

STRATEGIC DIMENSIONS OF COMPENSATION MANAGEMENT AND JOB SATISFACTION OF NON-ACADEMIC STAFF OF SELECTED UNIVERSITIES IN LAGOS STATE, NIGERIA

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ABSTRACT

The researcher worked on strategic dimensions of compensation management and job satisfaction of non-academic staff of selected universities in Lagos. Survey research design and stratified sampling method were used for the study. Population of the study was 5,434 non-academic staff of selected universities in Lagos State. The study sample obtained was 475 non-academic staff. Data were collected through the instrument (structured questionnaire with close-ended questions). The instrument was subjected to content and construct validity. The Cronbach's alpha coefficients for the variables ranged from 0.749 and 0.830. A 96.8% response rate was achieved. Findings revealed that compensation management had insignificant effect on job satisfaction of non-academic staff of the selected universities in Lagos ($r = 0.067$, $p > 0.05$). The study concluded that compensation management is not a significant determinant of job satisfaction of non-academic staff in the selected universities in Lagos State, Nigeria. Hence, the management of the selected universities need to revisit their compensation management policies and the implementation approaches.

Keywords: Compensation, Management, Job satisfaction, Non-academic staff, Universities.

1. INTRODUCTION

There has been a growing concern on the persistent dichotomy that characterized compensation in the universities in Nigeria, more so, with regards to non-academic staff. National salaries, income and wages commission, established in 1993, showed dichotomy in universities' pay structure across Nigeria: i. Consolidated Tertiary Institutions Salary Scale (CONTISS) and ii. Consolidated University Academic Salary Structure (CONUASS). All non-academic staff were placed on CONTISS. With that development, non-academic staff, through their national body in Nigeria, Non-Academic Staff Union of Universities (NASU) never stopped crying foul on the magnitude of pay disparity between CONTISS scale and CONUASS scale. Therefore, the objective of this study was to investigate the relationship between compensation strategy and job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria.

Hypothesis Development

H₀: Strategic dimensions of compensation management has no significant relationship with job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria.

2. LITERATURE REVIEW

Conceptual Review

Ghazanfar, Chuanmin, Khan and Bashir (2011) considered strategic dimensions of compensation management as the application of motivational incentives to establish employee job satisfaction. It was arrived at in a survey that involved employees of the sales departments of the cellular facility providers in Lahore, Pakistan. Alam, Saeed, Sahabuddin and Akter (2013) defined compensation as an application of equilibrium whereby no employer will successfully cheat any employee. Akafo and Boateng (2015) presented strategic dimensions of compensation management as the usage of reward and recognition to motivate and facilitate job satisfaction of employees. Tetteh and Brenyah (2016) captured compensation management from the perspective of leadership styles in organization

and the subsequent impact on employees' job satisfaction, evidences from the mobile telecommunications sector of Ghana were offered. Dwumah, Gyasi-Boadu and Ayamga (2015) explained compensation management as the purposeful administration of pay and supervision as correlates of job satisfaction, it was demonstrated among junior workers in a Ghanaian university. Terera and Ngirande (2014) defined strategic dimensions of compensation management in the light of administration of motivators to produce job satisfaction and therefore encourage workers to keep their jobs. Masum, Azad, Hoque, Beh, Wanke and Arslan (2016) elucidated strategic dimensions of compensation management as the actions targeted at quelling employees' intention to quit on one hand and on the other hand create job satisfaction. It was buttressed in a study that involved nurses as participants in Turkey.

Huang and Lai (2014) regarded strategic dimensions of compensation management as the arrangement of incentive system to boost job performance, while using locus of control as a moderator. Justine (2012) viewed strategic dimensions of compensation management as the alignment of motivational practices to facilitate performance, as demonstrated in a study that involved teachers in Jinja district, Uganda. Abdullah and Hui (2014) defined job satisfaction as the outcome of well-articulated communication. It came-up in a study that had teachers as participant in the Malaysian primary school. Abu-Helalah, Jorissen, Niaz and Qarni (2014) viewed job satisfaction as a state where stress is eliminated from job. The definition emerged in a study on job stress and job satisfaction among health care professionals. Adesola, Oyeniyi and Adeyemi (2013) considered job satisfaction as a situation where employees are comfortable to take up responsibility, because, such employees have been properly trained. Akpinar, Torun, Okur and Akpinar (2013) understood job satisfaction to be a state of motivation by way of giving employees sense of belonging through internal communication. According to Ukandu and Ukpere (2014) job satisfaction refers to the propellant of the interest of employees to show commitment to the realization of organization's objectives.

Theory

Equity theory was propounded in 1960 by Adams. The assumptions are that employees seek to have level plain treatment and fairness applied to every member of staff in an organization. Employee makes input to organizations where they work and they would want their reward to be reflective of the magnitude of their contribution to the output. In clear terms, every worker has interest in disparity between the inputs that he or she brought to a job and the outcomes (benefits) that he or she received from it, against the perceived inputs and outcomes of others (Adams, 1963). Huseman, Hatfield and Miles (1987) contradicted this theory with the argument that demographic and psychological variables affect people's perceptions of fairness and relationships with others; and not necessarily how they are treated or rewarded.

Bao and Wu (2017) found that equity theory is very useful in ensuring a smooth relationship among parties in an organization. Moreover, it was noted that equity theory can be applied for the purpose of dowsing tension through inequality aversion, compensation, stock options and equity. Balassiano (2012) agrees with equity theory and went ahead with submission that affective organizational commitment, perceived justice and perceived equity should not be under estimated in any human corporate setting.

This theory is relevant to this study in the area of non-academic staff working condition, reward, recognition and general administration of benefit. The non-academic staff in the universities in Lagos State, Nigeria, have problem with their employers on disparity in reward. It has been established in the introduction that non-academic staff are not as well-paid as the academic staff. Meanwhile in the believe of the NAS they are the ones who keep the universities running administratively, they perceive injustice and felt the imbalance should be discontinued. To this end, the assumptions of equity theory are relevant to the main variables of this study, that is, strategic dimensions of compensation management and job satisfaction of non-academic staff of selected universities in Lagos.

Empirical Review

Hameed, Ramzan, Zubair, Ali and Arslan (2014) in a survey conducted in selected banks in Pakistan, empirical evidences were extracted concerning possible impact of compensation. Questionnaire was used to collect data on the compensation constructs such as: salary, rewards, indirect compensation and employee performance. The data obtained were analyzed with SPSS 17.0 Version. Both analytical and descriptive techniques were used to analyze the data. It was substantiated from correlation analysis that compensation has positive relationship with employee performance. Regression analysis reveals that compensation has positive impact on employee performance.

Descriptive analysis equally shows that compensation has positive impact on employee performance. There were limitations to the study such as restriction to the banking sector, some compensation variables were omitted, shortage of time and funds. The research offered some brilliant insights to the decision makers on modalities to enhance the productivity of their subordinates within the organization.

Mawoli and Babandako (2011) carried out a study in which staff motivation was evaluated in Ibrahim Badamasi Babangida University, Lapai, Nigeria. Survey research was used to obtain data from academic staff. The participants were 141, which translates to 64% of the academic staff of the University. The study population was 219 academic staff. Descriptive analysis was carried out. The study revealed positive relationship between motivation and staff performance. It was recommended that universities and other tertiary institutions should take the issue of staff motivation as very important, so as to improve staff performance.

Hsin-His (2011) in his survey on influence of compensation system design on employee satisfaction, conducted in Taiwan, an empirical analysis was demonstrated. The empirical analysis produced a positive correlation between employee satisfaction and job-based pay, skill-based pay and performance-based pay. More so, demographic variables reveal a moderating effect on the relationship. Convenience sampling method was used, 500 copies of questionnaire were distributed, out of which 248 (49.6%) were validly retrieved. The cronbach's alpha of the instrument was 0.86 for job-based pay, 0.81 for skill-based pay and 0.83 for performance-based pay. It concluded that compensation predicts employee satisfaction.

However, it was recommended by the foregoing scholars that future study should investigate other variables that affect job satisfaction to give better understanding on compensation strategy and job satisfaction. More so, strategic dimensions of compensation management and job satisfaction of non-academic staff of selected universities in Lagos, remained opened for fresh studies by researchers. That was the gap which prompted this study.

3. RESEARCH METHODS

Survey research design was adopted for this study. The population for the study was 5434 non-academic staff. When traced on Krejcie and Morgan (1970) Table; it produced a sample size of 365. The attrition rate of 30% was added to the sample size to cater for eventuality. The attrition rate was calculated thus: $30/100 \times 365$. The new sample size was $365+110 = 475$. Please note that unlike Taro Yamani and the like, Krejcie and Morgan (1970) Table has no formula, only to trace the corresponding sample figure on the table.

Stratified sampling technique was adopted for this study. First, the researcher determined the number of respondents from each of the selected university in Lagos State. The percentage of the total respondents needed from each institution was derived through proportionate procedure. Stratified sampling technique guarantees representativeness across the population.

The lists of non-academic staff were obtained from: University of Lagos, Akoka, Yaba, Lagos, Human Resources Development Board (HRDB, 2019) containing 3,200 non-academic staff. Lagos State University, Ojo, Lagos, Non-Academic Staff Establishment (NASE, 2019) containing 1,742 non-academic staff. Pan African University, Ibeju-Lekki, Lagos, Annual Report (AR, 2019) containing 398 non-academic staff. Caleb University, Imota, Ikorodu, Lagos, Staff Audit Record (SAR, 2019) containing 94 non-academic staff.

Proportionate procedure

$$\frac{\text{Population of Non-Academic Staff}}{\text{Total population}} \times 100$$

$$\text{University of Lagos} = \frac{3,200}{\text{Total population}} \times 100$$

$$5,434 = 58.90\%$$

$$\text{Lagos State University} = \frac{1,742}{5,434} \times 100 = 32.05\%$$

$$\text{Pan Atlantic University} = \frac{398}{5,434} \times 100 = 7.32\%$$

$$\text{Caleb University} = \frac{94}{5,434} \times 100 = 1.73\%$$

S/N	Institution	% of Population	Sample Size (Proportionate)
1	University of Lagos	58.90%	58.90% of 475= 280
2	Lagos State University	32.05%	32.05% of 475= 152
3	Pan Atlantic University	7.32%	7.32% of 475= 35
4	Caleb University	1.73%	1.73% of 475= 8
	Total	100%	475

Source: Researcher's Computation (2019)

Variables	Number of items	Reliability Results		Validity Result	
		Cronbach Alpha	KMO	Bartlett's Test	Sig
Strategic dimensions of compensation management	5	0.830	0.752	85.052	0.000
Job satisfaction	5	0.749	0.725	42.761	0.000

Source: Researcher's Computation (2019).

The outcomes contained in factor analysis as displayed in (Table 2) showed that KMO value for each of the variables exceeded 0.5 recommended minimum (Kaiser, 1974). The Bartlett's Test for all the variables were

statistically significant at 0.000. Which implies that the variables contained in the instrument were acceptably valid and as well indicated an adequacy of the instrument to measure the constructs. Cronbach’s alpha obtained for the two variables as evidence of reliability ranged from 0.7 to 0.8 which indicated internal consistency of the instrument.

4. Results

Four hundred and seventy-five (475) copies of questionnaire were administered to participants, however, four hundred and sixty (460) copies were recovered and considered usable for the analysis. Four (4) copies of questionnaire were cancelled because they were not properly completed, and eleven (11) copies could not be recovered. The four hundred and sixty (460) validly recovered copies of questionnaire constituted 96.8% of the entire copies of questionnaire that were administered.

Descriptive Analysis and Interpretation of Results

Likert scale in which 6, 5, 4, 3, 2, and 1 represented continuum scores for: 1.0 – 2.49 (very low): 1.5 – 2.49 (low): 2.5 – 3.49 (fairly low): 3.5 - 4.49 (fairly high): 4.5 - 5.49 (high): and 5.5 - 6.0 (very high) was adopted. The foregoing enhanced the interpretation of the responses from the research instrument. Measure of job satisfaction was situated on the mean with 3.5 and above for each of the variables. Standard deviation indicated the difference or “dispersal” from the “average” (mean). Low or high standard deviation respectively implied that the data points tend to be very close to the mean or that the data is spread out over a large range of values. The Table 3 below, sheds light on the narratives.

Table 3				
Descriptive statistics of respondents’ perception of strategic dimensions of compensation management and job satisfaction				
Variable	Description	N	Mean	Standard Deviation
Strategic dimensions of compensation management				
	Salaries are paid regularly	460	5.40	0.814
	Employees are given due recognitions	460	5.25	1.154
	Employees are rewarded with incentives	460	4.78	0.841
	Employees are paid adequate allowances	460	4.74	1.094
	Employees are promoted regularly as merited	460	4.94	1.213
Job satisfaction				
	Vacation	460	4.80	0.967
	Job security	460	4.99	0.764
	Opportunity to utilize skills	460	4.75	0.973
	Opportunity for promotion	460	5.21	0.977
	Support for additional training	460	4.93	0.821

Source: Field Survey, 2019.

Table 3 presents all outcomes of descriptive statistics of Compensation Management. The study investigated how Strategic Dimensions of Compensation Management items were implemented in the institutions. Outcomes of descriptive statistics revealed that there were five (5) constructs under Compensation Management. The constructs are: Salaries are paid regularly, Employees are given due recognitions, Employees are rewarded with incentives, Employees are paid adequate allowances and Employees are promoted regularly as merited. The mean obtained were 5.40, 5.25, 4.78, 4.74 and 4.94 respectively. In addition, the constructs under Strategic Dimensions of Compensation Management obtained standard deviation of 0.814, 1.154, 0.841, 1.094 and 1.213 respectively. The average score of the constructs was 5.02 for the mean and 1.023 for standard deviation. Which implies that on average the respondents indicated that implementation of Compensation Management items was high.

With respect to Job Satisfaction (JS), from Table 2, it was revealed that there were five (5) constructs under JS. The constructs are: Vacation, Job security, Opportunity to utilize skills; Opportunity for promotion and Support for additional training. The mean obtained are 4.80, 4.99, 4.75, 5.21 and 4.93 respectively. Also, the items under JS had standard deviation of 0.967, 0.764, 0.973, 0.977 and 0.821 respectively. The average score of the constructs was 4.94 for the mean and 0.900 for the standard deviation. Which constituted evidence, that, on average, the respondents showed that they had cheering level of satisfaction in their jobs. Further, the mean scores for respondents' perception of job satisfaction, suggested that they generally enjoyed satisfaction in their jobs.

In view of the foregoing, compensation management and job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria, had similar pattern of response, based on their average scores. Hence, the findings suggested that compensation management could affect job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria.

		Compensation Management	Job Satisfaction
Strategic dimensions of compensation management	Pearson Correlation	1	.067
	Sig. (2-tailed)		.151
	N	460	460
Job satisfaction	Pearson Correlation	.067	1
	Sig. (2-tailed)	.151	
	N	460	460

Source: SPSS Output (2019)

The Pearson product moment correlation coefficient test outcomes in Table 3 revealed that there was a weak positive and insignificant relationship between compensation management and job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria ($r = 0.067$, $p > 0.05$). The result implied that compensation management had insignificant influence on job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria. Based on those results, the null hypothesis (H_0) which stated that employee compensation management has no significant relationship with job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria was not rejected.

Discussion

With the measurement of the constructs of compensation management against the constructs of job satisfaction, the results of hypothesis two test and analysis were in agreement with the findings by Ghazanfar, Chuanmin, Khan and Bashir (2011) who studied the relationship between satisfaction, compensation and work motivation. Then, found that the flexible pay was not a motivating factor in the jobs which the employees were holding, also benefits do not have a significant impact on work motivation of managerial cadre employees of the sales departments of the cellular service providers in Lahore, China. Findings of the study were also consistent with the results by Yamoah (2014) who carried out the exploratory analysis of compensation and employee job satisfaction of the employees of Expresso Telecom Group, Ghana and reported that there were no significant relationships between compensation and employee job satisfaction among the respondents.

Furthermore, the findings of this study corroborated the results obtained by de Coning (2016) who investigated whether a good pay compensated for a dissatisfying job and as well investigated the relationship between gross wage, wage satisfaction, job satisfaction and life satisfaction, in South Africa. The findings indicated that there were no direct links between gross wages and life satisfaction or between gross wages and job satisfaction. In addition, findings of this study provided support to the works of Dlamini and Mabaso (2017) who studied the impact of compensation and benefits on job satisfaction among academic staff in higher educational institutions in South African and found that there was no significant effect between benefits and job satisfaction.

5. CONCLUSION

Empirical results indicated statistically insignificant relationship between strategic dimensions of compensation management and job satisfaction. On that reason, the study concluded that strategic dimensions of compensation management were not determinant of job satisfaction. Hence, H_0 hypothesis which stated that: strategic dimensions of compensation management had no significant relationship with job satisfaction of non-academic staff of selected universities in Lagos State, Nigeria, was not rejected.

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