

Effect of Compensation on Employee's Productivity in MIKAP Nigeria PLC Makurdi, Benue State

UCHERWUHE Samuel Igbabee and AKORGA Mamkega Clement

Department of Business Administration
College of Management Sciences
Joseph Sarwuan Tarkaa University Makurdi

Abstract: This paper examined the effect of compensation on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State. The study specifically investigated the effect of overtime allowances and praise on employee's productivity in MIKAP Nigerian Plc Makurdi, Benue State. The study adopted quantitative survey design which is descriptive in nature. The population of the study consisted of 212 management and non-management staff of MIKAP Nigeria Plc. The paper applied the Taro Yamane (1967) formula for sample size determination as a result of the large nature of population in MIKAP Nigeria Plc, Makurdi and a total of 141 respondents were obtained for the study. Data was collected presented and analysed using descriptive statistics and multiple regression with the use of SPSS version 25.0. Findings of the study show that; praise have significant relationship on employee productivity (p -value is 0.000. ≤ 0.05). Overtime allowance have significant effect on employee productivity (p -value is 0.000. ≤ 0.05). The paper concluded that compensation has significant relationship employees' productivity in MIKAP Nigerian Plc, Benue State. Based on the findings it was recommended that: management should implement a structured, consistent system of providing meaningful and timely praise to employees. Ensure that praise is given for specific achievements, behaviours, or contributions to reinforce the desired performance. Secondly, management should review the current overtime allowance policies and procedures to ensure they are fair, transparent, and aligned with organizational goals as well as analyze the impact of overtime allowances on employee productivity and consider adjusting the rates or thresholds to maximize the benefits.

Keywords: Compensation, Overtime Allowances, Praise, Employee Productivity

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1.0

INTRODUCTION

1.1. Background to the Study

Compensating employees is associated with the motivation of the workforce of organization for better performance. However, what type and mix of compensation tools to use is challenging for most organizations. Several studies have demonstrated that compensation have positive impact on the employee's health and work place safety. It is one of the factors that sought to increase employees' productivity in the work place, which is the key element of organizational performance (Furtado, 2019). It is the concern of organizations all over the world to develop effective human capital strategies to enhance employee's productivity. It is clear that employee's

productivity in the expanding organization is a key factor in the organization's performance. Employees, technically known as human resources in modern organizations, are rightly considered as the most important assets for organizational success (Rizal and Ali, 2010). In developed countries such as USA, JAPAN, UK and Germany, organizations recognize employees as the important asset that needs high consideration in promotion (Lawler and Worley, 2016). The rationale behind the use of rewards to employees is that motivated employees become satisfied in terms of fulfilling their wants, both financial and non-financial. Failure to do so, employees will be tempted to leave the organization. Azasu, (2019) on one hand, recorded that employees prefer receiving non-monetary (intrinsic) rewards in terms of praise and recognition for certain work accomplishments, while other employees are happy with monetary (extrinsic) compensation in terms of salaries, bonus and incentives offered to employees (Sajuyigbe *et al* 2013).

In developing countries such as China, India and Thailand, employees reward is one of highly demanded factors in commercial banking that is thought of influencing organization's performance. One of the most important factors in compensating employees for organization's performance is through recognition and appreciation (Ajila and Abilola, 2014). There is a need for managers to recognise employees in terms of monetary and non-monetary compensation which increases motivation and better performance in the job assigned that is highly linked to the organization's performance such as commercial banks (Jones and Culbertson 2021; Aktar, Sachu and Ali, 2012). It is evident that those workforces that are being rewarded in a manner to meet a described standard are in position of performing better. Invariably rewards play an important role in the success of an organization (Pulakos and Leary, 2021). In Nigeria, like any other country, employees are motivated by compensation. There is a need for organizations to compensate its employees for creating a successful competitive environment. This is one of the essentials for the organizations to achieve high work performance. Some employees are highly motivated by extrinsic rewards such as increase in pay, promotions and bonus, other employees are motivated with intrinsic rewards such as appreciation, praise and recognition (Bana and Kessy, 2017). However, which of the compensation variables motivate workforce and creates higher employees' productivity especially in MIKAP Nigerian Plc (NBL) Makurdi is not well understood and this will be the focus of this study.

1.2 Statement of the Problem

The way an organization structures and implements its compensation system can have a profound influence on the motivation, engagement, and overall performance of its workforce. Competitive and equitable compensation packages serve as a powerful incentive for employees to contribute their best efforts and maximize their productivity. When employees feel that their hard work and contributions are fairly recognized and rewarded, they are more likely to be invested in their work, exhibit higher levels of job satisfaction, and strive to achieve organizational goals. On the contrary, inadequate or misaligned compensation can have detrimental effects on employee productivity. Employees who perceive their pay as unfair or disproportionate to their responsibilities and performance may experience demotivation, resentment, and a decline in their work output. This can lead to decreased engagement, reduced effort, and a lack of commitment to the organization's success. Furthermore, the structure of the compensation system, such as the balance between fixed and variable pay, can also influence

employee behaviour and productivity. Incentive-based compensation, including bonuses, commissions, or performance-based rewards, can encourage employees to take initiative, set ambitious goals, and drive innovative solutions that contribute to the organization's overall productivity and profitability. It is against this background that the study seeks to investigate the effect of compensation on employees' productivity in MIKAP Nigeria Plc Makurdi, Benue State.

1.3 Objective of the Study

The main objective of the study is to examine the effect of compensation on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State. The study specifically seeks to investigate the variables of financial and non-financial compensation as to:

- i. examine the effect of overtime allowances on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State.
- ii. examine the effect of praise on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State.

1.4 Significance of the Study

Helps management understand the crucial role of compensation in driving employee productivity and organizational performance. Provides insights into designing effective compensation strategies that can align with the organization's goals and objectives as well as enable them to make informed decisions about compensation structure, employee benefits, and incentive programs to optimize employee productivity. The findings of this study will also enhance employees' understanding of the relationship between compensation and their productivity as it will provide employees with insights into how their performance and contributions are valued and recognized by the organization as well as help them identify and address any perceived inequities or dissatisfaction with the existing compensation system. To the policy makers, the study will inform policymakers about the importance of implementing labour laws and regulations that promote fair and equitable compensation practices as well as provides a basis for developing policies and guidelines that encourage organizations to adopt compensation systems that foster employee productivity and overall economic growth. Finally, this study will contribute to the existing body of research on the relationship between compensation and employee productivity, expanding the theoretical and empirical knowledge in this field as well as provide a foundation for further research and analysis on the factors that influence the compensation-productivity nexus. Enables academicians to develop and refine models and frameworks that can be used to understand and predict the impact of compensation on employee and organizational performance.

In pursuance of the stated objectives, the study is divided in to five major components. Having addressed the first part of the components, part two focuses on review of related literature covering the theoretical, concepts of compensation on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State. The third section is on methodology employed in carrying out the study. Component four is on analysis of data collected and the component five provides the conclusion and recommendations accordingly. The results and recommendations of the study would

contribute towards the unveiling of compensation on employee's productivity in MIKAP Nigeria Plc Makurdi, Benue State.

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

2.1.2 Expectancy Theory

This work is anchored on expectancy theory. The theory was developed by Vroom (1964) and developed by Porter and Lawler (1968). The theory posits that individuals are motivated to exert effort when they believe that their effort will lead to a desired performance outcome, and that the performance outcome will result in a valued reward or compensation. According to Vroom (1964) there are three factors directing human behaviour which are valence, instrumentality and expectancy. Robbins, (2003) explained that there are three relationships; effort performance – rewards – personal goals which will direct one's behaviour. This means that if an employee believes that the effort given will lead to performance which is acknowledged by the management they will try to put their best efforts into practice. This leads to the expectancy that great effort will lead to performance which is noticed and rewarded. Instrumentality is used to explain the suitability of the rewards to performance. If the outcomes (rewards) are corresponding to individual's personal goals a positive emotional attitude towards the outcomes (rewards) will be developed. Ramlall explained that an individual estimates an outcome to be positively valence once the outcome is considered wanted in other words once the reward matches one's personal goals (Ramlall, 2004). Robbins, (2003) said that the expectancy theory gives good explanation why employees are not motivated; they might feel that the excellent performance is not acknowledged in the organization due to several reasons. If the organization's performance appraisal system is created to evaluate non-performance related factors such as tenure, an individual may feel that no matter how much they work they will not be rewarded. Employees may also feel that the supervisor don't like them and therefore they are not given fair appraisals. Employees may think that they don't have the needed competencies to gain high performance levels which will be rewarded. Expectancy theory however, explains how the perceived relationship between effort, performance, and rewards (such as compensation) can drive employee motivation and productivity. It highlights the importance of ensuring that employees perceive a clear and achievable link between their efforts, the resulting performance, and the rewards they will receive, such as fair and competitive compensation.

2.2 Conceptual Framework

2.2.1 Compensation System

Compensation includes "any direct or indirect payments to employees, such as wages, bonuses, stock, and benefits" (Gerhart and Milkovich, 1992). From an organization's point of view, successful achievement of performance goals requires offering compensation at a level and in a form that attracts, retains, and motivates a workforce having the desired attributes. Compensation could be said to be wages paid directly for time worked, as well as more indirect benefits that employees receives as part of their employment contract with and organization. Salary connotes a regular paid compensation of a fixed amount to workers for services provided. According to Geralyn (2017), compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often

based on wages, salaries, incentives, or bonuses. Brown, (2013) view compensation as an outcome in the exchange among employees and themselves as an entitlement for being an employee of the organization or as a reward for a job well done. It does not necessarily mean that anyone who gets paid has done the job well. According to Afriyie, *et al.* (2020), compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses. Afriyie, *et al.* (2018) viewed compensation as an outcome in the exchange among employees and themselves as an entitlement for being an employee of the organization or as a reward for a job well done. It does not necessarily mean that anyone who gets paid has done the job well. Compensation is described as something acceptable in place of a person's effort to organize their services (Hameed *et al.*, 2014).

2.2.2 Measures of Compensation

i. Overtime allowance

Insider and outsider models consider that the markets for goods and labour markets are imperfect. Union members called insider and who are not in a union called the outsider. Overtime flexibility is the main topic of the economy, are mostly found in the literature related to the provision of incentives provided by the company. A number of theoretical models have developed an explanation of how the company should design compensation relations, and reduction of workload. Harrington, (2007) plan to encourage employees to work for the benefit of the company.

According to Prendergast, (1999) overtime allowances become an important aspect of being effective if linked to the performance significantly. Umar, (2012) further posits that granting overtime allowances remuneration is the most complex task for the industry, is also the most significant aspects for workers, because of the amount of overtime allowances reflects the size of the value of their work among the workers themselves, their families and communities. Overtime allowances are very important for the industry because it reflects the industry's efforts to defend human resources in order to have a high loyalty and commitment to the industry. Effective overtime allowances strategy is expected to contribute to maintaining the viability of the work force, the realization of the vision and mission, as well as for the achievement of work objectives.

ii. Praise

Praise is the job inherent, intangible, praise as a reward included in the job itself such as appreciation, interesting job and training possibilities offered to the employees. Nelson, (2004) noted that praise is the most efficient intrinsic rewards an employee wants to hear as employees want to feel that they are making a contribution at their workplaces. He quoted Elisabeth Kanter (2000) on his article who said that compensation is a right, Nelson also said that if an employee is praised in public in front of the other employees, that sends favourable signals to the other employees that the kind of behaviour portrayed is favoured and desirable by the management. Employees feel satisfied when they have accomplished something worth in work and orally appreciated by the organization (Nawab, *et al.*, (2011).

According to Jensen, (2007) it is the intangible rewards which determine why an employee would choose one company over another when tangible rewards are given the same such as praise. This is a how companies can really stand out of the crowd by the use of the attractive rewards. The

main stream among the researchers believe that praise rewards are more efficient while not neglecting the other forms of rewards which are usually always present in organizational context. For example, Mottaz, (1988) emphasized the importance of intrinsic rewards such as praise, but captured the significance of extrinsic rewards as follows: few, if any, workers would continue to work on a job for very long, if extrinsic rewards were completely inadequate.

2.3 Employee Productivity

Productivity refers to a ratio of output to input or the relationship between the output generated by a production or service system and the input provided to create this output. For organizations to achieve optimal performance, many firms believe that productivity is affected by employee's motivation, attitude and behaviour Cole and Kelly (2011). (Mark and ford 2021) opines that productivity is the efficiency in production: how much output is obtained from a given set of inputs. As such it is expressed as an output-input ratio. The performance of a corporate organization, which determines its survival and growth, depends to a large extent on the productivity of its workforce. In fact, the wealth of a nation as well as socioeconomic wellbeing of its people depends on the effectiveness and efficiency of its various sub-components. Labour is generally regarded as the most dynamic of all the factors that are employed for the creation of wealth, having the potential to energise and serve as catalyst to the other resources (Richard, 2019).

2.2.4 Dimensions of Employee Productivity

Employees productivity indicators are defined as the observable, quantifiable measurements that show the level of success achieved by an individual or an organization. According to Simmons (2010) measures of organizational performance in this study include: quality of work and quality of work discussed as follows.

i. Quality of Work

Quality of work is a measure of performance and it is obtained by physically inspecting the products, collecting feedback from purchasers of products and services through survey, statistically sampling out products. Other methods of measuring quality of work include calculating percentage of product or work rejected and redone. Quality of work can also be measured by determining the reliability, compliance level, accuracy and judgment of experts (Cole and Kelly 2011). Quality of work refers to the overall excellence, effectiveness, and adherence to standards in the work produced by an individual or a team (Tjahyanti, 2013).

ii. Quantity of Work

Quantity of work is measured by counting the number of product units produced per day, per week or per month. For employees to achieve the targeted quantity of work, they should set priorities and timelines and make initiatives to determine ways of enhancing productivity. Consequently, individual performance and organizational performance is likely to increase Cole and Kelly (2011). Business work quality is the degree to which your services meet or exceed the expectations and needs of your customers. It is not only about the technical aspect of your service, such as speed, accuracy, or reliability, but also about the emotional and relational aspect, such as empathy, courtesy or trust (Musmuliana, 2020). The work quality can be influenced by many factors, such as your service design, delivery, processes, people, culture, and feedback mechanisms. The business service quality is important because it affects your customer satisfaction, loyalty and retention. (Wambua, 2020). Satisfied customers are more likely to repeat

their purchases, recommend your services to others and provide positive feedback. To ensure a business services quality, set up a criteria that can serve as a standards or benchmarks that you can use to evaluate your service performance and quality, they can be based on your customer's expectations, as well as on your own goals, objectives, and values (Shala *et al.*, 2021).

2.4 Review of Related Empirical Studies

Kwenin, *et al.* (2023) investigated the impact of direct and indirect financial compensation in the performance of employees in customer service companies in the Republic of Ghana. The researchers used descriptive research design. The target population was the 223 employees of the 23 listed customer service companies in the country. The authors analyzed data descriptively as per the data collected by use of structured questionnaires. The study found that reward dimensions have significant effect on employees' performance. In particular, they found that pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. Thus, workers reward package matters a lot and should be a concern of both the employers and employees. The study generalizes its findings which may not be applicable to other sectors. Thus, the study recommended that balance should be created by managers in adopting which motivational measures to use. Studies indicate that both extrinsic and intrinsic motivational factors are capable of influencing one aspect of employee behavior or the other. Managers should employ the two in order to get the best results. Also, management should employ feedback mechanisms to inform them on the performance of the various rewards system. This becomes necessary in order to effectively adjust motivational factors not suited/or desired by employee. The study was conducted in Ghana which the findings may not be applicable to the Nigerian situation, thus, creating a need for this study.

Nsour, (2022) Investigated the incentives approach and the level of performance in Jordanian Universities. The survey research method was adopted for the study. The study used a survey design. The population consisted of 170 respondents. The study has a sample size of 166. The instrument for the data collection was the questionnaire. Data collected were analysed using mean, percentages and Chi-square. The results showed significance relationship between moral incentives and learning and growth in Jordanian Universities and also there is a high level of Organizational Performance. The study concluded that compensation is necessary for employees of every organization. The study recommended that management should strive to improve on their salary structure been paid to their employees in order to get the best out of them. Also, efforts must also be intensified to ensure that employees are recognized for their right doings so as to encourage them to do their best. The study of Nsour, (2022) only considered only monetary dimension of compensation which will not depict the real result of compensation and performance.

Aktar, *et al.*, (2022) examined the impact of intrinsic rewards (recognition, learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh. The study utilized mixed research design. The target population was the 72 management team in all the 12 commercial banks in Bangladesh. The authors developed structured and unstructured

questionnaires together with interview guides which were used to collect data from the selected respondents. The authors used correlation and chi square to analyze data. The study found that each factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees' performance the study concluded that recognition, learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) have significant effect on employee performance in twelve commercial banks of Bangladesh. The study recommended that management should ensure that their employees are been appreciated for their hard work and commitment. The study only limits it finding to banking sector which is applicable to almost all profit making organizations.

Another study was conducted by Ong and Teh, (2022) on reward system and performance within Malaysian commercial banks. The targeted banks were 12 in number with a total average of 720 employees. The study employed quantitative research design. The sample size was 10 employees per bank which resulted to a sample size of 120. Data was then analyzed by means of strata in the form of tables. The study thus found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization. The study concludes that reward significantly affects employees' productivity. The study recommended that The HRM department in conjunction with senior management and Trade unions should revise the current salary scale in line with prevailing economic environment and set an appropriate and competitive salary scale. This will not only motivate employees but also increase employees' performance and reduce employees' turnover. The research also revealed that bonuses are given to managers only and not ordinary employees this has generated discontentment and demotivation of employees as they see organization performance as collective action. The study was conducted in the banking sector thus; the findings may not be applicable to other sectors. Therefore, this study seeks to bleach the gap.

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

3.0 METHODOLOGY

This section treats the approaches the researcher adopted in conducting the research. It covers research design, source of data, population of study, sample size and sampling technique, validation of instrument, reliability of instrument, data collection and analysis technique.

3.1 Research Design

Descriptive survey research design was employed. This design is considered appropriate because all the variables of the study can be studied at a point in time and thereby reduces the related cost of carrying the investigation. The survey design was adopted because it allows for the drawing of inference, its data integrates and points out interrelationship among variables. It allows for the use of questionnaire and it also allows for the objective description of the existing phenomena. Since the design allows for the use of questionnaire and representative sample, it is therefore economical over other designs.

3.2 Population of the Study

A total population of 212 staff which consist of 55 managements and 157 other staff of MIKAP Nigerian Plc, Makurdi obtained from Human Resource Department.

3.3.1 Sample Size Determination

A sample size is a Plc number of elements that form a population, which is a representative of the whole population. The process of obtaining such representative is called sampling. Random sampling technique is used to select the respondents from the sample. The sample size is determined quantitatively. The study applies the Taro Yamane (1967) formula for sample size determination as a result of the large nature of population in MIKAP Nigeria Plc, Makurdi. The formula as applied is shown below:

$$n = \frac{N}{1+N(e)^2}$$

Where: n = the sample

N = the population size of the study

e = the maximum accepted margin error (5%)

$$n = \frac{212}{1+212(0.05)^2}$$

$$n = \frac{212}{1.53}$$

$$n = 141$$

The 141 is the sample size for the study.

3.3.2 Sampling Technique

Bourley's formula was used for the distribution of the sample size to the management and other staff of MIKAP Nigeria Plc, Makurdi as shown below:

$$n_h = \frac{nN_h}{N}$$

Where: n_h = Sample size per group

n = Total sample size

N_h = Population of group

Table 2 above shows that simple random sampling technique is used to select a sample of 212 respondents which is made of 37 managements and 175 employees staff from the total population using Bourley's formula.

3.5 Instrument for Data Collection

Owing to the nature of the research, the researcher used questionnaire to collect required data. The questionnaire was designed in a four point Likert scale, SA= strongly Agree, A= Agree, D= Disagree and SD= Strongly Disagree The researcher utilizes a four point Likert scale close ended question in designing the questionnaire. The primary motive to having structured questions is to save the respondents amount of thinking and effort. The questionnaire was grouped into Sections A and B which consist of 25 questions; five (5) questions from section "A" and sixteen (16) questions from Section "B". Section "A" of the questionnaire required personal data of the respondent. Section "B" consists of closed ended questions. The respondents were required to tick any option that best fits their responses.

3.5.1 Validation of Instruments

Validity is the extent to which a measuring instrument on application performs the function for which it is designed. To ascertain the validity of the instrument, content validity and structured validity were considered. Content validity was tested through expert contributions by the research supervisor and four (4) senior lecturers of the Department of Business Administration, Federal University of Agriculture Makurdi, Nigeria, while construct validity was tested with the use of factor analytical tool that considered Kaiser-Meyer-Olin (KMO) and Bartlett's Test of Sphericity for sampling adequacy. They ensured that the instrument represents the entire range of possible items to be tested in the study. To establish the validity of the instrument, the pilot test technique was therefore employed using 30% of the total population.

Table 1 Kaiser-Meyer-Olkin (KMO) and Bertlet's Validity Test

| | |
|------------------------------------------------|-------|
| KMO measure of sample adequacy | .841 |
| Bartlett's Test Sphericity: Approx. Chi-Sqaure | 3.68 |
| Difference | 2 |
| Sigma | 0.072 |

Source: Field Survey, 2024

A pilot test was conducted and the input variable factors used for this study were subjected to exploratory factor analysis to investigate whether the construct as described in the literature fits the factors derived from the factor analysis. Factor analysis indicates that the KMO measures three independent variable items is 0.841 with Bartlett's Test of Sphericity Value to be 4 at a level of significance $P= 0.072$. The threshold result of this study surpasses the threshold value of 0.50 indicating that our sample and data are adequate for this study.

3.5.2 Reliability of the Instrument

Reliability is the tendency toward consistency found in repeated measurements. The reliability of the instrument was ascertained using the internal consistency method. The questionnaire was given to a 10-man expert on the field for their grading based on four point Likert scale. The

researcher used the Cronbach’s alpha correlation matrix to test the reliability of the instrument as ranked by the experts and it indicated an index of 0.824.

Table 2: Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|----------------------------------------------|------------|
| .824 | .895 | 3 |

Source: Field Survey, 2024

Table 2 shows the reliability statistic which indicates that the Cronbach’s Alpha value is 0.895. Reliability Cronbach’s Alpha statistic of 0.895 is considered adequate and reliable for study. Hence, the variable of this study is above the limit of a reliable instrument for this study.

3.6 Method of Data Collection

Data for the research is collected from primary sources. Questionnaire method was used to collect the required information from the employees of the MIKAP Nigeria Plc. The use of primary data was intended to provide very reliable data from the research which will assist the researcher in drawing meaningful conclusion about the study.

3.7 Variable Specification

The study used multiple regression analysis to establish the strength of the relationship between the dependent and independent variables. The regression equation is:

$$P = \beta_0 + \beta_1 OA + \beta_2 P + \beta_3 R + \epsilon$$

Where:

P = dependent variable (Employee Productivity),

β_0 = is the regression coefficient/constant (compensation)

β_1, β_2 and β_3 = slopes of the regression equation,

OA= Overtime Allowance

P = Praise

R = Recognition

3.8 Data Analysis Technique

The researcher used both descriptive statistics and regression analysis technique for the analysis and interpretation of data collected for this study. The descriptive tool used include the frequency and percentages in other to obtain percentage for the multiple regression which was carried out using SPSS to correlate the variables used in the research work. Reason for selecting multiple regressions for test of hypotheses is based on the merit of its strength in determining the relationship that exists between two variables. **Decision Rule:** A significant value less than a = 0.05 indicates that there is enough statistical evidence to reject the null hypothesis, and thereby accept the alternative hypothesis. If significant value is greater than 0.05, then we do not have adequate statistical evidence to reject the null hypothesis.

4.0 RESULTS AND DISCUSSIONS

This section presents the data collected from the field. It also analyzes the collected data, tests the research hypotheses and then discusses the research findings by objective.

4.1 Demographic Characteristics of the Respondents

The demographic characteristics of respondents as presented in Table 3 revealed that, 124(87.94 %) of the respondents were males while 17(13.06 %) were females. This implies that the sampled participants cut across different genders but there were more males who are managers of and employees of MIKAP Nigeria Plc than females. The distribution of respondents by age shows that, 5(3.55 %) respondents were from the age of 18 – 27 years, 30(21.27 %) between 28 and 37 years, 46(32.62 %) 38- 47 years and 56(39.72 %) 48-57 years while 4(2.84 %) were 58 years and above. This implies that the respondents were old enough to provide valid answers on how ethics affects effectiveness of hotels in Makurdi Metropolis, Benue State. The result in Table 3 also indicated that 47(33.33 %) respondents have OND/NCE qualifications, 58(41.14 %) have HND and degree qualifications while 39(27.66 %) have postgraduate qualifications including Master’s degree and Ph.D. This implies that the respondents were literate enough to understand the topic under investigation. Finally, the distribution of respondents by experience indicated that 44(31.21%) respondents have experience from 1-5 years, 20(14.18%) 6-10 years, 19(13.48%) 11-15 years while 29(20.57%) have worked from 16-20 years and 29(20.57 %) have experience above 20 years. This implies that the respondents have enough experience working in their manufacturing and have knowledge on work performance of the industry.

4.2 Results of Regression Analysis

Table 3: Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|--------------|-------------------|-----------------|--------------------------|-----------------------------------|
| 1 | .887 ^a | .786 | .782 | .296 |

a. Predictors: (Constant), Overtime Allowances, Praise

Source: SPSS Output 2024

The model has an R-value of 0.799, which indicates a strong positive correlation between the predictor variable(s) and the dependent variable. This suggests that the predictor variable(s) are able to explain a significant amount of the variation in the dependent variable. The R-Square value is 0.639, which means that the model explains 63.9% of the variance in the dependent variable. This is a reasonably high value, indicating that the model has good explanatory power. The Adjusted R-Square value is 0.636, which is very close to the R-Square value. This suggests that the model is not overfitting the data and is likely to generalize well to new, unseen data. The standard error of the estimate is 0.383, which represents the average amount that the observed values vary from the predicted values. This is a relatively small value, indicating that the model makes accurate predictions.

Table 4: ANOVA^b

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 37.627 | 2 | 18.813 | 214.965 | .000 ^b |
| | Residual | 10.240 | 117 | .088 | | |
| | Total | 47.867 | 119 | | | |

a. Dependent Variable: Employee Productivity
b. Predictors: (Constant), Overtime Allowances, Praise

Source: SPSS Output 2024

The result from the ANOVA statistics in Table 4 indicates that the processed data, which is the population parameters, had a significance level of 0.000 which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value) is less than 5%. This implies that overtime allowance, recognition, praise and salary significantly affect the employees’ productivity of MIKAP Nigerian Plc Makurdi, Benue State. The significance value was less than 0.05 which indicates that the model was statistically significant (F =214.965; P = .000).

Table 5: Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | | | |
| 1 | (Constant) | -.305 | .224 | | -1.363 | .175 |
| | Praise | .498 | .081 | .386 | 6.144 | .000 |
| | Overtime Allowances | .600 | .067 | .564 | 8.981 | .000 |
| | | | | | | |

a. Dependent Variable: Employee Productivity

Source: SPSS Output 2024

The regression equation revealed that holding salary, praise, recognition and overtime allowance to a constant 5.798. The study also found that the p-values for praise and overtime allowance (.000, and .000) respectively were less than 0.05 which is an indication that each variable has a positive effect on employee productivity MIKAP Nigerian Plc Makurdi, Benue State. Furthermore, the result of the analysis shows that praise and overtime allowance has more significant effect on employee productivity in Benue State.

4.2 Test of Hypotheses

The hypotheses were tested at 5 percent (0.05) level of significance as a statistic basis for drawing conclusions.

4.2.1 Test of Hypothesis One

Based on the results in Table 5, praise is verified with computed significant level (.000) at $P=0.05$, this shows significant effect of praise on employee productivity and the null hypothesis was rejected. This implies that praise has significant effect on employee productivity in MIKAP Nigerian Plc Makurdi, Benue State.

4.2.2 Test of Hypothesis Two

H0₂: Overtime allowances have no significant influence on employee's productivity in MIKAP Nigerian Plc Makurdi, Benue State.

Based on the results in Table 5, overtime allowance is verified with computed significant level (.000) at $P=0.05$, this shows significant effect of overtime allowance on employee productivity and the null hypothesis was rejected. This implies that overtime allowance has significant effect on employee productivity in MIKAP Nigerian Plc Makurdi, Benue State.

4.3 Discussion of Findings

Based on data collected, presented, analyzed and interpreted, finding of the study shall be discussed based on research objectives as follows:

Objective One: to examine the effect of praise on employee's productivity in MIKAP Nigerian Plc Makurdi, Benue State

Findings of the study on objective four revealed that all the items which include; employees feel pleased and fulfilled when they are praised for their hard work, appreciated employees have greater willingness to take on higher levels of responsibility to the organization, appreciated employees have higher opinion of the company share with others, Praise reduces the cost to the company but motivate employees work effectively and employees who feel appreciated have better work attendance with higher degree of attention to task are accepted as effects of praise on employees productivity since all the means of the items are greater than 2.50 which is the cut-off point. This result is in agreement with findings of Kwenin, Muathe and Nzulwa, (2013) investigated the impact of direct and indirect financial compensation in the performance of employees in customer service companies in the Republic of Ghana and found that reward dimensions have significant effect on employees' performance. In particular, they found that pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently.

Objective two: Examine the effect of overtime allowances on employee's productivity in MIKAP Nigerian Plc Makurdi, Benue State. Findings of the study on objective two revealed that all the items which include; good overtime allowances and performance improvement enables a company to project an image of progress to the public, equitable overtime allowances structure makes employees to be satisfied and more effective in performing their task, good overtime allowances structure attracts and retains suitable and qualified employees, good overtime allowances structure builds high morale and act as an incentive to employees and good overtime allowances structure will maintain labour and overtime allowances cost equitable are accepted as effect of overtime allowance on employees productivity since all their related means are greater 2.50 which is the cut-off point. Test of hypotheses also shows a significant relationship between overtime allowance and employee productivity since the computed significant level $.009 \leq 0.05$. This finding is consistent with that of Ong and Teh, (2012) who found that most of the

commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization.

5.0 SUMMARY CONCLUSION AND RECOMMENDATIONS

In this chapter the summary of the findings was drawn from the questionnaire which was analysed in chapter four that would be presented.

5.1 Summary

The summary of findings for this research work is based on the specific objectives of this study.

- i. The study found that praise have significant relationship on employee productivity (p-value is 0.000. ≤ 0.05).
- ii. The study also found out that overtime allowance has significant effect on employee productivity (p-value is 0.000. ≤ 0.05).

5.2 Conclusion

Based on the hypotheses tested, findings from the study revealed that compensation has significant relationship employees' productivity in MIKAP Nigerian Plc, Benue State.

5.3 Recommendations

Based on the findings, the following recommendations are made:

- i. Implement a structured, consistent system of providing meaningful and timely praise to employees. Ensure that praise is given for specific achievements, behaviours, or contributions to reinforce the desired performance.
- ii. Review the current overtime allowance policies and procedures to ensure they are fair, transparent, and aligned with organizational goals as well as analyse the impact of overtime allowances on employee productivity and consider adjusting the rates or thresholds to maximize the benefits.

5.4 Limitations

The researcher encountered some limitations in carrying out this research work and some of which include the following; Inadequate Materials was one of the major constraint of the research work. Getting adequate and accurate materials and text books for the literature review, related theories and access from the management and staff of the sample firm for the research work was difficult which make the research to be limited to few materials. The researcher was faced with the challenge of inadequate time since he had to combine the research work with other academic exercise which is highly demanding. Lastly the researcher also faced financial challenges as funds were needed to carryout research of this magnitude. Getting the research materials and putting them together to have presentable work requires some amount of money which is scarce in our present time.

5.5 Suggestions for Further Studies

The study covers three measures of compensation, (overtime allowance and praise) and these variables accounted for are just a portion of the measures of the independent variable (compensation). This means that a larger portion of the measures are not accounted for which may depict a true result. Thus, further studies are suggested in the areas of the other dimensions of compensation so as to have a consensus result among researchers. Also further studies should be conducted in other geographical location so as to compare the result,

5.6 Contributions to Knowledge

The study revealed that overtime allowance as a dimension of compensation with a beta value of .600 has the greatest effect on employee productivity of MIKAP Nigeria Plc, followed by Praise P values of .498.

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