**CHAPTER ONE**

**INTRODUCTION**

* 1. **Background of the Study**

Compensation Management is one of the most complex and dynamic issues in organizational performance. For an organization to achieve its stated objectives, there is the need to effectively manage compensation, taken into cognizance one of the core aspect of resource management known as compensation management (Anyebe, 2003). The ability of a manager to achieve its stated objectives to a large extent depends on the effective implementation of compensational packages in order to motivate the subordinates and employees within and beyond their expectation. Compensation Management plays a crucial and functional role because it is the heart beat of human resource management. It is also vital to both employees and the employer (Begbie, Bussin, & Schurink, 2011). This is because employees typically depend on wages and salaries, and must be equivalent to the work done. However, to managers, compensation decisions influence the cost of doing business and thus, their ability to sell at a competitive price in the product market (Barry et al, 1995) It is an obvious fact that effective implementation of favorable compensation management will not only aid in stabilizing and retaining employees but also helps in reducing labour turnover within the organization. Employees’ compensation can be seen as all forms of financial returns and tangible benefits that employees receive as part of an employment relationship. It can be referred to as the totality of the financial and non-financial rewards an employee receives in return for his/her labor or services (Bernadin 2005).

Sola & Ajayi (2001) see compensation management as a process of establishing the structure of wages level for the various positions designing incentive systems, setting individual wages and incentives within the established structures. It is an integral part of human resources management that affects the performance of employees because it establishes the degree of relationship between employer and the employee. The manufacturing sector is one of the sectors responsible for the food and beverage industry. It is one of the sub-sectors of the manufacturing sector but responsible for the manufacturing of daily products, beverages, seasoning, convenience foods confectionaries and staple foods (Harrison, & Liska, 2008).

The turbulent management-labour crisis over continuous agitation for increased pay in the public services all over the world is challenging public sector organizations to utilize their employees more effectively to improve organizational performance (Hewitt, 2009). In Nigerian Civil Services, pay has become the driving force for seeking employment in the industry. It therefore becomes imperative that organizations establish and adopt a compensation system that can motivate employees to work while at the same time not eating too deep into the organization’s resources New Delhi (Chiang, & Birtch, (2008). Remuneration does not simply compensate employees procedures that will attain maximum return on Naira spent in Compensation is payment in the form of hourly wages or annual salary combined with benefits such as insurance, vacation, stock options, etc. that can positively or negatively affect an employee's work performance. Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness (Danish & Usman, 2010).

Employees are pivotal to the achievement of organisational goal and enhancing the competitive advantage of the organisation in the global world and within the industry where the business firm is operating. Hence the leadership role of the employee’s in achieving this cannot be underestimated and to this done adequate measure must be put in place by the organisation through well managed compensation structure (Pearce, 2010). Therefore, compensation management as one of the fundamental functions of human resource department is meant to attract, retain, developed employees toward attaining organisational effectiveness, efficiency and competitive advantage in the globalised world (Adeoye, 2001; Tsai, 2005; Adeoye, Elegunde, Tijani & Oyedele, 2012).

Compensation management is a veritable instrument that affects the decision of job applicants and employees within the organisation. It has aided the firms to achieve their competitive edge over their competitors in the industry (Heneman & Judge, 2000; Ivancevich, 2004; Hyondong, 2006). Furthermore, a lot of monetary resources are invested on crafting, organising as well as administering organisational remuneration arrangement. Despite its vital contribution toward the success and development of the firm, scholars and even practitioners have lamented that there is a slow pace in the advancement of compensation research (Heneman & Judge, 2000; Kersley & Forth, 2005). In most recent times, the plan release cum adoption of reward management, have gone through a major shift that are dramatic in nature. This has reflected the motivational aspect in the employees’ leadership roles and performance (Heneman & Judge, 2000; Purcell et al., 2003).

In the context of organisational effectiveness, leadership roles cannot be underestimated and the critical existence of an organisation is largely anchored on the leadership that exists within the sphere of the firm. It is reiterated that the wire link between the vision, strategic direction and change of the organisation is leadership. Leadership has been in existence for as long as people on earth have co-existed and it is present in all the cultures (Rukmani et al., 2010; Fibuch, 2011). Bontis and Serenko (2009) and Ilies et al., (2006) viewed leadership from the managerial perspective and opined that managerial leadership is the grace to be able to encourage, arouse, mentally excite, propagate, anchor, visibly coordinates the organisational goals, and show good examples to subordinates. Articulate leaders must be ready to give feedbacks about the different aspects of the subordinates’ effort that may have positive result on self-efficacy, job satisfaction, and commitments of employees with focus on areas of improvement (Shea and Howell, 2009; Jawahar, 2006; Bontis & Serenko, 2009).

**1.2 Statement of the Problem**

In today’s work environment, there is more change and uncertainty, there is increased need for empowered employees, there is decline in traditional incentives, there is rise of nontraditional incentives and there is increased use of variable compensation. In organization, 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. The company has also attempted to give attention to employee compensation strategies. However, employees themselves have failed to recognize the fact that their compensation is a package and not only related to cash. The byproduct of the above understanding of compensation strategy is that it is managed to a moderate extent and most of the time employee performance could be affected and vice versa. The study therefore sought to address this gap by investigating the effect of compensation management in organizational performance.

**1.3 Objective of the Problem**

The main objective guiding the study was to investigate the effect of compensation management in organizational performance: a case study of Copen Group

The specific objectives are:

1 to determine the extent at which compensation management affect employee’s performance in Copen Group

2 To access the rate at which welfare services affect employee’s performances in Copen Group

3 To explore relationship between compensation management and improved productivity in Copen Group

4 To explore the relationship between compensation management and retirement of staff in Copen Group

**1.4 Research Questions**

1 What is the extent at which compensation management affect employee’s performance in Copen Group?

2 what is the rate at which welfare services affect employee’s performances in Copen Group?

3 what is the relationship between compensation management and improved productivity in Copen Group?

4 what is the relationship between compensation management and retirement of staff in Copen Group?

**1.5 Hypothesis**

**Hypothesis One**

**Ho:** Compensation management does not affect employee’s performance in Copen Group

**Hi:** Compensation management affect employee’s performance in Copen Group

**Hypothesis Two**

**Ho:** welfare services does not affect employee’s performances in Copen Group

**Hi:** welfare services affect employee’s performances in Copen Group

**Hypothesis Three**

**Ho:** there is no significant relationship between compensation management and organization

**Hi:** there is a significant relationship between compensation management and organization

**Hypothesis Four**

**Ho:** there is no significant relationship between compensation management and retirement benefits of staff

**HI:** there is a significant relationship between compensation management and retirement benefits of staff.

**1.6 Scope of the Study**

The study covers only Copen Services Limited which is articulated and organised firm with diversified interests in Real Estate, Construction, Services, and Consultancy.   
  
Copen Services Limited is the fruit of the desire of a number of young, honest, knowledgeable and experienced professionals, with over 20 years cognate post-graduation/practical experience in public and private service, to pool together their resources for the service of humanity.

**1.7 Significance of the Study**

Compensation management in organization is an important business approach because it can enhance a company’s ability to achieve the ultimate goal and gain competitive advantage over its competitors.

This study is important for organization, employees, academia and even government. Customers will have access to better and qualitative services from the organization. Employees can also have improved conditions of service due to better organizational performance. Organizations can gain in terms of superior performance. The research can also benefit the academia in terms of addition to knowledge.

**1.8 Limitation of the Study**

There always exist many constraints militating against a good research work. Among these limitations/ constraints include the unwillingness attitude of some individuals and civil servants to come up with relevant information, for some reasons best known to them.

Another constraint is that of reaching to the appropriate respondents. Most of our respondents do not reside where they can be easily reached and this posed a problem for the researcher.

Besides, some of the respondents subjected the researcher to some rigorous bureaucratic process thereby making it hard for the researcher to get some relevant information needed for the study and this also posed a limitation to the researcher.

However, despite these constraints, the research was successfully carried out through persistence and perseverance.

**1.9 Definition of Operational Terms**

**Compensation:** The process of concealing or offsetting a psychological difficulty by developing in another direction.

**Management:** the process of dealing with or controlling things or people

**Organization:** an organized group of people with a particular purpose, such as a business or government department.

Performance: the action or process of performing a task or function.

**Business:** A business is an organization or enterprising entity engaged in commercial, industrial or professional activities. A company transacts **business** activities through the production of a good, offering of a service or retailing of already manufactured products

**Profit:** a financial gain, especially the difference between the amount earned and the amount spent in buying, operating, or producing something

**Money:** Money is any item or verifiable record that is generally accepted as payment for goods and services and repayment of debts in a particular country or socio-economic context.

**Productivity:** the effectiveness of productive effort, especially in industry, as measured in terms of the rate of output per unit of input.

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**CHAPTER TWO**

**LITERATURE REVIEW**

**Conceptual Framework**

**2.1.1 Compensation Management**

The issue of compensation management is one of the important functional areas of human resources. Compensation administration, involves salaries and wages which are singular factors that are crucial in motivating employees to achieve set up goals. As such therefore, wages are part of the major factors in the economic and social life of those that work in the private sector of any society. In developed societies, the total wages of manual workers average 40 per cent or more of the whole national income. Wage earners form a percentage of the labour force (Robinson, 2010). Salaries are the money paid to the employees on monthly basis with other benefits attached to guarantee the employment. Salaries are also the reward for work and enhance recruitment, retain and motivate the employees (Robinson, 2010; Yusuf, 2014).

Adeoye et al., (2012) view compensation management inform of salaries and wages that are of paramount interest to both the workers, employers and state who the major players in industrial relations, of which they may jointly have vested interest in increasing the total quality of goods and services produced, from which wages, profits and revenues are obtained. Similarly, Harrison and Liska (2008) contend that remuneration is the connecting rod of employment contract between the employer and supplier of labour which is basically the main objective which motivates people to work. This embraces all kinds of rewards; both intrinsic and extrinsic are offered as a result of being employed by the organisation. Brown (2003) views compensation as a return in exchange between the employer and employees themselves and as an entitlement or gratification for being engaged by the organisation, or as remuneration for a well-executed job. Employees ’remuneration depends not only on the jobs they are holding but also on the function of individual performance, group or team work, or whole organisation as well as differences in employee qualities such as years of experience, seniority, educational qualifications, geographical location, bargaining strength and skills (Gehert & Milkovich, 2012: 417).

Idemobi, Onyeizugbe and Akpunonu (2011) view “compensation management as a tool for improving organisational performance” in the public sector of a state in Nigeria. They contend that there is no significant relationship between financial compensation of public staff and their performance and that the compensation earned is not measurable with the staff effort. They stress that reformed programmes of the government have no corresponding and significant effect on the financial compensation policies and practices in the public sector in Nigeria due to improper compensation management. Werner and Ward (2004) argue that for the continuous existence of an organisation, rewards have been accepted as a major motivational factor that gingers employees’ to put in their best as well as an essential tool and cost for organisations. The perceptions about the construct reward system; its influence on organisation’s structure, system, strategies, and employees has been an area of concern for research. Werner and Ward (2004) focused on recent compensation research which is characteristically eclectic. The objectives of compensation are attracting, equitable, balanced, security, cost effective, incentive-providing, retention and competitive position (Nickels et al., 1999; Ivancevich, 2004)

**2.1.2 Types of Compensation**

There are various forms of compensation and nearly all these forms of compensation can be categorised into four broad types (Muchinsky et al.; 2008). The four broad types are:

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 paid to people that are permanently employed and this is at a fixed weekly, monthly, or annual rate of pay. Incentive Plans: This is an additional compensation which is above and beyond the employees wage or salary provided. It may be long term or short term in nature. 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 in organisations may have other privileges such as the usage of company vehicles/cars, club membership or travelling allowance. These privileges may be a substantial part of compensation, especially for the executives. DeCenzo and Robbins (2007) and Khan et al., (2011) explored compensation/reward management and they submitted that rewards are of three major types which are as follows:

Intrinsic and Extrinsic Rewards: Intrinsic rewards are self-generated rewards which are anchored on self-contentment arising from the job itself and this often referred to as intangible rewards such as being part of a team, ego as a result of achieving a goal and self-importance and satisfaction arising from one’s own work/effort. While extrinsic rewards are emoluments provided by the superiors such as salary increment, bonus, sales commission etc. and this is also referred to as the tangible rewards.

Financial and Non-financial Rewards: Financial rewards are the rewards received by employees in monetary forms and this assists the employees to boost the financial and social status. But non-financial rewards is made up of inexpensive rewards to heighten the employees morale like long service award, best employee of the year etc.

Performance-based and membership-based Rewards: Firms equally offer rewards to its employees based on their membership in that organisation or on the basis of accomplishing high performance.

* + 1. **Leadership**

The critical survival of an organisation is largely anchored on the leadership that exists within the sphere of the firm. It is the wire link between the vision, strategic direction and change of the organisation. Leadership has been in existence for as long as people on earth have co-existed and it is present in all the cultures (Rukmani et al., 2010; Fibuch, 2011).

Leadership because of its relevance in organisations has been looked into by various authors and it has been defined as the process by which a manager made an attempt to influence a task related activity on his/her subordinates (Eze, 2010; Thom-Otuya & Tamuno, 2011). Iguisi (2009) viewed leadership as interpersonal activities in which the efforts of groups or individuals are being coordinated, stimulated, and controlled as well as being directed by someone who is of a higher authority. In a nutshell, leadership can be said to be a relationship that one person uses to influence or tilt the attitude or actions of other people.

In the same vein, Kaiser, Hogan and Craig (2008) carried out a study on leadership and the fate of organisations and submit that the attitude of leaders do have an influence on the performance of an organisation. In trying to give a working definition of leadership, it means providing a solution to the problem of collective or team effort, that is, problem of getting people together and combining their efforts to achieve, stimulate accomplishment and survival of the organisation (Hogan & Kaiser, 2005; Kaiser et al., 2008). Three implications of the above view was noted by Kaiser et al., (2008) that

* + Leadership entails having an influence on individuals to willingly contribute their quota to the good of the group;
  + Leadership also involves organising and supervising the group to accomplish its aims
  + Goals vary from organisation to organisation in the sense that most organisations are competing for limited scarce resources’’ which is an umbrella for having a proper understanding of group performance.
    1. **Types of Leadership**

There are various types of leadership styles that has been identified in the literatures but since late 1980’s, much of the leadership research focus has been on nature, characteristics and certain effects of charismatic or transactional and transformational leadership style (Bass, 2005; Tichy & Devanna, 2006; Ardicvilli, 2001; Walumbwa and Ojode, 2003; Rukmani et al., 2010; Obiwuru et al., 2011).

**2.1.5 Autocratic Leader**

This style of leadership gives commands and expects total compliance. It is dogmatic and positive in nature. It also leads by the ability to withhold or give rewards and punishment, does things without consultation with the subordinates on a proposed action or plan and discourages participation from the followers (Weihrich and Koontz, 2003; Obisi, 2003; El Masry, Kattara and El Demerdash, 2004; Durowoju et al., 2011).

**2.1.6 Democratic Leader**

This is also known as participative leader who consults with his colleagues and subordinates on a proposed action or actions to be executed by encouraging them to have a say in what he wants to carry out. A democratic leader is the listening type that pays attention to the views of his colleagues, group and his associates by also cherishing, loves and gives them the liberty and freedom. The democratic leader believes that the opinion of the majority counts and that through his colleagues and subordinates greatness can be attained. Thus, he believes strongly in delegating authority (Weihrich and Koontz, 2003; Obisi, 2003; Durowoju et al., 2011).

**2.1.7 Laissez-Faire Leader**

This is also referred to as Free-rein leader who portrays a nonchalant or care free attitude toward taking an action concerning anything he wants to do. He depends mostly on the subordinates in setting his own goals and the processes of achieving the goals. Subordinates on this leadership style are left exclusively on their own to make decisions on how well to execute their job responsibilities. In this situation, the standard for performance will be set by the leader and gives the employees the free hand to look for a way of achieving the standard he (the leader) has set. For this to be efficient and effective likewise the standard must be well known to the employees and there must be motivational factors on ground to enable the attainment of the set-up standards (Ardichvilli, 2001; Ferrell et al., 2008; Durowoju et al., 2011).

**2.1.8 Transactional Leader**

This is basically found on an exchange process through which the leader made available rewards for the subordinates in return for their effort to accomplish the set-up goals of the department as well as that of the organisational performance. Here, the manager decides and give a definite goal for their subordinates, gives line of action to carry-out the tasks and gives room for feedback and assessment. It was founded that transactional leadership use to have a favourable influence on the attitude and behavioural responses of employees (Ardichvilli, 2001; Rukmani et al., 2010; Obiwuru et al., 2011; Durowoju et al., 2011; Thom-Otuya & Tamuno, 2011). Wang et al., (2011) stressed that transactional leadership is having an exchange relationship that connects the exchange partners’ own self-interests. Wang et al., (2011) expanding on the work of Yukl (2002) argued that the transactional leadership pays attention on relationship with employees which captures being supportive of and helpful to subordinates, developing trust and confidence in employees, creating a friendly atmosphere, getting acquainted with the problems of their subordinates, giving applause for a subordinate’s ideas, and acknowledging the contributions and accomplishments of the subordinates.

Transactional leadership has assisted organisations in achieving their aims and objectives in an efficient and effective manner by connecting job effort with valued rewards and by ascertaining that employees are having access to the resources needed to bring the job to fruition (Bass & Avolio, 2003; Zhu et al., 2005).

**2.1.9 Transformational Leader**

Transformational leadership is alternatively referred to as “charismatic” or “visionary” leader (Wang et al., 2011). The transformational leader pays attention on things like planning, articulating the vision or goals for the firm, following-up the subordinate activities or performance, and making available the necessary support gadgets, equipment and technical assistance as may be required for the accomplishment of firm goals (Wangs et al., 2011). Thom-Otuya & Tamuno (2011) contend that transforming leader is the type that elevates, mobilises, inspires, exalts, uplifts, exhorts and evangelise. They said further that transforming leadership shows dynamism by creating a rapport with the followers who will fill elevated by it, hence nurturing new cadres of leaders. Hall, Johnson, Wysocki and Kepner (2008) from their study found that the strength of transformational leadership lies in having an effective influence on all the categories of people within the organisation and building strongly on the needs and values of the associates. On the weaknesses of transformational leadership, Hall et al. (2008) emphasised strongly that leadership is being treated virtually as a personality trait than as a behaviour that be learned, hence, the tendency of power abuse emerges.

Ardichvilli (2001) was of the view that transformational leader do not pay attention only to the current needs of employee’s but are also particular about the futuristic needs. He concluded that transformational leadership is not a replacement for transactional leadership but serves as complementary. This is supported through the works of (Avolio et al., 2008; Bass, 2010).

It has been asserted that transformational leadership crafts strategic vision; communicate that vision through framing and use of metaphor, modelling the vision to reality by “walking the talk” and putting in conscientious action as well as building commitment and dedication towards accomplishing the vision (McShane and Von Glinow, 2000; Zhu et al., 2005). Studies conducted empirically have shown that transformational leadership will lead to high levels of cohesion, commitment, trust, motivation, and performance in an organisational environment. Some of the previous empirical research and meta-analyses have shown that there is a positive relationship between individual performance, organisational performance and transformational leadership. It is also reported that there is a positive influence of transformational leadership on followers performance as well as outcomes of the firm (MacKenzie, Podsakoff and Rich, 2000; Jung and Sosik, 2002; Walumbwa, 2002; Avolio, Zhu, Koh and Puja, 2003; Zhu et al., 2005).

**2.1.10 Leadership and Motivation**

Leaders and managers have an important role to play when it comes to employee’s motivation within an organisational set-up. Gangwar, Padmaja and Bhar (2013) submitted that leaders and managers inclusive can determine the employee’s motivation. They were able to establish this through the scientific analysis of empirical data that in private sector enterprises that the combination of autocratic leadership style and task-orientation behaviour leads to motivation. In public sector enterprises, paternalistic leadership style with people-orientation yields higher level of employee’s motivation.

Chaudhry and Javed (2012) used banking sector of Pakistan in their study of impact of transactional and laissez-faire leadership style on motivation concluded that transformational leader has a positive and strong association on motivation of workers within the bank.

Similarly, Al-Khasawneh and Futa (2013) used students from three public universities in the northern region of Jordan. The result of their study revealed that academic staffs working at the surveyed universities adopted democratic style of leadership to motivate the students to modify their behaviours. Chaudhry, Javed and Sabir (2012) conducted a study using all the employees of all private and public banking sector of Pakistan. The result shows that independent variables of transformational and transactional leadership have a strong and positive association on motivation. This reveals that the leadership and management within the banking sector of Pakistan plays a strong role in motivating the bank employees.

**2.1.11 Concept of Compensation and Employee Performance**

Compensating employees is associated with the motivation of the workforce of organization for better performance. However, what type and mix of compensation strategies to use is a challenge for the organizations. Several studies have demonstrated compensation have positive impact on the employee’s health and work place safety. It is one of the factors that sought increase employee’s engagement in the work place, which is the key element in the work performance among employees (Furtado et al. 2015; Lawler and Worley, 2016; Ong and Teh, 2012).

The rationale behind the use of various components of compensation to employees is that motivated employees become satisfied in terms of fulfilling their wants, both financial and non-financial thus demonstrate improved performance. Failure to do so, employees will be tempted to leave the organization (Azasu, 2017). On one hand, employees prefer receiving intrinsic rewards in terms of praise and recognition for certain work accomplishments, while other employees are happy with extrinsic reward in terms of salaries, bonus and incentive offered to employees in order to enhance their performance (Sajuyigbe, Bosede and Adeyemi, 2013). It is therefore clear that subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance. The study at hand therefore looked at the effect of salary on the performance of employees, the effect of benefits on employee performance and the effect of recognition on employee performance.

**2.1.12 Salary and Employees’ Performance**

Basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity (Braton and Gold, 2013). It is important to note that compensation is not all about money. It is a symbol of what an organization believes is valuable that can boost the performance of employees. It specifically communicates the extent to which an organization values its employees. Bohan (2014) explains that traditional pay systems were based on the three factors: the job, maintaining the level of equality in standard pay among employees in the organization, and paying competitive salaries.

Swanepoel (2013) describes that employees were rewarded according to the position held without considering their performance. The increments in basic pay depended on internal and external assessment of jobs. Drafke (2012) emphasis this point by pointing out that money can increase employee performance but this is often limited to short term increase. On the other hand, DeNisi and Griffin (2014) argues that in general higher levels of pay and more attractive benefits tend to result in greater satisfaction thus promotes employee performance, a point that is affirmed by Bretz and Thomas (2012) who stated that pay dissatisfaction reduce employee performance and morale. In support, Clegg and Birch (2012) argues that “pay peanuts and you will get monkeys”, and in addition to that they said that if you show that you value people by paying a reasonable wage then they appreciate it.

According to Armstrong (2016), good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. Nowadays, organizations are under financial strain with salaries continually rising and becoming a major fixed expense. According to Livingstone (2015), regardless of basic pay inefficiencies, it remainsa rule that employees should be paid at, or above market rates as negotiated by labor unions who are concerned with the welfare of employees. In a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance. Otherwise contradicting this rule has negative consequences on the part of the organization. It is thus factual that pay communicates commitment to employees, and is used as the baseline for assessing other pay systems such as skill and competency pay.

**2.1.13 Benefits and Employees’ Performance**

Dessler (2016) defines benefits as indirect financial and non-financial payments employees receive for continuing their employment with the company. Bernardin (2013) defines benefits as indirect forms of compensation that are intended to maintain or improve the quality of life for employees. Indirect financial rewards come in form of subsidized benefits such as retirement plans, paid sick leaves and purchase discounts. Gomez et al. (2012) also says that benefits are sometimes called indirect compensation as they are given to employees in form of plan rather than cash to improve their performance; they provide security for employees and their family members. As indicated by Dessler (2016), indirect financial rewards that could enhance employee performance come in form of subsidized benefits such as retirement plans, paid sick leaves, bonuses, incentives, allowances and purchase discounts.

Employee benefits have equally been classified widely according to different authors and the context of circumstance. Cascio (2015) for example classifies benefits into four basic types, namely; supplemental pay benefits, insurance benefits, retirement benefits and personal service and family-friendly benefits. Supplemental pay benefits provide for time not worked, they include: unemployment, insurance, vacation and holiday pay, severance pay and supplemental unemployment benefits. Insurance benefits include, worker’s compensation, group hospitalization, accident and disability insurance; and group life insurance. Retirement benefits include social security and pension plans. Personal service and family-friendly benefits include food services, recreational and child and child-care opportunities, legal advice, credit unions, educational subsidies and counseling. All these benefits put together enhances employee performance in an organization.

Cole (2012) classifies employee benefits into three key categories, security benefits like pension and life insurance, work related benefits like subsidized meals and special training opportunities and finally status-related benefits like prestige car and entertainment allowance. DeNisi and Griffin (2014) argues that although most of the above named benefits are designed for all the employees in an organization with varying levels, some organizations have developed a cafeteria style benefit plan which allows the employees to choose the benefits that fits them. Such organizations believe that offering employees‟ freedom to choose benefits that befits them is tantamount to their satisfaction and a high probability of reciprocating the overall company loyalty to them by demonstrating exemplary performance.

**2.1.14 Recognition and Employees’ Performance**

Recognition as an intrinsic reward is defined as ratification, confirmation or an acknowledgment that something done by another person in one's name and one's authority (Danish et al., 2016). According to Nel et al. (2011), intrinsic rewards like recognition, growth, feedback, opportunities lead employees more towards high job performance and motivation than extrinsic rewards like salary. Robbins (2014) described that through the recognition employees get appreciation of status which make them feel part of an organization. Barton and Gold (2013) described that recognition is considered the most important factor among non-financial rewards in order to increase job satisfaction level of employees and thus their performance. Romano (2013) pointed out that recognition is the component that is used to strengthen the relationship between organization and people. Through the recognition employee feel rewarded and motivated. He states that giving recognition to the employees, competitive advantage can be achieved and consequently improved performance.

Lawler (2013) suggested that the well-being of any organization depends on how its human resource is treated. Organizations achieve its well-being through giving rewards and recognition to its employees to enhance their performance. Andrew (2016) described that employees become more loyal to their organization and perform much better if the organization recognizes and appreciates their work in terms of certification, verbal appreciation among other components. Organizations are missing the very valuable component in the organization that is recognition. Sarvadi (2015) however says that the cost of practical implementation of this component is very low in many organizations. Through recognition, employees are being realized that they are valuable for organization and employees feel appreciated through recognition.

Nelson and Spitzer (2013) posit that people of fresh blood are more energetic and dynamic so they want recognition regarding their work than others and this could improve their performance. Recognition can be provided through involving employees in decision making, by increasing their responsibility, by showing empathy towards them and provide them with succession planning and different opportunities to get high designation. Robbins (2013) described that Maslow’s theory tells about the self- esteem need of employee. This theory shows that recognition, status, development and growth are the factors which leads to motivation and ultimately leads toward job satisfaction and finally employee performance. Herzberg theory indicated that recognition is one of those motivating factors which lead employees from dissatisfaction to satisfaction on the task assigned and thus enhancing their performance.

**2.2 Theoretical Review**

Armstrong (2005) stated that compensation management is an integral part of human resource management approach to productivity improvement in the organisation. It deals with the design, implementation and maintenance of compensation system that are general to the improvement of organisational ,team and individuals performance Compensation management is concerned with the formulation and implementation of strategies and policies that aim to compensate people fairly, equitably and consistently in accordance with their values to the organisation, (Armstrong, 2005). Compensation management as the name suggests, implies having a compensation structure in which the employees who perform better are paid more than the average performing employees (Hewitt, 2009). This encourages employees to work harder in order to regain more salaries. Armstrong and Brown (2005) postulated that compensation management is an integral part of human resource management (HRM) approach to managing people and as such it supports the achievement of business objective and it is strategic in the sense that it addresses longer term issue relating to how people should be valued for what they want to achieve.

Amstrong (2005) was of the opinion that compensation management is all about developing a positive employment relationship and psychological contract that adopt a total compensation approach which recognises that there are numbers of ways in which people can be compensated. In similar view, Bob (2001); Anyebe, (2003) saw compensation management as being based on a well-articulated philosophy –a set of beliefs and guiding principles that are consisted with the values of the organisation which recognises 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 accordingly to their contributions. Harrison and Liska (2008) in their study positioned that reward is the centre piece of the employment contract; after all it is the main reason why people work. This includes both extrinsic and intrinsic received as a result of the employment by the organisation. In similar pattern, Brown (2003) saw compensation as a return in exchange between the employees and themselves as an entitlement for being employee of an organisation, or as a reward for a job well done, Employees pay does not depend solely on the jobs they hold, instead organisation vary the amount paid according to differences in performance of the individual, group or whole organisation as well differences in employees qualities such as security, education levels and skills (Gehart and Milkovich 2012). Compensation is defined by Mondy (2010) as the total of all rewards provided to employees in return for their service, the overall purposes of which are to attract, retain and motivate employees. As compensation is comprised of both fixed and variables components as well as employees benefits and services, an optimum combination of these elements is ideal to effectively influence position employees’ performance. However, direct compensation fully mediates the relationship between indirect compensation and performance (Namasivagam and Zhao 2007). A statistical significant and positive relationship was found to govern rewards and motivation, implying that if rewards being offered/ to employees were to be altered, then there would be a corresponding change in satisfaction and work motivation while the periodic salary increments, allowance, bonuses, fringe benefits and other compensations on regular and specific periods keep their morale high and makes them more motivated (Danish and Usman 2010). The effect of compensation is explained by many established motivational theories. The operant theory is based upon the premise that behaviour or job performance of an employee is not a function of inner thoughts, feelings, perceptions and emotions but is keyed to nature of the outcome of such behaviour. The consequence of a given behaviour would determine whether the same behaviour is likely to occur in the future or not (Chandan 2005). Based on this direct relationship of behaviour and consequence rather than the inner working of employees, management can study and identify this relationship and try to modify and gain control over behaviour. (Chandan, 2005). It is therefore necessary for managers and employers to understand the fact that compensating an employee will definitely improve employees performance ,necessary for continuous motivation in order to fast track the improvement of employee performance. Chandan (2005) viewed Abraham Maslow theory based upon two assumption, first human beings have many needs that are different in nature ranging from biological needs at the lower level to psychological needs at the upper extreme. Secondly, that these needs occur in an order of hierarchy so that lower level needs must be satisfied before higher level needs arise or become motivation. Maslow theory made management aware that people are motivated by a wide variety of needs and management must provide an opportunity to satisfy these needs through creating a physical and conceptual work environment, so that people will be motivated to achieve organisational goal. This implies that, for an organisation to achieve its state objective d through improved employees’ performance there is need to adequately continuous and constantly compensate employees effectively. However, these needs range from physiological,

A compensation theory of motivation vroom’s expectancy model which is based on the assumption that man is rational being and will try to maximise his pay off this approach assume that motivation to work is strongly determined by an individual perception that a certain type of behaviour will lead to a certain type of outcome. It is therefore necessary to say that if an employee perceived that he/she will be adequately compensated such an employee will work harder to receiver more compensation. This is to ascertain the fact that compensation package has positive correction with employees performance. This theory postulated three elements which are expectancy, Instrumentality and valence. Expectancy views a person’s perception of the likelihood that a particular outcome will result from a particular behaviour or action for example; if an employee work works hard he/she will improve productivity, which may definitely lead to more compensation. However unimproved productivity or performance may not expect an increase in compensation. Instrumentality relates to a person belief and expectation that his/her performance will lead to a particular desired reward. For example an employee may work hard in order to increase his/her performance which will definitely lead to a desired reward inform of increased compensation. However valence is the value a person assigns to his/her desired reward. He /she may not be willing to work hard to improve performance if the reward for such improved performance is not what he/she desires. Employers and managers must make sure that employees value the compensational packages in order to motivate the employees which project an increase in employee’s performance.

**2.2.1 Herzberg’s Two Factor Theory**

Frederick Herzberg (2009) proposed a two-factor theory. The theory suggested that people have two sets of needs. Their needs as animals to avoid pain and their needs as humans to grow psychologically, Herzberg (2009) study consisted of a series of interviews that sought to elicit responses to the questions. From the results, Herzberg concluded that the replies people gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Clearly employees who feel good about their work as a result of better pay and other compensation related packages tend to attribute these factors to them. In contrast, dissatisfied employees tend to cite extrinsic factors such as supervision, pay, and company policies and working condition (Dieleman et al. 2004). This theory is relevant to this study because it mentions two factors that affect work performance. That is, extrinsic which include salary and promotion and intrinsic factors which include praise and recognition. Therefore, in this research, rewarding employees‟ in terms of both intrinsic and extrinsic rewards would be expected to have effect on work performance of employee work which when aggregated and collectively their performance is extrapolated at company level measures overall organizational performance.

**2.2.2 The Total Reward Model**

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package (Armstrong, 2016). In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. The aim of total reward model is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments and consequently employee performance in the company. Hutcheson (2007) also stated that organizations that practice total reward strategy are able to establish a distinctive set of rewards to support the institution’s employment brand and enables the institution to attract and retain qualified employees. The theory is therefore relevant to this study as it encompasses both the financial and non-financial compensation strategies that can be embraced by MCL to motivate and thus promote employee performance.

**2.3 Empirical Studies**

Quresh, Zaman and Shah (2013) conducted a study on direct relationship between extrinsic rewards, intrinsic rewards and the employees‟ performance among cement companies in Pakistan. The study collected data using formulated questionnaires which was used to gather data from over 100 employees. The data was then analyzed by use of SPSS. The analysis method was based on regression and descriptive statistics. The study found that recognition techniques (approaches) used in cement factories are good for the maximum performance of employee’s. The study also established that wages and bonuses promote employee performance in the cement factories in Pakistan. This research examined the relationship between extrinsic rewards, intrinsic rewards, financial rewards and social recognition rewards and organization performance, while the current study specifically examines the effect of recognition, salary and benefits on employee performance.

Aktar, Sachu and Ali (2012) examined the impact of intrinsic rewards (recognition, learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh. The study utilized mixed research design. The target population was the 72 management team in all the 12 commercial banks in Bangladesh. The authors developed structured and unstructured questionnaires together with interview guides which were used to collect data from the selected respondents. The authors used correlation and chi square to analyze data. The study found that each factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees‟ performance.

Another study was conducted by Ong and Teh (2012) on reward system and performance within Malaysian commercial banks. The targeted banks were 12 in number with a total average of 720 employees. The study employed quantitative research design. The sample size was 10 employees per bank which resulted to a sample size of 120. The authors gathered data by means of focus discussion as well as closed ended questionnaires. The data was then analyzed by means of strata in the form of tables. The study thus found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization. The study however, found a negative relationship to exist between extrinsic rewards and financial performance of organizations and intrinsic rewards are positively related to financial performance of organizations.

Muhammad (2014) studied the impact of compensation of employee performance on organization commitment on the performance of employee in the Republic of Saudi Arabia. The study targeted 45 public institutions in the country with an average of 265 employees. The study preferred the utilization of positivism research design. The data was collected by use of formulated questionnaires which were constructed in relation to the research objectives. The collected data was cleaned, coded and entered into software known as SPSS. Using SPSS as a statically tool they concluded that compensation in the form of incentives, salaries will perform an important part to enhance motivation of employee in the public institutions in the Republic of Saudi Arabia

Kwenin, Muathe and Nzulwa (2013) investigated the impact of direct and indirect financial compensation in the performance of employees in customer service companies in the Republic of Ghana. The researchers used descriptive research design. The target population was the 223 employees of the 23 listed customer service companies in the country. The authors analyzed data descriptively as per the data collected by use of structured questionnaires. The study found that reward dimensions have significant effect on employees‟ performance. In particular, they found that pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. Thus, workers reward package matters a lot and should be a concern of both the employers and employees.

Idemobi (2011) studied the extent to which compensation management can be used as a tool for improving organizational performance in a typical public sector organization like the Anambra State of Nigeria Civil Service by using questionnaire. The target population was the 20 employees per typical public sector in the country. The study used descriptive research method and simple random sampling as well as purposive sampling techniques to select employees from the public sectors. The study found that compensation management in an organization can help improve organizational performance among public sectors in Nigeria. The outcome of hypothesis reveals that the reform programs of the Anambra State Government have not had a significant effect on financial compensation policies and practices of the civil service thus has tremendously affected employee performance.

Ngui (2014) study was based on the effect of human resource management strategies on performance of commercial banks in Kenya. The study used SPSS and MS Excel to analyze data. The study found that reward and compensation have major influence on the function of banks. The study concluded that rewards and compensation system have an important effect on the performance of banks employees.

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The main objective guiding the study was to investigate the effect of compensation management in organizational performance: a case study of Copen Group

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 Research Design**

In this study, the researcher adopted the survey research design that enables him to adopt a method for easy data collection, interpretation and analysis. Nwodu (2006) states that “Design here bothers on what issue events or phenomenon is to be investigated” This is why the researcher used sample survey for this study as it will enable him to collect data on the topic through questionnaire and interviews: This is advantageous to the researcher because it permitted for a wide coverage size in an easier way. It also enabled the researcher to collect data from a literate audience which made most of the data generated by the researcher objective and valid.

**3.2Area of the Study**

Copen Group is located at Plot 32, Ebeano Housing Estate New Haven Junction, Enugu. Enugu Nigeria. Enugu has good soil-land and climatic conditions all year round, sitting at about 223 meters (732ft) above sea level, and the soil is well drained during its rainy seasons.

The mean temperature in Enugu State in the hottest month of February is about 8.716 0F (30.640C), while the lowest temperatures occur in the month November, reaching 60.54 0F (15.86 0C).

**3.3 Population of the Study**

Population of the study according to Ogili, (2005) “involves a group of persons or aggregate items, things the researcher is interested in getting information from for the study. Therefore, the population of both the junior and senior staff of Copen Group used was 100.

**3.4 Sample and sampling techniques**

Sampling is a process of selecting a given number or any portion of that population for the purpose of obtaining information for generalization about the large population Nwabueke, (1986). Sampling population is used to avoid possible errors in dealing with population. The population size was narrowed down to determine the sample size. A statistical formula was used in determining the sample size. The sample size would be suitable for the study.

Taro Yamani formula as quoted in Nwabueke, (1986) was applied and it is stated as follows:

Where n = sample size

N = the target population (100)

e = margin of error (5%)

Therefore:

N = 80 (Desired sample size)

The study adopted stratified sampling technique due to the composition of the population.

**Sample Size Distribution**

|  |  |
| --- | --- |
| **Questionnaire Distributed** | **Questionnaire Returned** |
| **80** | **80** |

**Source: Field Survey, 2018**

All the people that collected questionnaire returned them accordingly.

**3.5 Sources Of Data:**

The sources from which the necessary data were collected, for the purpose of completing this research work are from primary and secondary Sources.

**3.5.1Primary Data**

Data were obtained through the use of interview and questionnaire that were structurally and carefully formulated to selected staff, management, and customers.

**3.5.2Secondary Data**

Note that there have been in existence works on this topic and related ones as well. Therefore, the researcher got his secondary facts from articles, newspapers, magazines, and internet.

**3.6 Methods of Data Collection**.

Questionnaire items were used to source data from the respondents. The items sought to which the respondents understood the problem of solid waste management in Nigeria as they were conceptualized in the literature review. The questionnaire was pilot tested and rated highly by scholars with extensive experience in the use of the instrument for research purposes. The ease of access to the respondents by the researcher, allowed for a personal administration of the instrument which ensured eighty nine percent return rates thereby eliminating non-return bias.

**3.7 Validation of Research Instrument**

The instrument used is questionnaire and personal interview. It is valid because it is ideal for measuring what it is designed for, which is the effect of compensation management in organizational performance.

Obasi (2008) says “validity is the appropriateness of an instrument in measuring what is intended to measure” for this reason, the researcher went further to test the validity of her instrument by conducting a pilot study.

* 1. **Reliability of Research Instrument**

The measuring instrument that was used for this research work was questionnaire and personal oral interview. The questionnaire has close-ended questions. The close-ended questions will be used to make study easier for the researcher by making the responses measurable. The interview on the other hand was used by the researcher to interact with her interviewees face to face in other to get in-depth facts from them and also their personal opinions about the study. This is reliable as the data was collected primarily. To test the reliability of the data collection instrument, a pilot study which entails administration of instrument executed among small portion was conducted to pretext study schedule. The essence of this was to realize or get the same result it's practiced over and over under the same condition which may be validated in the course of the study. The research instrument was pre-tested on 10 staff of Copen Group. Choosing five from each management cadre.

**3.9 Method of Data Analysis**

In the course of this study, the entire questionnaire was collected and analyzed based on simple percentages. After all these, the hypotheses formulated were tested with the aid of chi-square non-parametric techniques which is an estimation of hypothesis testing normally used when comparing the observed distribution of data with the expected distribution. The chi-square is preferred as it shows how the hypotheses conform to the result of the questionnaire. Also, the chi-square is a representation of the finding of the research. Also, the chi-square test of goodness of fit test.

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**CHAPTER FOUR**

**Data Presentation and Analysis**

**4.1 Introduction**.

Data analysis is an explanation of factual information generated in the course of a study”. Nwodu, (2006). Also Ikeagwu, (1998) said that data can be analyzed to “further the overall goal of understanding social phenomena achieved through the processes of description, explanation, and prediction”.

**Table4.1: Presentation of Data**

|  |  |
| --- | --- |
| **Questionnaire** | **Questionnaire Returned** |
| **80** | **80** |

**Source: Field Survey, 2018**

In this chapter, the results of the field work (survey) are analyzed and interpreted using simple percentages for descriptive purposes. In table 4.1 80 copies of the questionnaire distributed, 80 copies were returned by the respondents. There are two sections of the questionnaire: The demographic section comprised of sex, age, marital status, educational qualification and occupation of the respondents and the general questions section containing relevant questions for the study.

**Table4. 2 Categories of Respondent Population Size**

|  |  |
| --- | --- |
| **Staff** | **Number** |
| Manager | 1 |
| Senior Staff | 40 |
| Junior Staff | 25 |
| Security & others | 14 |
| **Total** | **80** |

**Source: Field Survey, 2018**.

**4.2 Presentation of Data from Respondent Questionnaires and Questionnaires Items**

**Question 1:** What is your age bracket?

**Table 4.3:** Age Bracket of the Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| 18-20 | 20 | 25 |
| 21-25 | 30 | 36 |
| 26-30 | 15 | 19 |
| 31–35 | 5 | 7 |
| 36–40 | 10 | 13 |
| **TOTAL** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.3 shows that out of eighty (80) respondents, 25% of them were at the age range of 18-20 while 36% is 21-25, the age between 26-30 is 19%, then the age between 31-35 is 7% and that of 36-40 is 13%.

**Table 4.4:** Marital Status of the Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| Single | 40 | 50 |
| Married | 10 | 13 |
| Widow | 17 | 22 |
| Widower | 4 | 5 |
| Divorced | 8 | 10 |
| **TOTAL** | **80** | **100** |

**Source: Field Survey, 2018**

Considering eighty (80) questionnaire distributed, the table 4.3 shows that 50% respondents were single, 13% were married, 22% were widower,5% were divorced and finally 10% were divorced.

Table 4.4 shows that it is quite outstanding that the numbers of those who are single are more than that of the other.

**QUESTION 4**: What is your educational qualification?

**Table 4.5:** Educational Qualification of Respondents

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE (%)** |
| Degree | 10 | 13 |
| Undergraduate | 17 | 21 |
| Ph.D | 13 | 16 |
| M.Sc|MA | 10 | 13 |
| OND,HND/NCE | 30 | 37 |
| **TOTAL** | **80** | **100** |
|  |  |  |

**Source: Field Survey, 2018**

Table 4.5 shows that out of eighty (80) respondents 13% of them have degree, 21% are undergraduate, 16% have Ph.D, 13% have M.Sc|MA while 37% have OND, HND/NCE.

**Section B**

**Table 4.6:** Compensation management affect employee’s performance in Copen Group

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage% |
| Strongly Agree | 7 | 8 |
| Agree | 35 | 44 |
| No opinion | 10 | 13 |
| Disagree | 13 | 16 |
| Strongly disagree | 15 | 19 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.6 shows that 7respondents representing 8% agree that Compensation management affect employee’s performance in Copen Group. 10 respondents representing 13% says Compensation management affect employee’s performance in Copen Group. 13 respondents representing 16% disagree. While 15 respondents representing 19% strongly disagrees that Compensation management affect employee’s performance in Copen Group.

Therefore, with respondents representing 35%, it is clear that Compensation management affect employee’s performance in Copen Group.

**Table 4.7:** Welfare services affect employee’s performances in Copen Group

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 20 | 25 |
| Agree | 12 | 15 |
| No opinion | 18 | 23 |
| Disagree | 10 | 12 |
| Strongly disagree | 20 | 25 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.7 shows that 20 respondents representing 25% agree that Welfare services affect employee’s performances in Copen Group.12 respondents representing 15% agree that Welfare services affect employee’s performances in Copen Group. 18 respondents representing 23% has no opinion. 10 respondents representing 12% agree that Welfare services affect employee’s performances in Copen Group, while 20 respondents representing 25% agree that Welfare services affect employee’s performances in Copen Group.

Therefore, with 20 respondents representing 25%, it is clear that Welfare services affect employee’s performances in Copen Group.

**Table 4.8:** There is good compensation management and improved productivity in Copen Group

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 15 | 18 |
| Agree | 20 | 25 |
| No opinion | 10 | 13 |
| Disagree | 5 | 6 |
| Strongly disagree | 30 | 36 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.8 shows that 15 respondents representing 18% strongly agree that there is good compensation management and improved productivity in Copen Group. 20 respondents representing 25% agrees that there is good compensation management and improved productivity in Copen Group. 10 respondents representing 13% has no opinion whether there is good compensation management and improved productivity in Copen Group. 5 respondents representing 6% disagrees that there is good compensation management and improved productivity in Copen Group. 30 respondents representing 36% strongly disagree that there is good compensation management and improved productivity in Copen Group.

Therefore, with 30 respondents representing 36%, say that there is good compensation management and improved productivity in Copen Group.

**Table 4.9:** There is good compensation management and retirement of staff in Copen Group

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 7 | 9 |
| Agree | 25 | 31 |
| No opinion | 15 | 19 |
| Disagree | 13 | 16 |
| Strongly disagree | 20 | 25 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.9 shows the various responses which states that 7 respondents representing 9% says that there is good compensation management and retirement of staff in Copen Group. 25 respondents representing 31% says that there is good compensation management and retirement of staff in Copen Group. 15 respondents representing 19% says that there is good compensation management and retirement of staff in Copen Group. 13 respondents representing 16% says that there is good compensation management and retirement of staff in Copen Group. And 20 respondents representing 25% have no idea if there is good compensation management and retirement of staff in Copen Group.

Therefore, with 25 respondents representing 31% it is clear that there is good compensation management and retirement of staff in Copen Group.

**Table 4.10:** Subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 30 | 37 |
| Agree | 5 | 6 |
| No opinion | 20 | 25 |
| Disagree | 10 | 13 |
| Strongly Disagree | 15 | 19 |
| **Total** | **80** | **100** |
|  |  |  |

**Source: Field Survey, 2018**

Table 4.10 shows that 30 respondents representing 37% says regularly that subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance. 5 respondents representing 6% says often that subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance. 20 respondents representing 25% says partially that subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance. 10 respondents representing 13% says undecided that subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance. 15 respondents representing 19% have no idea if Subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance.

Therefore, with 30 respondents representing 37%, it is clear that Subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance.

**Table 4.11:** Compensation is not all about money

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| High | 10 | 13 |
| Medium | 20 | 25 |
| Low | 50 | 62 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.11 shows that 10 respondents represent 13% say High, Compensation is not all about money. 20 respondents represent 25% says medium Compensation is not all about money, While 50 respondents representing 62% say low about it.

Therefore, with 140 respondents representing 47%, it is clear that Compensation is not all about money.

**Table 4.12:** Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 15 | 19 |
| Agree | 20 | 25 |
| No opinion | 10 | 13 |
| Disagree | 5 | 6 |
| Strongly disagree | 30 | 37 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.12 shows that 15 respondents representing 19% strongly agree that Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. 20 respondents representing 25% agrees that Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. 10 respondents representing 13% have no opinion if Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. 5 respondents representing 6% disagree that Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers**.** 30 respondents representing 37% strongly disagree that Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers.

Therefore, with 30 respondents representing 37%, it is clear that Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers.

**Table 4.13:** In a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance

|  |  |  |
| --- | --- | --- |
| Variables | Frequency | Percentage |
| Strongly Agree | 30 | 37 |
| Agree | 7 | 9 |
| No opinion | 13 | 16 |
| Disagree | 10 | 13 |
| Strongly disagree | 20 | 25 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Table 4.13 shows that 30 respondents representing 37% strongly agree that In a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance. 7 respondents representing 9% agree that in a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance. 13 respondents representing 16% have no opinion if in a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance. 10 respondents representing 13% disagree that in a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance. While 20 respondents representing 25% strongly disagree that in a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance.

Therefore, with 30 respondents representing 37%, it is clear that in a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance.

**4.3: Test of Hypotheses**

Hypotheses testing is the partitioning of the sample space into two parts called the rejection region (or critical region) and acceptance region, and that is done to eliminate a lot of possible errors likely to arise in the cause of testing. Obasi, (2008:B16).

**Step 1 Statement of Hypotheses (Null and Alternative)**

**Ho:** Compensation management does not affect employee’s performance in Copen Group

**Hi:** Compensation management affect employee’s performance in Copen Group

Step ii Test Techniques

Using Chi-Square Method

X2 = ∑

Where x2 = chi square

E = Summation of sign

O = Observed frequency

E = Expected frequency

**Step 1 Statement of hypotheses (Null and Alternative)**

**Statement of the hypothesis**

**Table 4.2.1**Do you agree that there Compensation management affect employee’s performance in Copen Group?

|  |  |  |
| --- | --- | --- |
| **RESPONSE** | **FREQUENCY** | **PERCENTAGE** |
| Agreed | 10 | 12.5 |
| Strongly agreed | 30 | 37.5 |
| Disagreed | 20 | 25 |
| Strongly disagreed | 20 | 25 |
| **Total** | **80** | **100** |

Determination of the value of x2

X2 =∑

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **Observed Frequency**  **(0)** | **Expected Frequency**  **(E)** | **0-E** | **(0-E)2** | **(0-E)2**  **E** |
| Agreed | 10 | 20 | -10 | 100 | 5 |
| Strongly agreed | 30 | 20 | 10 | 100 | 5 |
| Disagreed | 20 | 20 | 0 | 0 | 0 |
| Strongly disagreed | 20 | 20 | 0 | 0 | 0 |
| **Total** | **80** |  |  |  | **10** |

**X2 = 7.377**

Calculated

X2 =∑

= + + +

= + ++

= 5 + 5+0+0 = 10

step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (3-1) (3-1) = 4

Step IV: Level of significance is 0.05

X2 critical = 7.399

Compare the two value

X2 critical = 7.399

x‑2 calculated = 10

x2 calculated > x2 critical

step V: Decision

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that Compensation management affect employee’s performance in Copen Group

**Hypothesis Two**

Step 1 Statement of hypotheses (Null and Alternative)

**Ho:** welfare services does not affect employee’s performances in Copen Group

**Hi:** welfare services affect employee’s performances in Copen Group

Step ii Test Techniques

Using Chi-Square Method

X2 = ∑

Where x2 = chi square

E = Summation of sign

O = Observed frequency

E = Expected frequency

**Statement of the hypothesis**

**Table 4.2.2** Do you think welfare services affect employee’s performances in Copen Group?

|  |  |  |
| --- | --- | --- |
| **Response** | **Frequency** | **Percentage** |
| No | 20 | 25% |
| Yes | 60 | 75% |
| **Total** | **80** | **100%** |

**Source: Field Survey, 2018**

Determination of the value of x2

X2 =∑

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **0** | **E** | **0-E** | **(0-E)2** | **(0-E)2**  **E** |
| No | 20 | 40 | -20 | 400 | 10 |
| Yes | 60 | 40 | 20 | 400 | 10 |
| **Total** | **80** |  |  |  | **20** |

**X2 = 0.831**

Calculated

X2 =∑

= +

= +

= +

= 10 + 10 = 20

Step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (2-1) (2-1) = 2

Step IV: Level of significance is 0.05

X2 critical = 0.831

Compare the two value

X2 critical = 0.831

x‑2 calculated = 20

x2 calculated > x2 critical

step V: DECISION

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that welfare services affect employee’s performances in Copen Group.

**Hypothesis Three**

Step 1 Statement Of hypotheses (Null and Alternative)

**Ho:** Compensation management and improved productivity in Copen Group are not related

**Hi:** Compensation management and improved productivity in Copen Group are not related

Step ii Test Techniques

Using Chi-Square Method

X2 =∑

Where x2 = chi square

E = Summation of sign

O = Observed frequency

E = Expected frequency

**Statement of the hypothesis**

**Table 4.2.3** Do you think Compensation management and improved productivity in Copen Group are not related?

|  |  |  |
| --- | --- | --- |
| **Variables** | **Frequency** | **Percentage** |
| High | 60 | 75 |
| Medium | 20 | 25 |
| **Total** | **80** | **100** |

**Source: Field Survey, 2018**

Determination of the value of x2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **0** | **E** | **0-E** | **(0-E)2** | **(0-E)2**  **E** |
| No | 60 | 40 | 20 | 400 | 10 |
| Yes | 20 | 40 | -20 | 400 | 10 |
| **Total** | **80** |  |  |  | **20** |

**X2 = 0.831**

Calculated

X2 =∑

= +

= +

= +

= 10 + -10 = 20

Step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (2-1) (2-1) = 2

Step IV: Level of significance is 0.05

X2 critical = 0.831

Compare the two value

X2 critical = 0.831

x‑2 calculated = 20

x2 calculated > x2 critical

step V: Decision

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that Compensation management and improved productivity in Copen Group are not related.

**Hypothesis Four**

Step 1 Statement of hypotheses (Null and Alternative)

**Ho:** Compensation management and retirement of staff in Copen Group have no relationship

**HI:** Compensation management and retirement of staff in Copen Group have relationship

Step Ii Test Techniques

Step Ii Test Techniques

Using Chi-Square Method

X2 =∑

Where x2 = chi square

E = Summation of sign

O = Observed frequency

E = Expected frequency

**Statement of the hypothesis**

**Table 4.2.4** Do you think there is Compensation management and retirement of staff in Copen Group have relationship?

|  |  |  |
| --- | --- | --- |
| **Variables** | **Frequency** | **Percentage** |
| Agree | 45 | 56.25 |
| Disagree | 35 | 43.75 |
| **Total** | **80** | **100** |

Calculated

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Option** | **0** | **E** | **0-E** | **(0-E)2** | **(0-E)2**  **E** |
| No | 45 | 40 | 5 | 20 | 0.625 |
| Yes | 35 | 40 | -10 | 100 | 2.5 |
| **Total** | **80** |  |  |  | **3.125** |

**X2 = 0.831**

X2 =∑

= +

= +

= +

= 0.625 + 2.5= 3.125

Step III: Determine the degree of freedom.

DF = (R-I) (C-1)

Ie = (2-1) (2-1) = 2

Step IV: Level of significance is 0.05

X2 critical = 0.831

Compare the two value

X2 critical = 0.831

x‑2 calculated = 3.125

x2 calculated > x2 critical

Step V: Decision

Reject Ho: Since the calculated x2 is greater than the critical value, which implies that Compensation management and retirement of staff in Copen Group have relationship.

**CHAPTER FIVE**

**SUMMARY OF FINDINGS,CONCLUSION AND RECOMMENDATIONS**

**5.1 Summary of Findings**

The following is the summary of the research findings.

1. The findings indicate that the respondents are not satisfied with the compensation they receive; they regard it as inadequate and insufficient. This supports the views expressed in the literature that if workers are not satisfied with their compensation, the organization will suffer low levels of job satisfaction, high rates of absenteeism and labour turnover,
2. The study reveals that employees’ level of job satisfaction is negatively affected by the fact that their remuneration is not commensurate with the tasks they perform and job security is not guaranteed.
3. This finding concurs that employees in the private sector and government are not affected by motivational factors to the same degree as employees in other institutions.

**CONCLUSION**

COPEN group is one of the vital sectors necessitating the growth and development of Nigerian economy, therefore, it is vital for organizations to embark on effective compensation management policies that will project and promote employees performance. Employees are integral part of the human resources management, and therefore must be properly compensated in order to effectively perform beyond expectation. It is therefore vital to say that compensation management is an issue that is critical and vital for the running and management of the organization. More so, it is the heart beat of the organization. It is therefore parties germane for both parties to negotiate and implement effective compensation management policies that will benefit both parties.

**5.3 Recommendations**

Arising from the outcomes of this study, the following recommendations are offered:

1. The Management should improve their compensation strategy and remuneration to boost employees’ dedication and commitment to efficiently deliver good customer service. This will improve the sector’s image.
2. The Management should conduct research on remuneration levels in other sectors, particular service-related sectors to justify if their compensation system is equitable and fair
3. Organization should promote adequate job security in order to reduce absenteeism, labour turnover and moonlighting among employees. Finally, Insurance companies should design and implement career development programs, including conferences, seminars and other training exercises as a reward for committed and dedicated staff members.

**APPENDIX I**

**Godfrey Okoye University**

**Department of Business Management**

**Enugu State**

**June, 2018.**

**Respondent,**

**QUESTIONNAIRE ON INVESTIGATION OF THE EFFECT OF COMPENSATION MANAGEMENT IN ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF COPEN GROUP.**

This questionnaire is designed to collect data on the above subject matter for academic purpose. Kindly complete the questionnaire to enable us complete the study. All answers provided will be treated with strict confidence and used purely for no other thing but educational purpose.

Thank you for your co–operation.

**Yours faithfully,**

**Eze Chimdindu Ifeanyi**

**Appendix II**

**Section A**

**BIO DATA**

1. **Sex: Male** ( ) Female ( )
2. **Staff Category:** Management ( ) Senior Staff ( ) Junior Staff ( )
3. **Age:** 18-20**,** ( ) 21-25 ( ) 26-30 ( ) 31–35 ( ) 36 and above
4. **Organizational Department:** Transport ( ) ICT ( ) Bursary ( ) Health ( )
5. **Tenure/Years of Experience:** 1-3**,** ( ) 4-6 ( ) 7-9 ( ) 10 and above
6. **Marital Status:** Single ( ) Married Widow( ) Widower Divorced( )

**Section B**

**Tick (√) appropriately**

1. Compensation management affect employee’s performance in Copen Group

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

2 Welfare services affect employee’s performances in Copen Group

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

3 There is good compensation management and improved productivity in Copen Group

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

4 There is good compensation management and retirement of staff in Copen Group

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )

(d)Disagree ( )

(e) Undecided ( )

5. Subjecting employee to various compensation strategies motivates them and consequently a replica to an improved performance

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )

(d)Disagree ( )

(e)Undecided ( )

6. Compensation is not all about money

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

7. Good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )

(d) Disagree ( )

(e) Undecided ( )

8. In a competitive market, higher basic pay is used for attracting and retaining employees who already have experience to improve their performance

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

9. Personal service and family-friendly benefits include food services, recreational and child and child-care opportunities, legal advice, credit unions, educational subsidies and counseling enhance employee performance in an organization

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )

10. Recognition, status, development and growth are the factors which leads to motivation and ultimately leads toward job satisfaction and finally employee performance

1. Strongly agree ( )
2. Agree ( )
3. Strongly disagree ( )
4. Disagree ( )
5. Undecided ( )