



Compensation Packages And Civil Servants' Performance In State Ministries In Anambra State

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ABSTRACT

The study investigated compensation packages and civil servants performance in State Ministries in Anambra State. The specific objectives of the study is to examine the effect of competency-based compensation, merit based compensation, job-based compensation, performance-based compensation and skills-based compensation) on employee performance. Relevant conceptual, theoretical and empirical literature were reviewed, taking cognizance of the problem and the hypotheses of the study. The study was anchored on Equity Theory. Descriptive research survey was adopted. The population of the study comprised 1423 selected civil servants' in State Ministries in Anambra State, Nigeria, while the sample size consists of 302 civil servants' in State Ministries in Anambra State, Nigeria. Krejcie and Morgan sampling formular was used to obtain the sample size. Face and content validity method was used to ensure validity of the instrument. The reliability of the instrument was achieved through test re-rest method. Simple percentage analysis was employed to answer the research questions. Pearson Product Correlation Method analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. It was discovered that there is a strong and significant positive relationship between competence-based compensation and employees' performance. There was a positive significant relationship between merit based compensation and employee performance. There was a positive significant relationship between Job-based compensation and employee performance. Therefore, the study concludes that effectiveness of compensation packages has positive significant relationship with employee performance in State Ministries in Anambra State, Nigeria. The study recommends among others that every organization should formulate competency-based compensation policy, the only thing standing between the employees and a greater wage is how much they contribute and how well they perform. For an organization that had a compensation system in place, a lot of informative awareness campaign would have to be done to enable people see reasons and appreciate why merit base compensation system is necessary' for employee performance.

Keywords: Competence-Base Compensation, Merit-Based Compensation, Job-Based Compensation and Employee Performance.

INTRODUCTION

In the age of global competition, it is very essential to identify and retain the efficient, competent and knowledgeable employees in organization by developing and maintaining an effective compensation program for getting the best job performance from the employee (Aker & Moazzam, 2016). Armstrong (2005) posited that employees are the organizations key resource and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Employee's willingness to stay on the job largely depends on compensation packages of the organization. Compensation package requires integrating employee processes and information with business process and strategies to achieve optimal organizational goals and. This can be attributed to the fact that compensation package is an essential tool to integrate individual efforts with strategic business objectives by encouraging employees. In other words, compensation package 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

behaviours (Onukwube, 2012). Parker and Wright (2001) argued that compensation package system can create and sustain a competitive advantage for organizations. In recent years, the inclusion of non-financial measures have gained some popularity in compensation package, while some schools demonstrate positive effects of incorporating non-financial measures in to the compensation package system empirically (Oni-Ojo, Salau, Dirisu, & Waribo 2015).

Compensation packages entail some basic features that tend to make employees satisfy on their job amongst which includes salaries, bonuses, incentives, allowances, promotion, recognition (Werner, 2001). All these have significant impact on employee performance (Martineau, Lehman, Matwa, Kathyola & Storey 2006). However, to avoid wrong perception and controversy by the employees, compensation system must be clearly communicated to employees with job measurement which will drive the much needed performance in the employees (Yamoah, 2013 cited in Onuorah, Okeke & Ikechukwu, 2019). Hsin-His, (2011) posits that compensation is a significant tool in human resources. An effective compensation system design significantly influences organizational development by revealing external competitiveness, internal equity and individual equity. External competitiveness attracts talent, and internal equity helps companies to retain talent by ensuring that employees and colleagues making the same contributions obtain the same compensation. Individual equity allows employees to feel that their potential is fully rewarded; thus, they are encouraged (Onuorah et al., 2019). Although compensation means something different to individuals, organizations and society, it is important to all. For individuals, compensation is not only the return of benefits, but also reflects on individual's capabilities or achievements (Ali, 2009). For organizations, compensation is a cost or expenditure, as well as an important tool to obtain competitive advantages. Within society, compensation not only influences wealth distribution, but also symbolizes social equity and justice (Hsin-His, 2011). In the light of the above, the study therefore intends to holistically examine the effectiveness of compensation packages on civil servants' performance in state ministries in Anambra State.

Statement of the Problem

The compensation practices include not only salary, but also the direct and indirect rewards and benefits to the employees in return for their contribution to the organization. Some of the benefits of employee performance include health insurance, disability income protection, retirement benefits, daycare, tuition reimbursement, sick leave, vacation (paid and non-paid), funding of education as well as flexible and alternative work arrangements. Compensation is usually narrowed to cash and as a result, employers only have a tunneled vision when it comes to the issues of compensation for their employees. Other aspects of compensation which make up the total compensation package for the employee are not given much attention. Employees themselves fail to recognize the fact that their compensation is a package and not only related to cash. The by-product of the above understanding of compensation is that it is poorly managed and most of the time performance is affected adversely.

Therefore the problem the researcher intends to investigate is the effect of performance-based compensation plans, merit-based-compensation, competency-based-compensation and equity based-compensation on employees performance and understand what contributes to total compensation and how it can be better managed and linked to employee performance. The challenge for many organizations today is therefore to come up with an efficient reward strategy for retaining these core employees for the success of the organization. South Africa's public health sector is characterized by high job mobility as many health professionals leave the public sector to join the private sector. Skilled labour migration is also another problem being faced by the health sector. Pillay, (2009) stipulates that many foreign organisation especially in western countries offer better rewards than in Africa therefore many of South Africa's health professionals have been flocking overseas. This brain drain is challenge that needs to be addressed. Another challenge is that most employers are unable to predict the future needs of their employees. This is why many organisations face some difficulties in retaining their core employees. According to Birt, Wallis and Winternitz (2004) the fundamental issue for organisations are to keep track of the ever changing needs of employees so that they can become an employer of choice to employees. It is very imperative for organisations to have knowledge of these attributes so that they may be able to match their attraction and retention strategy to the needs of the workforce. Relatively, there is little published research that influences compensation packages on civil servants' performance in State Ministries in Anambra State. Therefore, this study will focus on

the effectiveness of compensation packages on civil servants' performance in State Ministries in Anambra State.

Objectives of the Study

The general objective of this study is to examine the effectiveness of compensation packages on civil servants' performance in State Ministries in Anambra State. Specific objectives are to:

- i. Examine the relationship between competence-based compensation and employee performance in State Ministries in Anambra State.
- ii. Investigate the relationship between merit-based compensation and employee performance in State Ministries in Anambra State.
- iii. Determine the relationship between Job-based compensation and employee performance in State Ministries in Anambra State.

Research Question

- i. To what extent does competence-based compensation relate with employee performance in State Ministries in Anambra State?
- ii. To what extent does merit-based compensation relate with employee performance in State Ministries in Anambra State?
- iii. To what degree does Job-based compensation relate with employee performance in State Ministries in Anambra State?

Hypotheses

- H₁: There is no significant positive relationship between competence-based compensation and employee performance in State Ministries in Anambra State
- H₂: There is no significant positive relationship between merit-based compensation and employee performance in State Ministries in Anambra State
- H₃: There is no significant positive relationship between Job-based compensation and employee performance in State Ministries in Anambra State

REVIEW OF THE RELATED LITERATURE

Conceptual Framework

Compensation package

Compensation package refers to the rewards; an employee gets after offering his/her mental and physical efforts, wherein he/she compares his/her worth. Any dissatisfaction may result into a conflict or a dispute. This dissatisfaction not only affects the performance of the employee but also imbalances the equity between human capital investment and expected returns to the organization. As such it is a most sensitive issue in any organization or Human resource package as employers, employees and the government have observed that 95% of the industrial disputes in any organization in the world are related to wage/salary or method of payments (Luthans, 2000). Compensation decisions have become more complex in this competitive age because of an unbalanced demand and supply ratio. Compensation Package refers to the establishment and implementation of sound policies, programmes and practices of employee compensation. It is essentially the application of a systematic and scientific approach for compensating the employees for their work in a fair, equitable and logical manner. Compensation Package is concerned with the compensation to employees for their work and contribution for attaining organisational goals. Obviously, it is concerned with designing and implementing total compensation package. It is also known as wage and salary administration or remuneration package (Qureshi and Sajjad, 2015).

Compensation package is defined as "the act of distributing some type of monetary value to an employee for their work by means of the company's policy or procedures". Simply put, it is the pay check plus any benefits that come with the position. It is without question, 100% critical in the search for and retention of great employees. A great pay package is a serious incentive to not only take a job, but to excel at it. The success of the HR Department in any company relies heavily on positive employee engagement. Ineffective and negative employee experiences will weaken any company. The way HR handles employee relations tends to have a major effect on moral. This is especially so when dealing with sensitive personnel matters. It's not always a walk in the park either. HR departments tend to have a direct impact on the employees of any company, large or small. HR is responsible for hiring, firing, moral, payroll and benefits. Above all, there is perhaps nothing more motivating for

employees, than compensation. It recognizes them and reinforces positive feedback through tangible pay raises and perks (Chew, 2004).

Therefore, the job of wage and salary administration has been complex and subtle, and littered with techniques to reduce the complexity and cope with the subtleties. Hence various methods to compensate the employees have been deployed but without success. Incentive payment schemes, at times have been considered as the answer to most problems. The methods of appraisal of employees have been worked out to match the performance of the employees with proper compensation, but without complete success. Compensation package means the specialist HR discipline of planning and administering everything of financial value that an employer gives an employee in exchange for their work. It includes their salary but also benefits, bonuses and rewards (Solomon, Hashim, Mehdi, & Alagbe, 2012).

The compensation package is a key factor in employee decisions to join or remain with an employer, so compensation strategy and planning is an important role in organizations that are focused on attracting and retaining the best talent. Traditionally, a senior level compensation package might have included salary, pension, bonus, share options, company car, private healthcare and life insurance. Today, leading employers are even more creative about offering tailored compensation packages that meet their target employee needs. Employees may be able to pick and mix a package that meets their needs, including extra holiday days, childcare vouchers or wellbeing benefits. Administering, managing and monitoring compensation schemes can be a complex and time-consuming HR activity. Today's advanced HR software can help to automate this process in the most efficient way for both employees and employers (Solomon, et al. 2012).

Adeoye,(2019) observed that compensation package refers to the function of human resources package, which talks about the return individuals get for executing a task within the organisation. It is the cost of doing business for many organisations, that is, employee trade labour and loyalty for financial and non- financial compensation related to wage, allowances, services, as well as recognition. It is also viewed as a propelling engine for employee performance when institutions endeavour to make them better persons by adding to employee satisfaction and development (Nzyoka and Orwa, 2016 cited in Adeoye 2019). Reward system is put in place to achieve fairness that is acceptable to both the employer and employees (Agwu, 2013 cited in Adeoye 2019). The desired outcome of compensation package is to recruit employees who are enticed to work and encouraged to serve the employer, retain them, reduce labour turnover, absenteeism and thus reduce the potential for industrial conflict (Nikonova, Uspenskaya, Voikina, 2018 cited in Adeoye 2019). The major function of HRM relating to compensation encompasses managing financial participation such as save-as-you-earn (SAYE) schemes, Share Incentive Plans (SIPs) and worker's retirement and salaries. It also involves employee engagement, fair pay, executive reward, etc. (Chartered Institute of Personnel Development (CIPD), 2005 & 2006).

Compensation package is, therefore, a major factor in attracting and retaining staff. A skilled and stable workforce enables organisations to successfully implement their strategies to gain competitive advantage over competing organisations (Ivancevich 2004 cited in Adeoye and Ziska 2014). While substantial financial resources are invested in designing, organising and managing compensation systems and despite their prominent role in determining the success and development of the firm, scholars and practitioners have lamented the slow pace of research on compensation package specifically (Kersley and Forth 2005). The design, delivery and use of compensation package have undergone major shifts to accommodate the motivational aspect of employee performance that promotes improved organisational performance.

Idemobi, Onyeizugbe and Akpunonu (2011) also sees compensation package as being based on a well-articulated philosophy- a set of beliefs and guiding principles that are consistent with the values of the organization which recognizes the fact that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to compensate people differently according to their contribution. This emphasizes the development of the skills and competencies of employees in order to increase the resource-based capability of the organization. According to Terera and Hlanganipai (2014) compensation and reward is an important feature of Human Resources Package. The compensation system that an organisation offers to its employees plays an important role in determining the commitment levels of employees and their retention. In a past study, Allen, Shore and Griffeth (2003) cited in Terera and Hlanganipai (2014) reported that employees have to differentiate

themselves from others through their compensation strategy in order to attract and retain quality employees. Therefore, an organization's compensation strategy should be able to attract the right quality of employees, retain suitable employees and also to maintain equity amongst the employees. One way through which employers can retain the workforce is through offering a good compensation package. An organization can only be successful in its retention strategy if it offers competitive, market-related pay and benefits because this motivates employees to become committed to the organization.

Employee Performance

It is first necessary to incorporate about various determinants of compensation on which previous researchers have most strongly emphasized. Walsh and Taylor (2007) have emphasized on employee and job characteristics for explaining about compensation and organizational performance. Brown, (2003) investigated the relationship between organization-level compensation decisions and job performance and they examined how companies pay structures and pay levies related to resource efficiency, patient care outcomes, and financial performance. It is observed that there are many approaches to incentive compensation such as cash bonuses, stock purchase and profit sharing and it is also examined that individual and group incentive concept can be associated with reward and compensation for business community (Werner, 2007). Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behavior (Armstrong 2000). Kenney and Reid (1996) stated that employee's performance is measured against the performance standards set by the organization. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness, quality and profitability measures (Ahuja 1992) as briefly explained hereafter. Profitability is the ability to earn profits consistently over a period of time. It is expressed as the ratio of gross profit to sales or return on capital employed (Wood & Stangster 2002). Efficiency and effectiveness - efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner 1996). Productivity is expressed as a ratio of output to that of input (Stoner, Freeman and Gilbert 1995). It is a measure of how the individual, organization and industry converts input resources into goods and services. The measure of how much output is produced per unit of resources employed (Lipsey 1989). Quality is the characteristic of products or services that bear an ability to satisfy the stated or implied needs (Kotler & Armstrong 2002). It is increasingly achieving better products and services at a progressively more competitive price (Stoner 1996).

Every organization has been established with certain objectives to achieve. These objective scan be achieved by utilizing there sources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important (Ahmad, Wasay, & Malik 2012). It plays an important role in performing tasks for accomplishing the goals. The question arises on how these resources are utilized by manpower. Further, the business environment is changing drastically and the environmental factors are uncontrollable beyond package of the firms. One has to adjust with the external factors to do the business in the market. Every environmental factor like social, cultural, legal, political, economic, technology and competition gets changed very fast. For effective working the knowledge of these factors is must otherwise the plan will misfire. In present situation it is difficult to predict about anything (Ahmad, Wasay, & Malik 2012).. It is uncertain to say what will happen tomorrow. Again the need for highly skilled and dedicated manpower is felt who can give the best output. Nowadays the markets are also very competitive and there is cut throat competition. For every organization it is difficult to start, survive, stabilize and excel in the business. The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on job is the most important factor for development and excellence in business.

Performance of the employee is considered as what an employee does and what he doesn't do. Employee performance involves quality and quantity of output, presence at worker, accommodative and helpful nature and timeliness of output. According to the results of the study conducted by Yang (2008) on individual performance showed that performance of the individuals cannot be verified. Similarly he asserts that organizations can use direct bonuses and rewards based on individual performance if employee performance is noticeable (Yang, 2008). In line with Yang (2008), Bishop (2007) investigated employee performance and revealed that acknowledgment and recognition and

reward of performance of employees direct the discrimination between worker productivity. Moral and productivity of worker is highly influenced by the effectiveness of performance of an organization and its reward package system (Yazıcı, 2008). To satisfy customers, firms do much effort but do not pay attention on satisfying worker. But the fact is that customer would not be satisfied until and unless workers are satisfied. Because, if worker are satisfied, they will do more work therefore ultimately customers will be satisfied (Ahmad, Wasay, & Malik 2012). Workers performance is actually influenced by motivation because if worker are motivated then they will do work with more effort and by which performance will ultimately improve (Azar & Shafiqhi, 2013). As noted by Draft (1988), it is the responsibility of the organizations managers to ensure that the organizations strive to and thus achieve high performance levels. This therefore implies that managers have to set the desired levels of performance for any periods in question. This they can do by for example setting goals and standards against which individual performance can be measured. Companies ensure that their workers are contributing to producing high quality products and/or services\through the process of workers performance package. This package process encourages workers to get involved in planning for the company, and therefore participates by having a role in the entire process thus creating motivation for high performance levels. It is important to note that performance package includes activities that ensure that organizational goals are being consistently met in an effective and efficient manner. Performance package can focus on performance of the workers, a department, processes to build a product or service, etc. Earlier research on performance of workers has showed that workers who are satisfied with their job will have higher job performance, and thus supreme job retention, than those who are not happy with their jobs (Landy 1985). Kinicki & Kreitner (2007) document that workers performance is higher in happy and satisfied workers and the package find it easy to motivate high performers to attain firm targets.

Theoretical Framework

Equity Theory by Adams (1965)

The theoretical foundation provides an understanding of the concepts of compensation and employee performance and the linkage between the two concepts. The study is anchored on and equity theory. The theories explain employee's behavior, attitudes and perceptions arising out of compensation and employee performance. A linkage between compensation and employee performance is derived from employee's behavior to various elements of compensation. This is because most empirical studies have relied heavily on these theories as the baseline theory when discussing effectiveness of compensation and employee performance (e.g.; Greenberg, 1990, 1997; Rishipal and Manish, 2013; Antoncic and Antoncic, 2011, and Adams, 1965). Equity Theory by Adams (1965) is a comparative analysis by an employee of the rewards he receives in relation to those of others who are in a similar position, with equal qualifications and carrying similar tasks in form of effort, time and skills requirement. Out of comparison, employee develops a perception towards the rewards which in turn influence his behavior towards work and the organization. Equity theory is shaped by two ratios used in the reward analysis; my pay vs. others pay; and my position on dimension relative to pay vs. others position on dimensions relative to pay. Inequality arising out of any of the ratios will be interpreted as inequity leading to dissatisfaction and low level employee performance to work and the organization. Anvari *et al.* (2011) points that the consequence of perceived inequalities results to behaviors of; reduced commitment, psychological stress, reduced quality of out-put or reduction of effort in an attempt to rationalize the inequality. Rajiv *et al.* (2000) provides a number of moderating factors to the employee perception towards the analyzed comparison. The internal moderating factors included; valence, clarity of structure, fairness in salary administration and future plans of an employee. External moderating factors are; industrial practice, competitors willingness to absorb the employee in case he leaves the organization and communication channels provided to air the pay grievance. Organizations need to exercise equity in compensation through carrying out salary market survey, adopting pay-skill-performance system, openly communicating compensation policy of the organization and promptly dealing with salary grievances (Armstrong, 2001). Rewards procedural justice serves to influence employee commitment because employees interpret fairness from the organization where inequities are perceived (Pare *et.al*, 2007).

According to Adams (1965), equity theory focuses on determining whether the distribution of resources is fair to both relational partners. It proposes that individuals who perceive themselves as

either under-rewarded or over-rewarded will experience distress, and that this distress could lead to efforts to restore equity within their national cycle. It focuses on determining whether the distribution of resources is fair to both relational parties. Equity is measured by comparing the amount of contributions and benefits of each person within the relationship. Partners do not have to receive equal benefits or make equal contributions, as long as the ratio between these benefits and contributions is similar. Equity theory acknowledges that subtle and variable individual factors affect each person's assessment and perception of their relationship with their relational partners (Adams, 1965). In any case, an employee wants to feel that his contributions and work performance are being rewarded with his pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps his co-workers, which may result in the employee not performing well at work anymore. It is the subtle variables that also play an important role in the feeling of equity. Just the idea of recognition for the job performance and the mere act of thanking the employee will cause a feeling of satisfaction and therefore help the employee feel worthwhile and have better outcomes. Adams (1965) proposes assumptions of equity theory as follows: Individuals seek to maximize their outcomes. Groups can maximize collective rewards by developing accepted systems for equitably apportioning rewards and costs among members. When individuals find themselves participating in inequitable relationships, they become distressed. Individuals who perceive that they are in an inequitable relationship attempt to eliminate their distress by restoring equity. The greater the inequity, the more distress people feel and the more they try to restore equity.

Equity theory has been widely applied to business settings by industrial psychologists to describe the relationship between an employee's motivation and his or her perception of equitable or inequitable treatment. In a business setting, the relevant dyadic relationship is that between employee and employer. Equity theory in business, however, introduces the concept of social comparison, whereby employees evaluate their own input/output ratios based on their comparison with the input/outcome ratios of other employees (Poole, 2007). Inputs in this context include the employee's time, expertise, qualifications, experience, intangible personal qualities such as drive and ambition, and interpersonal skills. Outcomes include monetary compensation, perquisites, benefits, and flexible work arrangements.

The theory was related to the study because of the set of variables formed into propositions, that specify the relationship among variables, typically in terms of magnitude or direction (Creswell, 2007). A theory explains how and why the variables are related, there by acting as a bridge between the variables. The key theories on organizational justice and organizational directed employee performance that are relevant to the study variables are reviewed in this theory. The concepts of effectiveness compensation and employee performance are today being supported, developed, and understood using a variety of theoretical frameworks and models of equity theory (Greenberg, 1987).

Empirical Review

Several studies have been conducted in Nigeria and other countries on the issue of compensation package and job performance as it relates to different spheres of human systems such as business, education and public organizations. For example Adeoye, (2019) examined the compensation package and workers' motivation in the insurance sector. This study employed a non-experimental design using questionnaires as a measuring instrument to gather information. There were 250 questionnaires administered, 213 collected while 212 (84.4%) thereof were found to be usable. By employing the Pearson product moment correlation coefficient, it was discovered that association exists between reward administration and workers' motivation but a weak one. It was revealed that in Nigeria insurance industry, compensation package bears a minimal influence on the enthusiasm of workers'. It is hence recommended that remuneration package of workers' in the insurance industry in Nigeria should be given priority by carrying out periodic review of the salary and making it at par with other industries in the financial sector of Nigeria.

Onuorah, Okeke, and Ikechukwu, (2019) examined the effect of compensation administration and employee performance in Nigeria organization. The study aims at investigating the influence of performance based compensation, competency-based-compensation and equity based-compensation on employee performance. Relevant conceptual, theoretical and empirical literatures were reviewed. The study was anchored on Human Capital Theory and Expectancy Theory. The study adopted

descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State. The sample size for the study consists of 257 employees drawn from the population of the study. The sample consists of entire population. The instrument for data collection is a structured questionnaire. The face content validity of the instrument was employee. The instrument was trial-tested on a representative sample of 20 employee randomly selected of Anambra State. In analyzing the data for the null hypotheses, Z-test was used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on employee performance in Nigeria organization. Competency based compensation has no negative significance effect on employee performance in Nigeria organization. Performance based compensation has no negative significance effect on employee performance in Nigeria organization. Therefore the study concludes that compensation administration has significance effect on employee performance in Nigeria organization.

Opara (2019) Compensation Package as a tool for achieving organizational objectives in American International Insurance Company PLC.. The study employed secondary and primary methods of data election. Postulated and investigated four hypotheses. The major instrument for data collection includes the questionnaire oral interview and observation. The data generated from the survey were analyzed using frequency distribution, percentage, rank order and the mean. The major findings include that prior to the Central Bank Reforms, Insurance institutions was a common phenomenon in Nigeria which was unable to attain the level of sophistication and advancement as those in the developed nations but with rapid development in the sector based on advancement in technology the industry has taken a dramatic turn A well established and properly managed employee compensation scheme could lead to higher performance therefore, the first hypothesis was upheld. The second hypothesis of the study was rejected based on the fact that out of the eleven principles listed seven of them scored more than 50% respectively.

Afdalin and Al-Mahmud (2019) studied the influence of compensation and organizational culture on workers performance: A Study on IT Firms of Dhaka, Bangladesh.. A total of 204 workers of different IT firms of Dhaka were randomly selected as sample of the study responding to a structured questionnaire. The study incorporated Pearson Correlation and Multiple Regression analysis to analyze the data. The results exhibit the relationship and also demonstrate the impact of total compensation of workers and organizational culture on workers performance. The core findings of this study will benefit the user especially from the IT sector to identify the factors that increase the performance level of any IT personnel as the cumulative workers performance is the organization's performance. The study is to be the first to explore the impact of Compensation and Organizational Culture on Workers performance in urban context of Bangladesh.

Onuorah, Okeke and Ibekwe (2019) conducted a study on compensation package and workers performance in Nigeria. This study examines the effect of compensation package and workers performance in Nigeria organization. The study adopts descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State. The sample size for the study consists of 257 workers drawn from the population of the study. The sample consists of entire population. The instrument for data collection is a structured questionnaire. The face content validity of the instrument was workers. The instrument was trial-tested on a representative sample of 20 workers randomly selected of Anambra State. In analyzing the data for the null hypotheses, Z-test was used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on workers performance in Nigeria organization. Competency based compensation has no negative significance effect on workers performance in Nigeria organization. Performance based compensation has no negative significance effect on workers performance in Nigeria organization.

Jerome Idiegbeyan-Ose, & Aregbesola, (2019) examined the relationship between motivation and job satisfaction of staff in private University Libraries, Nigeria. The study adopted survey research design, the population consisted of all the 361 library staff in the private university in South-West, Nigeria, and total enumeration was used. The research instrument used was a questionnaire, which was validated by experts in the field of library and information Science and human resources package. The results show that the library staff job satisfaction was low, while their motivation level was high. The finding also revealed relationship among the variables of motivation and job satisfaction. ($r=0.036$, $N=305$, $P<0.05$). Therefore, the study concluded and recommended that the staff should be

more recognize and be more motivated in terms of intrinsic motivation, this will eventually, increase their satisfaction.

Mabaso and Dlamini (2017) examined the impact of compensation and benefits on job satisfaction. This study employed the quantitative research method to investigate the influence of rewards on talent attraction and retention. An explanatory hypothesis generating approach was employed and a survey design was used to collect data through a semi-structured questionnaire. A sample of 279 academic staff, which was the total population of participants were selected for this study. Results: A positive and significant effect of compensation on job satisfaction ($p = 0.263$). Moreover, there were no significant effect between benefits and job satisfaction. Therefore, only compensation significantly predicted job satisfaction among academic staff. In conclusion; The practical managerial implications that are attracting and retaining the new generation of lecturers into higher education institutions will require substantially different skills and attractive employment offers than what the higher education institutions presently offer.

Uwizeye and Muryungi (2017) examined the influence of compensation practices on workers performance of tea companies in Rwanda: A case study of Rwanda Mountain Tea. Competitive environment, compensation system of the company has direct impact on its workers performance. The total populations of this study were 440 workers from 3 tea companies and the sample size were 205 workers of Rwanda Mountain Tea. In this study researcher was used questionnaire as data collection instruments. The compensation practices have an overall correlation workers performance of 0.801 which is strong and positive relationship between two variables. This means that approximately 80.1% variations of compensation practices were explained by the workers performance at 5% level of significance. Pearson correlation coefficient, ($r=0.862$) shows that there is a positive and high correlation between Compensation practices and workers performance in Rwanda Mountain Tea. This means that the Compensation practices have big contribution on workers performance in Rwanda Mountain Tea. The Tea Company is one of the vital sectors necessitating the growth and development of Rwanda economy, therefore, it is vital for Company to embark on effective compensation package policies that will protect and promote workers performance.

Oburu and Atambo (2016) examined the effect of compensation on workers performance of micro-finance institutions: A case of WakenyaPamoja Sacco, Kisii County, Kenya. A compensation system is based on the expectancy theory, which suggests that workers are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive. It was the intention of this study that upon realization of the objectives, the findings of this research study would be of great significance to researchers and scholars, the government and the existing body of knowledge related to the field of study in improving the overall workers performance and operations of the microfinance institutions. This study was done in the month of December 2015. It targeted microfinance institutions in Kenya with specific reference to WakenyaPamoja Sacco in Kisii County. The target population was determined using a census survey method since the population under study was small. All the 65 workers of Wakenya Pamoja Sacco-Kisii participated in the study. To collect data, the researcher used questionnaires which were distributed to all respondents. To ensure validity, a pilot study was done. For reliability, questions were discussed with the supervisors prior to collection of data. The data was then analyzed both quantitatively and qualitatively. The study established that indeed the Micro finance industry especially Wakenya Pamoja Sacco-Kisii, does employ Non-financial compensation and incentives to motivate workers, drive up their performance as well as to retain staff.

METHODOLOGY

Research Design

The research design adopted in this study is descriptive survey design. The study was carried out in Anambra State of Nigeria. This study made use of primary and secondary data. The population consists of all the civil servants in the five (5) selected ministries: Ministry of Workers (146), Ministry of Justice (182), Ministry of Health (607), Ministry of Finance (270), Ministry of Information (218). The executive members of all Labour Unions in the Civil Service of Anambra State were selected. Also the Directors and Head of Departments who are charged with compensation issues in the State's Ministry of Labour and productivity were selected. A total of 1,423 civil servants made up the population of the ministries under review. The sample was determined using Krejcie and Morgan

sampling table based on the total number of the population frame of 1,423. Based on their sampling table, 302 respondents from the five selected ministries were selected for the study. The study adopted quota sampling method. The study deals with quantitative and qualitative data. The quantitative data were derived through questionnaire. Face and content validity method was used to ensure validity of the instrument in this study. The reliability of the instrument was achieved through the application of a method known as test re-rest. The need to enhance easy comprehension and analysis prompted the use of the frequency distribution table to present the data gathered. Simple percentage analysis was employed to answer the research questions. Pearson Product Correlation Method analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The statistical package for social sciences (SPSS) version 21 was employed to test the hypotheses.

DATA PRESENTATION AND ANALYSIS

Questionnaire Distribution and Return

Table 1 below shows the number of questionnaire distributed, the numbers retrieved and the number deemed suitable for the analysis. Note that the copies of the questionnaire not properly filled were not fit for screening requirements and therefore not be used for the analysis.

Table 1 Questionnaire Distribution and Return

Option	Customers	Percentage
Number Distributed	302	100%
Number Return	302	100
Number Properly Filled	300	99.4
Number Properly Filled	2	0.6

Source: Field Survey, 2021.

Table 1 showed that a total of three hundred and two (302) copies of the questionnaire were distributed to the respondents, out of which three hundred and two was return. Out of three hundred and two were properly filled. Two copies were not properly filled and were not found relevant to the study. Therefore, the analysis in this section was based on the three hundred relevant copies.

Testing of Hypotheses

Hypotheses’ testing is necessary in order to ascertain the authenticity or negativity of the assumption or claims made by the researcher before the actual investigation was carried out. As earlier stated in chapter three, the statistical tool adopted for testing the hypothesis formulated for the study is Pearson Product Correlation Method.

Hypotheses one

H₀: There is no significant positive relationship between competence base compensation and employee performance in State Ministries in Anambra

H₁: There is a significant positive relationship between competence base compensation and employee performance in State Ministries in Anambra

Decision Rule: in interpreting the strength of relationship between the variables, the guideline given by Osisioma (2009): from 0.0 to ± 0.2 = slight/no correlation, 0.2 to ± 0.4 = low correlation, 0.6-0.8 = strong correlation and 0.9 to ± 1.0 = very strong/perfect correlation

Table 2: Result of Pearson product-moment correlation analysis between competence base compensation and employee performance

		Correlations		
		Competence Base Compensation	Base	Employee Performance
Competence Base Compensation	Pearson Correlation	1		.769**
	Sig. (2-tailed)			.000
	N	300		300
Employee Performance	Pearson Correlation	.769**		1
	Sig. (2-tailed)	.000		
	N	300		300

****.** Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey, 2021

Interpretations

Table 2 presents result of Pearson Product Moment Correlation (PPMC) test on the relationship between competence base compensation and employee performance. The correlation table revealed that there is a strong and significant positive relationship between competence base compensation and employee performance ($r = 0.769, p < 0.05$). This implies that competence base compensation increase employee performance among civil service in State Ministries in Anambra. Therefore, the finding indicates that there is a significant positive relationship between competence base compensation and employee performance. Based on this result, the null hypothesis one (H_{01}) which states that there is no significant relationship between competence base compensation and employee performance is hereby rejected.

Hypotheses Two

H_0 : There is no significant positive relationship between merit base compensation and employee performance in State Ministries in Anambra State

H_{01} : There is a significant positive relationship between merit base compensation and employee performance in State Ministries in Anambra State

Decision Rule: in interpreting the strength of relationship between the variables, the guideline given by Osisioma (2009): from 0.0 to ± 0.2 = slight/no correlation, 0.2 to ± 0.4 = low correlation, 0.6-0.8 = strong correlation and 0.9 to ± 1.0 = very strong/perfect correlation

Table 3: Result of Pearson product-moment correlation analysis between merit base compensation and employee performance

		Correlations		
		Merit Compensation	Base	Employee Performance
Merit Base Compensation	Pearson Correlation	1		.790**
	Sig. (2-tailed)			.000
	N	300		300
Employee Performance	Pearson Correlation	.790**		1
	Sig. (2-tailed)			.000
	N	300		300

****.** Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey, 2020

Interpretations

The correlation in Table 3 shows that there is a significant relationship between merit base compensation and employee Performance. The Pearson’s product moment correlation coefficient values reveal a strong positive and significant correlation between merit base compensation and employee performance ($r = .790, at p < 0.05$). This implies that an increase in merit base compensation will increase employee performance of civil service in State Ministries in Anambra State. Based on the findings, the study therefore rejects the null hypothesis two (H_0) which states that there is no significant relationship between merit base compensation and employee performance of civil service in State Ministries in Anambra State

Hypotheses Three

H_0 : There is no significant positive relationship between Job-based compensation and employee performance in State Ministries in Anambra State

H_{01} : There is a significant positive relationship between Job-based compensation and employee performance in State Ministries in Anambra State

Decision Rule: in interpreting the strength of relationship between the variables, the guideline given by Osisioma (2009): from 0.0 to ± 0.2 = slight/no correlation, 0.2 to ± 0.4 = low correlation, 0.6-0.8 = strong correlation and 0.9 to ± 1.0 = very strong/perfect correlation

Table 4: Result of Pearson product-moment correlation analysis between Job-based compensation and employee performance

		Correlations	
		Job-based Compensation	Employee Performance
Job-based Compensation	Pearson Correlation		.813**
	Sig. (2-tailed)		.000
	N	300	300
Employee Performance	Pearson Correlation	.813 **	1
	Sig. (2-tailed)	.000	
	N	350	350

****. Correlation is significant at the 0.05 level (2-tailed).**

Source: Field Survey, 2020

The correlation in Table 4 shows that there is a significant relationship between Job-based compensation and employee performance. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between Job-based compensation and employee performance ($r = 0.813$, at $p < 0.05$). This implies that an increase in job-based compensation reliability will increase employee performance in civil service in State Ministries in Anambra State.. Based on the findings, the study therefore rejects the null hypothesis three (H_0), which states that there is no positive significant relationship between job-based compensation and employee performance in civil service in State Ministries in Anambra State.

DISCUSSION OF FINDINGS

This study investigates effectiveness of compensation package and employee performance in Nigeria organization. The discussion of the study was done in line with the objectives of the study. It also relates to the field finding with relevant literature and its marketing implications.

Competency Based Compensation and Employee Performance

The findings of the study in table 2 showed that all the respondents were in agreement that competency based compensation has a positive significance effect on employee performance in civil service in State Ministries in Anambra State. This finding also agrees with Liebegott (2015) that competency-based compensation policy is a pay structure that rewards employees based on how well they perform in the workplace, rather than the hierarchy of their position or years of experience. This is clearly supported by Olagunju (2019) and Osti (2016) found out that competency based compensation increase employee performance, Bench making, it was found that most employers use competency based compensation for personal process in recruitment, selection training and development rather than rewards. Moisiu (2003) in his research on compensation package found that in rewarding one of the current areas of interest is competency based pay.

Merit Pay Base Compensation and Employee Performance

The findings of the study in table 3 showed that majority of the respondents were in agreement that there is a significant positive relationship between merit base compensation and employee performance in State Ministries in Anambra State. This finding agrees with Fein, 2016, Pearce, Stevenson, & Perry, 2015 and Dyer & Schwab, 2012 who reported that there is an effect of merit pay compensation system on employee performance; they ascertain that merit pay may be an appropriate method of improving organizational performance.

The finding is also supported by Day, Holladay, Johnson & Barron 2014; Newman et al. 2017; Osterloh 2014) that posit that merit pay compensation is often viewed as a creative compensation system whereby the allocation of additional payments (e.g., extra rewards or variable pay) besides a basic-fixed salary scale has been determined to every employee based on the equity principle; namely performance, skills, knowledge, competency and/or productivity in question.

Job-based Compensation and Employee Performance

The findings of the study in table 4 showed that majority of the respondents were in agreement that there is a positive significant relationship between Job-based compensation and employee performance in State Ministries in Anambra State. This is in line with Milkovich (2013), Gomez (2012), DeNisi and Griffin (2008) researcher that concluded a positive significant relationship between Job-based compensation and employee performance who ascertained that Job-based

approach is the most traditional and widely used type of compensation plan. According to Job-based compensation structure typically contrasts a skill-based structure in that you are paid based on the responsibilities of a position rather than your personal skills.

Summary of Findings

The study investigates effectiveness of compensation packages on civil servants' performance in State Ministries in Anambra State. Data generated from the selected were tested using descriptive statistics and inferential statistics. The findings of the study are summarized as follows:

1. There is a strong and significant positive relationship between competence base compensation and employee performance ($r = 0.769$, $p < 0.05$). This implies that competence base compensation increases employee performance among civil service in State Ministries in Anambra.
2. There is a significant positive relationship between merit base compensation and employee Performance. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between merit base compensation and employee performance ($r = .790$, at $p < 0.05$). This implies that an increase in merit base compensation will increase employee performance of civil service in State Ministries in Anambra State.
3. There is a significant positive relationship between Job-based compensation and employee performance. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between Job-based compensation and employee performance ($r = 0.813$, at $p < 0.05$). This implies that an increase in job-based compensation reliability will increase employee performance of users of civil service in State Ministries in Anambra State

CONCLUSION

From the analysis it was discovered that Competency based compensation, merit base compensation, and Job-based compensation significant relationship with employee performance. Therefore, the study concludes that effectiveness of compensation packages had positive significance relationship with employee performance in State Ministries in Anambra State, Nigeria.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations were made:

1. Every organization should formulate competency-based compensation policy, the only thing standing between the employees and a greater wage is how much they contribute and how well they perform.
2. For an organization that has a compensation system in place, a lot of informative awareness campaign would have to be done to enable people see reasons and appreciate why merit base compensation system is necessary' for employee performance.
3. Package should put in place job-based compensation other factors that are not monetary inclined which will enhance the performance of employees positively. Factors like employee's sense of belonging, job safety, leadership, control and decision making.

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