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Compensation As A Tool In Ensuring Employee Performance In Anambra State Broadcasting Service (Abs), Awka.

Chinelo Hope Madike

Department of Public Administration, Federal Polytechnic, Oko, Anambra state, Nigeria

Corresponding Author's email: madikehope@gmail.com

Abstract

The study examined the effect of compensation as a tool in ensuring employee Performance in Anambra State Broadcasting Service, Awka, Anambra State. Eighty three employees of the organization were handed down structured questionnaire to solicit data on compensation and employee performance. Pearson correlation coefficient and multiple regression model were used to analyze the data using SPSS 22.02 and E- views 9.0. The findings revealed that there is a strong and positive relationship between compensation and employee performance and that bonus/ incentives also serve as a form of boost to the employees. The research recommends amongst others, timely payment of salaries, wages and all entitlements and encouragement of employees' involvement in pay determination.

Keywords: Compensation, Employee Performance, Salary, Wages, Bonus.

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Introduction

Employees are an organization's key resource and the success or failure of organizations centre on the ability of the employers to attract, retain and reward appropriately talented and competent employees. Employees' willingness to stay on the job largely depends on the compensation packages of the organization (Armstrong, 2016). In an attempt to ensure employees 'optimal professional performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired result(Falola et al, 2014). It has also been argued that the degree to which employees are satisfied with their job and their readiness to perform effectively is a function of compensation packages and reward system of the organization (Fadugba, 2012).

Overtime it has been a case in most organizations that their employees are under- remunerated or that these organizations do not have good compensation administration programs. This could be that employee promotion does not come on time, or that pay packages are not commensurate to the work they have done for the organization, (Fein, 2010). At times, this could be a deliberate act by management to frustrate the employees or that the management lacks the required managerial capabilities to effectively administer a compensation administration program. This in most cases has affected the performance of the employees, (Dyer & Schwab, 2020). Gone are the days when such issues are condoned or accepted by employees; therefore there is a need to tackle these problems to ensure employees bring out their best in terms of performance and productivity. Compensation is one of the key drivers of productivity because humans are naturally inclined to perform better when they perceive that they will get sufficient payment or returns from their efforts. While people exert effort for different reasons, today's competitive economic, environment has made compensation arguably an important motivation factor (Okoye, 2022).

While we talk about compensation, it refers to the payment paid by an employer in the form of a salary, wages and benefits. However, it is classified into direct and indirect compensation. Both of these categories of compensation are financial, meaning that the compensation takes the method of money or can be valued as money. Direct compensation consists of money paid to employees as cash, such as hourly wages, salaries, bonuses, commission. Indirect compensation is still monetary in nature- meaning it has financial value that can be planned- but is not a direct payment in the form of cash. It varies across organizations but naturally includes much of the assistance package that come with employment, such as employer subsidized health insurance and contributions to employees provident fund, (Noor & Tanizid, 2019) .

Employee performance is defined as how an employee accomplish their job responsibilities and their required tasks. It refers to the effectiveness, quality and efficiency of their output. Performance also contributes to the assessment of exactly how esteemed an employee is to the organization. Each Employee is a solemn asset to the organization, so the return each employee provides must be noteworthy, (Noor & Tanizid, 2019).

In light of the above, the study attempts to find out the true picture regarding available compensation strategies and its impact on the professional performance of employees,in Anambra State Broadcasting Service (ABS) Awka, Anambra State.

Statement of Problem

The public media employees like most public organization'semployees in Nigeria are bedeviled with such problems like poor remuneration for staff thereby having low motivation to perform optimally; above all the teleguidance of management and staff by their employers-Government, only protect the activities of government with little or no regard for their responsibility to the public.

The media is a dynamic instrument for change and reconstruction as well as reformation, hence, without information, no society can function effectively. Nigeria being a developing nation needs a well structured and effective media to reshape and reconstruct its ideologies. To achieve the above the employees of Anambra State Broadcasting Service (ABS) have to be duly trained and compensated to ensure effective professional performance.

Objectives

1. To examine the role salaries, bonuses, wages and incentives play as motivational tools in improving employees' performance.
2. To determine the link between compensation and employee performance.
3. To make apt recommendations on the importance of compensation.

The following null hypotheses will be tested

H_{o1} Compensation does not play any vital role in motivating employee's performance.

H_{02} There is significant relationship between compensation and employees' performance.

Literature Review

Compensation

Compensation is about income in the form of money, goods, directly or indirectly received by employees in return for services provided to the organization, (Haineed et al , 2014) Compensation is everything that employees receive in return for their work (Liyana et al, 2014). Based on the aforementioned, it can be concluded that compensation is everything that is received by the employee or given by an organization as a reward for the contribution of energy and thoughts for the advancement of the organization. Each organization has different indicators in the process of providing compensation for employees. There are two indicators proposed by Rivai, (2011) namely, direct compensation consisting of salaries, bonus, incentives and indirect compensation consisting of insurance, benefits, pensions and others.

To Amache (2012), compensation is a form of reward given as a result of a job that has been done or effort put in to achieve a set of goals and as such this serves as a motivational factor that encourages an individual to put in more energy or commitment into his or her job. In most organizations, the main aim of compensation is to motivate the behaviour of the employee in a way so as to reinforce performance and also to stay in the organization, (Abayomi, 2014).

Types of Compensation

There are various forms of compensation and nearly all these forms of compensation can be categorized into four broad types,(Muchinsky et al, 2022):

Wages and Salary: Wages are what is paid to employees who are not permanently employed and typically pertains to hourly rates of pay (the more hours worked, the greater the pay), while salary is what is paidto people that are permanently employed or on annual rate of pay.

Incentive Plans: This is an additional compensation (bonuses) which is above and beyond the employee's wage or salary. It may be long term or short term like a bonus payment. A bonus can be used as a reward for achieving specific goals set by an organization or for dedication to the organization.

Bonuses: Bonus is an additional compensation given to an employee above his /her normal wage. A bonus can be used as a reward for achieving specific goals set by an organization or for their dedication to the organization.

Employee Benefit Programmes: Time off with pay, pension scheme, tuition reimbursement, recreation activities, cafeteria services are all examples of employee benefit programmes.

Additional Privileges: Employees of organizations may have other privileges such as use of organization's vehicles/cars, club membership, travelling allowances.

Employee Performance

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. In the discipline of human resource management, different writers suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected. Customer satisfaction that can be measured by the number of loyal customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task, absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets. He or she is then considered to have performed well to achieve objectives, (Hakala, 2008).

The management of employee professional performance within organizations has traditionally centred on assessing performance and allocating compensation, with effective performance seen as the result of the interaction between individual ability and motivation, (Enemuo & Olateju 2021). It is increasingly being recognized that adequate salary, bonus either financial or non-financial, and other employee benefit programs like recreational activities, incentives, etc have a critical effect on employee performance, with performance goals and standards, appropriate resources, guidance and support from the management being central, (Torringon , Hall & Stephen, 2008). In addition, researchers have also identified motivation as the mediating mechanism and some identify trust and morale, (Torington et al, 2008).

Compensation and Employee Performance: The Nexus

A compensation package is not subjected to monetary form only, it can be given in other forms like flexible benefits, medical care, work life balance, as well as employee perks. There will be a drastic effect on employee performance and efficiency if a good compensation package is not well established, (Zahari et al, 2020). Employee productivity is greatly influenced by compensation. According to them, realistic compensation given to the employees will result in their productivity. This is parallel to other research findings. According to Muguongo et al (2015), compensation is one of the forces that motivate workers. Well compensated workers are more encouraged, assured and have a positive feeling towards their job and they are more satisfied with their job. The greater the sense of satisfaction in employees, the more they will be motivated.

A study conducted by Nzyoka and Orwa (2016) identified the relationship between total compensation and employee performance. The objective of the study was to determine the relationship between total compensation and employee performance at Mayfair Insurance Company Limited. The study revealed that total compensation has a positive correlation with the employee's performance in different ways. On average, there was a positive significant correlation between total compensation and employee performance factors and the balanced score card. It also concluded that different compensation factors have different direct relationships with employee performance.

Odulami and Mathew (2014) studied the effect of compensation management and employee performance in the manufacturing sector, a case study of a reputable organization in the Food and Beverage Industry. The finding showed the F-statistics of 12.037, which implies that the model is statistically significant. It means that there is significant relationship between compensation management and employee performance depending on the planning, implementation and control of effective compensation management.

Relationship between Salary/Wages and Incentives and Employee Performance

Salary/ wages refer to the amount of pay that is established for an employment or job and may vary according to the position or skill level in the organization. Furthermore, it can be influenced by external or internal grade of the job or the level of skill required (Akter and Hussain, 2016). It is the basic sum of money or hourly rate paid to an employee in compensation for their work-efforts or time spent on the job. It is the total earning a worker receives for the performance of services within a period of time. Onyekwelu et al (2015) defined a "wage as a stated sum per price, hour, day or any other unit or period". Salary on the other hand refers to the weekly or monthly rates to clerical administrative and professional employees.

Generally, incentives/ bonuses are regarded as variable payments made to employees on the basis of the amount of output or results achieved. Alternatively, it could be payments made with the higher targets (Banjoko, 2006). He further noted that effective incentive pay system is a necessary condition for individual employees and work teams to contribute effectively to the organization, not only in what they do but also in how well they do it. The implication of this is that the organization's overall performance depends to a large degree on the performance of individual and groups within the organization.

In the opinion of Martocchio (2006), to attract, retain and motivate highly productive employees and to be fair to them, an organization needs to reward employees on the basis of their relative performance. Therefore, the relationship between employee's performance and good pay has been underscored by the above opinion. Reilly (2007) also lent substantial support to the above opinion when he noted that when workers are paid commensurable to their outputs, it does not only encourage them to improve performance but serves also as a stabilizing force with the work environment thereby providing conducive atmosphere for higher performance . In a related development, Laival and Oluwatoyin (2011) observed that isolating a worker for reward in civil service may not be easy as it could be in the private sector, but workers can be effectively motivated, collectively, through prompt implementation of general increase in wages, salaries and other incentives such as minimum wage issues.

In conclusion, Okeke et al (2017) noted that refusal to implement minimum wage by state governments for any reason, often elicit serious negative workplace behaviour which include absenteeism, lateness to work, general poor performance by the workers among others. More often than not it has led also to prolonged industrial dispute between labour and government.

Theoretical Framework

This study is anchored on the theory of Maslow's Hierarchy of Needs. It is a very widely applied theory in human resource management. This theory is the first major attempt to explain the phenomenon of motivation and was propounded in 1943 by Abraham Maslow. In his book "Motivation and Personality" published in 1954, Maslow observed that people are generally wanting beings who always possess innate grabbing instinct depending on what they already have. The three core proposition of the theory are:

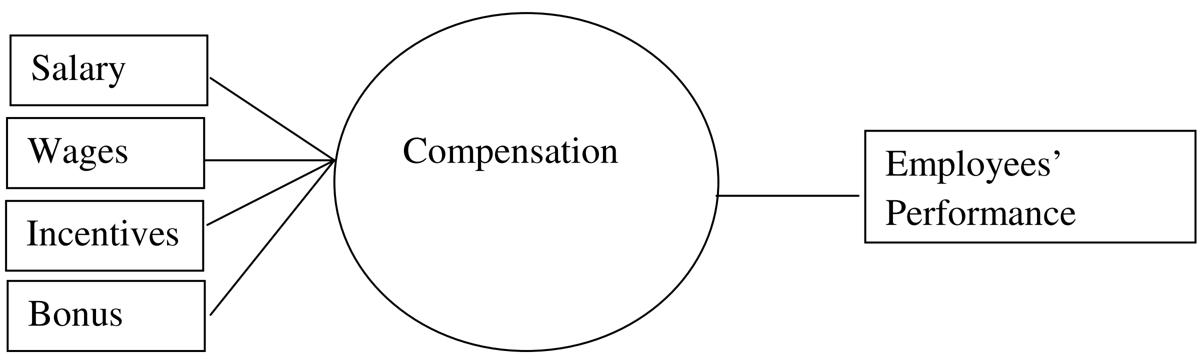
- First, human beings have many needs that are different in nature, ranging from biological needs at the upper extreme.
- Second, individuals are in constant state of motivation, never achieving the state of satisfaction except for a short time.
- Third, their needs are arranged in hierarchical order, so that the lowest level needs must be satisfied before higher level needs arise or motivate people (Maslow, 1970).

From this theoretical exposition, it becomes obvious thatthe unsatisfied needs can and do influence the behaviour of a person to act in a manner that does not promote the objective of his organization. The success of any organization depends largely on the efficiency and effectiveness of the employees. Motivation assures andpropels workers to increase their performance. Hence, the staff of Anambra State Broadcasting Service, Awka can be motivated by giving them enhanced salary packages or bonuses that can take care of their needs as identified by Maslow in his work.

Though the likes of Alderfer (1972), Bass (1981) and Drucker (1914) have criticized Maslow's Hierarchy of Needs on many grounds, it was found very suitable for analyzing the phenomenon under investigation. Anambra State Broadcasting Service which is part of the Civil Service in Nigeria by its very nature is structured to pass through career progression and at each stage up the ladder, the level of need changes to a higher one in line with Maslow's postulation. For instance the needs of a new entrant into the organization is not the same as that of a director.When the workers' needs are identified and attended to accordingly, the civil servants would try to be at their best in terms of performance.

Research Methodology

Figure 1



The dependent variable is employees' performance while, the independent variable is compensation (Salary/Wages, bonus/ incentives). The main purpose of this research is to investigate the impact of compensation on the performance of employees in the Anambra State owned Broadcasting Service (ABS) situate at Awka.

One Hundred (100) questionnaire was randomly distributed to some junior and senior staff of the Anambra Broadcasting Service Awka, of which eighty- three (83) questionnaire were successfully filled and returned. The questionnaire used five-scale (0= Highly Disagreed,1 = Disagreed, 2= undecided, 3= Agreed, 4= Highly Agreed) likert descriptive data analysis, Regression analysis and correlation analysis where used to test the effect of variables on employee performance. The data were analyzed using SPSS version 22.0 and E-views 9.0. The simple regression model is stated below:

EP = β0+ βISAW x β1B01 + N 1

Where EP = Employees Performance, SAW = Salaries & Wages, B01 = Bonus& Incentives,

N = Error term capturing, other explanatory variables not explicitly included in the model, β0 = Constant Parameter.

Profile of the Respondents

Table 1:Gender of the Respondents

	Frequency	**Percentage**	**Cumulative Percentage**
Male	70	84.3	84.3
Female	13	15.7	100
	83	100	

Source: Field Data, 2023

The majority of the respondents are male 84.3% as against female 15.7%. We can concluded the organization is male dominated against female.

Table 2: The Respondents Marital Status

	Frequency	**Percentage**	**Cumulative Percentage**
Married	75	90.4	90.4

Single	8	9.6	100
	83	100	

Source: Field Data, 2023

The majority of the respondents are married 90.4% as against 9.6% single.

Table 3: The Respondents Age Group

	Frequency	Percentage	Cumulative Percentage
30-40 years	25	30	30.1
41-50 years	44	53.0	83.1
51-60 years	13	15.7	98.8
60-above	1	1.2	100
	83	100	

Source: Field Data, 2023

The majority of the staff are people in the middle age range of 41-50 years with 53.0% , followed by young adults 30-40 years 30%. Age range of 51-60 years with 15.7% and finally 60-above is 1.2%.

Table 4: Educational level of Respondents

	Frequency	Percentage	Cumulative Percentage
ND	3	3.6	100
HND/BSC	52	62.7	62.7
Masters	28	33.7	96.4

	83	100	

Source: Field Data, 2023

The Majority of the respondents working in the organization have HND/BSC 62.7%, 33.7% possessmaster's degree in the respective fields while 3.6% have ND.

General Findings of the Hypotheses

Ho1: Compensation does not play any vital role in motivating employees' performance.

Correlations

	Performance	**Salary/ wages**	**Bonus**
Performance Pearson Correlation	1	804**	589**
sig. (2-tailed)		.000	.000
N	83	83	83
Salary/wages Pearson Correlation	.804**	1	.547**
sig. (2-tailed)	.000		.000
N	83	83	83
Bonus Pearson Correlation	.589**	.547	1
sig. (2-tailed)	000	.000	
N	83	83	83
	83	100	

Source: Field Survey, 2023

** Correlation is significant at the 0.01 level (2 tailed).

The table above showed the relationship that exist between independent variables compensation (Salaries / wages and bonus/ incentives) and the dependent variable (employees' performance). The correlation analysis showed that there is positive correlation between salaries and wages (.804**)and bonus (.589**) and employees performance. In other words, a positive change in compensation from the employer will encourage or motivate the employees to increase their performance. Therefore, we reject the null hypothesis because compensation play a vital in motivating employee to perform.

Ho2: There is no significant relationship between compensation and Employees' performance.

Dependent Variable: Performance

Method: Least Squares

Sample (adjusted): 183

Included Observations: 83

Variable	Coefficient	St. Error	t-statistic	Prob.
C	0.515267	0.234344	2.198762	0.0308
BONUS	0.219632	0.078470	2.798938	0.0064
SALARY	0.710085	0.078167	9.084257	0.0000

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R-squared 0.678251 Mean dependent Var. 3.289157

AdjustedR-squared 0.670207 S.D. dependent Var. 1.273847

S.E of regression 0.731540 Akaike Info criterion 2.248145

Sum squared resid 42.81204 Schwerz criterion 2.335573

log likelihood -90-29801 Hannan-Quinn Criter 2.283269

F-statistic	84.32040	Durbin-Watson stat	1.829556
Prob (F-statistic)	0.000000		

1% level of significance, 5% level of significance. The table shows the result of the regression analysis. The Coefficient of bonus and salary are positive and significant at 1%. The P-values of bonus and salary is 0.0064 and 0.0000 is less than the t-statistic value of 2.799 and 9.084 and that standard error value of 0.0785 and 0.0752 is less that the t- statistic value respectively.The adjusted R^2 0.67 or 67% which revealed that the variables in the equation jointly explained 67% of the variations in the equation while the remaining 33% is explained by other variables not included in the equation.

In other words, the R-square value of 67% expresses the percentage effect of compensation dimension on employees' performance jointly explained by salaries/ wages and bonus/incentives on employee performance. Therefore we reject the null hypothesis because there exist a significant relationship between compensation and employee performance**.**

The following findings were made:

1. The result showed that compensation is a source of motivation on employee's performance.
2. The result also revealed that there is a positive and significant relationship between compensation and employee performance.

Conclusion

The study concludes that there is a significant and positive relationship between compensation and employees' performance. It recommends employees' participation in pay determination,

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prompt payment of salaries, wages, bonuses and incentives to prevent negative effects on performance.

Recommendation

The following recommendations are forwarded

1. Employers of Labour both private and government with particular references to ABS, Awka, must not take compensation of their workers for granted because it will result in low productivity. The study showed that there is a positive significant relationship between compensation and employees' relationship.

2. The reason for frequent workers strike is borne out of poor compensation and condition of services which the government must see as a twin destroying the economy.

3. Participation of Employees in the organization should be encouraged and allowed in pay determination both in the private and public sector.

4. Prompt payment of salaries, wages and entitlements should be encouraged.

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