

Compensation Scheme and Academic Staff Performance in Federal Polytechnic Nasarawa

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Abstract

This study examined the effect of compensation schemes on academic staff performance in Federal Polytechnic Nasarawa. Specifically, it investigated the effect of special allowances and part-time emoluments (independent variable) on academic staff performance (dependent variable) of the institution. The descriptive survey research design was adopted for the study. The population comprises of the 485 academic staff of the institution from where a total of seventy-nine (79) samples of academic staff were selected across six (6) faculties using stratified sampling technique. Questionnaire was used to gather data from the respondent. The reliability of the questionnaire was tested using Cronbach- alpha coefficient and the test yielded the alpha coefficient of 0.85 and 0.82 for special allowances and part-time emoluments respectively. Descriptive statistics was used to present the data while multiple regression analysis was carried out to examine the extent to which the independent variable affects the dependent variable and the finding reveals that both special allowances and part-time emoluments have significant positive effect on academic staff performance in Federal Polytechnic Nasarawa. The researcher recommends that; the management of the institution should continue to enhance employees' compensation schemes (both special allowances and part-time emoluments).

Keywords: *Compensation, Special allowances, Part-time emoluments, Employees' performances, Reward*

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Background to the Study

One of the most difficult human resource management functions is that of determining the rate at which monetary compensation is being paid to workers in organizations. It is one of the most complex and significant task of the organization. The relationship between employers and employees are mutually reciprocal- while the employer expects employees to offer their best in performing their assigned task, the employee on the other hand expects the employer to provide a reasonably fair reimbursement for a reasonably completed task. Maslow (1943) postulates in his needs theory that the kind of compensation that will motivate employees to give their best to influence performance reasonably depends on how much it addresses their need for status, security and their survival in the organization. Earlier researches in the recent past have shown that employees are the most important resource of the organization and to satisfy the clients, organizations must first satisfy their employee's needs. In Nigeria, many organizations especially in the educational sector have experienced so many industrial disputes which have led to decline in productivity. These industrial disharmonies were mostly attributed to poor compensation of workers on the part of the employer. The Federal Polytechnic Nasarawa as an academic institution in the country had in the recent past gone through some of this industrial crisis which causes stoppages in academic activities with its attendant effect on staff performance. It was observed that most of the lingering crises were as a result of unsatisfactory compensation which affects smooth operations of the institution as a result the objective of the institution seems to be eroded. The question is to what extent does the institution's compensation scheme affects employees' performance in the Federal Polytechnic Nasarawa?

Objectives of the Study

Specifically, this study is to:

1. Determine the effect of special allowances on employees' performance in Federal Polytechnic Nasarawa; and
2. Examine the effect of part-time emoluments on employees' performance in Federal Polytechnic Nasarawa

Literature Review/Theoretical Framework

Compensation Defined

According to Denisi and Griffin (2001) compensation is a reward system that an organization provide to individuals in return for their willingness to perform various jobs and tasks within the organization. It refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship (Milkovich and Newman, 2008). Compensation includes payments such as bonuses, profit sharing, special allowances, overtime pay, recognition rewards and sales commissions which are designed to strictly reward employees based on specific job performed (Heartfield, 2014). Management must make available commensurate rewards so that employees feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are made. The ultimate aim of compensation packages is to reward the right employees to the greatest extent for the most relevant reasons.

Several empirical researches have been conducted to find out the extent to which compensation affects employee's performance in Nigeria and across the world but the findings are either inconclusive or conflicting. For example, Omokerede (2017) examined the effect of reward systems on employees' performance in some selected manufacturing companies in Lagos State-Nigeria using a survey research design with a sample size of 459 respondents. Using regression analysis to assess the relationship between the two variables, the findings reveal that salary and wages has no significant positive effect on employees' performances in the selected firms. Ejumudo (2017) studied the impact of pay reward system management on staff performance in the Delta State Civil Service using qualitative case study method and in-depth content analysis of cognate textbooks and journals. Focus group discussions were used to identify themes and points of consensus or disagreement among the selected respondents. The findings of the study show that there exists poor pay reward system in Delta State Civil Service but poor reward are not significantly responsible for low-level staff performance in the state.

Also, Idemobi, Onyeizugbe and Akpunomu (2011) assessed the relevance of compensation management as a tool for improving performance in the Anambra State Civil Service in Nigeria. They set out to ascertain if financial compensation has significant relationship with employee's performance in the state's civil service using survey research design with a sample size of 1365 randomly drawn from 32 organizations in the state public sector. Pearson Product-moment coefficient was used to analyze data collected from respondents and Z-test to examine the significance of the coefficients of correlation at 5% level of significance. The finding indicates that financial compensation has no significant effect on employees' performance in those selected organizations. Annor- Larbi (2014) evaluated the effect of compensation management on employee's performance at St. Michael's Catholic Hospital, Praso- Ghana using a cross-sectional survey research design with a sample size of 100 drawn from population of 274 members of staff of the organization selected across management level, senior non-management staff, middle level and junior staff. Questionnaires were used as source of data collection and inferential statistics with the aid of simple percentages, graphs and other charts were utilized to assess the impact of the independent variable on the dependent variable and the findings reveal that compensation has significant effect on performance of the hospital. Uwizeye and Muryungi (2017) investigated the influence of compensation on the performance of employees in Rwanda mountain tea using a sample size of 205 employees randomly selected for the population of 440 staff of the organization. Questionnaire was employed as a major source of data collection and correlation analysis was carried out to diagnose the relationship between the two variables and the study found out that compensation practices have an overall correlation with employees' performance in Rwanda mountain tea. Etebu (2016) studied the effect of financial compensation on employees' performance in the Bayelsa State Civil Service. A sample size of 450 respondents were drawn from selected Ministries, Departments and Agencies (MDAs) in Bayelsa State civil service. Pearson Product moment correlation was used for data analysis and Z-test to test the significance of the coefficient of correlation at 10% level of significance and the study found that financial compensation does have a significant impact on employees' performance in the civil service.

Additionally, Ibojo and Asabi (2014) scrutinized the effect of compensation management on employees' performance in some selected reputable Food and Beverage companies in Nigeria. Specifically, the study aimed at determining the extent to which compensation affects employees' performance in Food and Beverage industry in Nigeria and randomly selected a sample size of 100 respondents from the population of the organizations. Data were analyzed using inferential and descriptive statistics. The Analysis of Variance (ANOVA) was employed to test the hypothesis and the finding reveals that there exists a positive relationship between compensation and employee's performance in the industry.

Selected Forms of Compensation Scheme in the Federal Polytechnic Nasarawa (FPN)

Compensation scheme in the FPN includes all direct cash benefits that the academic staff of the institution receives on monthly, bi-monthly or weekly basis for the services they render as resource persons in some of the academic programs of the institution. But for the purpose of this study, two forms of direct compensation schemes were adopted, which are:

Special allowances: This allowance is paid to employees (i.e. lecturers) who for some reasons have to work outside their normal working hours during the weekdays. They are paid this allowance on quarterly basis if the extra duty is recurring.

Part-time emoluments: This form of compensation includes all financial benefits lecturers receive for lecturing in the part-time weekend classes of the School of Technical and Vocational Education (STVE) of the Polytechnic. The payment is usually made by the management at the end of every semester calculated based on contact hours, courses' credit units and number of students lectured by the resource person. The rate is subject to review through joint consultations and negotiations between the management and union.

Employees Performance

Employees performance is an indicator of the quantity of work done (i.e. how much unit of a product has been produced or provided), quality of work produced (how well the work has been done) and the timeliness of the work that has been done (meeting due dates, adhering to schedules and deadline) which according to Aguinis (2007) determines how performance can be measured. In the context of an organization, employee's performance is usually defined as the extent to which an individual employee or a group of employees contributes to achieving the goals of the organization which could be measured based on the goals set for those individuals or groups and the extent to which the goals of the organization have been achieved.

The researcher assumes that when employees are reasonably compensated, they tend to improve on their effort towards the accomplishment of organizational goals. Hence, the relationship between compensation practices and employee performance was viewed from the perspectives of expectancy theory which was postulated by Victor H. Vroom in 1964. The expectancy theory is based on the assumption that employees use to evaluate the likelihood that their performance will yield the desired outcome and how much they want the outcome (Armstrong, 2009). This means that motivation will be high when employees know what they have to do to get a reward; expect that they will be able to get the reward; and expect that the reward will be worthwhile.

The theory was based on the following cardinal principles: Valency- represents the outcome's desirability to the employee which means that desirable rewards encourage effort; undesirable rewards discourage effort; instrumentality - this is the belief of the employee that if he does one thing it will lead to another or subjective probability that satisfactory job performance will lead to other desired reward or second - level outcome such as pay; expectancy – this is the probability that action will lead to a result or first- order outcome, or the probability that an employee's effort will lead to a satisfactory level of performance. Robbins (2004) argues that the combination of valence and expectancy determine the employee's motivation for a given form of behavior.

Methodology

This study is a descriptive -survey research which adopts the utilization of questionnaires to stimulate responses from the respondents. The actual population of the study is the entire academic staff of Federal Polytechnic Nasarawa which cut across six (6) schools namely: Business Studies, Engineering, Applied Sciences, Environmental Studies, Information and Communication Technology and General Studies with a total of 485 academic staff. Samples of seventy-nine (79) academic staff were selected using stratified sampling technique. 79 questionnaires were administered. The questionnaire was designed using 5-point Likert scale having the following as keys: Strongly Agree (SA) = 5; Agree (A) = 4; Undecided (UD) = 3; Disagree (D) = 2; and Strongly Disagree (SD) = 1. Only 57 questionnaires were duly completed and returned. The reliability of the questionnaire was tested using Cronbach-Alpha coefficient and the test yielded the following alpha coefficient 0.85 and 0.82 for special allowances and part-time emoluments respectively.

Model Specification

To test the hypothesis, regression model was developed for the study and is specified as follows:

$$PERF = \beta_0 + \beta_1 SP.A + \beta_2 PT.E + \varepsilon$$

Where; PERF = Employee Performance

β_0 = Constant

β_1, β_2 = Coefficients of the determinants of employee performance

SP.A = Special Allowances

PT.E = Part-Time Emoluments

ε = Error terms

Results and Discussions

Descriptive Statistics

Table 1: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1. Regression	3.896	4	.866	6.988	.000 ^b
Residual	5.698	60	.128		
Total	9.594	64			

a. Dependent Variable: Employees Performance

b. Predictors (Constant): SP.A, PT.E

The ANOVA table shows that the F-statistic was calculated to be 6.988, with 4 degrees of freedom between groups and 60 degrees of freedom within groups. This was significant at the p- value < 001 level. As the F-test in this ANOVA was found to be significant, this means that level of employee's performance differs significantly based on special allowances and part-time emoluments in the School of Business Studies, Federal Polytechnic Nasarawa.

Table 2: Model Summary

Model	R	R-Square	Adjusted R-Square	Std. Error of Estimate
1	.333	.777	.399	.34743

- a. Dependent Variable: Employees Performance
- a. Predictors (Constant): SP.A, PT.E

From the table, the R-square indicates 777 which means that about 77% of variance in performance is explained by special allowances and part-time emoluments. This suggests that the model is fit for this study.

Table 3: Coefficients

PERF	Coef.	Std. Err.	t	P > t	(95% Coef)	Interval
SP.A	.03345	.00456	7.319	0.001	.00623	.01235
PT.A	.04456	.00547	8.132	0.000	- 3.6574	2.6534
_Cons	2.0545	1.0666	1.927	0.000	1.189	.04572

- a. Dependent Variable: Y (Employees Performance)
- b. Predictors (Constant): SP.A, PT.E

The regression equation: $PERF = 2.055 + 0.033 * SP.A + 0.045 * PT.E$ confirms that the value of the intercept is 2.055 which means that the dependent variable (employees performance) will remain at 2.055 if the independent variables (i.e. special allowances and part-time emoluments) remain zero. However, a percent increase in SP.A will lead to a 0.033 percent increase in performance with a statistically significant p-value of 0.001. PT.A (part-time emoluments) has a significant effect on PERF. (i.e. employees performance) as indicated by its coefficient of 0.044 which means that, if PT.A increases by one unit, PERF will increase by 0.044 units. Generally, the finding shows that compensation schemes have significant effect on academic staff performance in FPN. This results is consistent with that of Idemobi, Onyeizugbe and Akpunonu (2011); Etebu (2016); Omokerede (2017) among many but inconsistent with that of Ejumudo (2017) among few.

Conclusion and Recommendations

Based on the findings of this study, we can conclude that special allowances and part-time emoluments have significant effect on academic staff performance in Federal Polytechnic Nasarawa and the researcher recommends that; the management of Federal Polytechnic Nasarawa should continue to enhance employees compensation schemes (both special allowances and part-time emoluments) so as to improve academic staff performance in the institution.

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