

Wages and salaries as a motivational tool for enhancing organizational performance. A survey of selected Nigerian workplace

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Abstract. This study examined how the organisation's human capital was compensated and see whether the compensation even serves as a motivational tool to enhance organisational performance. Seven research questions and two hypotheses were postulated to find solutions to the problems of the study. One hundred and twenty personnel formed the sample size from six organisations. A self-designed instrument labeled Wages and Salaries as a Motivational Tool Questionnaire 2 (WASAMOTOQ2) containing seven sections was used in the collection of data. The findings of the study revealed those factors that militate against adequate compensation to include labour market conditions, the ability of the organisation to pay adequate compensation and the existing country/nation's present cost of living; what makes up good and adequate compensation include recognition of individual performance and taking care of individual incentives and it shows the relationship between compensation and motivation. It further established the consequential effect of inadequate compensation and motivation on the organisational development. Based on the findings, the following recommendations were proffered that there should be wages/salaries scale and schedule; such should be based on identified indices in the study; that disparity between two identical workers should not be based purely on 'paper' qualification but the ability to 'deliver'; and that wages/salaries should display equality, no 'sacred cow'.

Keywords: wages, salaries, motivation, employer, employee, compensation, African.

1 Introduction

“Generally, every organisation consists of both tangible and intangible elements: the environment, vision and mission, values, objectives, strategies, authorities, work, people and other resources (land, labour, capital, entrepreneurship and technology, especially, ICT). The only living thing among these elements are the human beings, who have entered into contractual relationship with the organisation to offer their human endowments in exchange for some forms of rewards” (Muo, 2007:197). Some forms of rewards talking in terms of what will be referred to in law as consideration and in simple term as wage or salary. Wage, when it is paid daily and salary, when it is paid weekly, fortnightly or monthly.

Esien (2002) went further in drawing distinction between wage and salary. He opined that “in the past, important distinctions existed between wages and salary, but today, the words are used interchangeably, reflecting the convergence of method of paying skilled and unskilled employees that has happened over 40 years. A salary was defined as a fixed annual amount, paid monthly. Wages in

contrast were variable weekly payments (usually made in cash) that fluctuated in value through overtime, bonuses, and piecework rates. Salaries were determined individually; wages through management/union collective bargaining”. Today, however, many salaried workers are unionized and paid according to union negotiated salary scales, with annual increment; while large numbers of wage earners now receive relatively stable time based earnings.

Also, going the other way, it is a common belief nowadays that human existence dated back to the days of first man and woman on this planet, earth – Adam and Eve, were punished for eating the assumed forbidden fruit and the punishment for doing that was a pronouncement from their assumed creator that they shall eat from their sweat. Hopefully, this event leads us into working for ones living till date. Again, an Economic principle showed it as labour, a factor of production, as such; production of goods/services cannot be achieved without the element called labour. In Sule, 2012, it was opined that “no organisation can survive in isolation. Organisations need to relate with people, bodies and organisations in order to survive. Their continuous existence depends largely on their resources (including labour or human) to break-even at worst. Thus, it is very significant that the workforce is a stakeholder in every organisation”.

If truly the workforce is a stakeholder in every organisation and since what is accrued to entrepreneur is profit, then, the issue now is what are the benefits accrued to workers. Muo, 2007:197 emphasized that workers entered into contractual relationships with organisations to offer their human endowments in exchange for some forms of rewards. In law, one who engage in a work or service not for a reward is said to be engaged in a ‘gratuitous’ service. Therefore, for there to be a valid contract between two parties known in law as employer and employee, Section 7 of the Nigeria Labour Code Act of 1946 stated that “the wages of the workers (employee) must be paid in legal tender and it is illegal, null and void if made payable in any other manner”.

Again, payment of wage or salary to employees by the employer is mandatory by law but not just for the fun of it. It must be noted that such wage or salary paid is an instrument of motivation or ‘driver’ for the workforce to keep the body and soul together and possibly make them a stakeholder in the organisation. It is a common knowledge that when you are a stakeholder in an organisation, such employee will always want the survival of such organisation at all times. This is one of the challenges of motivation within organisations. Motivation is one of the greatest challenges facing managers across the globe because it influences workers’ performance and thus the extent to which organisations are able to achieve their objectives and justify their existence.

Cummings (1978) argued that the management of human resources is “*concerned with obtaining the best staff for an organisation, and having got them, looking after them so that they will stay and give of their best to their jobs*”. This is pointing to the fact that proper recruitment process must be strictly adhered to, as ascertained in Sule and Ugoji (2013); recruitment process in organisation and after getting the best staff, the next thing is looking after them so that they will stay to give their best in terms of their input for optimal organisational development. This is talking about motivating the workforce to steer the best attributes in them. Note, the writer presumes the best way to motivate in Nigeria today is for the worker to be paid adequately and promptly.

Therefore, there is need for us to see and to review how and why wages and salaries paid to workers help to motivate on the job. Another issue is that, do wages and salaries really motivate workers on the job such that if not paid, there will be no difference in the attitude of such workers.

The specific objectives of this study include:

- Examining whether wages and salaries motivate positively;
- The potency of wages and salaries as a motivational tool;

- Describe other variables that affect worker performance apart from wages and salaries;
- Describe factors that militate against adequate compensation;
- Describe the effects of inadequate compensation as a motivational tool on workers and organisational performance;
- The other compensating strategies apart from wages/salaries that serve as motivational tools;
- The difference between gratuitous and paid workers performance at work;
- To provide theoretical explanations and empirical validations for the linkage between wages/salaries and performance.

The research questions will be tailored towards the purpose of the study such that if they are answered, one will clearly realize why and how wages and salaries administration serves as motivational tool as well as enhancing organisational performance in the Nigerian workplace. The questions are as follows:

- i. What are those factors that militate against adequate compensation?
- ii. What constitutes good and equitable compensation?
- iii. What are the likely effects of inadequate compensation as a motivational tool on the workers and organisational performance?
- iv. What are the motivational variables that affect individual worker's performance in the organisation?
- v. Is regular increase in wages and salaries alone being able to motivate positively?
- vi. What are those other compensating strategies that can serve as motivational tools in the organisation?
- vii. Is there attitudinal difference in the efforts of paid workers and the gratuitous workers?

Research hypothesis

Hypothesis one

H₀: Wages/salaries have no significant impact on workers' performance in Nigerian workplace.

H₁: Wages/salaries have significant impact on workers' performance in Nigerian workplace.

Hypothesis two

H₀: Wages/salaries have no significant impact on organisational performance in Nigerian workplace.

H₁: Wages/salaries have significant impact on organisational performance in Nigerian workplace.

Significance of the study

The rationale of this study was carried out to expose the vital strength of adequate compensation on the employee, in order to reduce labour turnover as indicated through pilot study. The study is of utmost significance to management theorist as wages and salaries has not been specifically mentioned to be an important tool that can affect the morale and performance of workers in the working environment, especially, Nigeria of today. The economic hardship had made people to be 'suffering and smiling' at work such that even when they are not well remunerated, they pretend as if all is well and quietly be on the look-out for another job opportunity, elsewhere.

Again, not too many researcher had looked at wages and salaries of workers, especially in Nigeria of today, as per what constitute a better pay for a job considering the kind of economy we operate in this continent and the fact that all what our entrepreneur practically do is the "winner takes all" attitude by maximizing every earnings and minimizing all costs whether relevant or irrelevant. For instance, can you ever imagine the 'peanuts' given to the teachers in the private school especially, the kindergarten class? Usually, their 'take home pay' is not enough to take care of an able bodied person for a week. The study will, however, focus on why it is essential to pay wages and salaries and not just

'allowance' in place of wages and salaries. Also, the researcher will look at some gains of a better wages and salaries to the organisation as well as to the workers. Finally, the work will look at the cultural value Nigerians attach to the family lineage and the consequential cost effects of such belief on our financial demands as a Nigerian worker. The study is also meant to contribute knowledge and lay foundation for further research on adequacy of wages and salaries to employees for enhancing their performance and consequentially, the organisational performance.

Following this background, the remaining sections of the study are structured thus: Section Two presents a comprehensive review of literature; Section Three deals with the methodology employed; Section Four involves analysis of research findings and finally, Section Five for summary and recommendations.

2 Literature review

The review of literature focused on the following areas:

- i. Conceptual framework;
- ii. Factors militating against adequate compensation (wages/salaries);
- iii. What constitutes good and adequate compensation (wages/salaries);
- iv. Relationship between adequate compensation and motivation;
- v. Consequential effects of inadequate compensation and motivation on the organisational development;
- vi. Empirical Evidence.

i. Conceptual framework

The conceptual framework of this study will be based on the concluding remarks by Johnnie (2002) on Motivation in organisation in his book "*Organisational Behaviour and Organisation Theory (A Theoretical and Philosophical Perspective)*". Johnnie asserted that "on a general level, it may be plausible to argue that organisations in developing societies may not be seen as places where attractive salaries are paid, nor are they meant for the individual that has a strong instrumental orientation towards work, but they are institutions for those with a high need for socially relevant achievement". Organisations in developing societies that insist on creating the relevant environment for challenging work create appropriate conditions for learning on the job, stresses on the introduction of socially relevant work are likely not only to attract but retain a good crop of dedicated employees.

Johnnie went further in asserting that although motivational theories developed around Western norms may not be too relevant in developing societies, but the fact still remains that these theories are widely used at work in most developing societies. Most organisations in developing societies are known to have used these motivational theories extensively in solving practical organisational problems. But the argument has been strong bonds of attachment to the control environment, organisations in developing countries have not been able to offer attractive conditions like hiring terms, to dismiss staff at will, or pay employees fair and reasonable remunerations which would have led to higher performance.

The argument was also advanced that change agent organisations in developing societies are not in any way better to offer attractive conditions as a result of their small size. It simply means that organisations in developing societies generally have inherent weaknesses which place them in a disadvantaged position, therefore, make it almost difficult for them to pay attractive salaries, and perks. Presumably, this is why Agburu (2012) asserted that "institutions or companies that seek to attract and retain highly productive and efficient employees cannot shy away from facing the

challenges posed by the need to pay wages adequately in a competitive environment". Today, in Africa, it is relatively difficult to know which organisation is ready and willing to pay what can be described as *adequate wage*. This is because of the economic condition of most of the African countries as well as the problem created by the political instability.

Johnnie went further to argue that indigenous motivational theories based on the work behaviour of the traditional African "industrial-man" should be developed. We are, therefore, arguing that there is no one best way of motivating the African worker. The best approach if it existed depends on the circumstances prevailing at the workplace. This may have led Nadler and Lawler (1983) to argue that some of the so-called theories cannot be applied universally. We think that the traditional African worker is symbolically different from his counterpart in the industrially advanced countries. Johnnie opined that it may not be wrong if we argue that in view of the extended family system and the low level of per capita income in less developed countries, most workers in developing countries are said to be motivated more when a particular work situation involves materials benefits or money related issues. Ahiauzu (1985b), while discussing what motivates the farm worker found that "gifts and materials benefits outside the regular salary" were the strongest motivators.

ii. Factors militating against good and adequate compensation

As Nwachukwu (2000), and Atchison (2003) have aptly observed wages and salaries constitute a significant part of the overall cost of operations, observing that in some organisations wages and salaries constitute over 50 percent of the operating costs. Essien (2002) on his own argued that wages, salaries and related costs (pension, etc) make up about 65 percent of the total costs of running a business. Be it as it may, companies or establishments that lack ability to pay wages and salaries regularly are in danger of disintegration. Poor wage and salary are a constant source of frustration and can result in declines in productivity. As such, organisations must spend a great deal of time and effort in finding appropriate payment system in their organisation.

Considering Essien (2002) assertion, pay systems and decisions in pay have to take account of the following factors militating against good and adequate compensation:

1. *Labour Market Conditions:* The general economic situation produces changes in the labour markets of an economy. When business is buoyant, the demand for resources is high. As an important resource, labour is also in demand, at least in general terms. The point for organisation is the state of the particular labour markets that they are drawing up. Certain skills are always in short supply, even when labour in general is plentifully and organisation seeking to recruit personnel with these scarce skills will have to pay a premium price. Where skills sought are in surplus, however, then the recruiting organisation is in an advantageous position.
2. *The ability to pay:* Organisation changes their ability to meet their salary and wages commitments. Those which are profitable and which enjoy a good cash flow, will, other things being equal, find it easier to be generous to their employees. Those who are struggling for survival will find it difficult to meet even their minimum obligations. Both prosperous and weak organisations still have to decide the amount in terms of revenue to be kept for labour cost in comparison with amounts required for investment in new plant and machinery. Thus, the ability to pay is a question of individual judgment as it is of economic necessity.
3. *Cost of Living:* When the cost of living is high, that is, when inflation is rising, there is enormous pressure on employers to raise wages and salaries by the rate of inflation, since the employees are effectively experiencing a cut in their purchasing power in short term by government action in form of an "income freeze". Having said this, one should not lose sight

of the fact that wages and salaries makes up a variety of factors, and that government uses tax to reduce the rate of inflation. Like in oil and gas industry, there is room for an annual cost of living increment of at least 5 percent for all employees annually. This is to take care of the increase in the cost of living in the country and it must be noted that this is automatic and not negotiable.

4. *Comparability:* The employees (trade union) and employers are bound to consider what comparable wage/salary that is being paid elsewhere. A particular company will look around within the industry employees. The worker union focuses on the rates for jobs. The private sector workers focus on the public sector for comparisons, especially, in terms of occupational groups.
5. *The bargaining power of the trade union:* The ability of the trade union to influence the decision of pay structure depends very much on its bargaining power. If the employers' demand for particular skill are desperate and they are scarce, then, the union position to press for their demand will be very strong to the extent of diverting financial resources away from long term investment to present wage and salary demand. The case will be the other way round if the union position is weak. As established in Sule (2013a) that trade union will be weak when the principle of "*free and independent trade unionism*" is no more in existence, that is, a model of unionism that is primarily concerned with economic functions of collective bargaining to win benefits for workers and we now have "*bread and butter unionism*" that is, unions that are linked with or controlled by government or political parties like in the communist system of government.
6. *Government Action:* For some years now, the government has been intervening actively in pay issues in Nigeria. In some cases, they have legislated to achieve certain ends, by introducing a statutory income policy to keep wage levels within defined limits, or by passing legislation to protect particular groups of employees especially those covered by wages councils. The other influence of wage rate by government is the reliance on fiscal measures, example, taxation, interest rate, exchange rates and so on. Considering the discrepancies in the Federal and State Civil Service pay and allowances, Agburu (2012) opined that "although most of the variables in terms of pay and allowances enjoy common nomenclatures for both the Federal Civil Service and State Civil Service, there are marked differences in the monetary values attached to them. Agburu concluded that "consequently, the civil servant at the State level is worse off in this respect though they attend the same market and other business environment.
7. *Technological Organisational Change:* Within organisations, there are relatively stable conditions, both internal and external environments in relation to another, importantly, the internal relating appropriately with the external environment and is able to implement its pay and salary policy without problems. Also, an organisation undergoing modern changes, which results from market pressure or technological changes will have to alter their payment structure to reflect the current demands. Infact, payment structure has to change more constantly than the rate at which equipments are changed considering what Ahiauzu (1999) said that "what we see as tools, machines, production methods and techniques, which constitute hard and soft technologies are merely manifestation of what had earlier existed in minds of men, in form of ideas, that had become crystallized from human thoughts". This goes to show that human as a resource is very vital to organisations and as such should be looked after than equipments and machineries.
8. *Productivity or Performance:* The efficiency with which goods and services are produced determines the profitability of an organisation. Wage and salary negotiators can ask for more

pay, if the company management is able to relate that high wages or salaries paid to the workers will improve productivity.

iii. What constitutes good and adequate compensation

Wages and salaries must maintain equity, competitiveness, matching employee expectations, reinforcing positive employee behaviour and eliminating any discrepancies. Other purpose of wages and salaries include devising a system that is most efficient, organisation of management and employee interest as well as maintaining good industrial relations and harmony. If all these are achieved in an organisation, definitely, the employees will be seriously motivated and put in more effort into their work.

Wages and salaries to be paid by organisations must be able to attract talented human resources, serves as legal requirements, help to retain and finally motivate employees on their job which will increase individual output and invariably, enhanced the organisational performance.

However, there is need to have some concepts of different wages paid by organisations like minimum and fair wage. For instance, a minimum wage is an amount of remuneration, which is just sufficient to enable an average worker to fulfill all his financial obligations; it is applicable to workers across the country and is governed by law. Again, minimum wage law states that an employer who cannot pay the minimum wage has no right to engage labour and no justification to run a firm. The current minimum wage in India is Rs. 66 per day and ₦18,000 per month to all workers in scheduled employment in Nigeria.

On the other side, when fair wage is paid workers performing work of equal skills, difficulty or unpleasantness should receive equal or fair wages. The basis of fair wage is the minimum wage within the capacity of the organisation to pay. Fair wage should be related to the productivity of the labour, it should match the prevailing rates of wages in the same or neighboring localities and it should reflect the level of national income and its distribution.

Nevertheless, the term “compensation” simply refers to the wages paid directly for time worked as well as more indirect benefits that employees receive as part of their job or employment relationship with an organisation (Otobo, 1987). Therefore, what constitutes good and adequate compensation are highlighted in Agburu (2012) by Nwachukwu (2000) and Ngu (2005) as the key features or characteristics of good salary or wage as follows:

1. The wage rates that prevail in the local market and in the industry. The main purpose here is that it will ensure that the company remains competitive in the market as well as within the industry such organisation belongs.
2. The internal alignment of wages to ensure equity.
3. Recognizing for Individual Performance. Although, two individual workers may have identical qualification and/or experience, one may earn higher than the other due to his superior performance.
4. Taking care of Individual Incentives. That is, incentives that :
 - a) Are easy to administer;
 - b) Whose results reflect the efforts of the individual;
 - c) Make the computation of reward easy;
 - d) Equate reward with the effort expected; and
 - e) Leave the factors necessary for the attainment of the objects in the control of the employees.

But, Essien (2002) looked at what constitute good and adequate compensation as the purpose of compensating employees to include:

- i. To attract sufficient and suitable employees;
- ii. To retain employees who are satisfactory;
- iii. To reward employees for effort, loyalty, experience and achievement.

iv. Relationship between adequate compensation and motivation

For the purpose of this study, it must be noted that whenever we talk about compensation we are referring to wages or salaries paid to workers. Again, compensation can be adequate when it, at least, satisfy the economic, psychological, growth and motivational needs of workers. Then, such compensation can be said to be sufficient, help to retain satisfactory employees and at the long run complement the effort, loyalty, experience and achievement of such worker. If all the above factors are inherent in a worker, such worker must have a pleasurable or positive emotional state resulting from appraisal of one's job or job experience. This is Locke (1976) definition of job satisfaction.

Essien (2002) went further to describe job satisfaction as "a result of employees' perception of how well their job provides those things, which are viewed as being important to them". Now, what are more important to an average employee than meeting his/her financial obligation? Absolutely nothing except money! Money answereth all things! Muo (2013) opined that "right from the days of Taylor and his scientific management mentality, money has always been seen as the greatest motivator for workers. Of course, this has to be so in a situation where money is the only means to acquire whatever one wanted/wants. The motivational value of money is invariably high in African countries because of the circumstances like mass poverty, lack of basic amenities which turns everyone into his own municipal government".

Opashl & Dunnette, (1966:94) highlight the motivational roles of money as follows: "Money is a Generalized Conditional Reinforcer because it is usually paired with primary reinforcers; a Conditioned Incentive because the repeated pairing of money with primary incentives establish a new learned drive for money; an Anxiety Reducer because people become anxious in the absence of money; a Hygiene Factor because it serves as a potential dissatisfaction if not sufficiently available and an Instrument for Gaining Desired Outcomes because it helps to acquire other desired outcomes and while it has no value in itself, it but symbolizes intangible goals".

Muo (2013) concluded on the issue of Money, Motivation and Behavioral Consequences of Compensation that "Money is thus a critical motivational variable. This is due to its five general roles already discussed. In addition to these general roles, the features of the pay policies, the type of job, the personality of the individual workers and their preferences and perceptions also intervene in the motivational value of monetary compensation". "In effect, the pay itself, how it is administered and the peculiarities of the staff are all critical in determining the motivational roles of money. "Other factors that would affect the extent to which money motivates include level, cost of living, level of education, family/personal background and future salary expectations" (Muo, 1999).

In Muo, (2013), efforts were made to find out from the Knowledge Workers (KWrs) what motivational variables appeal to them. The motivational variables considered in the study were financial rewards, training and professional development, empowerment and flexibility, equity and fairness, innovative environment and sense of belonging. Others are supportive superiors, teamwork, affiliation and attachment, freedom of choice, exploration and professional independence. After the study, the rating shows training and professional development with 50%, financial rewards with 40%, empowerment and flexibility with 32%, exploration and professional independence with 25%, and freedom of choice with 20%. Others are equity and fairness as well as sense of belonging with 18%,

supportive superiors with 17%, innovative environment with 15% and finally, teamwork, affiliation and attachment with 10%.

Thus, Muo, (2013) went further on the Nigerian experience of the motivational variables by the Nigerian Knowledge Workers (KWrs) that “thus, while the US workers rated *benefits* as the highest, Nigerians rated it second and the Nigerian sample rated *training and development* first, a variable rated 13 out of 20 by the US respondents”. He finally concluded that “thus in practical terms, these are the variables that are close to the hearts of Nigerian Knowledge Workers (KWrs). The pre-eminence position attached to training and development is in tandem with theoretical and empirical evidences. In most surveys, training appears among the top three benefits sought by employees because they want the opportunities to learn and grow and they search for organisations that will facilitate their professional growth”. Top professionals, technical employees and those under 30 tend to put developmental opportunities as their topmost priority (Pfau & Kay, 2002). Even Maslow supports training as a motivational factor for Knowledge Workers (KWrs) because the self-esteem (ego) needs, can only be achieved when the staff is trained which will enhance self confidence, because training and development enable the staff to enhance his competence.

Hutton (1969:436) opined that “it was common for men in the category of wage employment to be thinking in terms of finding a job in order to accrue savings for rural investment on their return from the urban center to their rural areas”. Seibel (1973:6) on his own argued that “wage labor has become fully integrated into the normal life of the African worker and that wage labor is not only a means of earning one’s living but has become an end in itself”.

v. Consequential effects of inadequate compensation and motivation on the organizational development

Agburu (2012) declared that “wages and salaries should not only be adequate but they must also show some element of equity; this is, particularly, true from the view point of the employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in an economy such as any African country. For any average African employee, wages or salaries are highly critical issues. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries are the most emphasized by the employees, thus, they sort of take a center stage in the scheme of things as far as rewards for work is concerned”. To this end, therefore, inadequate compensation will bring about inadequate motivation and all these put together will attract:

- i. *Low Performance:* Performance can be said to be the measurable output per an individual personnel at work. When such worker is well motivated and adequately rewarded, there is much tendency for such worker to increase his/her output on the job which is a positive indicator for the growth and development of the organization. But when such employee lack adequate motivation and financial reward, the output of such employee must reduce no matter the condition of work.
- ii. *Absenteeism:* Absenteeism occurs when an employee is expected to be at work and is avoidably absent. Such is the kind of attitude displayed by employees that are not satisfied one way or the other with their work or organization. Note, before a total absent, such employee would have been coming late and if possible, be closing before the stipulated closing time. This attitude reduces the production of the organization and invariably affects the growth and development of the organization.
- iii. *Labor Turnover:* In Sule (2012) labor turnover was described as “the rate at which employer gains or losses employees. A simple way to describe this is ‘how long employees tend to stay’

or the traffic rate through the revolving door of employment”. Also, the study went further to say that one of the causes of high labor turnover is that “employees are not happy with the work and/or compensation.

- iv. *Sabotage*: Sabotage is said to be the act of doing deliberate damage to equipment, transport, machines, etc. to prevent an enemy from using them, or to protest about something or the act of deliberately spoiling something in order to prevent it from being successful or useful. Whichever of the definitions we stick to, one paramount thing is deliberate damage and/or spoiling of something and getting or making such thing cost extra money to replace, no matter how little it may be. Again, deliberate damage to prevent an *enemy* from using them. In this case, who is now the enemy? The organization or the employer, of course! This suggests that there is no more cordial/mutual relationship, loyalty and dedication again from such employee. Sabotage might come in form of either economic or image sabotage. Examples include pilfering of any sort, image laundering, bribery and corruption, etc.

vi. Empirical evidence

David Belcher in Nwachukwu (2000) has advised that prior to embarking on policy regarding wages and salaries, the organisation should bear in mind 17 assumptions and topping the assumptions is the fact that “pay is an incentive for job performance”. Wesonga et al (2011) though focused on a particular sugar company ended up to established the fact that most current employees of the company are ready to quit if offered another job with better terms of service and that the level of dissatisfaction is highest among the low cadre of employees of Sony Sugar Company. The researcher went further to recommend that management should introduce better overtime pay and workers encouraged to take up the opportunity and that the management should also review its pay packages, fringe benefits and opportunities for growth in order to retain its workforce.

Again, Howrtz et al (2003) identified many factors as the most effective strategies for attracting, motivating and retaining Knowledge Workers (KWrs) but ranked first among the list of factors attracting Knowledge Workers (KWrs) “very competitive package (wages/salaries). Obasan (2012) also concluded that “compensation strategy is seen as one of the most important strategies in human resource management function as it influences the productivity and growth of an organization and that it is imperative to incorporate effective compensation strategies for workers as part of their corporate goals and objectives”.

Furthermore, Agburu (2012) concluded that “there had been a gross lack of close relationship between pay (or compensation in general) and employee productivity. Consistently, productivity has tended to lag behind pay, be it at the federal or state government levels”. Finally, Muo (2013) concluded that “people are the most critical elements in the organization because they acquire and manage other resources” and that “in trying to motivate people to work, organizations should do all it takes to ensure that people satisfy their different and varying needs as they work for the organizations”.

3 Methodology

The research population of this study consists of all classes of management personnel of the organisations studied in Ogun, Rivers and Lagos States of Nigeria. The organisations are Nigerian Gas Company, Egbin (Lagos State); Crescent University, Abeokuta (Ogun State); Moshood Abiola Polytechnic Library, Abeokuta (Ogun State); Nigerian National Petroleum Corporation (NNPC) Staff School, Port Harcourt (Rivers State); Federal Medical Centre, Abeokuta (Ogun State) and Ogun State Judiciary (High Court of Justice), Ijebu-Ode (Ogun State). We have about 370 staff at different

management level in all the organisations studied which consist about 70 in Crescent University, Abeokuta, 70 in Moshood Abiola Polytechnic Library, Abeokuta, 60 in Nigerian Gas Company, Egbin, 40 in Nigerian National Petroleum Corporation (NNPC) Staff School, Port Harcourt, 70 in Federal Medical Centre, Abeokuta and 60 in Ogun State Judiciary (High Court of Justice), Ijebu-Ode.

The sampling procedure of non-probability of convenience or accidental sampling method was adopted due to accessibility of the respondents (sample). Scholars do not agree on the exact population of the accessible population that should form the sample size. Mugenba and Mugenba (1999) suggested that in descriptive studies ten percent of the survey population representative is enough to generalize characteristics being observed. It is non-probability of convenience or accidental sampling for easy administration and retrieval of instrument as many will not want to have anything to do with questionnaire not to talk of questionnaire relating to wages and salaries. Therefore, a total of 120 respondents were selected to form the sample of the study.

The study made use of a self-designed questionnaire tagged “Wages and Salaries as a Motivational Tool Questionnaire 2” (*WASAMOTOQ2*). Based on the literature reviewed, there is no relevant questionnaire available; as such *WASAMOTOQ2* was designed based on research problem. Copies of the questionnaires were administered on 120 respondents.

The questionnaire was made up of five sections. Section 1 is about general background; sections 2 and 3 are two options of yes or no questions on the kind of worker the respondent is to the organisation and the possible organisational compensating strategy; section 4 deals with factors militating against adequate compensation; section 5 is on what constitutes good and adequate compensation while section 6 examined the effects of inadequate compensation and motivation on the organisational performance and section 7 deals with the rating of motivational variables in the organisation.

Sections 4, 5, and 6 contained structured statements with four-response options based on Likert-type scale. These responses ranged from Strongly Agree (SA), Agree (A), and Disagree (DA) to Strongly Disagree (SDA) and the respondents were required to indicate the extent to which they agree or disagree with the statements. The questions were assigned weight on a 4-point scale rated 1 to 4 as follows. Strongly Agree (4), Agree (3), Disagree (2) and Strongly Disagree (1) while the reverse is for negative statements. Section 7 attracts rating of the listed variables according the level of priorities to the respondents from 1 to 10.

Data collected from respondents were handscored on scoring sheets for analysis. The model summary, ANOVA and co-efficient were used to test the hypotheses postulated for the study. In addition, percentage, ranking of scores, mean scores and standard deviation were also used in analyzing the data collected and presented in tabular form.

To make decision on the tables, benchmark must be obtained by calculating the mean of the table mean score obtained by dividing the summation of the mean score by the number of the items analysed. In the same vein, the mean of the standard deviation summation can be obtained and used as the benchmark for the selection of significant attitude or factor.

4 Data presentation and analysis

This section deals with the presentation of the data in a readable manner as well as the analyses of data based on the responses of the respondents. A total of 120 copies of questionnaire were distributed to the respondents, 109 copies were retrieved and duly completed. The analyses of the data are shown on tables based on the research questions and hypotheses postulated for the study.

Research Question 1: What are those factors that militate against adequate compensation?

Table 1 below takes care of the needs of research question 1.

Table 1 Factors militating against adequate compensation (Wages and Salaries)

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>TOTAL SCORE (TS)</i>	<i>MEAN SCORE (MS)</i>	<i>STANDARD DEVIATION (STD)</i>
1.	Labour Market Conditions	*346	*3.17	32.84*
2.	Ability of the organisation to pay	*358	*3.28	33.98*
3.	Existing country/nation's cost of living	*334	*3.06	31.70*
4.	Comparability of wages/salaries in the occupational group and/or industries	319	2.93	30.27
5.	The bargaining power of the trade union	322	2.95	30.56
6.	Government Actions and Policies	*334	*3.06	31.70*
7.	Technological Organisational Change	298	2.73	28.28
8.	Productivity and performance of employees to the organisation	*336	*3.08	31.87*
Total		2,647	24.26	251.2
Benchmark =		330.9	3.03	31.4

Source: Survey Data, 2014

From Table 1 above, the significant factors that militate against adequate compensation were labour market conditions, the ability of the organisation to pay adequate compensation and the existing country/nation's present cost of living. Others were government actions and policies as well as productivity and performance of employee to the organisation.

It must be noted that these factors listed were above the significant level based on the calculated benchmark for determining those factors that really affect or militate against adequate compensation.

Research Question 2: What constitute good and equitable compensation?

Table 2 takes care of the needs of Research Question 2.

Table 2 What Constitute good and equitable compensation?

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>TOTAL SCORE (TS)</i>	<i>MEAN SCORE (MS)</i>	<i>STANDARD DEVIATION (STD)</i>
1.	Prevailing wage/salary rates in the local market in the industry	323	2.96	30.65
2.	The internal alignment of wages/salaries to ensure equity	334	3.06	31.70
3.	Recognition of individual performance	365*	3.35*	34.64*

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>TOTAL SCORE (TS)</i>	<i>MEAN SCORE (MS)</i>	<i>STANDARD DEVIATION (STD)</i>
4.	Taking care of individual incentives	343*	3.15*	32.55*
Total		1365	12.52	129.54
Benchmark		341.3	3.13	32.29

Source: Survey Data, 2014

After the calculation of the mean score and eventually, the standard deviation of the data received with the instrument used and subsequent calculation of benchmark, those factors found to be significant and constitute good and equitable compensation were recognition of individual performance and taking care of individual incentives. The internal alignment of wages/salaries to ensure equity might not be significant based on the analysis of data but with a close look at the benchmark of 3.13 and this factor mean score of 3.06, one will notice that it is a factor one cannot actually push aside with the back of the hand in determining factors to consider in having good and equitable compensation.

Research Question 3: What are the likely effects of inadequate compensation as a motivational tool on the workers performance and on the organizational performance?

Table 3 takes care of the needs of Research Questions 3.

Table 3 Effects of inadequate compensation as a motivational tool on the workers performance

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>TOTAL SCORE (TS)</i>	<i>MEAN SCORE (MS)</i>	<i>STANDARD DEVIATION (STD)</i>
1.	Low performance of employees	359	3.29*	34.07*
2.	Absenteeism by employees	311	2.85	29.52
3.	Labour turnover from employees	317	2.93	30.68
4.	Sabotage (like pilfering, image laundering, bribery and corruption) by employees	321	2.95	30.46
Total		1365	12.02	124.13
Benchmark		327	3.01	31.03

Source: Survey Data, 2014

From Table 3, the benchmark of the standard deviation was 31.03 and as such the only factor that was significant among the listed and tested factors was low performance of employees. Let it be noted that other factors scores were not too distance from the benchmark. In other words, though, they were not significant, they can still be the likely consequential effect of inadequate compensation as a motivational tool. Again, concerning the impact on organization, ‘what goes up must come down’. If there is low performance of employees in an organization invariable there would be low performance of the organization since the most vital tools in an organization are its workforce

Research Question 4 and 5: What are the motivational variables that affect individual worker performance in the organization and Is regular increase in wages and salaries alone being able to

motivate positively? Table 4 takes care of the need of Research Question 4 and 5.

Table 4 Rating of Motivational variables in the organization.

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>SCORED POINT</i>	<i>RANKING</i>
1.	Financial Rewards	58*	1
2.	Training and Professional Development	21	3
3.	Empowerment and Flexibility	25	3
4.	Equity and Fairness	16	5
5.	Innovative Environment	19	7
6.	Sense of Belonging	21	6
7.	Supportive Superiors	19	7
8.	Teamwork, Affiliation and Attachment	20	9
9.	Freedom of Choice	34*	10
10.	Exploration and Professional Independence	29*	10
Total Scored point		262	
Benchmark		26.2	

Source: Survey Data, 2014

Table 4 indicates that among the ten listed and tested variables, the significant variables were financial reward, freedom of choice and, exploration and professional independence. Though, insignificant but with a little biasness, the researcher was tempted in adding variables like empowerment and flexibility; training and professional development as well as teamwork, affiliation and attachment. The biasness was based on the fact that their scores were close to the benchmark or rather not too far from the benchmark with 25, 21 and 20, respectively to the benchmark of 26.2.

Again, on Research Question 5, it must be noted that financial reward was not only the motivational variable in the organization for positive motivation. Other variables shown from Table 4 include freedom of choice and exploration/professional independence.

Research Question 6: What are those compensating strategies that can serve as motivational tools in the organization? Table 5 takes care of the need of Research Question 6.

Table 5 Company/Organization Compensation Strategy

<i>S/NO</i>	<i>DESCRIPTION</i>	<i>YES</i>	<i>NO</i>
1.	Regular Appraisal for Promotion	87*	22
2.	Gift/Bonuses for outstanding performance	58*	51
3.	Regular increase in Wages/Salaries	45	64
4.	Improved Working Environment	59*	50

Source: Survey Data, 2014

From Table 5 above, other compensating strategy that could serve as motivational tools in the

organisation include regular appraisal for promotion, gift/bonuses for outstanding performance and improved working environment. This was based on the fact that the respondents that answered in affirmative on these factors were more than those on the other side (No as their answer).

Research Question 7: Is there attitudinal different in the efforts of paid workers and the gratuitous worker? Table 6 takes care of the needs of Research Question 7.

Table 6 Gratuitous or paid workers in the organization

S/NO	DESCRIPTION	YES	NO
1.	Are you a gratuitous worker	2	107
2.	Paid Worker	107	2
3.	Can you ever work in this organisation or somewhere else without salary/wage?	12	97
4.	If not paid salary/wage, will you still work like when you are paid?	26	83

Source: Survey Data, 2014

A careful observation of Table 4.6 shows that 107 out of 109 respondents were paid workers which shows that majority of the respondents can never work without being paid. Also, the issue of whether they can ever work anywhere without been paid salary/wage shows that 97 of the respondents can never work without been paid. Again, on whether they would still work like when they were paid if not really paid salary/wage, 83 of the respondents said they cannot work like when they were paid. Invariably, what they were saying indirectly was that their morale will be very low which indicate attitudinal difference in the efforts of paid workers and the gratuitous workers.

Hypotheses testing

Research hypothesis 1

Wages/salaries as motivational tool have no significant impact on workers’ performance in Nigerian workplace.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819 ^a	.670	.668	.93427

a. Predictors: (Constant): Motivation

b. Dependent Variable: Workers Performance

Anova^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	297.735	1	297.735	341.101	.000 ^a
Residual	146.641	168	.873		
Total	444.376	169			

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819 ^a	.670	.668	.93427

a. Predictors: (Constant): Motivation

b. Dependent Variable: Workers Performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	5% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.220	.197		1.115	.267	-.169	.609
	Motivation	.890	.048	.819	18.469	.000	.795	.985

a. Dependent Variable: Workers performance

From the analysis, the dependent variable, workers performance tested against the predictor, motivation showed that the variables are related. The R = 819 indicates that the workers performance is highly and positively related to motivation. Moreso, the R² = 0.670 indicates that 67% of workers performance is actually explained by their motivation derived from their wages and salaries. This may however contain some error term, thus the adjusted R² = 0.668 show that infact only 68% of their performance is attributable to motivation from wages and salary received by employees. The model is found significant 99% confidence level.

The result of the finding is consistent with the conclusions of the findings of similar earlier studies like that of Obasan (2012) and Howrtz et al (2003). This conclusion and finding is however is sharp contradiction with the finding of Agburu (2012) concluded who noted “there had been a gross lack of close relationship between pay (or compensation in general) and employee productivity. Consistently, productivity has tended to lag behind pay, be it at federal or states government levels”.

Research Hypothesis 2:

Wages/salaries as motivational tool have no significant impact on organizational performance in Nigerian workplace.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.659 ^a	.5620	.548	.8934

a. Predictors: (Constant): Motivation

b. Dependent Variable: Organizational performance

Anova^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	297.735	1	297.735	341.101	.000 ^a

Residual	146.641	168	.873
Total	444.376	169	

a. Predictors: (Constant): Motivation
 b. Dependent Variable: Organisational performance

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	5% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	.214	.197		1.107	.246	-.169	.609
Motivation	.6240	.048	.819	18.469	.000	.795	.945

a. Dependent Variable: Organizational Performance

The test of hypothesis two as reflected in the model summary shows that organisational performance is significantly related to workers motivation from wages and salaries. The coefficient of regression of R= 0.659 does not only indicate that there is a positive relationship between the variable but that the relationship is strong. This means that should workers be more motivated, other things being equal, organisational performance will increase. The proportion of the explained dependent variable caused by the independent is measured by the R²= 0.5620 which indicates that 56% of organisational performance is explained by workers wages and salaries (motivation).

Therefore, we conclude from this analysis that organisational performance can be improved by strategically manipulating the wages and salaries paid to staff in a way that it stimulates their motivation and cause them to increase their performance. This is because individual workers performance when aggregated account for the organisational performance.

This finding is in tandem with the works of Muogbo (2013) who concluded that extrinsic motivation given to workers in an organisation has a significant influence on organisational performance and insisted this is in line with the equity theory and fairness in employee remuneration which tends to produce higher performance from workers.

Factors militating against adequate compensation

The study revealed that certain factor militates against adequate compensation. Those factors include: labour market conditions, ability of the organisation to pay, existing country/nation’s cost of living, government actions and policies and, productivity and performance of employees to the organisation. The findings were in line with Essien (2002) as he agreed that certain factors militate against good and adequate compensation.

Again, a closer look at other factors like comparability of wages/salaries in the occupational group and/or industries as well as the bargaining power of the trade union, were not considered to be significant but they are factors that may have much impact on good and adequate compensation. As earlier said, the scores of those factors are very close to the benchmark and as such indicated that they are not ‘push-over’ factors.

What constitute good and adequate compensation?

The findings of this study revealed that what should be considered in paying good and adequate compensation (salary/wage) are recognition of individual performance and taking care of individual

incentives. However, among the tested factors was the internal alignment of wages/salaries to ensure equity which seems to be close also to the benchmark and as such internal alignment of wages/salaries to ensure equity and one should not forget the saying of Lord Denning that ‘he who want equity, must do equity and if you are going to equity, your hands must be manifestly clean’.

Therefore, for the organisation hand to be clean, everything that will bring equity must be well taken care of, especially, in terms of compensation. The findings were in line with the propositions of Otobo (1987), Nwachukwu (2000), Ngu (2005) and Agburu (2012) that what constitute good and adequate salary/wage should take cognizance of the input of each and every individual worker. Although, two individual workers may have identical qualification and/or experience, one may earn higher than the other due to his superior performance.

Relationship between adequate compensation and motivation

The study revealed that there is much relationship between adequate compensation and motivation. This was to buttress the postulation of Locke (1976) that compensation can be adequate when it satisfy the economic, psychological, growth and motivational needs of workers. Such compensation Locke concluded that it can help to retain satisfactory employees and at the long run complement the effort, loyalty, experience and achievement of such worker. The study also conforms to Essien (2002) and Opashl and Dunnette (1966) that employees are motivated when their job can provide those things which are viewed as being important to them.

Consequential effect of inadequate compensation and motivation on the organizational development

The major revelation of this study was that there will be low performance of employees when compensation is inadequate, and subsequently, the morale or rather the individual worker will not be motivated to put in their best. This will invariably affect the organizational performance as it is ‘garbage in, garbage out’. Once the employees’ performances are low the organizational performance will be low, too. This finding was in line with Agburu (2012) when he declared that wages and salaries should not only be adequate but they must also show some element of equity. This finding, again, is a pointer to Sule (2012) that workers that are not well motivated must leave the job for another, that is talking about labour turnover rate which resulted from inadequate compensation and unhappiness at work.

5 Summary and recommendations

The major findings of the study include:

1. That those factors militating against adequate compensation were labor market conditions, ability of the organization to pay, existing country/nation’s cost of living, government actions/policies and productivity/performance of employees.
2. That those things that make-up for good and adequate compensation were recognition of individual performance and taking care of individual worker’s incentives.
3. That there was relationship between adequate compensation and motivation.
4. That the consequential effect of inadequate compensation and motivation on the organisational development will be low performance of employees.
5. That there is significant relationship between wages/salaries and motivational tools in Nigerian workplace.

6. That there is significant relationship between wages/salaries and workers performance in Nigerian workplace.
7. That there is significant relationship between wages/salaries and organisational performance and development in Nigerian workplace.

The following recommendations will help reduce the labour turnover rate and dismal performance of our organizations as revealed by the study.

1. Wages/salaries scale and schedule in line with identified factors should be developed for adequate compensation.
2. Wages/salaries should be good and adequate based on the identified indices in this study.
3. Wages/salaries disparity between two identical workers should not be based purely on 'paper' qualifications but much on the ability to 'deliver' and individual contribution to the organizational development.
4. Organizations should ensure that wages/salaries display much equity such that there would not be sacred cow syndrome among the workers.

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