</i>	<b>110</b>	<b>100%</b>

*Source: Field Survey, 2023*

From the breakdown, 29% or 32 of the respondents were 18-27 years old, 23% or 25 were 28 -37 year sole 20% or 22 were 38 -47, 17% were 48 -57 years old and 58 and above years old were about 11% or 12, this breakdown therefore shows that 29% or nearly 3 quarto of the employees are youths i.e. 18 -27 years old. Are incentives programmers available to compensate employees towards high performance?

**Table 5: Availability of Incentives Method**

Given alternatives	No of responses	Percentage
<b>YES</b>	72	65.5
<b>NO</b>	38	34.5
<b>TOTAL</b>	<b>110</b>	<b>100%</b>

*Source: Field Survey, 2023*

The table shows that 65% agrees that, incentives programmers are available, while disagreed. Therefore, there is the presence of incentives in the organization since nearly  $\frac{3}{4}$  or 72% have confirmed so.

**Table 6: Equitability of the Package Among the Staff**

Given alternatives	No of responses	Percentage
<b>YES</b>	78	70
<b>NO</b>	32	30
<b>TOTAL</b>	<b>110</b>	<b>100%</b>

*Source: Field Survey, 2023*

The table shows that 70% agreed that the package is equitable, while 30% disagreed with the package. It therefore means or shows that the package is equitable.

**Table 7: Better Performance**

Given alternative	No of Response	Percentage
<b>YES</b>	110	100
<b>NO</b>	—	—

<b>TOTAL</b>	<b>110</b>	<b>100%</b>
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*Source: Field Survey, 2023*

In response to the question, if employees will perform better when met will all they demand? All the employees are willing to put in their best when met with all their demands; it indicated that compensation plays a very vital role in the performance of employees. It provides 100%. It enables employees to put in their possible best. Analysis shows in the above table indicates that good compensation leads to employees better performance in an organization.

**Table 8: Compensation Package**

Given alternative	No of responses	Percentage
<b>YES</b>	102	93
<b>NO</b>	8	7
<b>TOTAL</b>	110	100%

*Source: Field Survey, 2023*

93% agrees that there is satisfaction of individual compensation package, while 70% disagreed with the presence of the satisfaction individually. This shows organizational individual compensation package is necessary in working conditions for high performances.

**Table 9: Decision Making Response**

Given alternatives	No of responses	Percentage
<b>YES</b>	40	36
<b>NO</b>	70	64
<b>TOTAL</b>	110	100%

*Source: Field Survey, 2023*

36% agrees that managers consult their consent in decision while 64% disagreed. It shows that managers do not consult their employees consent before taking a method of compensation.

**Table 10: Decision as Compensation Method**

Given alternatives	No of responses	Percentage
<b>YES</b>	99	90
<b>NO</b>	11	10

<i>TOTAL</i>	<i>110</i>	<i>100%</i>
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*Source: Field Survey, 2023*

The above shows that 90% sees the consultation of employees when making decision as a method of compensation while 10% sees it as no method.

### **TEST OF HYPOTHESIS**

In testing the hypothesis formulated, the following were observed.

#### **HYPOTHESIS 1**

**Ho:** wages and salaries are not enough for compensation of employees towards high performance.

**Hi:** wages and salaries are enough for the compensation of employees towards high performance.

#### **HYPOTHESIS 2**

**Ho:** Training and recognition of employees is not a method of compensation.

**Hl:** training and recognition of employees is a method of compensation.

#### **HYPOTHESIS 3**

**Ho:** Incentives programmes are not available to motivate and compensate employees.

**Hl:** Incentives programmes are available to motivate and compensate employees.

**DECISION:** The management of the organization then decides to improve more and more on their compensation system to enable them meet up with their

### **DISCUSSION OF FINDINGS**

From what is observed in the table 120 staff are occupying the position of manager in different department while 40 are senior staff in the middle management and 50 employees are junior staff in the lower cadre. As shown in table 4 is the age distribution of the respondent in the organization, while table 5 deals with wages and salaries as a method of incentives. Table 6 engages equitability of package among staff, while tables 7 and 8 scrutinizes performance and compensation package respectively. Table 9 presents data on decision making response and finally table 10 assesses decision as compensation method, which inherently means that in taking decisions the employees are consulted to make their inputs.

In conclusion, the researcher analyzed the data statistically in a tabulated form and itemized according to responses through the use of simple percentage.

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This section deals with the summary of the findings of the research project upon which conclusions were drawn as well as the necessary recommendation made.

### **SUMMARY**

This study was carried out with a view to deterring the effects of compensation in employee's performance in an organization, using the University of Benin as a point of departure. Below are some of the following findings.

1. Wages and salaries are enough compensation for employees.
2. That training and recognition of employees is also a motivational farce for higher productivity.
3. That reasonable compensation packages are equitable enough for achieving employee's higher performances.
4. That incentive programmes for employees could motivate them for better performance.
5. That also, compensation makes employees to improve on their individual area of specialization and Vice-Visa.
6. That finally, employees will look for better paid job as their employer if the manager is not ready to work with compensation package.

### **CONCLUSION**

The ability of the organization to appreciate and implement the various forms of compensation will give a good picture of the effect of compensation on employee's towered higher performance. A look at the presented data and analysis including summary of findings from questionnaires and interviews showed that the H1: Was accented while they rejected the Ho: The researcher then concluded as follows. A good percentage of workers perceive wages and salaries as having motivation force. The organization pays wages and salaries together with over time benefits. In view of the economics of today with its inflationary trend, the importance of money as a motivator cannot be over emphasized, this is because it leads to the high level of performance of the employee. Compensation as it affects the employee performance his on how the organization gives its compensation packages.

## RECOMMENDATIONS

On the basis of the research findings, the following recommendations were made.

Since compensation have a positive and significant effect on employee productivity, the factory top management should review periodically the compensation package of the factory, increase the awareness and the understanding of the package for its employee and put the compensation package manual in accessible place to all employees to improve the transparency and build confidence to its employees.

Workers attach importance to wages/salaries as a motivating factor or compensation method. In view of this, organization should endeavour to maintain a rational pay structure. Jobs must be compared and their relative worth assessed to correspond with a fair and sound basic pay structure. And also, they see training of employees as a method of compensation. As mentioned earlier, the closer the degree of contingency, the more satisfied the employee. Effort should be made to reward staff according to their contribution to the organization. Hard working employees should be rewarded highly and thus string then the expectance relationship.

The provision of a framework for a career structure should be made in the organization. It would pay them a lot more to leave the money spent on hiring more qualified workers to train their employees which are already working with them.

In summary, no employee should be undyingly favoured. There should be consistency in fair treatment for all employees as far as compensation is concerned. Payment and wages should be common and accurate with qualification and performance on the job. A reasonable percentage also prefer the compensation unpacked. Again, individual compensation package satisfaction is present in the organization respond by a high percentage. The analysis area of specialization show that employees are interested also in consulting them for decision making while it is also true that consultation of employees consents is also a method of compensation package in an organization. In conclusion, the researcher analyzed the data statistically in a tabulated form and itemized according to responses through the use of simple percentages.

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