

## Remuneration and Employee Performance in Global Communication Limited, Lagos Nigeria.

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**Abstract:** The study investigates the impact of remuneration and employee performance in Global Communication Limited, Lagos Nigeria. A total of 120 employees took part in the study, in which 69 (62.2%) were males while 51 (37.8%) were female. The descriptive research design was adopted. The questionnaire format was employed for data collection, which was made into several sections and 120 copies were distributed for data collection. Both the descriptive and inferential statistics were adopted for data analysis. Specifically, the Statistical Packages for Social Sciences (SPSS) version 20.0 was utilized for data analysis. The result revealed that there is a significant relationship between remuneration scheme and employee performance in Global Communications Limited and also there is a significant problem affecting the payment scheme and the performance of employees in Global Communications Limited. The study recommended that organizations like Global communication limited should use more work-related remunerations rewards design to motivate their employees. This design will improve the performance of the job with more opportunities for employees to move up the promotional ladder and achieve the satisfaction of their basic and psychological needs.

**Keywords:** Remuneration, Pay Scheme, Employee performance, Employee, GLO.

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### I. Introduction

Organizations both in public and private sectors in some developing countries are realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee's expectations. Establishing this balance is one of the main reasons for rewarding employees to make them more productive. Thus, to achieve and sustain a competitive advantage that is enhanced through organization performance, organizations must leverage human capital in the desired direction (Ojeleye & Okoro, 2016) and the key means of accomplishing this is through the incentive power of rewards (Lawler, 2010) in that particular organizations.

Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain a competent workforce. He also emphasizes, nowadays human assets considered to be the most important asset of any organization and to get efficient and effective results from human resource motivation is necessary. Remuneration is traditionally seen as the total income of an individual and may comprise a range of separate payments determined according to different rules. For instance, in an organization, the total compensation of their staff may comprise a capitation fee and a fee for services, or it may include a salary and shared financial risk (Buchan, Thompson & O'May, 2000).

Sonnentag & Frese (2001), the term remuneration has been derived from the word 'remuneratio'. Remuneration means compensation or pay, but it has a broader meaning than pay because it can include not just salary or bonuses but commissions and other payments of benefit paid under the terms of an employment contract as well. The term remuneration is associated with motivation; this is because remuneration can enhance workers' performance or drives them to perform better in the organization. Thus, the term motivation is derived from the word 'motive'; it implies something within a person which prompts him into action. Motives are an expression of a person's needs or want and hence they are personal or internal. Motives are needs to start and maintain activity and determine the behavior of an individual. Motives provide direction to human behavior as they are directed towards certain conscious and subconscious goals. Therefore motivation is the complex of forces inspiring a person at work to willingly use his capacities for the accomplishment of certain objectives. It is something that impacts a person into action and continues him in action with enthusiasm.

### Statement of the problem

In the private sectors, the problem of Performance Related Pay funding can also be very critical to its success. Depending on the budget situation of countries, the amount of performance pay can vary a lot depending on the years. The insecurity of PRP funds can severely damage their credibility in the longer term.

The inflation of ratings and rewards often tend to produce increases in personnel costs, even if there are formal payment ceilings set. Performance-related pay schemes are thus often more costly than expected. Also, different surveys show that low pay ranks in employees' expressed preferences of work conditions in the private sector. Pay is not valued as much as many other work characteristics, such as expectations of job stability, recognition for one's achievements and respect and fair treatment from one's colleagues. At the managerial level, the pay seems to be less valued than challenging job opportunities and a sense of accomplishment. Pay for performance is one of the recognized practices of management. Almost all remuneration plans include incentive and bonus schemes to motivate employees' performance of individuals by rewarding them. The study aimed to find out how the pay-for-performance system can affect the performance of employees in the organization.

### **Research Objectives**

The general objective of the study is to examine the impact of remuneration on employee performance in global communication limited, Lagos Nigeria. However, the study also examines some specific objectives which are:

1. To examine the relationship between remuneration scheme and employee performance in Global Communications Limited
2. To identify the problems affecting the payment scheme and the performance of employees in Global Communications Limited.

### **Hypotheses**

#### **Hypothesis one**

H<sub>0</sub>: There is no significant relationship between remuneration scheme and employee performance in Global Communications Limited

H<sub>1</sub>: There is a significant relationship between remuneration scheme and employee performance in Global Communications Limited

#### **Hypothesis Two**

H<sub>0</sub>: There is no significant relationship between problems affecting the payment scheme and the performance of employees in Global Communications Limited

H<sub>1</sub>: There is a significant relationship between problems affecting the payment scheme and the performance of employees in Global Communications Limited

## **II. Literature Review**

This review is a critical discussion of the broad field of remuneration and employees' performance. This will form the aspect of the conceptual framework, theoretical framework and subsequent empirical review of the previous literature and studies that were now turning.

## **III. Conceptual Framework**

### **Remuneration**

The term "remuneration" means compensation or pay, but it has a broader meaning than just basic pay. It can also include not just base salary or bonuses but commissions and other payments, as well as deferred compensation or benefits paid under the terms of an employment contract. Thus, it is important to understand how each type of remuneration needs to be accounted for in terms of taxes, so that they do not underpay or overpay and make sure that they claim the remunerations in the appropriate tax years, using the correct forms (Maxwell, 2010).

According to Marks, Michelle; Harold, Crystal (2011) studies, remuneration is traditionally defined as the total income of an individual and may comprise varied of separate payments determined according to different rules. They subsequently described components of a compensation package to be including but not limited to: competitive wages and salaries, services such as subsidized and free catering services, free medical services, staff housing scheme, free transportation, and pension scheme.

Card & Krueger's (2010) studies see remuneration as a reward or acknowledgment given to the employees by its employer in the form of salary or wages which includes allowances, perquisites, bonuses or incentives. It can be by way of cash or non-cash and comes under the reward management category. Similarly, it can be termed as compensation given to the staff by its organization for the work done or services performed. Generally, all types of remuneration are subject to taxation. Card & Krueger (2010) posit that remuneration is payment or compensation received for services or employment. This includes basic salary and any bonuses or other economic benefits that an employee or executive receives during employment.

### **Employee Performance**

According to Bishop, (2010) employee performance involves enabling people to perform their work to the best of their ability and meeting and perhaps exceeding targets and standards. For a successful employee

performance, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established and individual skills and contributions need to be encouraged and nurtured. Where organizations are concerned, employee performance is usually seen as company performance and it is monitored through the business appraisal. Armstrong and Baron (2013) defined employee performance as a strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors. It is the development of individuals with competence and commitment working towards the achievement of shared meaningful objectives within an organization that supports and encourages their achievements (Lockett 2014).

Wright, Cropanzano & Meyer (2013) defines employee performance as an important function of human resource management. Employees mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research, and public relations. All these activities are inter-related to achieve set targets and when performed properly has a great impact on the total production, sales, profit, progress and market position of the organization. The importance of employees' performance must be understood by the management and sincere efforts must be put in that direction. Wright, Cropanzano & Meyer (2013) conclude that an organization can take the lead in the market by getting an advantage over its competitors through its talented and dedicated employees. The contribution of employees on the job is the most important factor for development and excellence in business because the performance of employees on different job functions in close coordination is needed for the success of the unit.

### **Theoretical Framework**

The theories for the research work would be based on the Instrumentality Theory, Contents (Needs) Theory, and Maslow's Hierarchy of Needs, Process Theory, Expectancy Theory

### **Instrumentality Theory**

Instrumentality theory is the belief that does one thing will lead to another. In its crudest form, the instrumentality theory states that people only work for money. The theory emerged in the second half of the nineteenth century with its emphasis on the need to rationalize work and on economic outcomes. It assumes that a person will be motivated to work if rewards and penalties are tied directly to his or her performance, thus the awards are contingent upon effective performance. Instrumentality theory has its roots in Taylorism, i.e. the scientific management methods of Taylor (1911). Who wrote: 'It is impossible, through any long period, to get workmen to work much harder than the average men around them unless they are assured a large and permanent increase in their pay'. This theory is based on the principle of reinforcement and the so-called law of effect. Motivation using this approach has been, and still is, widely adopted and can be successful in some circumstances. But it is based exclusively on a system of external controls and fails to recognize several other human needs. It also fails to appreciate the fact that the formal control system can be seriously affected by the informal relationship existing between workers.

### **Contents (Needs) Theory**

The basis is the belief that an unsatisfied need creates tension and a state of disequilibrium. To restore the balance, a goal that will satisfy the need is identified, and a behavior pathway that will lead to the achievement of the goal is selected. All behaviors are therefore motivated by unsatisfied needs. Not all needs are equally important for a person at any one time – some may provide a much more powerful drive towards a goal than others, depending on the individual's background and present situation. Complexity is further increased because there is no simple relationship between needs and goals. The same need can be satisfied by some different goals and the stronger the need and the longer its duration, the broader the range of possible goals. At the same time, one goal may satisfy several needs – a new car provides transport as well as an opportunity to impress the neighbors. Needs theory was developed originally by Maslow (1954). Who postulated the concept of a hierarchy of needs which he believed was fundamental to the personality. Herzberg's (1957) two-factor model cannot strictly be classified as needs theory but he did identify some fundamental needs. Besides, Alderter (1972) developed his ERG theory, which refers to the need for existence, relatedness, and growth. Maslow's theory has been the most influential.

### **Expectancy Theory**

The concept of expectancy theory was originally contained in the valency-instrumentality-expectancy (VIE) theory which was formulated by Vroom (1964). Valency stands for value, instrumentality is the belief that if we do one thing it will lead to another, and expectancy is the probability that action or effort will lead to an outcome. The strength of expectations may be based on past experiences (reinforcement). But individuals are frequently presented with new situations – a change in job, payment system, or working conditions imposed by

management – where experience is an adequate guide to the implications of the change. In these circumstances, motivation may be reduced. Expectancy theory is only likely when a perceived and usable relationship exists between performance and outcome, and the outcome is seen as a means of satisfying needs. This explains why extrinsic financial motivation – for example, an incentive or bonus scheme – works only if the link between effort and reward is clear and the value of the reward is worth the effort. It also explains why intrinsic motivation arising from the work itself can be more powerful than the extrinsic motivation; intrinsic motivation outcomes are more under the control of individuals, who can place greater reliance on their past experiences to indicate the extent to which positive and advantageous results are likely to be obtained by their behavior.

#### **IV. Empirical Review**

According to Wentzel and Wigfield (2010) studies, the relationship between the remuneration scheme and employee performance is not established. The consensus, however, is that in the long-run remuneration policy will always motivate an employee to increase their performance in the organization. The strongest implication of much of the research is that the two variables, remuneration scheme, and employee performance, are relatively independent of each other. There seem to be at least two possible reasons for this. The first is that in many jobs variations in the remuneration scheme cannot lead to variations in employee performance. Secondly, even when correlations do appear, the associations may be spurious, since both may be associated with another factor. In other words, a remuneration scheme and employee performance may be well largely separate casual paths: one set of factors (e.g. investment in technology) determines employee performance and another set produces job-satisfaction. There are some conditions under which high employee performance more clearly leads to motivation. One condition is that the employees perceive that intrinsic and extrinsic rewards are contingent upon their employee performance. The second condition is that the extrinsic rewards (pay for example) be distributed equitably. Inequitable distribution fails to convince the employees close correlations between hard work and rewards in an organization.

Nwachukwu (2014) studies posit that efficiency increases as an organization find new ways to use fewer resources to produce its output. In a business environment, employee performance improvement is essential for long-run success. Through gains in efficiency, managers can reduce costs, save scarce resources, and enhance profits. In turn, improved profits allow an organization to provide better pay, benefits, and working conditions. The result can be a higher quality of work employees, who are more likely to be motivated towards further improvement in employee performance.

The viewpoint that motivates employees causes employee performance comes from human relations theory. Kuye and Sulaimon (2011) studies posit that the relationship between remuneration scheme and employee performance has been studied for a long period. However, earlier research could not succeed in establishing a direct relationship between the two. Yet it seems that that the factors do influence each other. Kuye and Sulaimon (2011) reviewed the studies used in his research and added another more recent studies; they concluded that remuneration scheme and employee performance are indeed related. The results of this research indicate that the relationship between remuneration scheme and job satisfaction is more consistent in most organization.

According to Oluseyi and Ayo (2010) studies, in my private organization they often hire a small team of employees to carry out day-to-day operational tasks so that they can focus on higher-level management and planning. Finding ways to remunerate that will motivate workers to be productive and produce quality work is among the biggest challenges in hiring and managing employees. Some organization gives remuneration inform of bonuses to top-performing employees as a way to motivate workers to work hard during the year. Thus, some of the organization are not conducive to measuring employee performance so clearly and definitively, making it difficult to establish an effective means for merit remuneration and pays. Consider whether or not they might be trying to force such a system into an office where it will not work (Oluseyi and Ayo, 2010).

#### **V. Methodology**

The descriptive research design was used for the study, thus, the population of this study comprised of all the staff members of global communications limited. The staff strength of the company is well over 3000. The target population of the study is randomly selected staff of the company. It is important that the respondents are targeted based on locations where it is easy to locate them. Hence, this study focused on Victoria Island in Lagos. This is due to location's easy accessibility. Basically, the sample of 120 staff was selected randomly from a population of over 3000 staff strength which was grouped into the following departments: Management, Administration, Marketing, Accountant and Auditors, and Human Resource Management in the organization. The randomly selected 120 respondents represent 20% of the Staff in the departments. The questionnaire was designed to gather information. The instrument used was found reliable and valid. The questionnaire was divided into two sections, section one comprised questions relating to the socio demographical data of the respondent such as age, sex, marital status, educational background, while the second

section comprised of Likert scale statements that were arranged as follows; Strongly Agree (1), Agree (2), undecided (3), disagree (4), and strongly disagree (5).Data were analyzed by using descriptive statistics to analyze the demographic variable while the hypotheses was tested with chi-square.

## VI. Results

**Table 1: Analyses of Respondents' Bio-Data**

S/N		Variables	Frequency	Percentage
1	Gender	Male	69	62.2
		Female	51	37.8
		<b>Total</b>	<b>120</b>	<b>100.0</b>
2	Age	Below 20 years	22	16.9
		21-30 years	41	31.5
		31-40 years	35	26.9
		41-50 years	16	12.3
		Over 51 years	16	12.3
		<b>Total</b>	<b>120</b>	<b>100.0</b>
3	Educational qualification	SSCE	27	28.5
		B.Sc / M.Sc /MBA	77	59.2
		Professional Qualification	16	12.3
		<b>Total</b>	<b>120</b>	<b>100.0</b>
4	Staff Category	Junior staff	51	38.1
		Senior staff	43	34.2
		Management staff	26	27.7
		<b>Total</b>	<b>120</b>	<b>100.0</b>
5	Marital Status	Single	43	40.8
		Married	77	59.2
		<b>Total</b>	<b>120</b>	<b>100.0</b>

Source: Field Survey, 2019

The above table reveals that 62.2% of the respondents are males, while 37.8% are females.Hence majority of the respondents are males.From the above table, 16.9% of the respondents are below 20 years old, while 31.5% are between 21-30 years old, 26.9% between 31-40 years old, 12.3% between 41-50 years old and 12.3% over 51 years old. Hence the analysis shows that majority of respondents are between 21-30 years old. From the above table, 59.2% of the respondents are within the age range of 18-30 years, 28.5% 31-40, while 12.3% are within 41-50 years. The analysis shows that many of the respondents are within the age range of 18-30 years.The above table shows that 38.1% of the respondents are junior staff, 34.2% are senior staff while 27.7% are management staff. This analysis concludes that the respondents are junior staff. From the above table, 40.8% of the respondents are single, while 59.2% married. It can be inferred from the analysis that majority of the respondents are married.

### Test of Hypotheses

#### Hypothesis One

H<sub>0</sub>: There is no significance relationship between remuneration scheme and employee performance in Global Communications Limited

H<sub>2</sub>: There is a significance relationship between remuneration scheme and employee performance in Global Communications Limited

**Table 2: A Summary of Chi-Square Analysis showing the between remuneration scheme and employee performance**

Test Statistics		
remuneration scheme	The relationship between the remuneration scheme and employee performance make the policy and welfare of the company to be above average.	Result
employee performance		
Correlation	27.523 <sup>a</sup>	Rejected
Df	2	

Asymp. Sig.	.000	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 43.3.		

SPSS OUTPUT V22

The table above gives a correlation value of 27.523 with 2 degree of freedom and p-value of 0.000 which is considered less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore, conclude that there is a significance relationship between remuneration scheme and employee performance in Global Communications Limited

**Hypothesis Two**

H<sub>0</sub>: There is no significant relationship between problems affecting the pay scheme and the performance of employees in Global Communications Limited

H<sub>1</sub>: There is significant relationship between problems affecting the pay scheme and the performance of employees in Global Communications Limited

**Table 3: A Summary of Chi-Square Analysis showing the between problems affecting the pay scheme and the performance of employees**

<b>Problem pay scheme</b>		
<b>employee performance</b>	<b>Poor pay scheme process can negatively affect the employee performance in the organization</b>	<b>Result</b>
Correlation	35.723 <sup>a</sup>	<b>Rejected</b>
Df	3	
Asymp. Sig.	.000	
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 32.5.		

SPSS OUTPUT V22

The table above gives a correlation value of 35.723 with 3 degree of freedom and p-value of 0.000 which is considered less than 0.05. Hence we reject the null hypothesis at 5% level of significance and accept the alternative hypothesis. We therefore, conclude that there is a significance problem affecting the pay scheme and the performance of employees in Global Communications Limited.

**VII. Discussion of Findings**

The result of second hypothesis revealed that there is a significance relationship between remuneration scheme and employee performance in Global Communications Limited. According to Wentzel and Wigfield (2010) studies, the relationship between remuneration scheme and employee performance is not definitely established. The consensus, however, is that in the long-run remuneration policy will always motivate employee to increased their performance in the organization. The strongest implication of much of the research is that the two variables, remuneration scheme and employee performance, are relatively independent of each other. There seems to be at least two possible reasons for this. The first is that in many jobs variations in remuneration scheme cannot lead to variations in employee performance. Secondly, even when correlations do appear, the associations may be spurious, since both may be associated with other factor. In other words, remuneration scheme and employee performance may be well largely separate casual paths: one set of factors (e.g. investment in technology) determines employee performance and another set produces job-satisfaction. There are some conditions under which high employee performance more clearly leads to motivation. One condition is that the employees perceive that intrinsic and extrinsic rewards are contingent upon their employee performance. The second condition is that the extrinsic rewards (pay for example) be distributed equitably. Inequitable distribution fails to convince the employees close correlations between hard work and rewards in an organization.

The result of the third hypothesis revealed that there is a significance problem affecting the pay scheme and the performance of employees in Global Communications Limited. According to Oluseyi and Ayo (2010) studies, in my private organization they often hire a small team of employees to carry out day-to-day operational tasks so that they can focus on higher-level management and planning. Finding ways to remunerate that will motivate workers to be productive and produce quality work is among the biggest challenges in hiring and managing employees. Some organization gives remuneration inform of bonuses to top-performing employees as a way to motivate workers to work hard during the year. Thus, some of the organization are not conducive to measuring employee performance so clearly and definitively, making it difficult to establish an effective means

for merit remuneration and pays. Consider whether or not they might be trying to force such a system into an office where it will not work (Oluseyi and Ayo, 2010).

### **VIII. Conclusion**

To conclude, based on the literature on the effectiveness of the remunerations incentives as a motivational tool for employees and the findings of this study supporting its potential to motivate employees and foster high job productivity, it is possible to assert that remunerations incentives may promote the employees' willingness to exert more effort in their jobs, to go beyond expectations, to discuss positively about the organization to friends, to start work early and stay late to finish it, to remain with the organization not quitting even in periods of difficulties, to internalize the organizations' problem as their own, and to contribute to the successful achievement of the organizational objectives when remunerations rewards is strategically combined effectively with remunerations incentives. This is because most employees in the organizations like Global communication limited, Lagos Nigeria tend to attach importance to their impact to achieve higher job performance in the organization.

### **IX. Recommendations**

Then, based on the conclusion of the study this following recommendation was made:

- i. Organization like Global communication limited should use more work- related remunerations rewards design to motivate their employees. This design will improve the jobs performance with more opportunities for employees to move up the promotional ladder and achieve the satisfaction of their basic and psychological needs.
- ii. Organization like Global communication limited should create more remunerations opportunities for employee training and development should be provided and training programs should be designed to encourage the identification of areas that need further developmental skills.
- iii. Organization like Global communication limited should encourage more of their employee effort and participation in work groupings. This may be encouraged through making combined task assignment and reward given to groups with extra ordinary performance.

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