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**COMPENSATION MANAGEMENT AND PERFORMANCE OF CIVIL SERVANTS IN ONDO STATE, NIGERIA**

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**Abstract**

*One of the challenges facing the Nigerian Civil Service today is the failure of both the Federal and State governments to adequately compensate their workforce. This has inevitably affected the overall performance of employees and has, over the years, made performance very low among civil servants. Based on the aforementioned arguments, this study investigated compensation management on employee performance in the Ondo State Civil Service. It specifically examined how regular salaries, irregular appointments & promotions, and poor incentives influence employees' performance in the Ondo State Civil Service. The study utilised a descriptive research design where a questionnaire was used in gathering responses from one hundred and fifty (150) level 01-13 employees from a population of one thousand one hundred and fifty-eight (1,158) staff of seven (7) MDAs in Ondo State. The findings of the study indicated that the correlation coefficients between employee performance and prompt payment of salaries, rewards, and incentives were significantly positive. Findings revealed that regular salary affected employees' performance; additionally, irregular appointment and promotions significantly affected employees' performance, and poor incentive has positive effect on employees' performance in the Ondo State Civil Service, Nigeria. The study concluded that effective compensation management will significantly contribute to improved employee performance in the Ondo State Civil Service. However, utilising strong compensation strategies to enhance employee motivation and overall service quality within the civil service will lead to improved job satisfaction and effective service delivery.*

**Keywords:** *Compensation Management, Employees' Performance, Irregular Appointments and Promotions, Poor Incentives and Regular Salary.*

**JEL:** J3, J33, J51, M51, M52

## **1. INTRODUCTION**

Global competitiveness is crucial for identifying and retaining skilled, capable, and knowledgeable individuals in an organisation. This is achieved by establishing and maintaining an effective pay scheme that encourages optimal job performance from employees (Aker & Moazzam, 2023). Essentially, organisational achievements or failure mostly hinge on the willingness of employers to leverage their capacity to effectively recruit, hold on to, and suitably reward bright and effective people, who constitute the organisation's most precious resource. The retention of employees is mostly determined by the remuneration packages provided by the firm (Armstrong, 2016). To maximize employee performance and retention, organisations must explore several effective methods of rewarding workers in order to achieve desired outcomes

(Uzochukwu, Nwankwo & Okafor, 2023). Compensation management is a crucial responsibility in human resources management (Lencho, 2020); this explains why this study is intricate, occurring at regular intervals, requiring precision, and must not be postponed. Compensation management necessitates the seamless integration of employees' procedures and information with corporate processes and strategies in order to achieve the most desirable organizational aims and targets. The importance of compensation management is in its ability to align individual efforts with strategic corporate goals, motivating employees' to consistently improve their performance and efficiency (Fapohunda, 2021).

Compensation is a crucial factor in motivating individuals as they are inherently driven to work at a higher level when they believe they will get enough remuneration or rewards for their efforts. In today's competitive economic climate, pay has become possibly the most significant motivating element due to the influence of the consumer culture and the many reasons individuals put effort. The majority of individuals are primarily driven by financial incentives, particularly when it comes to fulfilling their fundamental needs and desires. In whatever guise it comes, the most evident external reward remains compensation since it serves as the desired incentive for most individuals (Akpan, Ayayinka & Obialor, 2022). Given this, firms often prioritize acquiring valued and skilled individuals; the reason for their importance is the significant value that these personnel provide to the firm (Singh et al 2010; Okeke & Ikechukwu 2019). Employee pay components, such as salary, rewards, and other forms of remuneration, serve as indicators of an organization's health and are necessary for improving employees' performance (Okolocha, 2020). Abdulwahab (2016) asserts that human resources are the fundamental support system of any enterprise. The responsibility of enterprises should be to ensure the contentment of their employees by providing suitable working circumstances, motivation, financial incentives, and a harmonious connection between superiors and subordinates.

According to Osibanjo (2012), the level of employees' work satisfaction and willingness to stay in an organization is dependent on the remuneration packages they get. Organizations that want to accomplish their objectives require a content and contented workforce. A crucial factor for the success of any organisation is its ability to recruit, retain, and keep competent and content employees (Lencho, 2020). Onuorah and Okeke, (2023), in their opinion, stated that the ongoing conflict between management and employees, caused by demands for higher wages in public services worldwide, is posing a challenge for public sector organisations to optimize their workforce in order to enhance organisational performance. Remuneration, in the Nigerian Civil Services, has emerged as the primary motivation for hunting for employment in the sector. It is crucial for organisations to create and implement a pay structure that can effectively incentivize employees to perform without excessively depleting the organisation's resources.

High employee performance refers to the consistent improvement in the excellence, competence, and efficiency of completing a succession of assignments within employees. Performance may be affected by the level of remuneration provided to employee that may in turn lead to a greater inclination to seek work with other organizations (Akter & Moazzam, 2023). When employees are aware that their diligence and exceptional accomplishment are recognized and acknowledged by the business, they will want to get more compensation and strive for higher levels of performance (Siramiati, Surachman, Hadiwidjojo & Rohman (2016). Conversely, discontent with salary may lead to a decline in performance, increased absenteeism, and more employee turnover (Wang & Wang, 2020). A study by Naidu and Satyanarayana, (2018) found that the majority of workers react to salary and benefits increments by displaying a favourable and enhanced level of productivity. Conversely, the reverse is also accurate. Occasionally, workers become aware of the benefits of a salary raise only on the day they are informed about it, and when they get their first pay slip reflecting the increased compensation.

Typically, individuals of high calibre are attracted to organizations that provide the highest compensation and the most potential for career progression. There are still individuals in the labour sector who are diligent and dedicated and remain motivated irrespective of the remuneration package offered. Conversely, there are personnel who need regular salary increments, improved perks, enhanced work-life equilibrium, and other factors to consistently excel in their performance. Therefore, this study examined the compensation management and employees' performance in the Ondo State civil service, domiciled in Akure, Ondo State.

With regard to the performance of civil servants, compensation management refers to the monetary worth of service delivered, which can be assessed based on employee performance and prospects in objective achievements. However, in certain situations, an organization such as government parastatals, in many cases, may be characterized or defined as dying, stagnant, dwindling, or lacking future sustainability, because of hyperinflation of the country and economic downturn leading to negative compensation by management. Nonetheless, the civil service is the primary machinery through which the government implements its policies, delivers services, and fulfils its electoral promises to the populace. The byproduct of the above understanding of compensation is that it is poorly managed, and most of the time, performance is affected adversely. Therefore, the researcher investigated the effect of performance-based compensation plans, such as regular salary payment, irregular appointment and promotions, and poor incentives on employees' performance as these independent variables were perceived by the researcher as the challenges being faced by the Ondo State Civil servants and which has invariably affected their performances towards effective job delivery. Furthermore, the problem at the moment is the absence of performance-based pay structures in the Ondo State civil service, which has resulted from unclear performance metrics, ineffective evaluation systems, and a one-size-fits-all approach to compensation. This has continually led to complacency, a lack of

initiative, and a disconnection between individual efforts and overall organizational success. Implementing performance-based pay systems that reward excellence, goal attainment, and contribution to organizational objectives can align employee efforts with organizational goals, drive performance improvements, and enhance overall productivity. It was on this note that the study examined the effect of compensation management on employee performance in the Ondo State Civil Service. The study specifically examined the effect of regular salary on employee performance; investigated the relationship between irregular appointments and promotions on employee performance; and evaluated the relationship between poor incentives on employee performance in Ondo State Civil Service.

### **Research Hypotheses**

The following hypotheses were tested in this study.

**H0<sub>1</sub>:** Regular salaries do not have a significant effect on employee performance in the Ondo State Civil Service.

**H0<sub>2</sub>:** Irregular appointments and promotion does not have a significant relationship with employee performance in the Ondo State Civil Service.

**H0<sub>3</sub>:** Poor incentives do not have a significant relationship with employee performance in Ondo State Civil Service.

## **2. CONCEPTUAL REVIEW**

### **Compensation Management**

Human resources management defines compensation as the financial and non-financial incentives received by an employee in return for their work for their company. Compensation management is a component and function of human resource management, as stated by Fapohunda (2021). Human resource management encompasses the activities of planning, organizing, directing, controlling, and maintaining employees to achieve the organisational, individual, or societal goals of a company. Compensation management involves the distribution of extra benefits and incentives provided by a company to its workers. Casio (2012) defines compensation as a payment, either direct or indirect, given to an employee as a reward or incentive to encourage them to work harder and aim for better levels of production.

Compensation management, as indicated by Perry, Mesch and Paarlberg, (2023) refers to the practice of establishing a compensation system where high-performing individuals get more pay compared to those who perform at an average level (Hewitt, 2009). This motivates employees to enhance their performance in order to achieve greater compensation levels. Compensation management is an indispensable element of organisational management.

Remuneration encompasses the various forms of compensation provided to employees in exchange for their labour and contributions to the organisation (Daniel, 2019). Employees' pay includes all the benefits and remuneration workers get in exchange for their job (Goel 2023; Van der Merwe, 2009; Nammud Din, 2013). Accurate and precise reward administration is crucial for the smooth functioning of an organisation. If not handled effectively and honestly, it may negatively impact the company's operations. Compensation includes not just monetary remuneration, but also non-monetary benefits.

Compensation encompasses the many fiscal and non-fiscal rewards and advantages that workers get as part of their job. This encompasses a broad range of compensation elements, including wages, salaries, performance-based incentives, bonuses, and commissions (Akter & Moazzam, 2016). Employee compensation refers to the comprehensive range of financial and non-financial rewards provided to employees in recognition of their contributions and performance within an organisation (Okeke & Ikechukwu, 2019). According to Goel (2023), employee compensation covers any form of financial or non-financial reward provided to workers in recognition of their job performance and contributions to the organisation. This encompasses various forms of direct monetary compensation, including regular wages and salaries, performance-based incentives, commissions for sales and services, and bonuses for exceptional achievements.

Benefits, including pension plans, life and health insurance, retirement savings options, and allowances for corporate vehicles or subsidised transportation, constitute significant components of compensation packages offered by many large corporations. Furthermore, the corporation considers remuneration as a means to recruit and keep desirable personnel due to the tax advantages and economies of scale associated with acquiring those elements, which ultimately give economic benefits (Hassan, 2022).

An employee dedicates their time, ideas, and energy to the company. In return, the firm should pay suitable remuneration or compensation to fulfil the requirements of the employee and their family. Compensation is crucial since workers often want equitable remuneration from the organisation, along with certain benefits for themselves and their families throughout their active employment and retirement. By providing equitable remuneration, the firm aims to ensure employee well-being and hopes to foster employee happiness, hence increasing workers' loyalty to the organisation. (Hakim, 2020). Based on Putra et al. (2020)'s view, compensation denotes the management function in human resources that involves providing rewards to personnel in return for their performance of responsibilities within an organisation. Compensation refers to the remuneration provided by a corporation as a reward for the job performed by its employees.

According to Mugizi, Rwothumio, and Amwine (2021), compensation encompasses many types of remuneration. Compensation refers to the financial rewards and physical perks that workers get as part of their employment

agreement (Mahapatro 2021). Financial returns include the fixed wage of an employee, together with both immediate and extended incentives. According to Herzberg and Snyderman in Afriyie, Twumasi, Sarpong and Darko (2020), companies that have a stronger entrepreneurial focus tend to choose pay rates primarily by comparing them to market standards rather than considering internal fairness.

## **Regular Salary**

Various researchers, such as Wallace, Szilagyi, Gupta & Shaw (2021), contend that money is indeed a motivator. This is because it can be seen by individuals as a goal in itself, as a means of giving satisfaction, and as a symbol of internal recognition or external status. On the contrary, studies have also revealed that money is a poor motivator and can hardly influence the level of performance. It is further argued that it may produce temporary compliance rather than sustained improvement. It does not change behaviour, merely a superficial conformity with what the organisation signals to be important. Individual performance-related pay emphasises individual contribution, whereas the task might require teamwork; it may cause short-termism rather than long-termism, Pfeffer. In their most recent study, Gilchrist, Luca and Malhotra set out to answer a basic question: "Do employees work harder when paid more?" In their findings, it was concluded that employees will improve performance if the additional salary is perceived as a gift. An increase in salary as promised by employers in a work contract is most likely not to be effective in improving the employees' performance. Companies, therefore, should think carefully not just to pay employees but how to pay them. The same amount of compensation can be structured in ways that will be less appreciated and reciprocated, Malhotra, *etal*, 2013. Merit pay/pay for performance adjusts salaries upwards and provides compensation for higher levels of performance. A standard for individual performance is set, such as increased employee performance.

Salaries, as well as the amount of salaries received by employees, can be well understood as a way of motivating or demoralising them. This can well be explained in the role of money as a condition reinforcer, an incentive which is capable of satisfying needs, an anxiety reducer that serves to erase feelings of dissatisfaction (Braton & Gold, 2023). Bassett-Jones and Lloyd (2023) present that two views of human nature underlay early research into employee motivation. The first view focuses on Taylorism, which viewed people as basically lazy and work-shy, and thus held that this set of employees can only be motivated by external stimulation.

Agburu (2022) 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 emphasised by the employees, thus, they sort of take a centre stage in the scheme of things as far as rewards for work is concerned”.

### **Irregular Appointments and Promotion**

Promotion is generally seen as a critical way to retain key members of the workforce (Santhanam, Kamalanabhan, Dyaram & Ziegler, 2023). Having recruited, developed and trained the ‘right sort of people’, it is unlikely that managers want to see these workers leave the organisation. However, if managers are seeking short-term results and high profits, irregular appointments and promotion may be a less appealing option (Torrington et al 2015). In instances where individuals are promoted from within, they are more likely to have a thorough understanding of operational and other relevant aspects of the organisational environment. Also, promoting from within the organisation is likely to perpetuate a ‘favourable’ organisational culture (Torrington *et al*, 2015). As the above review highlights, the eight ‘innovative’ HR practices may not be appropriate in all settings, but core practices may be essential in gaining improved performance. The study findings will outline the proposed impact these practices have on individual performance outcomes, namely trust, commitment, satisfaction and labour turnover (Qalati, Zafar, Fan, Limón & Khaskheli, 2022). A promotion is a move up the organisational ladder; job rotation and transfers are lateral moves; demotions are downward moves; and layoffs move employees out. Layoffs, in contrast to dismissals (Shanker, 2020), are terminations, sometimes temporary, required for business needs unrelated to worker behaviour or performance. All of these changes bring about shifts in status, and often in pay, of the employees involved.

Despite the importance of promotion systems, relatively little is known about them beyond the work done on management succession: a very specific promotion decision (Mwamwala, Onyancha & Amos, 2022). The research that has been conducted on promotion systems has tended to focus on the promotion decision itself, not on the characteristics of the system. Thus, despite their importance as a principal vehicle of mobility in organisations and a mechanism for identification and control of talent and ability, we know surprisingly little about the mechanisms and causes of promotion systems in organisations. Estimating the effect of both promotions and promotion expectations on job satisfaction helps us to understand the importance of promotions as a mechanism for eliciting greater effort from workers (Abbas, Saud, Usman & Ekowati, 2020). Specifically, finding that promotions lead to greater job satisfaction, even after controlling for wages and wage increases, supports the notion that workers value the promotion itself. This gives firms a non-pecuniary tool for extracting effort

and other positive behaviour from their workers. Accurate estimates of these effects provide an indication of how effective promotions might be in eliciting effort. Furthermore, promotion expectations can also play a powerful role. Workers who realise they are not going to win a promotion this time around may decrease work effort, unless they believe they are still in the hunt for a future promotion (Bakhashwain & Javed, 2021). Promotion in an organisation occurs when an employee is elevated to a higher position, often accompanied by an increase in salary. This advancement typically involves existing members of the workforce (Dosumu et al., 2021).

## **Poor Incentives**

The connection between rewards and worker performance has been extensively studied in the literature. This relationship has been the subject of numerous studies in various situations and sectors. According to Ahammad, Lee, Malul & Shoham, (2023). Incentives, both financial and non-financial, had a positive impact on the performance and motivation, and performance of commercial banks. They claimed that ex-post incentives, such as seasonal bonuses, concurrently encourage employees to work towards achieving their bosses' predetermined job goals. Ex-post incentives also encourage workers to keep a positive outlook and use positive discretionary behaviour, such as boosting performance to earn a bonus incentive. While Bean, Grant, Hardaker and Ward, (2023) noted a significant positive relationship between rewards and worker performance in Nigerian real estate enterprises. They employed a panel data regression model to analyse the strength of the association between incentives and business performance, or performance while controlling for other variables. The results revealed, among other things, that there is a strong positive correlation between incentives and employee performance, that most real estate firms offer incentives that are largely unappreciated by their workforces, and that incentives are not the main factors influencing performance. The study's conclusion is that employers in real estate organisations should pay attention to other elements as well as analyse their compensation and incentive plans in order to raise employee morale and improve performance. According to these studies, rewards may work as a motivating factor to increase staff performance and poor incentives may demoralise employees from being committed to work and perform adequately (Chen, 2020).

Furthermore, other factors may act as mediating elements in how incentives affect performance. For instance, it has been discovered that rewards improve job happiness, which in turn affects worker performance. Rewards may serve as a motivational factor that increases job satisfaction and, consequently, performance. Other studies have examined the mediating effects of factors such as motivation, engagement, and information sharing on the relationship between incentives and performance (Ivanov & Usheva, 2021).

They claimed that it was possible to use incentives to persuade staff members to increase performance or achieve high performance. Oloke, Oni, Babalola, and Ojelabi, (2023) found that incentives have a direct impact on work motivation supports the idea. The motivation of practically all employees will increase with an attractive financial incentive. It is important to remember that the impact of incentives on employee performance may vary depending on the type and structure of incentives, as well as the specific organisational context. Employees have an obvious motivation to boost their performance when given financial incentives, such as performance-based bonuses or commission schemes, which explicitly link rewards to individual or team performance. Employee engagement and performance can also be increased by non-monetary incentives, such as skill development opportunities or recognition activities (Riwukore, Yustini & Ottemoesoe, 2022).

### **Prompt Payment of Salary**

Timely remittance of Compensation serves as a significant incentive for several personnel. Establishing a relationship between financial rewards and job performance serves as a catalyst for workers to enhance their productivity and exert more effort (Zingheim & Schuster, 2007). Salary refers to the set amount of money that is regularly provided to those who have permanent employment. This payment is often made on a weekly, monthly, or yearly basis. A remuneration provided periodically in return for completed tasks, as mutually agreed upon. It is crucial to demonstrate concern for workers on an individual basis. workers that demonstrate exceptional performance in supporting the firm may not be adequately compensated for their efforts. Employers who intentionally pay their workers less than what they deserve are aware that these employees will still exert significant effort while receiving limited compensation, and thus, these employers will compensate them appropriately (Zingheim & Schuster, 2007). Simultaneously, these businesses will offer more remuneration to other employees who are unwilling to work for entry-level pay. The discrepancy in salaries creates discontent when diligent individuals soon realise that they are not being justly compensated for their efforts, prompting them to seek other employment where their contributions will be valued.

### **Reward and Incentive**

Rewards play an important role in enhancing employee performance. Hence, a competent employee recognises the significance of aligning with the organisation's values by striving to improve their job performance. The company's success heavily relies on the employees' dedication and their commitment to self-assessment of their careers. Employees who take their roles seriously and prioritise their professional growth are the driving force behind the organisation. By recognising and rewarding their efforts, the organisation may

achieve whatever aim it sets out to accomplish (Akerele, 1991). Furthermore, the productivity of the workers may be attributed to several aspects. It is important to ensure that appropriate remuneration is provided for their diligent efforts (Mark & Ford, 2001). Discuss the genuine achievement of a business resulting from employees' desire to utilise their ingenuity and ways in which this enhances good employee contributions and the implementation of incentive strategies.

Incentives are incentives or punishments provided to stimulate staff to achieve high levels of production, which are not permanent and may be given at any moment. Put simply, the profit incentive is most effective when it is distributed to those who consistently perform well or excel in their task. Compensation, which serves as a reward provided by organisations, may take on several forms. Dessler (2013) identified two distinct divisions of compensation, namely direct and indirect financial payments. Direct financial payments include many forms of compensation, including wages, salaries, performance-based incentives, commissions for sales and services, and bonuses for outstanding achievements. Indirect compensation, on the other hand, encompasses benefits like insurance cover and entertainment. Financial reward is often provided via two methods: wage increases that are either time-based or performance-based. Remuneration received as a result of one's performance, but not directly in the form of money.

### **Indirect Compensation**

Indirect compensation pertains to non-financial advantages given to workers as a substitute for the work they do for the firm. The policies included are Leave and Leave Travel Assistance Limits, Insurance, Overtime, Car, Hospitalisation, Retirement Benefits, and Holiday Homes. Monetary incentives are not the only catalyst for motivation. The most significant incentives in the long term are non-monetary advantages. Lawler (quoted in Marth & Herbert, 2013) states that monetary rewards have a large impact. In the short term, monetary benefits can provide a quick boost to motivation, while non-monetary benefits, such as meaningful work and recognition, are more likely to sustain motivation in the long run. Non-monetary perks refer to additional incentives provided to workers, including opportunities for career progression, medical assistance, social standing, and acknowledgements. According to Imhoff (2006), non-monetary rewards include work recognition, opportunities for professional progression, and opportunities for further education and skill enhancement. Falola et al (2014) aver that non-financial advantages manifest as more authority, accolades, promotions, vacation time, improved work conditions, written acknowledgements, presents, formal banquets, and informal gatherings.

### 3. THEORETICAL FRAMEWORK

The theoretical frameworks for this study are Reinforcement Theory and Equity Theory.

#### **Equity Theory**

The research is grounded in equity theory. The principle of equity was formulated by Stacey Adams in 1963. The hypothesis posits that employee attitudes toward their contributions to the business and the corresponding rewards they receive. Furthermore, it is important to assess how the ratio of their contributions to returns compares with that of others both inside and outside the firm. This comparison is vital in determining their perceptual experience of fairness in their work relationship. It is expected that workers will act to rectify unfairness when they observe inequality. In line with this notion, workers who perceive themselves as receiving inadequate rewards would suffer unhappiness. The approach focuses primarily on ensuring fair and equal distribution of salaries and benefits among all members.

The idea posits that people engage in self-comparisons with others who are in like situations, such as similar jobs, hours, study fellowships, etc., as well as in terms of the treatment they get, such as bonuses, promotions, etc. If there is a resemblance, the person will have a sense of equality. However, if people perceive a discrepancy between the inputs they provide and the product they get, such as working more but being paid less than others, they will have a sense of inequity. The theory evaluates an individual's perception of the fairness of a remuneration system based on the proportionality of their labour, aiming to identify any perceived inequalities or biases (Hasibuan, 2017; Puten&Ramu, 2017).

#### **Reinforcement Theory**

The notion of reinforcement was formulated by Edward (1932). The assumption is predicated on the notion that conduct is shaped by the outcomes of previous acts. This theory proposes that individuals learn and develop their abilities through reinforcement mechanisms. Actions that produce positive outcomes are reinforced and become more likely to be repeated, while behaviours that result in negative outcomes are less likely to be repeated in the future. This idea posits that behaviour is intentional and driven by goals, with people actively striving to get rewards and evade punishment depending on their previous encounters. Likewise, according to Schlinger) 2022). He was a renowned psychologist recognised for his contributions to operant conditioning, a fundamental idea in reinforcement theory. This corroborates the hypothesis put out by Edward in 1932, which suggests that behaviour is shaped by its outcomes and that reinforcement is pivotal in the process of learning and modifying behaviour.

In addition, Bandura (2014) provided evidence for the premise in his argument and highlighted the significance of reinforcement and punishment in influencing behaviour. Michael Domjan (2018) offered a critique of reinforcement theory by presenting a comprehensive analysis of several learning theories from a psychological perspective, highlighting their respective advantages and disadvantages. Domjan asserts that while reinforcement theory is useful for comprehending basic associative learning, it may encounter difficulties when elucidating intricate behaviours that include cognitive processes, such as logical thinking, problem-solving, and the acquisition of language.

### **Expectancy Theory**

The Expectancy Theory, introduced by Vroom in 1946, examines the link between behaviours and rewards, emphasising expected rather than actual benefits. Motivation can be viewed as a construct comprising two elements: expectancy, which denotes the perceived relationship between effort and performance, and valence, which indicates the value attached to the outcomes. Compensation schemes differ based on their influence on various aspects of motivation. Instrumentality refers to the influence of payment structures on behaviours, commonly referred to as the pay-performance linkage in the literature. The perceived value of payment outcomes should remain stable across different payment systems. According to Chhabra (2001), people's expectations about their employment tend to focus more on the training they get and the way their job is structured, rather than the payment system.

Moreover, the Expectancy theory provides useful insights into the correlation between remuneration management and employee performance. Based on this concept, individuals are motivated to exert effort when they are confident that their efforts will lead to desired outcomes, and these outcomes are significant to them (Abbass, 2023). Within the realm of pay management, this implies that individuals are more inclined to excel when they see a robust correlation between their performance and the benefits they are granted. Organisations may increase workers' confidence in the expectancy component of the theory and encourage them to put in more effort to attain desired results by aligning remuneration structures with performance expectations and establishing explicit criteria for rewards (Lawler, 1971). Moreover, by ensuring that awards are viewed as fair and impartial, it enhances workers' drive to excel in their performance (Adams, 1963).

## **4. EMPIRICAL REVIEW**

Many studies have thoroughly investigated the influence of pay administration on employee performance, although only a restricted number have concentrated on the public service sector of Nigeria. Studies consistently demonstrate a link

between the dependent and independent variables, irrespective of economic development, and highlight the influence of related factors. For example;

### **Review of Empirical Studies from Developed Nations**

Reidhead (2020) explores how organisational culture impacts employee satisfaction within the context of the Hilton Hotel in the United Kingdom. This research examined the impact of corporate culture on employee happiness, specifically focusing on Hilton Hotel UK. The research study employs a qualitative research strategy and gathers data via a thorough examination of literature from secondary sources. Academic journals and books provide the secondary data. Furthermore, the study's results indicate a substantial influence of corporate culture on employee satisfaction. When an organisation's management prioritises the establishment of a supportive corporate culture, it effectively increases employee happiness. Moreover, contented personnel inside a firm might function as a valuable edge over competitors.

Zanardi and Martin (2020) studied how social security affects employee performance, using job motivation as a mediating factor. The study focused on medical doctors and nurses employed in the United Kingdom. The research population consisted of 950 individuals, namely, employees of the United Kingdom Medical Doctors and Nurses. Based on the solving formula with an error tolerance of 10%, the writer's sample size is determined to be 91 responders. The first hypothesis is confirmed, indicating that the accessibility of the place (X) has a substantial impact on the contentment of the community (Y1). The results of the analysis suggest that the second hypothesis is not supported by the data, indicating that the level of site accessibility (X) does not have a statistically significant influence on community satisfaction (Y2). The third hypothesis is confirmed, indicating that service quality (Y1) acts as a mediating variable that moderates the influence of geographic accessibility (X) on community satisfaction (Y2).

Popoola and Fagbola (2023) conducted a study among university library staff in North-Central Nigeria to investigate the relationships between job satisfaction, work-family balance, work motivation, and job commitment. Using a census approach, they surveyed all 926 library staff members from universities in the region. A total of 842 valid responses were collected, representing a response rate of 91%. The results revealed that work-family balance, work motivation, and job satisfaction had significant positive effects on job commitment among library staff. Notably, job satisfaction had the strongest relationship with job commitment (41%). This suggests that creating a positive and supportive work environment that promotes work-family balance, motivation, and job satisfaction can enhance the commitment and productivity of library staff in North-Central Nigeria.

The study titled "Analysis of Staff Compensation Management and Organisational Effectiveness in Selected Deposit Money Institutions in Lagos State, Nigeria" by Alliu and Akinlabi (2023) examined how certain deposit

money banks in Lagos State, Nigeria, experienced organisational performance following the implementation of pay management strategies. The researchers utilised a cross-sectional survey methodology for their investigation, targeting middle and upper-level managers from banks known for their consistent performance, totalling 422 individuals in the population. Data collection was carried out through a standardised and structured questionnaire, with a participation rate of 82.4%. Inferential statistics were employed to analyse the data and establish connections between variables. Statistical Package for the Social Sciences (SPSS) software was utilised for this purpose, including the calculation and examination of the regression model using comparable software. The study revealed a positive and significant impact of employee pay management on profitability, indicating a strong correlation between these factors ( $r = 0.459$ ,  $t = 7.005$ ,  $p < 0.05$ ). This outcome suggests that improved profitability is associated with enhanced performance in certain deposit money banks located in Lagos State, Nigeria. Overall, the study findings indicate a positive correlation between employee pay management and the organisational performance of deposit money institutions in Lagos State, Nigeria.

A study conducted by Onuorah and Okeke (2023) in Anambra State, Nigeria, examined the relationship between pay management practices and employee performance in a number of financial organisations. The study's goals are to look at deposit money banks and see how performance-based pay, outcomes-based compensation, and merit-based compensation all relate to one another and to performance. Victor Vroom's (1964) expectation theory served as the foundation for the investigation. In all, 1648 people made up the study's population. A sample size of 321 was determined using the statistical procedure used by Borg and Gall. The researchers opted for a survey approach. The research employed a content validity test, and the instrument's reliability was confirmed by test-retest and Cronbach's Alpha values that were at the acceptability threshold: 0.724, 0.792, and 0.710. Employee performance is significantly correlated with merit-based remuneration, according to the results. There is a strong correlation between employee performance and outcome-based remuneration ( $r = 0.790$ , at  $p < 0.05$ ). With a p-value less than 0.05, the correlation coefficient is 0.813.

In Port Harcourt, Nigeria, Maru and Omodu (2020) looked into Niger Insurance Plc's remuneration and retention practices. One quasi-experimental design methodology that was used was the cross-sectional survey method. Niger Insurance Plc, located in Port Harcourt, employs 270 people who make up the population of this research. A purposive sampling method was employed, with a sample size of 159 determined using Krejcie and Morgan's (1970) sample size determination table. Data was collected from both primary and secondary sources. A questionnaire was distributed to 159 individuals, and 153 responses were collected. The Statistical Package for the Social Sciences (SPSS) was used to conduct a Spearman Rank Order Correlation coefficient analysis to test the hypotheses. The results indicated that both financial and non-financial incentives

have a significant impact on employee retention rates. The study concluded that management should prioritise financial compensation as a powerful motivator and retention tool.

Conceptual Framework

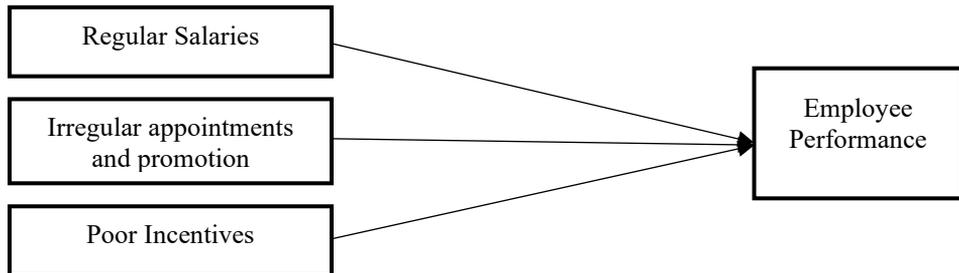
Independent Variable  
Variable

Dependent

Compensation Management  
Performance

Employee

**Figure 1.** Conceptual Model illustrating the connection between compensation management and employee performance.



*Source: Authors' Conceptualisation (2025)*

The conceptual model showing the association between the constructs of compensation management, such as Inadequate Salaries, Irregular appointments and promotion and Poor Incentives and how they influence employees' performance and the direction of the framework, which indicates that employee performance is dependent on compensation management, which in turn is a function of salaries, prompt promotions, and incentives that are motivational in nature. The framework breaks down compensation management into three components: "Inadequate Salaries, Irregular appointments and promotion and Poor Incentives from the point of view of employees' performance in the Ondo State Civil Service Commission. Nevertheless, timely payment of wages, promotion as at when due, and incentives are the backbone that ensures the performance of employees in the civil service, which represents the public sector.

## 5. METHODOLOGY

This chapter addressed the methodologies employed in the study to achieve the research objectives.

### Research Design

This study adopted a descriptive survey research design, utilising a structured questionnaire to gather firsthand data from respondents. This descriptive

approach allowed the researcher to collect detailed information directly from the participants, providing a comprehensive understanding of the research topic (Babbie, 2017; Morgan, 2017).

### Population of the Study

A population is a pool of subjects from which the researcher deems to obtain the needed information or data pertaining to the study on which inferences could be drawn (Eastwood et al., 2018). Therefore, employees on the grade 01-13 working in seven (7) selected agencies within the ministry constituted the study's target respondents. There are One Hundred and Six (106) Ministries, Departments and Agencies in Ondo State as revealed by the Civil Service Commission record through the Department of Public Service Reform and Development as at February 2025. However, all categories and cadres of staff will be sampled in this study. The study population therefore, is one thousand one hundred and fifty-eight (1,158) staff of the seven (7) selected MDAs in the Ondo State Civil Service.

**Table 1.** Population of Level 01-13 officers in the MDAs selected for the Study

S/N	List of Agencies	Population
1.	Hospital Management Board	320
2.	Ministry of Education	180
3.	Ministry of Natural Resources	73
4.	Ministry of Works and Infrastructure	62
5.	Office of Establishments and Training	89
6.	Ondo State Judiciary	267
7.	State House of Assembly	167
	<b>Total</b>	<b>1,158</b>

*Source: Department of Public Service Reform and Development (2025)*

### Sample and Sampling Techniques

To determine the appropriate sample size, the Krejcie and Morgan (1970) formula was utilised, as cited in Guba and Lincoln (2018). This formula is recognised for its accuracy in sample size determination. Using this formula, a sample of two hundred and eighty-nine (289) respondents was selected from the seven (7) MDAs under the civil service of Ondo State at 95% confidence level and 0.05 sampling error. Therefore, the total sample size is computed as 289.

Stratified random sampling and simple random sampling were employed in the study. The stratified sampling was used in selecting employees according to their grades. This reflects that officers within grade 01-13 within the civil service comprised the sampled study population, and these officers were selected through a simple random sampling technique. The simple random sampling procedure was used for the purpose of obtaining adequate representativeness from the study population.

**Table 2.** Sample Size Determination for each MDAs selected for the Study

S/N	List of Agencies	Population	Proportion	Sample Size
1.	Hospital Management Board	320	$\frac{289(320)}{1,158}$	80
2.	Ministry of Education	180	$\frac{289(180)}{1,158}$	45
3.	Ministry of Natural Resources	73	$\frac{289(73)}{1,158}$	18
4.	Ministry of Works and Infrastructure	62	$\frac{289(62)}{1,158}$	15
5.	Office of Establishments and Training	89	$\frac{289(89)}{1,158}$	22
6.	Ondo State Judiciary	267	$\frac{289(267)}{1,158}$	67
7.	State House of Assembly	167	$\frac{289(167)}{1,158}$	42
	<b>Total</b>	<b>1,158</b>		<b>289</b>

*Source: Researchers Computation, (2025)*

### Methods of Data Collection

Primary data refers to firsthand information collected directly from sources such as surveys, questionnaires, personal interviews, observations, and discussions conducted by the researcher. It is distinguished by its specific purpose and focus on a particular issue. In this study, primary data were predominantly gathered through a self-developed questionnaire, which served as the primary instrument for data collection. The questionnaire was designed to elicit responses on the research topic, providing valuable insights and information.

### Research Instrument

A closed-ended questionnaire was used, consisting of a five-point Likert scale separated into five sub-sections. Section A was used to gather demographic data from the participants. Section B was used to inquire about inadequate salaries; section C was employed to gather replies pertaining to irregular appointments and promotion; section D was utilized to elicit questions about poor Incentives, and section E was used to extract responses on employee performance. The Likert scale questionnaire consists of five points, which are represented by the following abbreviations: SA (Strongly Agree), A (Agree), U (Undecided), D (Disagree), and SD (Strongly Disagree).

### Validity of the Instrument

The validity of an instrument pertains to its ability to accurately measure the specific construct it is designed to assess. The scale to be used in this research undergone face and content validity assessment to evaluate its clarity and

precision. The instrument underwent a face validity test, where it was evaluated by an expert in the subject of research before being presented to the supervisor. The importance of this step lies in evaluating the appropriateness and effectiveness of the research instrument. The responses provided by experts and the supervisor were subjected to a content validity test. This test aims to assess whether the research tool accurately measures the intended constructs and captures the relevant aspects of the research topic. By conducting a content validity test, the researcher ensures that the instrument is suitable for the purpose of data collection and that the findings obtained are meaningful and reliable.

### Reliability of the Instrument

The Cronbach's Alpha technique was employed to evaluate the reliability of the research instrument. A group of 25 respondents, distinct from the target sample, participated in this assessment. The statistical software SPSS 27.0 was utilised for data analysis. The acquired scores were subjected to statistical analysis using Cronbach's alpha statistics, with a significance level set at 0.05. The subscales "Regular Salaries," "Irregular appointments and promotions," "Poor incentives," and "Employee Performance" exhibited reliability values of 0.979, 0.945, 0.919, and 0.958, respectively. The overall reliability coefficient, as presented in Table 3.2, was 0.980, indicating a high level of internal consistency and reliability for the research instrument.

**Table 3.** Cronbach alpha coefficients of employee performance and other related variables

S/N alpha	Instrument Scale	Number of Items	Cronbach
1	Regular Salaries	5	0,979
2	Irregular A&P	5	0,945
3	Poor Incentives	5	0,919
4	Employee Performance	5	0,958
<b>5</b>	<b>Overall Scale</b>	<b>20</b>	<b>0,980</b>

*Source: Authors' Computation (2025)*

These were considered high enough. Hence, the instrument can be said to be reliable.

### Variable Identification and Measurement

The measurement construct included compensation management such as inadequate Salaries, irregular appointments, promotion, poor incentives and the dependent variable (Employee Performance). However, the independent variable, which is compensation management, was broken down into three elements, which are inadequate salaries, irregular Appointment & Promotion and poor

incentives adopted from Jean, Ngui and Robert (2017). The dependent variable, employee performance, is operationalised and measured using four dimensions: productivity, work quality, satisfaction, and commitment. These dimensions were adapted from the work of Zingheim and Schuster (2007).

## 6. RESULTS AND DISCUSSIONS

In this chapter, the researcher presented and analysed the data collected from the respondents. One hundred and fifty (150) lower-level and middle-level officers in the Ondo State Civil Service were sampled using questionnaires. The thrust of this study aimed at investigating compensation management and performance of civil servants in the Ondo State civil service. These responses were analysed and formed the basis on which the conclusion was made in the study.

### Socio-Demographic Characteristics of Respondents

**Table 4.** Responses from Socio-Demographic Variables

<b>Variables</b>	<b>Categories</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Sex</b>	Male	87	58,0%
	Female	63	42,0%
<b>Total</b>		<b>150</b>	<b>100%</b>
<b>Marital Status</b>	Single	63	42,0%
	Married	79	52,7%
	Separated/Divorce	8	5,3%
<b>Total</b>		<b>150</b>	<b>100%</b>
<b>Academic Qualification</b>	Secondary	10	6,7%
	College	14	9,3%
	Polytechnic	25	16,7%
	University	101	67,3%
<b>Total</b>		<b>150</b>	<b>100%</b>
<b>Years of Experience</b>	1-5	15	10,7%
	6-10 years	42	28,0%
	11-15 years	63	42,0%
	16-20	22	14,7%
	21 years and above	8	5,3%
<b>Total</b>		<b>150</b>	<b>100%</b>
<b>Grade Level</b>	01-06	99	66,0%
	07-13	51	34,0%
<b>Total</b>		<b>150</b>	<b>100%</b>

*Source: Fieldwork (2025)*

Analysis of sex reflected that 87 (58,0%) of the respondents were male, while 63 (42,0%) were female. The study further revealed that the majority of the respondents were male, with 87 (58,0%). This implies that the Ondo State civil service has more of male than females. Information on Marital status reflected that 63 (42,0%) of the respondents were single, 79 (52,7%) of the respondents were married, 8 (5,3%) of the respondents were separated and divorced. Findings revealed that most of the respondents were married, with 79 (52,7%). Analysis of academic qualifications reflected that 10 (6,7%) were Senior Secondary School Certificate holders, 14 (9,3%) of the respondents were College Certificate holders, 25 (16,7%) of the respondents were graduates of different Nigerian polytechnics, and 101 (67,3%) of the respondents were postgraduate certificate holders. Findings reveal that most of the respondents were graduates of higher citadel of learning, with 101 (67,3%). Analysis according to years of experience revealed that 15 (10,7%) of the respondents have spent between 1-5 years in the civil service, 42 (28,0%) of the respondents have spent between 6-10 years on in the civil service, 63 (42,0%) of the respondents have spent between 11-15 years, 22 (14,7%) of the respondents have spent between 16-20 years in the civil service and 8 (5,3%) of the respondents have spent more than 21 years in the civil service. Findings revealed that the majority of the respondents were between the ages of 41-50 with 63 (42,0%). Analysis according to grade level revealed that 99 (66,0%) of the respondents were between grades 1-6 in the civil service, and 51 (34,0%) of the respondents were between grades 7-13 in the civil service. Findings revealed that the majority of the respondents were between grades 1-6, with 99 (66,0%).

### **Test of Hypotheses**

**H<sub>0</sub>**: Regular salaries do not have a significant effect on employee performance in the Ondo State Civil Service.

**Tables 4.3.1, 4.3.2, 4.3.3:** Results of Linear regression analysis on the effect of regular salaries on employee performance in Ondo State Civil Service.

**Table 4.3.1.** Model Summary of Regression Analysis

Model	R	R Square	Adjusted R-Square	Std, Error of the Estimate
1	,946 <sup>a</sup>	,894	,894	,388

a. Predictors: (Constant), Regular salaries

**Table 4.3.2.** ANOVA of Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig,
1	Regression	195,660	1	195,660	1296,574	,000 <sup>b</sup>
	Residual	23,089	152	,151		
	Total	218,748	153			

a. **Dependent Variable:** Employees' Performance

b. Regular salaries

**Table 4.3.3.** Coefficients of Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig,
		B	Std, Error	Beta		
1	(Constant)	,569	,092		6,165	,000
	Regular Salaries	,869	,024	,946	36,008	,000

a. **Dependent Variable:** Employees' Performance

*Source: Fieldwork (2025)*

Tables 4.3.1, 4.3.2 and 4.3.3 presented the results of the linear regression that were calculated to predict regular salaries as an indicator of compensation management. A significant regression coefficient was found ( $F(1,153) = 1296,574, p = ,000$ ), with  $R^2$  of 894. This presupposes that 89.4% variation in employees' performance in the Ondo State civil service was a result of regular salaries.

Evidence in table 4.2.3, also is the beta value under the standardized coefficients which showed that regular salaries equivalently contributed to the change in the dependent variable "employees performance" within the civil service ( $\beta = ,946, p = ,000$ ). Therefore, the null hypothesis was rejected because results showed that, regular salaries as an indicator of compensation management significantly has an effect on employees' performance in Ondo State civil service.

**H0<sub>2</sub>:** Irregular appointments and promotion does not have an effect on employee performance in Ondo State Civil Service.

**Tables 4.3.4, 4.3.5, and 4.3.6.** Results of linear regression analysis on the effect of irregular appointments and promotion on employees' performance in Ondo State Civil Service.

**Table 4.3.4.** Model Summary of Regression Analysis

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	,946 <sup>a</sup>	,894	,894	,388

**Predictors:** (Constant), Irregular appointments and promotion

**Table 4.3.5.** ANOVA of Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	195,660	1	195,660	1296,574	,000 <sup>b</sup>
	Residual	23,089	152	,151		
	Total	218,748	153			

**Dependent Variable:** Employees' performance  
 Irregular appointments and promotion

**Table 4.3.6.** Coefficients of Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	,569	,092		6,165	,000
	Irregular appointments and promotion	,869	,024	,946	36,008	,000

**Dependent Variable:** Employees' performance

*Source: Fieldwork (2025)*

Tables 4.3.4, 4.3.5 and 4.3.6 present the results of the linear regression that were calculated to predict employees' performance based on irregular appointments and promotion. A significant regression coefficient was found ( $F(1,153) = 1296,574, p=.000$ ), with  $R^2$  of 894. This presupposes that 89.4% variation in employee performance was a result of irregular appointments and promotions. Evidence in table 4.3.3, also is the beta value under the standardized coefficients which showed that irregular appointments and promotions equivalently contributes to the change in the dependent variable (employees performance) ( $\beta=.946, p=.000$ ). Therefore, the null hypothesis was rejected because results showed that, irregular appointments and promotion significantly have an effect on employees performance in the Ondo State civil service.

**H0<sub>3</sub>:** Poor incentives do not have a significant effect on employee performance in the Ondo State Civil Service.

**Tables 4.3.7, 4.3.8 and 4.3.9.** Results of linear regression analysis on the effect of poor incentives on employees’ performance in Ondo State Civil Service.

**Table 4.3.7.** Model Summary of Regression Analysis

Model	R	R Square	Adjusted R-Square	Std, Error of the Estimate
1	,951 <sup>a</sup>	,904	,904	,414

a, **Predictors:** (Constant), Job Security, training and promotion

**Table 4.3.8.** ANOVA of Regression Analysis

Model		Sum of Squares	df	Mean Square	F	Sig,
1	Regression	247,198	1	247,198	1443,835	,000 <sup>b</sup>
	Residual	26,195	153	,171		
	Total	273,394	154			

a, **Dependent Variable:** Employees' Performance

b, **Predictors:** (Constant), Poor incentives

**Table 4.3.9.** Coefficients of Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig,
		B	Std, Error	Beta		
1	<b>(Constant)</b>	,686	,083		8,220	,000
	Poor Incentive	,877	,023	,951	37,998	,000

a. **Dependent Variable:** Employees' Performance

*Source: Fieldwork (2025)*

Tables 4.3.7, 4.3.8 and 4.3.9 present the results of the linear regression that were calculated to predict employees' performance based on poor incentives. A significant regression coefficient was found ( $F(1,153) = 1443,835, p=,000$ ), with  $R^2$  of 904. This presupposes that 90.4% variation in employees’ performance was a result of poor incentive which is an indicator of compensation management. Evidence in Table 4.3.7 is also the beta value under the standardised coefficients, which showed that poor incentive equivalently contributed to the change in the dependent variable employees' performance ( $\beta=,951, p=,000$ ). Therefore, the null hypothesis was rejected because results showed that poor incentive significantly has an effect on employees' performance in Ondo State civil service.

## 7. DISCUSSIONS

The crux of this study was centred on the investigation of compensation management on employee performance in the Ondo State Civil Service. For the study, three research objectives were set.

For the first objective, which examined the effect of regular salary on employee performance in the Ondo State Civil Service. Findings revealed that employees' performance could be affected if salaries are not paid when due. This finding agrees with the study by Braton and Gold (2023), which concluded that regular salary payment will provide employees with the intention that the management actually cares about their well-being and, as such, can boost their performance. This finding also aligns with the opinion of Agburu (2022), whose study declared that wages and salaries should not only be adequate but must also show some element of equity, because 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. The outcome of the study also buttresses the submission of Sule (2022), whose study claimed that if salaries are not regular, this can result in low motivation, absenteeism, employee turnover and sabotage. Findings from this study further advanced the conclusion of Obasan (2022) whose study concluded that regular salary is seen as one of the most important strategies in human resource management function, as it influences the performance and growth of an organization and that it is imperative to incorporate effective compensation strategies through regular payment of salaries for workers as part of their corporate goals and objectives.

For the second objective which investigated the relationship between irregular appointments and promotions on employee performance in Ondo State Civil Service. A positive and significant relationship was found between irregular appointments and promotions on employee performance. The outcome of this objective align with the position of Torrington *et al*, (2015), whose study concluded that promotion as at when due is likely to perpetuate a favourable organisational culture. Furthermore, the finding support the position of Abbas, Saud, Usman and Ekowati, (2020), whose study concluded that promotions lead to greater job satisfaction, even after wages and wage increases. This exposition made it known that employees value regular appointments and promotion itself. Furthermore, promotion expectations play a powerful role. Workers who realize they are not going to win a promotion oftentimes decrease work effort, unless they believe they are still in the hunt for a future promotion (Bakhashwain & Javed, 2021).

For the final objective, which evaluated the relationship between poor incentives and employee performance in the Ondo State Civil Service. The findings revealed that a positive relationship exists between these constructs. The outcome validates the study of Ahammad, Lee, Malul and Shoham (2023), which stated that incentives, both financial and non-financial, had a positive impact on the

performance, motivation, and performance of commercial banks. The findings from this study also agree with the conclusion of Oloke, Oni, Babalola, and Ojelabi (2023), whose study found that incentives have a direct impact on work motivation. Based on these findings, poor incentives within an organisation is an invitation to chaos because employees will no longer see value in putting their heart and soul to work and this could endanger the health of an organisation.

Employees have an obvious motivation to boost their performance when given financial incentives, such as performance-based bonuses or commission schemes, which explicitly link rewards to individual or team performance. Employee engagement and performance can also be increased by non-monetary incentives, such as skill development opportunities or recognition activities (Riwukore, Yustini & Ottemoesoe, 2022). The outcome of the study supports the position of Zingheim and Schuster (2007), which stated that timely remittance of Compensation serves as a significant incentive for several personnel. Therefore, establishing a relationship between financial rewards and job performance serves as a catalyst for workers to enhance their productivity and exert more effort towards the realisation of organisational objectives.

The correlation coefficient values between employee performance and factors such as prompt payment of salary, rewards and incentives, and indirect compensation indicate that these elements positively and significantly affect employee performance in the Ondo State civil service. Specifically, prompt payment of salary, rewards, incentives, and indirect compensation were all found to enhance employee performance. These findings align with the research of Zingheim and Schuster (2007), which concluded that timely wage payment serves as a strong incentive for many workers, motivating them to exceed expectations by linking their pay to their performance.

Mamdani and Minhaj (2016) investigated the impact of motivational incentives on Pakistani workers' productivity. Their study, which utilised a simple random sample of 15 out of 41 banks, identified both monetary and non-monetary recognition-based incentives as drivers of employee motivation. It was found that motivating incentives did influence employee performance, according to the hypothesis. Even while incentives affected workers' output, the research found that this was not always the case. Our results are in line with those of Ranjan and Mishra (2017), who looked at how incentives affected the productivity of IOC workers in the Patna area. They discovered that each independent factor positively influenced the dependent variable of employee job performance, and that all the independent variables were significantly interrelated.

Based on the results of findings, few challenges bedeviling the implementation of performance-based pay in the Nigerian public sector were poor communication and structural concerns/issues, biased and subjective evaluations, lack of clear metrics for performance, failure in the involvement of stakeholders in designing pay shystem, lack of trust in the tools of performance appraisal, and the inability in the management of external factors affecting performance.

## 8. CONCLUSION AND RECOMMENDATIONS

This study concludes that effective compensation management significantly contributes to improved employee performance in the Ondo State Civil Service. The findings highlight the importance of utilising strong compensation strategies to enhance employee motivation, productivity, and overall service quality within the civil service. The study demonstrates that effective compensation management positively influences employee performance, leading to improved job satisfaction and service delivery. From the analysis of the study, it was discovered that respondents agreed that the amount of compensation and reward they get affects their performance. This is mainly because of the fact that the extrinsic reward of many civil servants in Nigeria is not satisfactory, and there is little intrinsic reward in the total reward system. The findings showed that employees of the civil service may not be very happy and motivated with the compensation and reward system. Many are not satisfied with their salary compared to their contribution, and they also don't have a positive attitude towards the benefit packages of the civil service.

Besides, employees have felt that the reward system is not sufficient to cushion the inflationary effect currently ravaging the Nigerian economy. For this purpose, civil servants feel that their yearnings and aspirations for higher rewards have not been well communicated, and as such, cannot differentiate between high and low performers. Moreover, the findings showed that there are no special rewards in the form of a bonus or salary increment for high performers. Rather, all employees will get the yearly salary increment regardless of their performance. This may develop thinking in the employees' minds that performing better does not have an associated reward. Hence, they will do their job at their lowest potential just to meet the standards. That means there is directly relationship between an employee's performance and the compensation and reward system. However, as inferred from the results of this study, employees are more satisfied and motivated with financial rewards.

Generally speaking, it can be concluded that compensations and rewards are not handled to enhance employees' job performance in the Ondo State civil service. That means there are still limitations in implementing these practices for boosting both employees and organisational performance. Although the job performance of employees is not bad, the Ondo civil service is still not utilising the full potential of its human resources due to the limitations in implementing the appropriate compensation and reward composition that motivates employees to perform better. In conclusion, if the Ondo State Civil Service will choose to adopt compensation management (CM) usage in its operations, the Ondo State Civil Service will certainly soar to a level that it will compete favourably on a global scale.

### **Recommendations**

Based on the findings of this study, the following recommendations were proposed:

- i. The Ondo State Civil Service should make regular salary payment a top priority, recognising its significant impact on employee performance. They should focus on improving their timelines and prompt salary payment of structural efficiency and reducing their salary debit and salary deficit to employees, that lead to challenges of inefficiency in employee performance, which has negative effects on objective and goal setting.
- ii. The Ondo State Civil Service should implement a robust and well-designed reward and incentive system to optimise employee performance. This system should be designed to motivate employees, encouraging them to consistently perform at their best and maintain a high level of work ethic, even in the absence of direct supervision.
- iii. The Ondo State Civil Service should prioritise enhancing non-financial benefits offered to employees, recognising the value of these benefits in complementing the services employees provide.
- iv. The Civil Service Commission should offer attractive incentive pay that will be specifically designed to link certain predetermined behaviour or outcome in order to meet the performance standards.
- v. Civil service commission should employ qualified human resource personnel who will oversee the affairs of employee compensation, as this will remove the bottleneck surrounding the non-implementation of employee compensation.

## **9. CONTRIBUTIONS TO KNOWLEDGE**

The study contributed to the body of knowledge in several ways. First, it provides empirical evidence on the effect of regular salary payment, reward and incentive, indirect compensation, and employee performance in the Civil Service, in Ondo State, Nigeria. This evidence can inform financial analysts, investors, and other stakeholders in the government about the importance of these variables in assessing employee performance and commitment to work. This study contributed to the ongoing discussion about the importance of prompt salary payments in improving government performance and service quality. The finding that salary has a positive and significant effect on both employee performance and the objective setting of the government share suggested that these requirements can enhance transparency and promote employee performance. Thirdly, the study highlighted the importance of rewards and incentives with indirect compensation in determining employee performance. This finding can inform the government, companies and policymakers in Nigeria about the need to develop strategies that enhance the quality and efficiency of compensation management. Lastly, this study provided valuable insights into the key factors

influencing compensation management and employee performance in the Ondo State Civil Service, Nigeria. These insights can serve as a guide for future research in this area, both within the organisation and for other organisations seeking to improve their compensation strategies.

## 10. AREA OF FURTHER STUDIES

Based on the findings of this study, several avenues for further research could be explored. First, future studies could examine the relationship between various financial and non-financial variables and car loan schemes, as well as housing loan schemes. Second, it would be worthwhile to investigate the effect of performance-related incentives and NHIS regulations on employee performance within the Ondo State Civil Service in Nigeria. Finally, additional research could explore the effects of different macroeconomic factors, such as inflation, exchange rates, and interest rates, on the repayment of car and housing loan schemes and their influence on employee performance in the Ondo State Civil Service, Nigeria.

This study did not consider other States in the Southwestern region of Nigeria. Further research on other States should be conducted to evaluate the results of the current study. This would help in understanding the full picture of the effect of compensation and reward on employee performance in the Nigerian civil service. This kind of further research might also give different outcomes, considering the cost of living and other socioeconomic factors in different cities.

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**KOMPENZACIJSKI MENADŽMENT I RADNI UČINAK DRŽAVNIH  
SLUŽBENIKA U DRŽAVI ONDO, NIGERIJA**

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**Sažetak**

*Jedan od izazova s kojima se danas suočava nigerijska državna služba jest neuspjeh saveznih i državnih vlada da adekvatno kompenziraju svoju radnu snagu. To je neizbježno utjecalo na ukupnu učinkovitost zaposlenika i tijekom godina smanjilo je učinkovitost državnih službenika. Na temelju prethodno*

*spomenutih argumenata, ova je studija istražila utjecaj kompenzacijskog menadžmenta na učinkovitost zaposlenika u državnoj službi države Ondo. Posebno se ispitalo kako redovite plaće, neredovita imenovanja i promaknuća te loši poticaji utječu na učinkovitost zaposlenika u državnoj službi države Ondo. U studiji je korišteno deskriptivno istraživanje, pri čemu je korišten upitnik za prikupljanje odgovora od sto pedeset (150) zaposlenika razine 01-13 iz populacije od tisuću sto pedeset osam (1158) zaposlenika sedam (7) MDA-ova u državi Ondo. Rezultati studije pokazali su kako su koeficijenti korelacije između učinkovitosti zaposlenika i pravovremene isplate plaća, nagrada i poticaja bili značajno pozitivni. Rezultati su otkrili kako redovita plaća utječe na učinkovitost zaposlenika; osim toga, neredovita imenovanja i promaknuća značajno utječu na učinkovitost zaposlenika, a loši poticaji pozitivno utječu na učinkovitost zaposlenika u državnoj službi države Ondo u Nigeriji. Zaključak studije je kako će učinkovito upravljanje naknadama značajno doprinijeti poboljšanju učinka zaposlenika u državnoj službi Ondo. Međutim, korištenje snažnih strategija naknada za poboljšanje motivacije zaposlenika i ukupne kvalitete usluga unutar državne službe dovest će do poboljšanog zadovoljstva poslom i učinkovitog pružanja usluga.*

**Ključne riječi:** *kompenzacijski menadžment, učinkovitost zaposlenika, neredovita imenovanja i promaknuća, loši poticaji i redovita plaća*

**JEL:** J3, J33, J51, M51, M52