ASSESSMENT OF COMPENSATION PRACTICES ON WORKFORCE PRODUCTIVITY IN NIGERIAN FINANCIAL INSTITUTIONS: INSIGHTS FROM UNITED BANK PLC, ILORIN

ABSTRACT

Compensation plans are crucial tools that organizations use to attract and retain their most valuable assets—employees. Employee satisfaction is a key focus in organizational behavior studies and is often viewed as a vital attitude influencing workplace dynamics. This research aims to examine the effects of compensation plans on employee satisfaction at United Bank for Africa Plc in Ilorin. A sample survey methodology was employed, utilizing both primary and secondary data sources. Questionnaires were distributed to 67 employees at United Bank for Africa Plc, Ilorin. The findings revealed that wages and salaries significantly impact employee satisfaction at a 5% significance level. Additionally, results from the second hypothesis indicated that leave pay (0.352), insurance pay (0.602), and bonus/incentive pay (0.227) positively affect employee satisfaction in the selected bank. The study also identified key dimensions of compensation management that correlate with employee satisfaction, including equitable pay (r=0.569), accessible pay (r=0.829), attractive policies (r=0.503), and incremental pay (r=0.850), all of which showed positive results on the employee satisfaction scale within the bank model. In conclusion, there is a significant impact of compensation plans on employee satisfaction, suggesting that employee commitment is closely tied to the planning, implementation, and management of effective compensation strategies. These strategies should emphasize equity, accessibility, attractive policies, and incremental payments within the financial industry. The study recommends that management maintain a balanced approach to welfare packages, incorporating both direct and indirect compensation to enhance job satisfaction. This would necessitate the development of comprehensive compensation policies aimed at motivating employees in the banking sector.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The success of any organization lies significantly on the effective contributions of its human resources, which are considered its most valuable assets. In today's competitive business landscape, successful companies employ various strategies to attract, retain, and motivate skilled professionals, with compensation being a key tactic (Wekesa & Nyaroo, 2013; Nadia et al., 2011; Mujtaba & Shuaib, 2010).

Compensation is critical for attracting, motivating, and retaining exceptional talents. Ibrahim (2016) argues that adequately rewarding productive employees encourages them to stay with the company for longer periods. He further asserts that generous compensations foster commitment and loyalty among staff. The management of compensation—including job evaluations, pay systems, employee benefits, and pensions—is a fundamental responsibility for human resource managers.

Researches indicate that effective, timely, and market-aligned compensation can inspire both managers and employees (Mujtaba & Shuaib, 2010; Kock, 2007). Khalid et al. (2011) highlight that employees and employers often view pay management as a service exchange. Consequently, well-structured incentives significantly enhance employee motivation and job satisfaction (Negash et al., 2014; Khalid et al., 2011; Rafikul and Ahmad, 2008; Milne, 2007).

Employees receive various benefits, including wages and salaries, which represent a substantial portion of a company's cash flow—often around 50%, particularly in the service sector. Organizations design compensation plans to reduce turnover and motivate highly educated individuals who may be dissatisfied with their pay packages (Khalid et al., 2011). In essence, monetary rewards are linked to improved employee performance (Ayesha et al., 2015), as they represent the return employees receive for their contributions (Holt, 2003).

The employment contract outlines the relationship between compensation and the employee's role. Salaries are essential for meeting basic life needs, and for employees, compensation is a critical component of cash flow. Maintaining a motivated workforce is vital for improving organizational performance (Ivancevich & Glueck, 2019).

Employee retention, especially among core employees or knowledge workers, is closely tied to their level of satisfaction (Martins & Coetzee, 2007). Organizations are increasingly focused on understanding the reasons behind employee turnover and identifying strategies to enhance their compensation packages (Martins & Coetzee, 2007).

Employees' performance levels directly impact an organization's operational efficiency (Rothman & Coetzer, 2002). They seek alignment with organizational goals, which involves mutual fulfillment of needs between employees and the organization (Rothman & Coetzer, 2002). When employees feel their skills and knowledge are valued and that their roles offer opportunities for growth and rewards, their job satisfaction increases (Rothman and Coetzer, 2002).

Understanding employee satisfaction is beneficial for organizations, as satisfied employees are generally more productive, emotionally stable, and less likely to engage in absenteeism or turnover (Rothman and Coetzer, 2002). Numerous studies identify employee satisfaction as a crucial attitude in organizational behavior (Luthans, 2008) and a key variable in analyzing organizational phenomena. Martin and Roodt (2008) define job satisfaction as how well employees believe their roles meet their needs, values, and expectations. This study investigates how the compensation scheme at United Bank PLC in Ilorin affects employee satisfaction.

1.2 Statement of the problem

When developing strategies to enhance a compensation plan within an organization, it is essential to consider the goals of the plan, the relationships between various factors, and the intentions of the employees. The success of any organization largely depends on effective human resource management. Without offering competitive salaries, rewards, and appropriate benefits that align with employees' needs and desires, a company cannot achieve optimal effectiveness and efficiency from its workforce.

However, the specific impact of compensation on job satisfaction among bankers at the United Bank for Africa Plc (UBA) remains unclear. It is important to assess how remuneration affects job satisfaction, particularly among employees in different roles.

Employee compensation refers to the total amount paid to employees for their work (Dessler, 2008). A well-structured compensation plan is a key strategy for attracting and retaining top talent. This plan encompasses both monetary and non-monetary rewards. Modern employees increasingly seek a variety of non-financial benefits, known as fringe benefits, in addition to their salaries to meet their essential needs. These additional benefits may include gratuities, bonuses, retirement plans, educational support, and healthcare services.

1.3 Research Questions

The research questions guiding this study are as follows:

i. To what extent does wages and salaries affect employee satisfaction?

ii. To what extent does direct and indirect compensation influence employee satisfaction?

iii. To what extent do basic allowances impact employee satisfaction?

Objectives of the Study

The primary objective of this study is to evaluate the effect of compensation plans on employee satisfaction among Nigerian financial Institutions with reference to the united Bank for African Plc (UBA) Ilorin. The specific objectives are:

i. To examine the impact of wages and salaries on employee satisfaction in the study area.

ii. To analyze the influence of direct and indirect compensation on job satisfaction at United Bank for Africa, Ilorin. iii. To assess the relationship between basic allowances and employee satisfaction at

United Bank for Africa, Ilorin, and

Hypotheses of the Study

The study formulates the following research hypotheses:

i. HO1: Wages and salaries do not have a significant effect on employee satisfaction at United Bank for Africa Plc (UBA), Ilorin.

ii. HO2: Direct and indirect compensation do not have a significant effect on employee satisfaction.

iii. HO3: There is no significant relationship between compensation management and employee satisfaction at United Bank for Africa Plc (UBA), Ilorin.

1.6 Significance of the Study

The findings of this study will assist the management of specific banks and other organizations in understanding the challenges associated with compensation plans and their impact on employee job satisfaction. It will also provide insights into designing an effective compensation system that attracts, retains, and maintains a skilled and satisfied workforce across various organizations.

Additionally, the conclusions will help management in outsourced organizations better understand the different compensation plans and practices that can enhance employee motivation and satisfaction. Recognizing how to address the needs of their staff effectively will be invaluable.

The study aims to create a framework that can assist the government in formulating essential rules and guidelines (laws and policies) regarding employee rights and privileges in the private outsourcing sector, particularly concerning compensation. This will help protect employees from unfair labor practices and ensure compliance with local regulations.

Furthermore, the results will contribute to the existing body of knowledge in human resource management and encourage further research in this area. The findings may serve as a reference for future studies, either to confirm or challenge existing conclusions..

1.7 Scope of the Study

The research was conducted at United Bank for Africa PLC in Ilorin, focusing on the remuneration structure and its relationship with employee job satisfaction. The aim is to assess and investigate the causal connection between the compensation system and employee happiness.

Data for this study was collected through the distribution of a questionnaire. The responses will be analyzed using multiple regression analysis to evaluate the validity of the hypotheses and to gather insights into the research questions.

1.7 Operational Definitions of Terms

The following terms were operationally defined in order to avoid ambiguity:

Compensation Management: This involves developing and implementing methods and policies that ensure individuals are rewarded fairly, equitably, and consistently based on their contributions to the organization, while also helping the organization achieve its strategic goals.

Employee: Refers to individuals or groups who have established rights and obligations and are employed on either a temporary or permanent basis under a written or verbal employment contract. This term is often synonymous with "worker."

Job Satisfaction: A pleasurable or positive emotional state that arises from evaluating one’s job or work experience.

Employee Benefit: Also known as fringe benefits, perquisites, or perks, these are various types of non-wage compensation provided to employees in addition to their regular wages or salaries.

Work: An activity that involves mental or physical effort undertaken to achieve a result or to earn a living.

Direct Compensation: This refers to the monetary benefits provided to employees in exchange for the services they offer to the organization.

Indirect Compensation: This encompasses non-monetary benefits provided to employees as a substitute for the services they perform for the organization.

CHAPTER TWO

Literature Review

2.1 Concept of Compensation Management

The term "compensation" encompasses both tangible and intangible benefits that employees receive from their employers as part of their employment. According to the Society for Human Resource Management (SHRM, 2012), compensation is a systematic approach to providing monetary rewards to employees in exchange for their labor.

Compensation plays a critical role in recruitment, job performance, and overall job satisfaction. In the organized sector, it can be seen as the "glue" that binds employers and employees together. This relationship is formalized through contracts or legally binding agreements that specify the exact payments and components of the compensation package. Employee benefits and rewards are also vital parts of this package (Nuray & Moazzam, 2016; Cascio, 2003). It is essential that salary levels are equitable, reflecting the contributions of each employee.

Employees benefit not only from financial compensation but also from a sense of ownership in their roles. Additionally, non-monetary rewards are important for recognizing contributions to an organization's success (SHRM, 2012). In 2012, six out of ten workers indicated that compensation significantly influenced their overall job satisfaction, ranking just below opportunities to utilize skills and job security. This aligns with findings from the Society for Human Resource Management, which identified compensation and job security as top factors influencing employee satisfaction. As the economy improves and hiring rates increase, attractive compensation packages will be crucial for companies seeking to attract and retain top talent

(Hairudinor, 2019; SHRM, 2012).

Cascio (2003) categorizes compensation design goals into two types: direct and indirect. Direct compensation relates to salary or pay, while indirect compensation includes additional benefits received as a result of employment. The goal of compensation management is to integrate both types into a cohesive package that supports the achievement of organizational objectives (Odunlade, 2012). According to McNadimara (2006), benefits typically include retirement plans, health insurance, disability coverage, vacation, and employee stock ownership, whereas compensation encompasses wage structures, merit-based programs, bonuses, and commissions (Odunlade, 2012).

Understanding the connection between needs, desires, and incentives is crucial for fostering a satisfied workforce. Compensation has long been recognized as a key motivator for employees, a strategic tool for organizations, and a significant expense. To effectively leverage compensation as a motivator, human resource managers must consider four primary elements of the pay structure: salary rates, fringe benefits, payment methods, and any special allowances (Hairudinor, 2019; Popoola & Ayeni, 2007).

Historically, Frederick Taylor and Scientific Management Associates identified money as the primary motivator for increasing productivity among industrial workers as early as 1911 (Waren, 1994). Taylor believed that effective compensation and performance-based pay were essential tools for inspiring workers, enhancing productivity, and reducing turnover. Akitonye (2000) echoed this sentiment, asserting that while pay is a crucial motivational factor, it does not necessarily guarantee improved performance. The idea that higher pay alone will lead to better work output lacks robust evidence.

As Armstrong (2008) summarizes, "Compensation and reward processes are flows of events that determine the levels, forms, and differentials of monetary incentives, fringe benefits, and other non-monetary rewards received by each member of the organization." This intricate process involves competitive wage determination in the external labor market, job evaluations, setting wage rates and salary ranges for different job categories, and decision-making processes regarding salaries based on varying performance levels. The increasing use of non-financial metrics in compensation management has gained traction, with some studies providing empirical evidence of their positive effects (World at Work, 2008).

In conclusion, as Dalton McFarland (2002) stated, "Among the various mechanisms for eliciting loyalty, cooperation, and effort from individuals are the different forms of economic compensation, both financial and non-financial."

2.1.1 Types of Compensations

There are two types of compensation. They are as follows

2.1.1.1 Direct Compensation:

Direct compensation refers to the monetary incentives provided to employees in exchange for the services they render to the company. This includes various financial benefits such as basic wages, housing allowances, transportation allowances, leave travel allowances, medical reimbursements, special allowances, bonuses, and provident funds or gratuities. These financial benefits are typically administered at regular intervals.

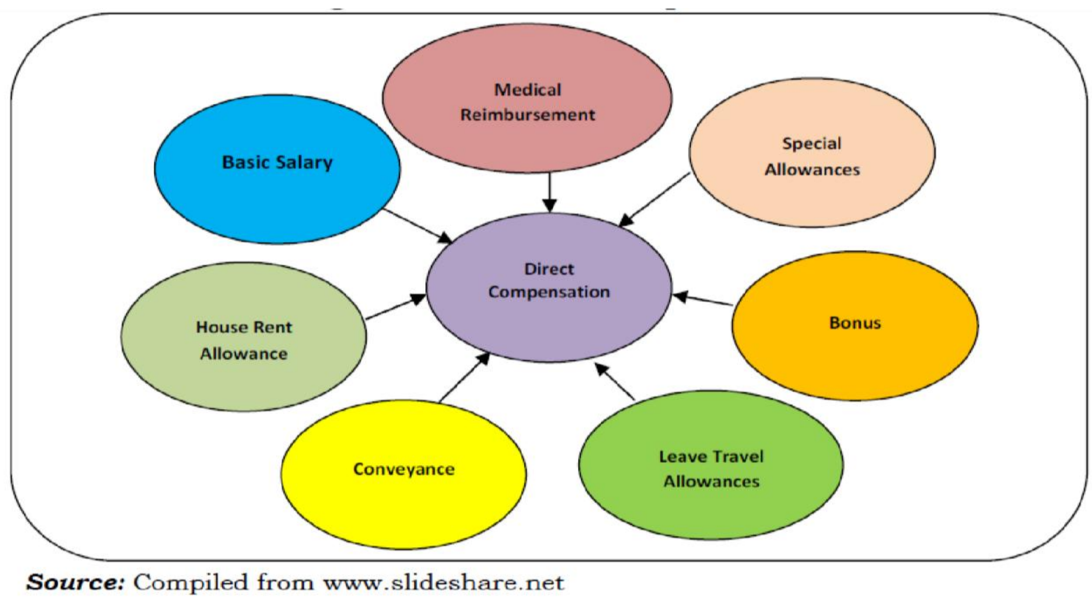


Figure 1: Direct Compensation

(Source: Odunlade, 2012).

- **Medical Reimbursement.** The health of employees is another concern for organizations. Medical claims are given to the employees for themselves and their family members. These medical claims include reimbursements for medical expenses and health insurance.

- **Special Allowance.** Employees are given special benefits like overtime pay, mobile allowances, lunches, commissions, travel costs, low-interest loans, insurance, club membership, etc. to motivate them and provide them with social security, which helps to increase organizational efficiency.

- **Bonus**

Bonus is paid to the employees during festive seasons to motivate them and provide them social security. The bonus amount usually amounts to one month's salary of the employee.

- **Leave Travel Allowance**

These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization.

- **Conveyance**

Organizations provide cab facilities to their employees. Few organizations also provide vehicles and petrol allowances to their employees to motivate them.

- **House Rent Allowance**

Organizations either provide accommodations to its employees who are from different state or country or they provide house rent allowance to its employees. This is done to provide them social security and motivate them to work.

- **Basic Salary**

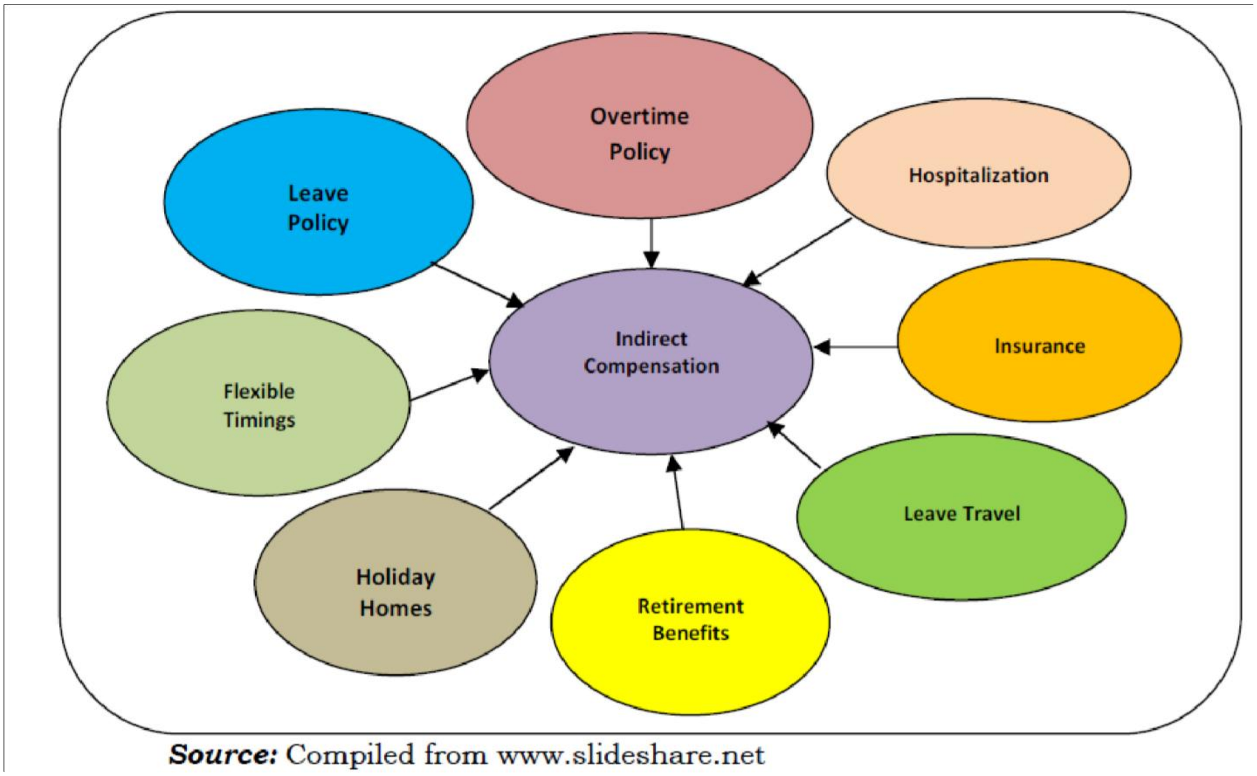
Salary is the amount received by the employee in lieu of the work done by him/her for a certain period say a day, a week, a month, etc. It is the money an employee receives from his/her employer by rendering his/her service.

2.1.1.2 Indirect Compensation

Indirect compensation refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime

Policy, Hospitalization, Insurance, Leave Travel Assistance Limits, Retirement Benefits, Holiday Homes and flexible timings.

Figure 2: Indirect Compensation



(Source: Odunlade, 2012).

• **Overtime Policy**

Employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay etc.

• **Hospitalization**

The employees should be provided with the adequate allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security.

- **Insurance**

Organizations also provide accidental insurance and life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization.

- **Leave Travel**

The employees are provided with the leaves and travel allowances to go for holiday with their families. Some organizations arrange a tour for the employees of the organization. This is usually done to make employees stress free.

- **Retirement Benefits**

Organizations provide pension plans and other benefits for their employees which benefits them after they retire from the organization at the prescribed age.

- **Holiday Homes**

Organizations provide holiday homes and guest house for their employees at different locations.

These holiday homes are usually located at the hill station and other most wanted holiday spots. The organizations make sure that the employees do not face any kind of difficulties during their stay in the guest house.

- **Flexible Timings**

Organizations provide flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.

- **Leave policy**

It is the right of the employee to get adequate number of leave while working with the organization. The organizations provides paid leaves like casual leaves, medical leaves (sick leaves) and maternity leaves, statutory pay etc.

In general, the remuneration consists of earnings, salaries, and financial and non-financial benefits. All workers and employees receive wages or salaries, which are the primary components of compensation. Only a small percentage of workers and employees who work for a small number of businesses and organizations receive various financial and non-financial incentives.

Although wages are set according to the nature of the work, other elements, such as time, the skills needed for the job, efficiency, etc., also play a big part in setting rates and compensation.

Calculating workers' and employees' salary is a challenging assignment for the HRD.

2.1.2 Components of Compensation

The following are some pay factors that have been linked to either increased or decreased job satisfaction. They consist of basic wages, perks, and workplace conditions.

2.1.2.1 Basic Pay

The amount of remuneration that makes up the rate for the work, according to Armstrong (2006), is the basic wage. The base pay also acts as the standard against which benefits and bonuses are computed. It is influenced by both internal and external relativities and may change depending on the job grade or degree of expertise required. Internal relativities may be monitored by some type of job appraisal, whereas external relativities are evaluated through the monitoring of market rates. In other cases, pay scales may be decided through individual agreements or collective bargaining with labor unions.

The organization may, unilaterally or in accordance with a collective bargaining agreement, change the base rate to reflect increases in the cost of living or market prices.

Employees often use their base pay for recurrent living expenses. Numerous nations set minimal base salaries for employees based on their specific talents and amount of experience as well as the applicable minimum wage. According to De Vaney and Chen (2003), basic salary is a

"hygiene element" that, if not met, could lead to work unhappiness among employees.

They also discovered that one of the crucial factors that profoundly impacts workers' job happiness is basic compensation. Mulvey, 2002 discovered further that low compensation was associated with low job satisfaction, which in turn was connected to low levels of work engagement. In a similar vein, research on performance evaluation has shown that adequate information, in this case, regarding performance-assessment criteria, boosts satisfaction with the performance appraisal system. The model contends that the degree of mismatch between an individual's impression of the pay they should receive and what they actually do receive determines the degree of pay satisfaction. The purpose of this study is to identify some of the compensation disparities among teachers that contribute to job discontent.

2.1.2.2 Allowances

According to Armstrong (2006), employee benefits include pensions, sick pay, insurance coverage, corporate automobiles, and a variety of other "perks". Rewards are given in order to reward excellent performance, contributions, and adherence to culture and principles. Benefits include more vacation time, tickets to events, getaways, dinners, and public acknowledgment. They include provisions for employees who are not strictly remunerated, such as annual holidays, in addition to the different types of financial pay.

Some benefits, like social security, unemployment insurance, and worker compensation, are required by law. Additionally, benefits, such as those from an insurance policy, job contract, or public assistance program, might be considered a payment or an entitlement. Benefits can also be considered as a representation of social fairness. Once unfairness is felt, dissatisfaction develops (Herman, 2005). Because high incentive levels result in high work satisfaction, commitment, and loyalty, Chiu (2002) claims that rewards and allowances tend to keep people.

Employee work satisfaction will therefore decline and result in poor performance if they feel their rewards are not what they expected. For instance, if one felt that the benefits received from one's workplace were fair, this may result in greater job satisfaction. Between nations and professions, there are big differences in how allowances and awards are used. Certain job types, projects, working hours or regimes, and locations are allowed in some nations and professions. However, in some nations, there is either a holiday allowance or an end-of-year allowance, and in others, there is both (Adams, 2005). According to the 2006 HR Practices in Executive-Level Compensation Survey Report by the Society for Human Resource Management, allowances are primarily correlated with organizational financial performance (SHRM). For generating higher profits and more revenue, most businesses compensate their top executives. This study focuses on a few particular benefits enjoyed by teachers that have an impact on their level of job satisfaction.

2.1.2.3 Working Conditions

According to Dessler (2003a), working conditions encompass factors such as employee voice, recognition, the quality of the work environment, work-life balance, and talent management. To prevent job dissatisfaction, organizations must provide modern equipment and facilities, highquality furniture, well-ventilated offices, adequate workspace, and secure, well-located staff accommodations. Furthermore, companies should involve employees in decision-making processes that affect them, allowing them to set goals and determine the best paths to achieve them. This study aims to assess the working conditions for instructors.

Thompson (2002) emphasizes that the principles of management that enhance staff productivity and job satisfaction are rooted in the relationship between the workplace and individual motivation. Regardless of their contributions, equitable treatment among employees is a significant motivator. A comfortable, low-stress work environment facilitates the achievement of work objectives and tends to yield high levels of employee satisfaction, while a stressful workplace can lead to lower job satisfaction (George & Jones, 1999).

Heartfield (2012) points out that one of the most frequently overlooked workplace practices is ensuring that individual employees feel valued in proportion to their contributions to the organization. Recognition and appreciation have been shown to significantly boost productivity. While keeping employees engaged can be challenging, it brings benefits to the business, its clients, and the employees themselves. Organizing meetings to bring all employees together fosters a collaborative environment (Heartfield, 2012). Due to their significant impact on job satisfaction, elements of working conditions have been the focus of considerable research.

For example, Padilla (1993) notes that poor working conditions are associated with high employee turnover rates, reflecting dissatisfaction with one's job. Similarly, Ondara (2004) found that many Kenyan teachers work in deplorable conditions, which greatly frustrates them. A study by Mokaya, Wageki, and Karanja (2013) highlights that improving employee satisfaction in the hotel industry can be achieved by providing training and development opportunities, as well as enhancing the work environment and employment terms.

Armstrong (2006) asserts that comfortable working conditions are essential for employees to perform well, thereby increasing job satisfaction. He identifies several factors affecting job happiness, including temperature, humidity, ventilation, and lighting, work hours, cleanliness, and the availability of proper tools and equipment.

Hedges (2002) indicates that many teachers in Sub-Saharan Africa work under subpar conditions, linking these unfavorable environments to low pay and limited incentives. However, the findings of this study may be partially invalidated by the fact that teachers in Maara Sub-County do not play a significant role in shaping their work environment.

2.1.3 Overview of Employee Job Satisfaction

Expectations and perceived performance both affect employee satisfaction. When a person compares the results of a product to his or her expectations, they experience either joy or disappointment. Employees are unhappy when performance doesn't live up to expectations, and they are pleased when performance does. The most valuable resource in any organization is its human resources. It is the whole of the innate skills and aptitudes possessed by the workforce, which consists of managers, executives, and lower-level workers. To accomplish the aims of both the organization and the person, the human resources should be used as fully as feasible.

Thus, the achievement of goals is ultimately determined by the performance of the employee. Consequently, the employee's motivation and job happiness play a significant role in how well they perform.

The main factor in job satisfaction is one's attitude toward (or toward) their employment. When an employee shows satisfaction, it is claimed that they have a good attitude toward their work, as opposed to when they express dissatisfaction, which indicates a negative attitude. A person with a negative attitude exhibits a personality disposition that makes them more likely to feel anxious, tense, worried, agitated, and distressed, whereas someone with a positive attitude will feel content with themselves, others, and their work.

The level of gratification or fulfillment people experience at work is reflected in their level of job satisfaction. Job satisfaction demonstrates that an individual's goals and objectives, as well as social and organizational elements including connections with coworkers and supervisors, working conditions, work policies, and compensation, all influence that person's attitude. A happy employee is more likely to stay with the company, have fewer sick days, and contribute positively. Job happiness has an impact outside of the workplace. Employee satisfaction increases the likelihood of citizen satisfaction. People in higher level jobs find most of their needs satisfied than those in lower level. The job satisfaction is a collection of attitudes about specific factors of the job. Employee can be satisfied with some elements of the job while simultaneously dissatisfied with others. The relationship between man and work has attracted the attention of philosophers, scientists and novelists. A major part of man's life is spent at the place of work. The nature and significance of work is important as it occupies so much of man's life span. A persons' job is more than just the obvious activities of shuffling papers, waiting on customers or driving a truck. Jobs require interaction with co-performers and bosses; following organisation rules and policies; meeting performance standards; living with working conditions that are often less than ideal and the like.

For an individual, a work serves more purposes than just providing a means of subsistence. It also fulfills expectations for the employment and offers benefits. This translates to the fact that an employee's appraisal of how content or dissatisfied he or she is with his or her employment is a complex aggregate of a number of individual job factors.

2.1.3.1 Dimensions of Job Satisfaction

The following three factors are crucial to job satisfaction: Hairudinor (2019) (2019)

1. Employment satisfaction relates to how someone feels about their job. It cannot be seen; it can only be inferred.

2. How effectively results meet or surpass expectations is frequently a determining factor in job satisfaction. Increased devotion to meeting formal criteria is a sign of job satisfaction. More people are prepared to put their own time and effort into doing their jobs well.

3. The phrases "job attitudes" and "job contentment" are sometimes used interchangeably. Both terms pertain to persons' successful attitudes regarding the jobs they are now holding. Conceptually, having a positive attitude about your job is equal to being satisfied with it, while having a bad attitude toward your job indicates that you're not happy with it.

2.1.3.2 The Importance of Job Satisfaction

Job satisfaction can significantly enhance an organization's effectiveness when employees are empowered to work independently. It fosters high productivity levels—both in terms of quantity and quality of goods or services—and contributes to organizational sustainability by reducing turnover and absenteeism. However, various factors related to the individual, the organization, or the environment can often diminish the connection between satisfaction and productivity to the extent that its practical impact becomes negligible. These disruptions in the typical patterns of happiness and productivity can persist for long periods, although stress may eventually manifest, leading to signs of poor organizational commitment.

As a result, an individual's level of job satisfaction is often more crucial to them personally than it is to the hiring organization. Employees have the option to seek new employment that may offer greater fulfillment. While organizations can transfer employees between roles within the same company, their ability to facilitate movement between different organizations is limited. An exception occurs when a company provides outplacement services to assist laid-off employees in finding new job opportunities.

2.1.4 The Relationship between Compensation and Job Satisfaction

The amount of compensation received has a big impact on job satisfaction. There are two causes for this. In order to meet one's demands, money is a crucial tool. Additionally, employees frequently perceive their compensation as a sign of the management's concern for them. As a result, workers desire a compensation structure that is straightforward, equitable, and in accordance with their expectations. Satisfaction is likely to occur when pay is perceived as fair and is determined by the demands of the job, a person's skill level, and local pay standards.

Bozeman & Gaughan (2011) assert that job happiness is predicted by one's impression of receiving fair compensation. The increased rivalry, mergers and acquisitions, shifting markets, and changing personnel demographics are all causing changes in the worldwide world of today. In order to recruit and keep the right personnel, maximize return on human capital, and improve employee happiness, it is vital for organizations to strategically manage their competitive and benefits programs. The intervention's importance to the employee is a crucial factor in the success of an organizational intervention. The quantity of their income and benefits increase could be one intervention that many employees find valuable (Nuray & Moazzam, 2016; Mayuri & Mark, 2005).

Institutions that want to succeed must make employees participants in their success by communicating organizational goals and priorities to them effectively through compensation (Pam, 2007).

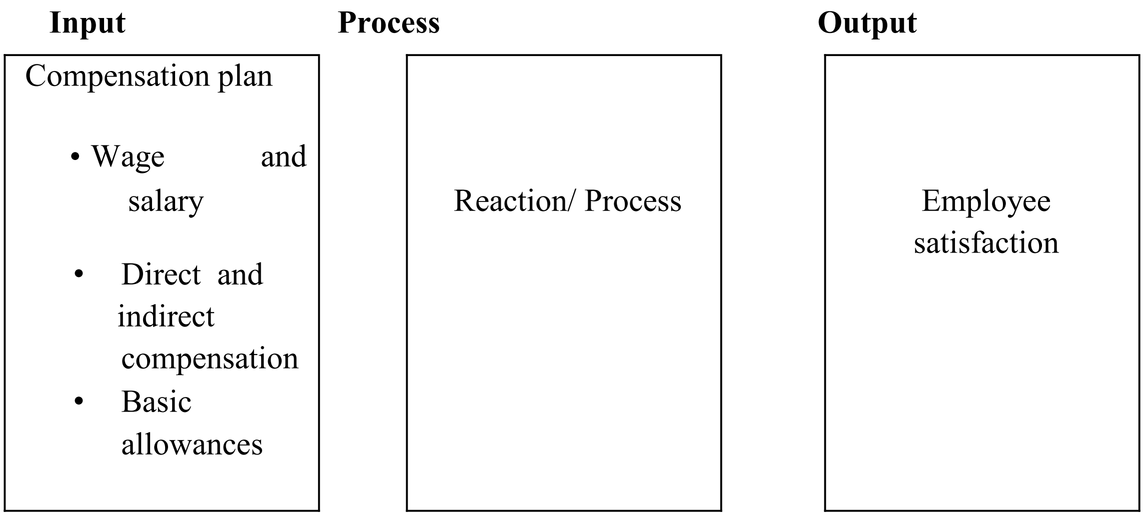
She also points out that discussing employee salary can be difficult because it can lead to intense debates inside a business. Compensation and benefits are consistently among the top three elements determining employee job satisfaction, according to the survey report published by the Society for Human Resource Management in 2012. Employees desire money despite the fact that it is not a motivator since having your own money means having your own freedom. As a result, what one does with the money is what drives one to work more.

This suggests a connection between pay and job satisfaction that is favorable.
Nuray and Moazzam (2016) assert that salary can influence the kinds of people that the company attracts by drawing job seekers' attention to less obvious organizational characteristics. Employees' willingness to stay on staff at the company is likewise determined by the same factor. Lack of satisfaction with income or benefits will make moving more desirable and raise the likelihood of withdrawal behaviors like tardiness, absenteeism, and turnover.

This study sought to determine how certain of these behaviors related to teachers' job satisfaction. Employee motivation may be decreased by unsatisfactory pay and benefits, which may ultimately have a detrimental effect on performance for the person, the group, and the company. The high percentage of new teachers leaving the profession is mostly caused by low teacher wages (Carnegie Foundation, 1990; Harris & Associates, 1992; Ingersoll, 2001; Page & Page, 1982). It is evident that teacher turnover has been significantly influenced by compensation for a while now, despite repeated calls for solutions. According to equity theory (Cascio, 2003), teachers who don't feel like they're getting paid fairly for the effort they put in and the challenges they face will likely take steps to make things more equitable. One of these remedies as cited in the study is leaving the profession.

According to a number of academics, salary and job satisfaction are closely related. Souza (2000) notes that compensation is a predictor of job happiness in that highly paid individuals exhibit higher job satisfaction. This is also the opinion of (Joanne, 1980). Companies use employee benefits to attract and keep skilled staff members. Benefits are one of several methods employers use to boost loyalty, productivity, and job satisfaction during economic downturns when businesses may be unable to provide their employees pay hikes and incentives. Benefits continue to rank among the top two elements in employees' job satisfaction, according to a study on a poll by the Society for Human Resource Management (SHRM).

2.1.5 Conceptual Model



Source: Author Computation, 2025

2.2 Theoretical review

2.2.1 Reinforcement Theory is similar to operant conditioning. When an individual receives praise for a specific behavior, they are more likely to repeat that behavior in the future. Many of us can recall moments when we did something that pleased our parents or teachers and received a reward in return. This positive reinforcement encourages us to continue engaging in those same actions, as we desire to receive similar rewards again.

2.2.2 Equity Theory suggests that employees' behavior is influenced by how they perceive their pay in relation to that of their coworkers. For example, if you and Billy work the same number of hours, perform similar tasks, and have comparable experience, you would expect to receive similar compensation. However, if you discover that Billy is earning more than you, your productivity is likely to decline. This decrease occurs because you may choose to work only to the level you believe is fair, given your new perception of your pay relative to his.

2.2.3 Agency Theory Compensation serves as a means to align the diverse interests of employees within a company. Each group has its own priorities:

Employees seek a secure work environment, fair compensation for their efforts, and potentially a share in the company's profits when it succeeds, recognizing that without their contributions, the business would struggle to be profitable.

Management aims to enhance employee productivity while ensuring that their own compensation reflects their expertise and contributions to the organization.

Shareholders expect the company to maximize profitability by minimizing costs, particularly labor expenses, while also increasing the overall value and reputation of the enterprise.

2.2.4 Executives Compensation System

The analysis is focused on chief executive officers (CEOs) and other senior executives, who will be referred to as executives or CEOs collectively. It has two sections: types of executive compensation and factors that determine executive compensation (Folayan, 2006).

The various forms of executive compensation can be categorized as follows:

1. **Basic Salary**: This consist of the annual salary which is taxable, it is in addition to this base salary that various types of financial incentives and supplement are provided for incentives.

2. **Incentive bonus**: These are short term performance based incentives usually made available to executives as end of year cash bonuses. The fund from which bonuses are paid is a

predetermined part of profits: The amount paid to each executive is based upon his performance and salary level.

3. **Stock Option**: Stock option constitutes one of the most important components of executive compensation. Stock option plans offer executives the right to purchase shares of a company's stock at a specified price for a specified period of 'time. If the actual market value of the shares appreciated substantially above the price specified in the option, the executive can "exercise the option" that is, purchase the shares at the option price thereby making a huge profit.

4. **Deferred Compensation**: Deferred compensation is awarded in form of bonus (payable in cash or stock) or a pension supplement. It is paid after retirement when the person would have entered a lower income bracket.

5. **Perquisites:** Typical fringe benefits or perquisites (perks) which are enjoyed by executives include free medical service, educational facilities, company cars, and drivers etc.

2.2.5 Two-Factor Theory of Job Satisfaction

Among the content theories of motivation, Herzberg (1959) theory emphasizing the motivatorhygiene factors sought to explain satisfaction and motivation in the organization. The theory focuses on outcomes of satisfaction and dissatisfaction. The theory further found that certain aspects of a job cause satisfaction and therefore motivation, but certain aspects caused job dissatisfaction. Herzberg explained that the factors that lead to satisfaction or to dissatisfaction are different. Accordingly, he states that ‘the opposite of job satisfaction is not job dissatisfaction but, rather, no satisfaction; and the opposite of job dissatisfaction is not job satisfaction but no satisfaction’. This theory states that job satisfaction and dissatisfaction is a product of different factors – motivation and hygiene respectively. Motivation is seen as an inner force that drives individuals to attain personal and organizational goals. Motivational factors are those aspects of the job that make people want to perform and provide people with satisfaction. Hygiene factors include aspects of the working environment like working conditions, interpersonal matters, organizational policies and so on. Factors that relate to job satisfaction are therefore called satisfiers or motivators. According to Weir (1976) and Syptak, Marsland & Ulmer (1999), the following factors stood out as 'strong determinants of job satisfaction'.

Achievement: This requires helping and placing employees in position that use their talents and not to set up for failure. It is achieved by setting clear, achievable goals and standards for each position, and making sure employees know what those goals and strategies are. Individuals should also receive regular, timely feedback on how they are doing and feel they are adequately challenged in their jobs.

Recognition: Refers to the honour, favourable note or attention given to an employee for a 'job well done' or an outstanding behaviour. Individuals at all levels in the organization want to be recognized for their achievement on the job. The individual's success does not have to be monumental before they deserve recognition. Employees should be acknowledged for doing something well immediately after their good work. Publicly appreciating them for finding solutions to a problem, writing a note of praise, establishing a formal recognition program like

'employee of the month or year', making periodic reports directly available to the employees themselves rather than to management, are some of the ways of recognizing employees. ***Work itself:*** This involves helping employees believe that the task they are doing is important and meaningful. Setting goals and reminding and emphasizing that their efforts lead to and contribute to positive outcomes and goal accomplishment is crucial. Success stories and cases should be shared on how an employee's actions made a real difference in the organization. Also show employees how their work is essential to the overall processes that make the practice succeed. Unnecessary tasks can be eliminated or streamlined to bring about greater efficiency in the organization.

Responsibility: Responsibility is taken action for ones actions. Granting additional authority to employees in their activity, giving them enough job freedom and power so that they feel they

'own' the results are ways of giving them responsibility. As employees grow, they can be provided opportunities for added responsibility by adding challenging and meaningful work.

Opportunity for advancement or promotion: This involves electing employees from the present job or position to a higher one or level in the organization. If possible permit and support them to acquire higher certificates so that they could become experts themselves and make them more valuable to the practice and more fulfilled individuals.

Factors that relate to job dissatisfaction (dissatisfiers or hygiene factors) as explained by Herzberg are:

Pay (salary): Organizations, they say, 'pay get what they pay for'. Salary is a contractual agreement between the employer and the employee. It not a motivator for them but do want to be paid fairly and when due. If an employee perceives that he is not fairly compensated, he will not be happy and so slow the pace of performance. Comparable salaries and benefits, clear policies relating to salaries, increments, bonuses and benefits must be clearly indicated to avoid

dissatisfaction.

Supervision: This involves technical and general supervision in the organization. Wise decisions should be taken when it comes to appointing someone to the role of supervising. This role is difficult and requires good leadership skills and the ability to treat all employees fairly. There should also be positive feedback and a set means of evaluating or appraising employees. **Working conditions:** The environment under which employees work has a tremendous effect on their level of pride for themselves and for the work they do. The provision of modern equipment and facilities, quality furniture, well ventilated offices, well-spaced offices, secured, well-spaced staff quarters, and so on are some of the conditions that are required to prevent job dissatisfaction in the organization.

Company policies, administration and procedures: An organization's policies, administration and procedures can be a great source of frustration for employees if the policies and procedures are unclear or unnecessary or if those to follow are selected. A policy permits an employee to use his discretion and initiatives in the discharge of his duties. Policies may not make employees satisfied and motivated but it can decrease dissatisfaction by making policies fair and applicable to all. Policy issues should be documented (manual) and distributed to employees, their inputs should be solicited for while comparing policies to those of similar practices. Policies should also be reviewed from time to time. Helping employees to use their initiatives can also go a long way in preventing dissatisfaction.

Interpersonal Relationships: Relating well with peers, managers and subordinates encourages job dissatisfaction. Part of the satisfaction in employment contract is the social contact it brings to employees. Reasonable time should be given for socializing. This will help to develop a sense of teamwork and at the same time cracking down on rudeness, difficult behaviour and offensive comments. People should be encouraged to live in harmony irrespective of cultural and other

diversities.

Status: This is a person's social rank in a group, which often is determined by a person's characteristics, in addition to the person's formal position. When status differ, it may be difficult to communicate effectively in the organization. To reduce dissatisfaction, managers should use both verbal and nonverbal forms of communications to pass messages to employees with the highest level of probability that the information circulated will be intact. The issue of status should also be diluted to avoid a situation whereby those with higher status will not influence members having lower status. Individual status should not be a yard stick for motivation. **Security:** Security in this case refers to job security - freedom from threats of layoffs, frequent queries, harassment, discrimination, bullying and so on. When there is no job security, an employee's needs for higher growth will be blocked. If he works hard but security does not return, he will seek to fulfil his needs elsewhere or burn out. While motivators are part of the job content and relate to what people actually do in their work hygiene or dissatisfies are often associated with job context: associated more to the work setting than the nature of work itself.

2.2.6 Affective Event Theory of Job Satisfaction

The affective event theory was created by Russell Cropanzano and psychologist Howard M. Weiss to describe how feelings and moods affect job satisfaction. The theory outlines the connections between internal influences on employees' cognitions, emotions, and mental states, among others, and how these influence how they respond to incidents that happen in their work environment and have an impact on their performance, organizational commitment, and job satisfaction. The theory goes on to claim that affective work behaviors are best predicted by cognitive behaviors, whereas affective work behaviors are explained by employee mood and emotions. The affective events theory also underlined that there are identifiable positive and negative emotional situations at work that have a big psychological impact on employees' job satisfaction. This resulted in lasting internal and external affective reactions exhibited through job performance, job satisfaction and organizational commitment.

The research findings on personality in support of affective events theory shows that there are a number of factors that influence the theory. These are: consciousness, agreeableness, neuroticism, openness to experience, and extraversion. Finally performance feedback has an important influence on employee affect. Regular reviews should be done on regular basis in both medium and large organizations. The type of feedback on performance provided by managers can affect employee performance and job satisfaction.

Closely related to this theory is Locke's Range of Affect Theory. This theory's central tenet is that employee satisfaction is largely influenced by the gap between what they want from their jobs and what they actually have. The idea goes on to claim that how much a person valued a particular aspect of their employment (such as the level of autonomy), moderates how content or unsatisfied they feel whether their expectations are met or not. When an employee values a certain aspect of his or her employment, it has a greater positive and negative impact on that employee's satisfaction than when that employee does not value that aspect. The more a worker appreciates a certain aspect, however, the more an excess of that aspect would exacerbate their sentiments of dissatisfaction.

2.2.7 Theory Adopted

Herzberg (1959) developed a theory of motivation that emphasizes the motivator-hygiene aspects in an effort to explain motivation and pleasure in the workplace. This theory was used in this study. The theory focuses on how contentment and discontent manifest themselves. The theory also revealed that while some features of a job contributed to job satisfaction and, consequently, motivation, other aspects contributed to job discontent. According to Herzberg, there are various circumstances that can result in either happiness or discontent. Accordingly, he asserts that "the opposite of job discontent is not job satisfaction but no satisfaction; and the opposite of job satisfaction is not job dissatisfaction" According to this hypothesis, motivation and hygiene are two distinct aspects that affect both job satisfaction and discontent. A person's inner drive to achieve their personal and professional goals is referred to as motivation. The elements of a job that motivate employees and give them a sense of fulfillment are called motivating factors. Workplace elements like working environments, interpersonal issues, organizational policies, and more are considered hygiene factors.

2.3 Empirical evidence

Mugizi et al. (2021) conducted a study to assess the impact of compensation management on the well-being of academic staff at private universities in Uganda during the COVID-19 lockdown. The research focused on two aspects of compensation management: compensation determination and compensation administration. Employee well-being was evaluated through psychological, social, workplace, and subjective well-being dimensions. Utilizing a cross-sectional design, the study sampled academic staff from five private universities. Factor analysis identified key elements related to compensation management and employee well-being, followed by

descriptive statistics, correlation analysis, and multiple regression analysis to evaluate the impact of compensation management on well-being. The findings supported the hypotheses that both the administration and determination of compensation significantly affect employee well-being, highlighting their importance during exceptional circumstances like the COVID-19 lockdown.

Fauziana (2020) explored how organizations compete for talent in today's job market by focusing on employee engagement, job satisfaction, and organizational citizenship behavior (COB) to reduce turnover. Despite numerous studies on employee engagement, few have examined its impact on intrinsic outcomes. This conceptual paper aims to develop a framework that links well-being perspectives (Hedonia and Eudaimonia) to intrinsic outcomes such as job satisfaction, COB, and turnover, using employee engagement as a mediating variable and grounding the analysis in social exchange theory. The methodology provides a foundation for future research with practical applications.

Hairudinor (2019) investigated the effects of compensation on nurses' psychological health, job commitment, and performance in private hospitals in South Borneo, Indonesia. With the rapid increase in hospitals, ensuring high-quality service through effective staff performance is crucial. The study involved a sample of 216 nurses from nine hospitals across four districts, using surveys and interviews for data collection. The analysis employed Generalized Structured Component Analysis (GSCA) to explore the relationship between pay, performance, work engagement, and psychological well-being. The findings indicated that remuneration significantly impacts these areas, suggesting that private hospitals should enhance compensation to benefit both nurses and the organization.

Nuray and Moazzam (2016) conducted an empirical study to assess the impact of compensation on job performance within the ready-to-wear manufacturing sector in Chittagong, Bangladesh. The study, involving 261 respondents from 20 manufacturers, revealed that a well-structured compensation strategy positively influences job performance. The results highlight the importance of aligning compensation with market conditions to encourage employee effort and enhance performance across various sectors.

Suleiman et al. (2018) examined the influence of direct and indirect compensation on job satisfaction in microfinance institutions in Ilorin. Recognizing human resources as pivotal to organizational success, the study underscores the necessity of effective compensation management to retain a motivated workforce.

Adekoya (2013) emphasized the critical role of compensation management, which includes not only salaries and wages but also fringe benefits and indirect compensation. This study focused on the effects of pay management systems on public sector employee performance, utilizing data collected through questionnaires. The analysis aimed to address variations in employee performance and sought to identify effective compensation practices.

Rehman and Waheed (2011) highlighted the importance of job satisfaction in influencing employee well-being, turnover intentions, and organizational commitment. Their findings suggest that job satisfaction is a key factor in retaining IT employees, as those satisfied with their jobs are less likely to seek new opportunities.

Pienaar (2007) identified job satisfaction as a primary predictor of turnover intention, finding a significant negative relationship between the two. This was supported by Tian-Foreman (2009), although Wheeler et al. (2007) suggested that dissatisfaction and misalignment with the organization do not always lead to turnover intentions.

Wilson (2006) categorized factors affecting turnover intention as internal (work-related) and external (non-work-related), identifying pay, performance, and job happiness as internal determinants. Jones et al. (1996) found that leadership behavior positively influences job satisfaction, thereby affecting turnover intentions.

The literature indicates that work-life balance, job satisfaction, and turnover intentions vary among different demographic groups, with factors such as gender, race, age, and tenure influencing these outcomes. The management and retention of human capital are vital for organizational survival and competitive advantage in today's dynamic business environment.

High employee turnover can have detrimental effects on organizational performance and service delivery (Bothma, 2011; Du Plooy & Roodt, 2010). The IT industry faces significant challenges in talent retention due to career advancement opportunities in the global market (Lumley, 2011). The specialized skills of IT professionals are difficult to replace, necessitating effective retention strategies to maintain essential knowledge within organizations (McKnight, 2009).

As global concerns regarding resource depletion and climate change rise, the strategic value of IT personnel has become increasingly recognized. Organizations must adapt to the growing demand for skilled IT workers, ensuring that effective retention strategies are in place to secure their invaluable expertise (Mohlala, 2012).

2.4 Research Gap

In the early 20th century, Seligman and Csikszentmihalyi introduced the positive psychology paradigm, shifting the focus of psychology from addressing problems to cultivating positive attributes. By identifying the key factors associated with turnover intention, organizations can proactively develop strategies to enhance positive traits and reduce voluntary turnover. Research on turnover intention is essential for managing turnover processes and creating effective interventions (Du Plooy and Roodt, 2010; Tuzun and Kalemci, 2012).

Fox and Fallon (2003) found that effective compensation management improves job satisfaction and decreases turnover intentions, indicating that happier employees are less likely to leave. There is a growing trend toward a "lifestyle" career anchor, where individuals prioritize balancing personal and professional demands (Sturges & Guest, 2004). Organizations that invest significantly in pay management tend to experience lower turnover rates (Downes and

Koekemoer, 2011). Employee happiness is crucial for retaining core and knowledge workers (Martins and Coetzee, 2007), as job satisfaction directly impacts organizational performance. Without providing conditions for adequate job satisfaction, companies may face reduced productivity, increased absenteeism, and lower morale (McKenna, 2000).

CHAPTER THREE

METHODOLOGY

3.1 Research Design

Research design serves as a framework of methodologies and techniques chosen by a researcher to logically combine various research components and effectively address a research problem. In this study, a sample survey method was adopted, which involves selecting a sample from a target population to conduct a survey. Typically, this design utilizes a questionnaire to measure characteristics and attitudes of individuals. The sample survey method offers valuable insights into the research problem by detailing the variables of interest. It is preferred for its ability to reliably and accurately represent the attributes of a larger population based on a smaller individual group.

3.2 Sources of Data

The availability of data is essential to the success of any research project. Both primary and secondary sources were used to collect the data for this investigation.

3.3 Research Instrument

A research instrument is the method used by social scientists to collect data from their sample population. It is a technique for gathering essential information about the variables of interest from the target audience. For this project, a questionnaire will be employed as one of the research tools.

The questionnaire consists of a series of questions derived from the research problem, hypotheses, assumptions, and relevant theoretical frameworks guiding the research process. Respondents will indicate their answers by checking the box next to the option that best reflects their viewpoint. The questionnaire is divided into two parts: Parts A and B.

3.4 Administration of Questionnaire and Data Collection

The employees and employer(s) of United Bank for Africa, Ilorin, administered the questionnaires. Questions on general job-related information were included in the Part A of the questionnaire. In part A, the appropriate responses were checked, and in part B, the measurements below were used to generate the answers.- The researcher dressed in a way that similar to that of her respondent and also she was friendly and related with her respondents but it was not too causal.

Population and Sampling Frame

A sampling frame is a list of plausible components from which a probability sample is chosen, according to Babbie (1973). The target population of this research project is the employee(s) and employer(s) of the central bank of Nigeria in Lagos. The method that was employed is known as simple random sampling. 80 people make up the study's population, which is the entire number of employees at the organization. All of the workers in the population had an equal chance of being chosen into the simple by using simple random selection techniques. The researcher is well aware that the Taro Yamane approach was utilized even though there are other ways to calculate sample size. Therefore, a statistical formula was utilized;

$$\frac{N}{1 + Q^2 N}$$

Where N= Population size = 80

Q = alfa = 0.05

$$N = \frac{N}{1 + Q^2 N} = \frac{80}{1 + (0.05)^2 (80)} = 67$$

3.5 Method of Data Analysis

According to the study's goals and formulated hypotheses, the data gathered through questionnaires was analyzed. After that, frequency distribution was used to examine the responses gathered. To test the study's hypothesis, multiple regression analysis was used, and all analysis was carried out using the SPSS software package in accordance with the research work.

3.7 Validity of Instrument

The term "validity" refers to an instrument's ability to measure what it was designed to assess. In this investigation, measures were made to guarantee a high level of validity. The interview and questionnaire were designed in a way that gave a precise depiction of what the study measured. When designing the questionnaire, the content, level of agreement with the research objective, and appropriateness were taken into account. In other words, the instrument for this research was validated by making sure that the questions were structured in a way that allowed the researcher to obtain information pertinent to the purpose of the study's objective. The questionnaire was also shown to my supervisor, who approved its validity.

3.8 Model Specification

The following models were chosen in accordance with the goals and developed hypotheses in order to direct and capture the effect of independent variables on dependent variables in this study:

Ho_1, Ho_2, and Ho_3 will be analyzed using the following model below:

$Y=\beta_0+\beta_1\chi_1+\beta_2\chi_2+\beta_3\chi_3\ldots\beta_n\chi_n$

H_{O1}: wages and salaries do not have significant effect on employees' satisfaction.

$Y=\beta_0+\beta_1WS+\beta_2OP$ Where:

Y = Employee satisfaction (dependent variable)
$\beta_1\ldots\ldots\beta_3$=coefficient β0= Intercept/Constant, β1, β2 and β3

are slope/coefficient,

ES = Employee satisfaction

WS = Wages and Salaries

OP=Overtime Pay

The Apriority signs are: β1, β2 > 0 ε

=Error Term

H_{O2}: direct and indirect compensation do not have significant effect on employee's

satisfaction.

$Y=\beta_0+\beta_1LP+\beta_2IP+\beta_2BP$ Where:

Y = Employee satisfaction (dependent variable)

$\beta_1\ldots\ldots\beta_3$=coefficient β0= Intercept/Constant, β1, β2 and β3

are slope/coefficient,

ES = Employee satisfaction

DIC = Direct and Indirect Compensation

LP= Leave Pay (Allowance)

IP= Insurance Policy

BP= Bonus Pay

The Apriority signs are: $\beta 1$, $\beta 2 > 0$ ε

=Error Term

H_{O3}: There is no significant relationship between compensation management and employee's satisfaction.

$Y=\beta_0+ \beta_1 CM$ Where:

Y = Employee satisfaction (dependent variable)

$\beta_1 \ldots \beta_3$=coefficient $\beta 0$= Intercept/Constant, $\beta 1$, $\beta 2$ and $\beta 3$ are slope/coefficient,

ES = Employee satisfaction

CM = Compensation Management

The Apriority signs are: $\beta 1$, $\beta 2 > 0$ ε

=Error Term

CHAPTER FOUR

PRESENTATION OF RESULT

4.1 Introduction

This chapter examines the relationship between pay and employee satisfaction using data from questionnaires distributed to employees at United Bank for Africa in Ilorin. The responses were coded in SPSS format, and descriptive statistics, including frequencies and percentages, were utilized to assess the consistency of the parametric distribution of the constructs. The chapter also includes the testing of null hypotheses and discussions of results at a significance level of less than 5%. Notably, all 67 questionnaires distributed were returned fully completed, allowing for comprehensive analysis and discussion. The responders' biodata profile is presented first.

4.2 Demographic Data of the Respondents

This section presents the socio-demographic data of the respondents in the form of frequency tables and percentages. This data is considered a key indicator of factors that may influence the impact of the compensation plan on employee satisfaction at United Bank Plc, Ilorin. The study emphasizes the importance of including demographic data as it provides a foundation for the analysis, helping to justify its relevance to the study's objectives and findings.

Table 4.2.1: Distribution of respondents by Gender

	Frequency	Percent	Cumulative Percentage
Male	37	55.2	55.2
Female	30	44.8	100.0
Total	67	100.0	

Source: SPSS Computation, 2025

Table 4.2.1 provides a summary of the respondents' gender frequency along with the valid percentages of their responses. It shows that 37 respondents, representing 55.2%, were male, while 30 respondents, accounting for 44.8%, were female. This indicates that both male and female respondents were included in the study, ensuring that the research was free of gender bias.

Table 4.2.2: Distribution of respondents by Age Group

	Frequency	Percentage	Cumulative Percentage
20-25 years	8	11.9	11.9
26-30 years	12	17.9	29.8
31-35 years	34	50.8	80.6
35-40 years	10	14.9	95.5
41 years & above	3	4.5	100.0
Total	67	100.0	

Source: SPSS Computation, 2025.

Table 4.2.2 indicates that respondents aged 31 to 35 comprised 50.8% of the total population, followed by those aged 26 to 30 and 35 to 40. Only eight respondents, or 11.9%, were between 20 and 25 years old, while three respondents, representing 4.5%, were over 41. This data reveals that the majority of the workforce at the selected bank consists of younger individuals, particularly those aged 20 to 35, who are often seen as entry-level employees in the local banking industry. The inclusion of this age group was expected to enhance the clarity of the study's objective responses.

Table 4.2.3: Distribution of the Respondents by Marital Status

	Frequency	Percentage	Cumulative Percentage
Single	40	59.7	59.7
Married	19	28.4	88.1

Divorced	8	11.9	100.0
Total	67	100.0	

Source: SPSS Computation, 2025.

The respondent's marital status is displayed in Table 4.2.3. 40 respondents, or 59.7% of the sample, identified as single; 19 respondents, or 28.4%, identified as married; and 8 respondents, or 11.9%, identified as divorcees. This suggests that banking industry policies have made it possible for them to provide single people in general greater job chances than married people.

Table 4.2.4 Distribution of the Respondents by Educational Qualification

	Frequency	Percentage	Cumulative Percentage
OND/NCE	20	29.9	29.9
BSc/HND	35	52.2	82.1
MBA/MSc	4	6.0	88.1
OTHERS	8	11.9	100.0
Total	67	100.0	

Source: SPSS Computation, 2025.

Table 4.2.4 reveals that 20 respondents, or 20%, held OND/NCE certificates in the selected banks. The majority, 52.2%, possessed either a BSc or HND, while 6% held MBA or MSc degrees, and 11.9% had additional banking-related certifications such as ACCA, ACIB, or ICAN. This indicates that the study's respondents had a higher educational caliber than the average individual, as most held degrees and were well-qualified to provide informed responses to the study's objectives.

Table 4.2.5 Distribution of the Respondents by Length of Services

	Frequency	Percentage	Cumulative Percentage
Below 5 years	13	19.4	19.4

6-10 years	39	58.2	77.6
11-15 years	10	14.9	92.5
16 years and above	5	7.5	100.0
Total	67	100.0	

Source: SPSS, Computation, 2025

The length of service with a company is a significant factor influencing employee happiness, prompting the research to analyze the tenure of the workforce at United Bank Plc, Ilorin. The findings showed that 13 respondents (19.4%) had less than five years of experience, 39 respondents (58.2%) had between six and ten years, ten respondents (14.9%) had between eleven and fifteen years, and 7.5% had over sixteen years of banking experience. The data indicates that the majority of employees have between six and ten years of experience, suggesting that their tenure has positively impacted their job satisfaction. This experience level is expected to lead to more objective responses in the study.

Table 4.2.6: Distribution of respondents by Department

	Frequency	Percentage	Cumulative Percentage
Corporate Service	5	7.5	7.5
Economic Policies	7	10.5	18.0
Operations	20	29.8	47.8
Financial System Stability	13	19.4	67.2
Risk Management	10	14.8	82.0
Internal Audit	5	7.5	89.5
Others	7	10.5	100.0
Total	67	100.0	

Source: SPSS Computation, 2025.

Corporate service respondents make up 7.5%, economic policies respondents make up 18%, operations respondents make up 47.8%, the department of financial system stability respondents make up 19.4%, risk management respondents make up 14.8%, internal audit respondents make up 7.55, and the rest of the department as a whole makes up 10.5%. This clearly indicates that the poll covered every aspect of job disposition in the chosen bank.

4.3 Data Analysis According to the Research Questions

Research Question 1: to what extent do wages and salaries affect employee's satisfaction?

Table 4.3.1 Employees in my organization are paid per number of hours they work in a day

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	1	1.5	1.5
Disagree	3	4.5	6.0
Undecided	7	10.5	16.5
Agree	22	32.8	49.3
Strongly Agree	34	50.7	100.0
Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.1 indicates that 1 respondent (1.5%) strongly disagreed that employees in the organization are compensated based on the number of hours they work each day, while 3 respondents (4.5%) disagreed. Additionally, 7 respondents (10.5%) were uncertain about their position, 22 respondents (32.8%) agreed, and 34 respondents (50.7%) strongly agreed with the statement. This suggests that employee performance in the selected banks is evaluated based on the hours worked, which is likely to contribute to increased job satisfaction among employees.

Table 4.3.2. There's a fixed amount of pay per day for every employee in my organization

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	6	8.9	8.9
Disagree	5	7.5	16.4
Undecided	15	22.4	38.8
Agree	21	31.3	70.1
Strongly Agree	20	29.9	100.0
Total	67	100	

Source: SPSS v25 Computation (2025).

According to Table 4.3.2, 20 (29.9%) of respondents strongly agreed that there is a fixed amount of pay per day for every employee in the chosen organization, compared to 6 (8.9%) of respondents who strongly disagree, 5 (7.5%) who disagree, 15 (22.4%) who are neither in agreement with the claim nor disagree with it, and 21 (31.3%) who agree. This suggests that wages are implemented fairly in the chosen banks.

Table 4.3.3 There is a stipulated minimum wage in my organization

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	7	10.4	10.4
Disagree	6	8.9	19.3
Undecided	12	17.8	37.0
Agree	28	41.5	78.5
Strongly Agree	14	21.5	100.0
Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.3 demonstrates that my organization has a set minimum salary, 14 (21.5%) of the respondents strongly agreed that there is a defined minimum salary in my organization, compared to 7 (10.4%) of the respondents who strongly disagree, 6 (8.9%) who disagree on the claim, 12 (17.8%) who neither agree nor disagree, 28 (41.5%) who agree on the claim, and This suggests that my organization has a set minimum pay. This raises the possibility of employee satisfaction in the banks that were sampled.

Table 4.3.4 Allowances are given to employees in addition to the basic pay at the end of a given period (monthly/quarterly/yearly)

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	6	9.0	9.0
Disagree	5	7.5	16.5
Undecided	13	19.4	35.9
Agree	20	29.9	65.8
Strongly Agree	23	34.2	100.0
Total	67	100	

Source: SPSS Computation 2025.

According to Table 4.3.4, employees get allowances in addition to their base pay at the conclusion of a specific term (monthly, quarterly, or yearly), 23 (34.2%) of respondents strongly agree that allowances are given to employees in addition to the basic pay at the conclusion of a given period (monthly, quarterly, or yearly), while 6 (9.0%) of respondents strongly disagree, 5 (7.5%) disagree, 13 (19.4%) are neither in agreement with nor opposed to the claim, 20 (29.9%) agree, and 6 (9.0%) strongly disagree. This suggests that there is an increase in employee work satisfaction in the tested banks due to the cumulative effect of allowance on basic pay.

Table 4.3.5 I've attained my financial goals through the wages and salaries I receive at work

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	5	7.5	7.5
Disagree	8	11.9	19.4
Undecided	10	14.9	34.3
Agree	23	34.3	68.6
Strongly Agree	21	31.4	100.0
Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.5 shows that an employee's financial goals were achieved through pay and salaries obtained at work. Of the respondents, 5 (7.5%) strongly disagree, 8 (11.9%) disagree, and 10 (14.9%) are undecided. 21 (31.4%) of the respondents strongly agree, and 23 (34.3%) respondents agree. This suggests that a sizable majority of respondents agree that employee financial goals are achieved through wages and salaries earned at work.

Research Question 2: to what extent does direct and indirect and indirect compensation affect employee's satisfaction?

Table 4.3.6. There are varieties of direct financial compensation available at my work place including wages, bonuses, etc.

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	1	1.5	1.5
Disagree	3	4.4	5.9
Undecided	8	11.9	17.8
Agree	23	34.4	52.2
Strongly Agree	32	47.8	100.0
Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.6 demonstrates the many direct financial compensation options accessible at my place of employment, including salaries, bonuses, etc. There are various forms of direct financial compensation available at my place of employment, including wages, bonuses, etc., according to 23 (34.4%) respondents; 32 (47.8%) respondents strongly agree on the claim; 1 (1.5%) respondents strongly disagree; 3 (4.4%) disagree; 8 (11.9%) respondents neither agree nor disagree; and 32 (47.8%) respondents disagree. This indicates that both indirect and direct cash compensation are fairly implemented and available in the chosen banks.

Table 4.3.7 The salaries of employees on vacation/leave is not discontinued in their absence

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	7	10.4	10.4
Disagree	6	8.9	19.3
Undecided	12	17.8	37.0

Agree	28	41.5	78.5
Strongly Agree	15	21.5	100.0
Total	67	100	

Source: SPSS Computation, 2025.

According to Table 4.3.7, pay for workers on leave or vacation are not cut off during their absence. 28 (41.5%) of the respondents agree that the salaries of employees on vacation or leave are not discontinued in their absence, while 15 (21.5%) of the respondents strongly agree. Six (8.9%) respondents disagree, seven (10.4%) strongly disagree, and twelve (17.8%) respondents neither agree nor disagree. This signifies that the business uses the leave pay in the chosen bank. As a result, workers are more satisfied at work.

Table 4.3.8 My organization makes provision for the well-being of employees in financial and material terms

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	8	11.9	11.9
Disagree	4	5.9	17.8
Undecided	5	7.5	34.3
Agree	30	44.8	79.1
Strongly Agree	20	29.9	100.0
Total	67	100	

Source: SPSS Computation, 2025.

According to Table 4.3.8, the organization makes provisions for the financial and material well-being of its employees. However, 20 (29.9%) respondents strongly disagreed with the claim, while 8 (11.9%) respondents strongly agreed. This indicates that the wellbeing of employees in the chosen banks is well provided for in terms of both money and material goods.

Table 4.3.9 Insurance for pension and disability plans are available at my workplace

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	8	11.9	11.9

Disagree	10	15.0	26.9
Undecided	5	7.5	34.3
Agree	32	47.8	82.1
Strongly Agree	12	17.9	100.0
Total	67	100	

Source: SPSS Computation 2025.

Table 4.3.9 shows that my employer offers insurance for pension and disability plans, 32 (47.8%) of respondents agree that employment insurance for pension and disability plans is available, while 26 (19.3%) of respondents strongly agree with the claim, while 8 (11.9%) of respondents strongly disagree, 10 (15%) disagree, and 5 (7.5%) neither agree nor disagree. This demonstrates that my employer offers insurance for pension and disability plans.

Table 4.3.10 Indirect incentives like recreation, library and food services are available at my work place

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	8	11.9	11.9
Disagree	4	5.9	17.8
Undecided	5	7.5	25.3
Agree	34	50.4	75.7
Strongly Agree	16	24.3	100.0
Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.10 illustrates that my workplace provides indirect incentives such as recreational facilities, a library, and food services. Among the respondents, 34 individuals (50.4%) agree that these indirect incentives are available, while 33 respondents (24.4%) strongly agree. Conversely, 8 respondents (11.9%) strongly disagree, 4 respondents (5.9%) disagree, and 5 respondents (7.4%) neither agree nor disagree. These findings suggest that the indirect financial incentives offered by the selected banks to enhance employee satisfaction include benefits like on-site recreation, library access, and food services.

Table 4.3.11 I am satisfied with the nature of compensation I receive at my work place

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	9	13.3	13.3
Disagree	9	13.3	26.7
Undecided	14	20.7	47.4
Agree	27	40.7	88.1
Strongly Agree	8	11.9	100.0
Total	67	100	

Source: SPSS v25 Computation (2025).

Table 4.3.11 indicates that 27 respondents (40.7%) strongly agree that they are satisfied with their compensation at work, while 8 respondents (11.9%) also strongly agree with this statement. Additionally, 9 respondents (13.3%) strongly disagree, and another 9 (13.3%) disagree regarding their compensation. These results suggest that employees generally feel content with the type of pay they receive at work.

Research Question 3: to what extent does basic allowances affect employee's satisfaction?

Table 4.3.12: The compensation management policies in selected organization is equitable, fair remuneration for all employees in line with individual contribution

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	3	4.5	4.5
Disagree	10	14.9	19.4
Undecided	12	17.9	37.3
Agree	30	44.8	82.1
Strongly Agree	12	17.9	100.0

Total	67	100	

Source: SPSS Computation, 2025.

Table 4.3.12 reveals that 3 respondents (4.5%) strongly disagree that the compensation management policies of the selected firm provide equitable and fair rewards based on individual contributions, while 10 respondents (14.9%) disagree with the statement. In contrast, 30 respondents (44.8%) agree that the compensation management policies are equitable and fair, and 12 respondents (17.9%) strongly agree with this assertion. These findings suggest that the pay structure in the chosen banks is perceived as fair and equitable.

Table 4.3.13. Employees do not incur excessive additional cost in a bid to access their salaries and wages

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	7	10.4	10.4
Disagree	10	14.9	25.3
Undecided	4	6.0	31.3
Agree	31	46.3	77.6
Strongly Agree	15	22.4	100.0
Total	135	100	

Source: SPSS Computation, 2025.

Employees do not pay significant additional costs in order to receive their salary and wages, according to Table 4.3.13. 31 (46.3%) of the respondents agree that employees do not incur excessive additional costs in order to access their salaries and wages, while 15 (22.4%) of the respondents strongly agree on the claim, while 7 (10.4%) of the respondents strongly disagree, 10 (14.9%) disagree, and 9 (6.7%) neither agreed nor disagree. This indicates that a majority of more than twothirds agreed with the assertion that workers do not pay a disproportionate amount of additional expense in order to receive their earnings and wages.

Table 4.3.14. organization's compensation policy is designed to encourage employees to be more productive.

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	10	14.9	14.9

Disagree	8	11.9	26.8
Undecided	8	11.9	38.7
Agree	35	52.2	90.9
Strongly Agree	6	9.1	100.0
Total	67	100	

Source: SPSS Computation 2025

Table 4.3.14 illustrates that the organization's remuneration strategy aims to motivate staff to enhance their productivity. Eight respondents (11.9%) disagree, ten respondents (14.9%) strongly disagree, and another eight respondents (11.9%) neither agree nor disagree with this proposition. While 6 respondents (9.1%) strongly agree that the compensation management policies provide equitable and fair remuneration based on individual contributions, a significant 35 respondents (52.2%) strongly agree that they are compensated according to their performance ratings.

Table 4.3.15 Basis for deduction or increment in wages and salary is communicated to employees

	Frequency	Percentage	Cumulative Percentage
Strongly Disagree	4	6.0	6.0
Disagree	3	4.5	10.5
Undecided	5	7.5	18.0
Agree	20	29.9	47.9
Strongly Agree	35	52.1	100.0
Total	67	100	

Source: SPSS Computation, 2025.

According to Table 4.3.15, employees are informed of the reasons for any increases or decreases in pay and salaries. 37 (52.1%) of the respondents strongly agree that the basis for any reduction or increase in wages and salaries is communicated to the employees, compared to 4 (6.0%) who strongly disagree, 3 (4.5%) who disagree, 5 (7.5%) who neither agree nor disagree, 20 (29.9%) who agree, and 37 (6.0%) who strongly agree. This indicates that the rationale for any wage and compensation reductions or increases conveyed to workers of the chosen institutions was decided collectively.

Table 4.3.16. I am more committed to the organization because of its compensation policy

	Frequency	Percent	Cumulative Percentage
Strongly Disagree	9	13.4	13.4
Disagree	4	6.0	19.4
Undecided	10	14.9	34.3
Agree	29	43.3	77.6
Strongly Agree	15	22.4	100.0
Total	67	100	

Source: SPSS Computation, 2025.

According to Table 4.3.16, the organization's remuneration policy has increased employees' commitment to the company. 9 (13.4%) of the respondents vehemently disagree that the organization's remuneration approach has increased employee loyalty. 29 (43.3%) respondents believe that employees are more devoted to the firm due of its compensation strategy, while 15 (22.4%) respondents strongly agree on the claim. Only 4 (6.0%) respondents disagree with the statement, 10 (14.9%) respondents are undecided, and This suggests that the employee's commitment was a result of job satisfaction brought on by the alluring remuneration practices of the chosen banks.

4.4 Test of Hypotheses

H_{O1}: Wages and salaries do not have significant effect on employees' satisfaction.

Table 4.4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.953[a]	.908	.905	.42690

a. Predictors: (Constant), WS, OP

In the summary above, wages and salaries (WS) and overtime pay (OP) are analyzed as predictors of employee satisfaction. The correlation coefficient from Table 4.4.1, R = 0.953, indicates a strong, positive relationship between the explanatory variables (WS and OP) and the dependent variable (employee satisfaction). The minimal difference and the proximity of the Rsquared value to the adjusted R-squared (0.905) suggest that WS and OP are reliable predictors of employee satisfaction, with a significance level of 0.003. This indicates that in the selected banks, WS and OP account for 90.8% of employee job satisfaction, while the remaining 9.2% is attributed to other factors not included in this model.

Table 4.4.2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	102.862	2	51.431	317.475	.000[b]
	Residual	10.388	64	.162		
	Total	113.250	66			

a. Dependent Variable: Employee Satisfaction

b. Predictors: (Constant), WS, OP

The correlation between employee satisfaction, wages and salaries (WS), and overtime compensation is overall significant, as shown in the ANOVA table 4.4.2. (OP). Since the ratio of the regression sum of squares (102.862) to the overall sum of squares (113.250) yields the same result as the R-square (0.908), the model must account for the majority of the variation in the outcome variable (i.e. employee satisfaction). It follows that the p-value=0.000 and F-calculated (317.475) lie outside the rejection region, indicating that there is significance link between wages and salaries (WS) and employee satisfaction at 5% level of significant.

Table 4.4.3: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.392	.115		-3.418	.001

WS	.576	.062	.609	9.235	.000
OP	.452	.076	.394	5.980	.000

a. Dependent Variable: Employee Satisfaction

Table 4.4.3 showed that Wages and Salary (=0.567) and Overtime Pay (=0.452) are both substantially influencing employee satisfaction in the chosen banks. At a 95% confidence level, the significant influence of Wages and Salary is more pronounced than that of Overtime Pay on employee satisfaction. As a result, at the 5% level, wages and salary are the most important variables in the hierarchical regression model. This blatantly implies that salaries and earnings have a considerable impact on job satisfaction at a level of 5%. Therefore, the vector error correction (c=-0.392) shows that there would be a 39.2% repressive effect on employee satisfaction if management of the chosen banks ignored the significance (i.e. WS=OP=0).

This was in line with the findings of Suleiman, Ochidi, Akinroluyo, and Olumoyegun (2018), who found a substantial positive association between wages/salaries and employees' job satisfaction. The alternative hypothesis, with a 95% confidence level, that wages and salaries have a major impact on employee satisfaction, however, tested favorably based on the results of this study.

H_{02}: Direct and indirect compensation do not have significant effect on employee's satisfaction.

Table 4.4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891[a]	.794	.791	.64259

a. Predictors: (Constant), LP, IP, BP

The results in model summary table 4.4.4 show that the jointly regressed dimensional variables of direct and indirect compensation, including leave pay (LP), insurance pay (IP), and bonus/incentive pay (BP), jointly explained 79.4% of the variance in employee satisfaction, while the remaining 20.6% may be due to the effect of stochastic error properly affecting extraneous variables not accounted for in this model. R2=0.794 is the coefficient of determination of jointly regressed dimensional variables The adjusted R-square (0.791), which is very nearly equal to R-square (0.794), shows that the model will only explain for a very little 0.2% variation in the result if it is sampled from the population rather than the sample. Since the correlation coefficient is close to 1, the model's fitness is good, and the R=0.891 indicates a positive relationship between employee satisfaction and direct and indirect remuneration.

Table 4.4.5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	272.819	3	90.940	81.124	.000[b]
	Residual	70.610	63	1.121		
	Total	343.429	66			

a. Dependent Variable: Employee Satisfaction

b. Predictors: (Constant), LP, IP, BP

The overall diagnostic examination of the relationship's significance using Analysis of Variance is presented in Table 4.4.5. (ANOVA). The importance of the link in F=81.124>Ftable=3.84 at a degree of freedom of (3, 63) is revealed by the ANOVA findings for regression coefficients; thus, P-value=0.00 is less than 0.05. This demonstrates that the employee satisfaction is significantly predicted by the three direct and indirect compensation measures (meaning it is a good fit for the model). Therefore, at a 95% confidence level, there is a strong association between direct and indirect remuneration and employee happiness.

Table 4.4.6: Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.517	.165		-3.127	.002
	LP	.352	.044	.305	8.062	.000
	IP	.602	.036	.658	16.835	.000
	BP	.227	.041	.199	5.528	.000

a. Dependent Variable: Employee Satisfaction

From regression table 4.4.6, it can be concluded that leave pay (β = 0.352), insurance pay (β = 0.602), and bonus/incentive pay (β = 0.227) positively influence employee satisfaction in the selected banks. A 1% increase in leave pay results in a 35.2% increase in employee satisfaction. Similarly, a 1% increase in insurance pay leads to a significant 60.2% increase in satisfaction, while a 1% increase in bonus/incentive pay corresponds to a 22.7% increase in employee

satisfaction.

These results indicate that all aspects of direct and indirect compensation significantly affect employee satisfaction, as shown in regression table 4.4.6. The vector error correction analysis (c = -0.517) suggests that if leave pay, insurance pay, and bonus/incentive pay were to be eliminated (LP = IP = BP = 0), employee satisfaction could decrease by 51.7%. This underscores the significant impact of these compensation elements on job satisfaction at a 5% significance level.

Thus, the findings indicate that removing these three direct and indirect compensations would adversely affect employee satisfaction. Moreover, the results suggest that insurance pay plays a more critical role in compensation status compared to the other factors in the model. Consequently, null hypothesis 2 is rejected, and the alternative hypothesis is accepted, confirming a significant effect of direct and indirect compensation on employee satisfaction at the 5% level. This aligns with the findings of Bozeman & Gaughan (2011), who demonstrated that both financial and non-financial compensation, including leave pay and allowances, significantly impact job satisfaction.

H03: There is no significant relationship between compensation management and employee's satisfaction.

Table 4.4.7: Bivariate Correlations Matrix showing the relationship between Dimension of Compensation management (CM) and employee satisfaction (ES)

Model		Employee Satisfaction	Equitable pay	Accessible pay	Attractive pay	Incremental pay
Employee Satisfaction	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	67				
Equitable pay	Pearson Correlation	.569 **	1			
	Sig. (2-tailed)	.000				
	N	67	67			
Accessible pay	Pearson Correlation	.829 **	.391**	1		
	Sig. (2-tailed)	.000	.000			
	N	67	67	67		
Attractive Policy	Pearson Correlation	.503 **	.183*	.406**	1	
	Sig. (2-tailed)	.000	.016	.000		
	N	67	67	67	67	
Incremental pay	Pearson Correlation	.850 **	.741**	.747**	.400**	.1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	67	67	67	67	67

**. Correlation is significant at the 0.01 level (2-tailed). *.
Correlation is significant at the 0.05 level (2-tailed).

Table 4.4.7 shows that all aspects of compensation management, including equitable pay (r=0.569), accessible pay (r=0.829), appealing policy (r=0.503), and incremental pay (r=0.850), all scored favorably on the scale of employee satisfaction in the model of particular banks. This suggests that compensation management relationships are effective predictors of employee satisfaction, and that increasing each compensation management factor will raise employee satisfaction and increase job satisfaction, while lowering equitable pay, accessible pay, attractive pay, and incremental pay will have an equal negative impact on employee job satisfaction. This outcome is consistent with and supports Adekoya's (2013) earlier work, which proposed that compensation management encompasses financial rewards in the form of wages and salaries as well as numerous non-wages economic payments such as fringe benefits, indirect compensation, and supplementary pay.

4.4 Discussion of Findings

The results indicate a significant relationship between wages and salaries and employee satisfaction. The regression analysis reveals that, at the 5% significance level, wages and salaries are the most critical factors in the hierarchical regression model, emphasizing their considerable impact on job satisfaction. Further findings suggest that if the management of the selected banks were to disregard wages and salaries, including overtime compensation (i.e., WS = OP = 0), employee satisfaction could decline by 39.2%, as indicated by the vector error correction (c = -0.392). This aligns with the findings of Suleiman, Ochidi, Akinroluyo, and Olumoyegun (2018), who established a strong positive correlation between wages/salaries and job satisfaction. The results support the alternative hypothesis at a 95% confidence level, confirming that wages and salaries significantly influence employee satisfaction.

In relation to hypothesis 2, the findings reveal that employee satisfaction in the selected banks is positively affected by leave pay ($\beta = 0.352$), insurance pay ($\beta = 0.602$), and bonus/incentive pay ($\beta = 0.227$). A 1% increase in leave benefits results in a 35.2% rise in employee satisfaction, while a 1% increase in insurance pay corresponds to a 60.2% increase. Additionally, a 1% increase in bonus/incentive pay leads to a 22.7% improvement in satisfaction. These results indicate that both direct and indirect compensation factors positively and significantly influence employee satisfaction.

Moreover, the research highlights that various compensation management elements—such as equitable pay ($r = 0.569$), accessible pay ($r = 0.829$), appealing policies ($r = 0.503$), and incremental pay ($r = 0.850$)—show favorable correlations with employee satisfaction in the studied banks. This suggests that these compensation management components are reliable predictors of employee satisfaction, indicating that an increase in each component will enhance satisfaction, whereas a decrease will diminish it. Consequently, a 5% reduction in equitable, accessible, attractive, and incremental pay could lead to a significant drop in employee satisfaction. This finding is consistent with Adekoya's (2013) research, which proposed that effective compensation management includes both financial rewards, such as wages and salaries, and various non-wage benefits, including fringe benefits and indirect compensation.

CHAPTER FIVE

Summary, Conclusion and Recommendations

5.1 **Introduction**

This section aims to summarize the results of the study on the impact of pay plans on employee satisfaction among bank personnel in Nigeria using the United Bank for Africa Plc Ilorin. It provides brief conclusions highlighting the overall findings and their implications. Additionally, the section presents recommendations to address any gaps or biases identified in the conclusions, ensuring a balanced understanding of the study's outcomes.

5.2 Summary of findings

The primary objective of the study was to assess how pay plans influence employee satisfaction among bank personnel in Nigeria using UBA, Ilorin. The findings indicate that both direct and indirect compensation significantly affect employee satisfaction. Key factors contributing to job satisfaction include wages and salaries, overtime pay, basic pay, insurance, and leave allowances. Furthermore, employee satisfaction is likely to increase with the effectiveness of compensation management within the organization. The study highlights that elements of compensation management—such as equity, accessibility, appealing policies, and incremental pay incentives—foster employee commitment and satisfaction. The main findings are summarized as follows:

i. Wages and salaries have a significant impact on employee satisfaction at the 5% level.

ii. At a 95% confidence level, both direct and indirect compensation significantly influence employee satisfaction.

iii. There is a 5% correlation between effective compensation management and employee satisfaction.

5.3 Conclusion

It is crucial for deposit money banks to implement a compensation management strategy that fosters and enhances employee satisfaction, especially given the banking sector's vital role in the growth and development of the Nigerian economy. Fair compensation is a key aspect of human resource management, enabling employees to exceed expectations. Thus, the compensation plan is a fundamental concern for bank management, serving as the lifeblood of the organization.

Effective pay plans and management must be negotiated and established to benefit both employers and employees. The findings from this study indicate that salaries and wages significantly impact employee satisfaction, and both direct and indirect compensation play a role in this relationship. Additionally, there is a strong correlation between effective salary management and job satisfaction.

Consequently, appropriate planning for pay management is essential to retain employees in the banking industry. In summary, the evidence suggests that compensation plans significantly influence employee satisfaction, highlighting that employee commitment relies on the planning, implementation, and monitoring of effective compensation management strategies that ensure equity, accessibility, appealing policies, and incremental payments within the financial sector.

5.3 **RECOMMENDATIONS**

Based on the findings from this study, the following recommendations are proposed:

i. Banks should leverage the findings to establish a rewards program that ensures timely payment of salaries, wages, and overtime.

ii. Management should implement comprehensive pay policies that balance benefits packages, encompassing both direct and indirect compensation, to enhance employee motivation and job satisfaction in the banking sector.

iii. Employers should ensure that their compensation is competitive compared to other businesses in the same or related industries, as employees place significant importance on equity, accessibility, appealing policies, and incremental compensation.

5.5 Contribution to Knowledge

This study enhances the existing body of knowledge by exploring the impact of compensation plans on the banking industry and providing valuable insights for organizations regarding their current practices. The descriptive analysis of the questionnaire revealed employee preferences for compensation plans and practices. By understanding these preferences, the organization can adopt more effective compensation strategies—both financial and non-financial—to improve employee satisfaction.

Overall, the findings indicate that employee satisfaction is influenced by both financial and nonfinancial compensation. Notably, no employees reported feeling unmotivated, suggesting that the chosen firm has effectively managed its compensation plan to reward its staff. The case study implies that the banks' comprehensive approach to total pay positively impacts employee

satisfaction.

However, a word of caution is warranted. The economic challenges posed by the Covid-19 pandemic may have affected some banks similarly to others in the industry. During such crises, management often views compensation plans merely as costs to be reduced. It is vital to recognize the potential consequences of decreased employee satisfaction resulting from cuts to employee benefits.

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.**DEPARTMENT OF BUSINESS ADMINISTRATION KWARA STATE POLYTECHNIC ILORIN QUESTIONNAIRE:**

ASSESSMENT OF COMPENSATION PRACTICES ON WORKFORCE PRODUCTIVITY IN NIGERIAN FINANCIAL INSTITUTIONS: INSIGHTS FROM UNITED BANK PLC, ILORIN

I am an undergraduate student in the aforementioned department and institution, currently conducting research on the stated topic. I kindly request your assistance in providing relevant information to support the successful completion of this study. Please rest assured that any information shared will be treated with the utmost confidentiality and will solely be used for the purposes of this research. Thank you for your cooperation.

Thanks for your anticipated cooperation.

Yours faithfully,

SECTION A: Respondents' Bio Data

Instruction: Please, tick in the space provided, appropriately to indicate the response most applicable to you.

1. Gender: a) Male [ ] b) Female [ ]

2. Age group: a) 20 – 25years [ ] b) 26 – 30years [ ] c) 31 – 35years [ ]
   d) 36 – 40years [ ] e) 41years and above [ ]

3. Marital Status: a) Single [ ] b) Married [ ] c) Divorced [ ]

4. Educational Qualification:
   a) OND/NCE [ ] b) B.Sc./HND [ ]
   c) MBA/M.Sc. [ ] d) Others [ ]

5. Number of years in your organization:
   a) Below 5 years [ ] b) 6 – 10years [ ] c) 11 – 15years [ ]
   d) 16years and above [ ]

6. Department:
   a) Corporate Service [ ] b) Economic Policies [ ] c) Operations [ ]
   d) Financial System Stability [ ] e) Risk Management [ ]
   f) Internal Audit [ ] g) Others [ ]

SECTION B:

Instruction: Please tick (√) the appropriate choice from the scale below:

5: Strongly Agree 4: Agree 3: Undecided 2: Disagree 1: Strongly Disagree

Wages and Salaries on Employees' Satisfaction

S/N	Items	5	4	3	2	1
7.	Employees in my organization are paid per number of hours they work in a day					
8.	There's a fixed amount of pay per day for every employee in my organization					
9.	There is a stipulated minimum wage in my organization					
10.	Allowances are given to employees in addition to the basic pay at the end of a given period (monthly/quarterly/yearly)					
11.	I've attained my financial goals through the wages and salaries I receive at work					

Direct and Indirect Compensation on Employee's Satisfaction

S/N	Items	5	4	3	2	1
12.	There are varieties of direct financial compensation available at my work place including wages, bonuses, etc.					
13.	The salaries of employees on vacation/leave is not discontinued in their absence					
14.	My organization makes provision for the well-being of employees in financial and material terms					
15.	Insurance for pension and disability plans are available at my workplace					
16.	Indirect incentives like recreation, library and food services are available at my work place					

17.	I am satisfied with the nature of compensation I receive at my work place					

Compensation Management and Employee's Satisfaction

S/N	Items	5	4	3	2	1
18.	The compensation management policies in my organization is equitable (i.e. fair remuneration for all employees in line with individual contribution)					
19.	Employees do not incur excessive additional cost in a bid to access their salaries and wages					
20.	My organization's compensation policy is designed to encourage employees to be more productive.					
21.	Basis for deduction or increment in wages and salary is communicated to employees					
22.	I am more committed to the organization because of its compensation policy					

Hypotheses Statement

S/N	Statement	SA	A	U	D	SD
21	Wages and salaries do not have significant effect on employees' satisfaction.					
22	Direct and indirect compensation do not have significant effect on employee's satisfaction.					
23	There is significant relationship between no compensation management and employee's satisfaction.					