

**EFFECT OF MANAGEMENT REMUNERATION  
POLICIES ON ORGANIZATIONAL  
PERFORMANCE.**

**(A CASE STUDY OF KAM WIRE INDUSTRY ILORIN)**

**BY**

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***BEING A PROJECT SUBMITTED TO THE***  
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## **CERTIFICATION**

This is to certify that this research work has read and approved as meeting part of the requirements of department of Business Administration and management, Institute of Finance and Management Studies (IFMS) Kwara State Polytechnic, Ilorin for the award of Higher National Diploma (HND) in Business Administration.

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## **DEDICATION**

This project is dedicated to ALMIGHTY GOD who granted this opportunity to me from the beginning till the end of this project work. I also dedicated it to my beloved and wonderful parents.

## **ACKNOWLEDGEMENT**

**First and Foremost, I thank God Almighty for making this journey a reality. I also thank my parents Mr & Mrs Odutayo for there constant support, may God Almighty keep them healthy to reap the fruit of there labour.**

**I am also sincerely grateful to everyone who contributed in one way or the other in achieving this academic honour in person of my project supervisor Mr Abdullah, my siblings and so on. May God continue to enrich them all.**

## **ABSTRACT**

*The purpose of this study was to examine the effect of management remuneration policies on organizational performance. The reason why most organization cannot compete effectively in the market is due to poor motivational system. Some of the problems, lack of capital, poor management and poor performance of an employee. The objective of the study is to examine the effect of management remuneration policies on organizational performance, in which descriptive design was used to select a study sample size. The instruments used for data collection in this study were structured questionnaires. Hypothesis was tested with simple regression analysis. The findings of the study revealed that remuneration has influence on organization performance is an important strategy that the organization should designs for their employees for better performance, the study recommended that for the organization to achieve effective performance employee should be remunerate accordingly, remuneration should be well communicated to the employee.*

## **TABLE OF CONTENT**

Title page	i
Certification	ii
Dedication	iii
Acknowledgment	iv
Abstract	v
Table of contents	vi-vii
<b>CHAPTER ONE</b>	
1.1 Backgrounds to the study	10
1.2 Statements of the problem	11
1.3 Research questions	12
1.4 Objectives of the study	13
1.5 Research hypothesis	13
1.6 Significance of the study	14
1.7 Scope of the study	14
1.8 Definition of terms	15-16
<b>CHAPTER TWO LITERATURE REVIEW</b>	
2.1 Introduction	17
2.2 Conceptual framework	17-25
2.3 Theoretical framework	26-28
<b>CHAPTER THREE METHODOLOGY</b>	
3.1 Introduction	29

3.2	Research design	29
3.3	Population of the study	29
3.4	Sample size and sampling techniques	30
3.5	Method of data collection	31
3.6	Instrument of data collection	31
3.7	Methods of data analysis	32
<b>CHAPTER FOUR DATA PRESENTATION AND ANALYSIS</b>		
4.1	Introduction	33
4.2	Data presentation, analysis and interpretation	34-45
4.3	Discussion of findings	45-49
<b>CHAPTER FIVE</b>		
5.1	Summary of findings	49
5.2	Conclusion	50
5.3	Recommendations	50
	References	51

## **CHAPTER ONE**

### **1.1 BACKGROUND TO THE STUDY**

In all organizations, whether they operate in the private or public sector, there is an increasing awareness that employees are the most important asset towards the achievement of organizational effectiveness (Appleloy, 1981). In this regard, organizations are concerned with how to motivate workers, make them committed and ensure their job satisfaction in order to accomplish organizational objectives. An organization strove to achieve one or more objectives through exhaustive utilization of human capital, so also the employees aim toward achieving individual objectives or purpose while working for the organization. Remuneration is the instrument use to increase employee productivity, it seeks to attract and retain suitable employees, encourages good management employee relationship and commitment and minimizes tension and conflict as it deals with all forms of final returns, tangible service and mechanism for good relationship. Furthermore, the major case of industrial conflict is base on the fact that employees feed their benefits are derived or about to be deny thus the importance of remuneration system is to provide a good plat form for equity and fairness, this provides a challenging environment and increase productivity of employee. Remuneration system ensures that intrinsic and extrinsic needs of employee at all level are adequately provided. Remuneration is concern with employees and organization performance development through which better result can be achieve by



understanding and managing rewards and compensation within an agreed framework, planned goals, standard and competency requirement.

## **1.2 STATEMENTS OF THE PROBLEM**

Some organization see employees as additional cost as well as liability to their operations hence, do not remunerate them appropriately and where it is more appropriate, remuneration is not commensurate with the efforts and skills that workers put into the organization activities, instead of paying attention on how employee will be compensated appropriately, some organization concentrated more on other resources, such as materials, machines and money. The effort is more on how to improve the production process with little or no consideration for human efforts. This had led to the inability of such organization to attain their set objective, organization success relies heavy on how much attention pay to its employees reward policies. It is in view of this that the study seeks to know how reward and compensation system in organization affect the performance of employees as well as that of the organization in general.

## **1.3 RESEARCH QUESTIONS**

1. Does employee's motivation have impact on the organizational performance?
2. To what extent does management remuneration affect employee productivity?
3. Does prompt compensation have impact on employee's performance?

#### **1.4 OBJECTIVES OF THE STUDY**

The general objective of the study is to examine the effect of management policies on organizational performance.

Other specific objectives are:-

1. To examine the impact of employee motivation on organization performance.
2. To determine the impact of management remuneration system on employees performance.
3. To examine the impact of prompt remuneration and employee performance.

#### **1.5 RESEARCH HYPOTHESIS**

1. Employee remuneration does not to significant impact on organization performance.
2. Remuneration system does not have effect on employee performance.
3. Prompt compensation does not serve significant impact on employee performance.

#### **1.6 SIGNIFICANCE OF THE STUDY**

The important of this study cannot be overemphasized due to the fact that, it holds a lot benefit to ensure continuous existence and survival of organizations, the study will be great benefit to managers or human resource department of organization regarding the identification of effective reward and compensation system, it cost and benefit on organizational operations, harmonizing employees and organizational interest to avoid sub-optimality. In

addition, the study will clarify the argument on whether effective reward and compensation system add, value to organizational activities which will enable organization take profitable side on whether to compensate employee or not.

## **1.7 SCOPE OF THE STUDY**

This study examine the effect of management remuneration on organizational performance, through employee reward and compensation system is just one of the various tools use to ensure effective human resource management, but the study strictly concern itself with reward and compensation, its system and its impact on enhancing organizational productivity and profitability. In addition, the research work will be carry-out to study the effect of management remuneration on organizational performance with reference to Tuyil pharmaceutical industry.

## **1.8 DEFINITION OF TERMS**

- i. **Remuneration:** This is the financial rewards accruing to employee for his or her performance in the organization.
- ii. **Compensation:** Compensation is all form of financial return, tangible services and benefits an employee receives as part of an employment relationship.
- iii. **Reward:** Reward is the cor-face of an employment relationship.
- iv. **Motivation:** Motivation is the inner drives that arouse direct and maintain an individual toward accomplishing organizational goals.

- v. **Wage:** There are the total earnings for the performance of services in a given period of time usually daily or weekly.
- vi. **Fringe Benefit:** These are the rewards or benefits received by employees in addition to their regular pay. These include vacation, insurance pension e.t.c.
- vii. **Salary:** Salary is refers to compensation on a weekly, monthly or annual basis.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter focuses on operational definition of remuneration policies, types of remuneration, benefits of remuneration and effects of remuneration to an organizational performance. Furthermore, advantages and disadvantage of management remuneration will be identify.

##### **2.1.2 CONCEPTUAL CLARIFICATION**

It is a common belief that a company's most important resource or asset is its human resources and the company's success depend mostly on the quality of people working for it. (James, 1989). Remuneration can be defined as a payment or compensation recurred for services or employment thus includes the base salary and any bonuses or other economic benefits that an employee recurs during employment. Remuneration often refers to the total compensation received by an executive, which includes not only the person's base salary but options, bonuses, expense accounts and other forms of compensation. Organizational performance comprises the output or results of an organization as measured against its intended output. The purpose of remuneration planning is to find solution to payment problems that balance the interest of employers, employee union, government and the public.

**2.1.3 TYPES OF REMUNERATION** The type of remuneration depends mostly on the type of worker or the type of work being done. Here are some of the most common types of remuneration:

1. **SALARY:** A salary is pay given to an exempt or salaries individual for work done. Salaries are paid out either monthly, semi-monthly or weekly.
2. **HOURLY:** Some employees are paid at hourly rate and only for hours actually worked. Hourly workers are usually in non-exempt jobs.
3. **COMMISSION:** Sales people are usually paid on commission, that is, they are compensated based on sales over period of time.
4. **BENEFITS:** Employee benefits come in many varieties. Some, like unemployment benefits and worker's compensation benefit. Other benefits are determined by the company.
5. **INCENTIVES:** Incentives are motivational, as they are rewards for employee serving as a "Thank you" for work well done above or beyond the cause of duty.

#### **2.1.4 IMPORTANCE OF REMUNERATION**

Edward (1971) explains that a remuneration program exert considerable influence on an organization. The pay check and related benefits have and impact on labour, management relations, turnover and employer loyalty.

Remuneration administration is an important managerial function which leads with all aspects of employee's compensation. The money paid to employees in return for there services is probably the largest expenditure of an organization while to the employees, it is usually the main source of income. If employees believe that they are earning substandard wages and salaries or receiving inadequate fringe benefits, labour management rapport suffers in a myriad of

ways. Therefore, proper administration of a compensation program can have a profound effect on both management and employees.

### **2.1.5 MANAGEMENT REMUNERATION POLICIES**

Joseph (2011) opines that, the responsibility of line management for getting effective result with people obviously include responsibility policies with a knowledge establishing equitable remuneration policies with a knowledge of fundamental elements of a sound remuneration program as a base, appropriate policies corn and should be develop, formulated and implemented within the organization. If organization and man power planning are vital, their remuneration planning is equally if not even more essential the best land organization and manpower plans can be destroyed if heavy losses of key people and human capital of all kinds are expressed because of poor remuneration planning and administration. Beath (1969) explain that “Remuneration must be linked to manpower and career planning and that wages, salaries and other forms of remuneration must be maintained at competitive levels to make sure that they remain attractive to employees”. The policy however, should be written and flexible enough to allow exemptions or slight deviation from norm when necessary. They should never be consider static, because of changing conditions both within and outside the organization. In conclusion, there is a need for a comprehensive welfare policy for the worker which takes care of his or her family and total being. It is high time workers wages failed with realities of inflation so that the economy could be run with minimum labour rest. A policy of appropriate delegation of power and responsibility should be lend so that the worker can use if his sense of judgment.

### 2.1.6 DETERMINANTS OF REMUNERATION

Miners (1978) explain that legislation is only a floor of compensation. It is based on which management builds the organization total program. Forces beyond the law expect an intangible yet equal power on remuneration decisions.

The following are other determinants of remuneration.

1. **Labour pool:** Conditions in the labour market or demands and supply for labour in the market should be considered in deciding remuneration packages. The relationship of supply and demand on a given location or job can influence remuneration to a great extent if there is a surplus of applications, pay rate will remain relatively low.
2. **Work technology:** The skill or technological requirement of the job is also one of the determinants.
3. **Organization target:** That is the objectives of the organization e.g. oriented objectives growth or marked share objective.
4. **Competition:** Competition also has an impact on remuneration practice.

### 2.1.7 OBJECTIVES OF REMUNERATION POLICIES.

Gordin (1969) highlights the objectives of remuneration as:-

1. To attract qualified and experienced workers to the organization.
2. To retain the employee one to avoid labour turnover.
3. To motivate workers to be more productive by putting in maximum effort.



4. To induce workers to be more loyal and dedicated to the organization.

### **2.1.8 METHODS OF REMUNERATION**

Odetayo (1998) pinpoints the following method of remuneration

1. Salaries and wages
2. Fringe benefit: These are the supplementary payment that workers receive as additions to basic salary, it take the form of.
  - a. Time off with pay e.g. study, leave or maternity.
  - b. Differed wages e.g. retirement gravity pay.

### **2.1.9 REWARD SYSTEM**

According to Chisnail (1973) rewards and incentives contribute to strategy implementation by shaping individual and group behaviours. Well designed incentive plans are consistent with an organizations objective and structure. They motivate employees to direct their performance toward the organization goals. The types of reward that an organization can allocate are more complex than is general through obviously there is direct compensation and indirect compensation and non-financial rewards. Stephen (1989) defines intrinsic rewards as the pleasure of value one receives from the content of a work task. Extrinsic reward was defined by David (1977) as those rewards that are outside the performance of the job, but can be associated with it. Extrinsic rewards include direct compensation and non-financial reward. Indirect compensation includes pay for holiday and vacations, services and prerequisites. Direct compensation on the other hand includes a basic wages and

salary, overtime and holiday premium pay bonuses based on performance, profit sharing and possibly opportunity to purchase stock options. However, rewards cannot be discussed in isolation without talking about performance based compensation. What then is performance based compensation? Performance based compensation has been defined as “paying employer’s based on some performance measure”.

### **2.1.10 REACTION TO ADEQUATE REMUNERATION**

Joseph (1977) postulate that the following are the reactions that really arise when remuneration is inadequately applied, these are:-

1. **Unionizing soldiering:** It is common for unorganized lower level employee who fall unjustly paid to form a union, with other soldering on the job or “goofing off” many compensation in their minds for the inadequate pay they are receiving.
2. **Moon lighting:** This was defined by Straud (1978) that it is “a clear sign of substandard compensation in which the organization as a whole will experienced decreased productivity inefficiency and employee conflict of interest”
3. **Pilferage:** Tight fistted management should not be surprised to find that paid employees takes out in trade as was described by Joseph, strand or more accurately in their purses, pockets and lunch pads (Ibid, p.343). A good paid and benefits plan discourage feelings of “Let get back at the management”.

## 2.2 THEORETICAL FRAMEWORK

Remuneration is very essential in organization because achievement of the organization depends on how the workers in such organization perform their work. Appleby (1981). To understand which component of remuneration is efficient, the following theories will be examine.

1. **Reinforcement and expectancy theory:** This theory is based on the assumption that, the reward-earning behaviour is likely to be repeated, i.e. an employee would do the same thing again for which he was acknowledge once. Similarly, in the case of especially theory, given by V room,, the employee is motivated to do a particular thing for which he is sure or is expected that performance will be followed by a definite reward or and outcome.

**2.2.1 Equity theory:** According to this theory, there should be equity or the uniformity in the pay structure of an employee's remuneration. If the employee feels he is not being paid fairly for the amount of work he does in a day will result in lower productivity, increased turnover and high absenteeism. The remuneration system should comply with three types of equity.

- 1.1 **Internal Equity:** The employee perceives the fairness in different pay for different jobs based on the nature of work involved.
- 1.2 **External equity:** The employee should feel the fairness in what they are being paid is in line with what others in the same industry are paying for the same kind of job.
- 1.3 **Individual equity:** The employee perceives the pay differentials among the individuals who are performing the

same kind of job and within the same organization. Usually, an individual with more experience gets high remuneration as compared to the fresher irrespective of the nature of a job.

2. **Agency theory:** This theory states that both the employer and the employee are the stakeholders of the company and
3. the remuneration paid to the employee is the agency cost. The employee will try to get an increased agency cost whereas the employer will try to minimize it. Hence, the remuneration should be decided in such a way that the interest of both the parties can be aligned. Thus, these theories posit that the compensation in the form of salary or wages can be decided on the basis of the outcome or the behaviour of an employee.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 INTRODUCTION**

This chapter focused on the various method of carrying out the research work, some of these methods includes research design, population of the study, sample and sampling techniques, method of data collection and method of data analysis.

#### **3.2 RESEARCH DESIGN**

Descriptive survey research design was adopted and survey was carried out in the employees of Tuyil Pharmaceutical industry Ilorin Kwara State.

#### **3.3 POPULATION OF THE STUDY**

The population of the study focus on employees of Tuyil pharmaceutical industry Ilorin, Kwara State and the total population elements are 60 staffs. That is the population consist of both senior and junior staffs of Tuyil pharmaceutical industry, Ilorin.

#### **3.4 SAMPLE SIZE DETERMINATION**

The study adopted purposive sampling techniques and simple random sampling. Asika, (2010) explained that an appropriate sample size is important to research reliability, validity and for complete of the population characteristics in the sample statistics. The study shall made used of 52 respondents consist of

senior, middle and lower staff pharmacists from Tuyil pharmaceutical ltd Ilorin determined through the use of the following owing statistical formula adopted and adapted from Kreijcie & Morgan, (1970).

$$n = \frac{X^2 NP (1-P)}{d^2 (N-1) + x^2 P(1-P)}$$

Where:-

n= sample size

X<sup>2</sup>= chi-square value at degree of freedom of 1,(0.05)= 3.84

N= population size = 60

P= 50% =0.5

I= constant value

d<sup>2</sup> level = of error = (0.05)<sup>-2</sup>

$$n = \frac{3.84 \times 60 \times 0.5 \times 0.5}{0.05^2 (60-1) + 3.84 \times 0.5 \times (0.5)}$$

$$n = \frac{57.6}{0.1475 + 0.96}$$

$$n = \frac{57.6}{1.1075}$$

n= 52 sample size

### **3.5 METHOD OF DATA COLLECTION**

The methods of data collection are both primary and secondary data. Questionnaires were administered to the selected 52 sample size of the population elements, complemented with indepth interview.

### **3.6 INSTRUMENT OF DATA COLLECTION**

In order to obtain accurate and reliable information questionnaire research instrument was used.

**Questionnaire:-** Questionnaire is the major sources of data collection used in this project, administered were prepared and administered to employees of Tuyil pharmaceutical industry, Ilorin.

### **3.7 METHOD OF DATA ANALYSIS**

The method of data analysis for that research was descriptive statistical technique i.e. regression analysis.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 INTRODUCTION**

This chapter presents the analysis and findings of data collected from the respondents through diverse sources, i.e. questionnaire. The study in an attempt to collect data relevant to the study distributed copies of questionnaire that covers 87% of the total study are for selected company (Tuyil Pharmaceutical Ltd) using simple random sampling technique. With this number the total copies of questionnaire administered were fifty-two (52). However, it is important to state that only fifty-two (52) copies of questionnaire in all were filled, completed and returned. As a result, presentation, analysis and conclusion of the study were base on the fifty-two (52) returned copies of questionnaire as shown in the following tables.

#### **FACTOR ANALYSIS**

A factor analysis was performed in assessing the impact of management remuneration on organizational performance with a minimum factor loading of 0.50. To test for the reliability a coefficient was computed for each of the dimensions of motivation, salary, trainings and Organization performance. Addressing the problem of likely common method variance, the Cronbach Alpha reliability test was performed for all the measures. The resulting reliability for management remuneration measures through job satisfaction as a result of regular payment of salaries, payment of bonus for extra works and employees overall job performance indicating the factors were reliable with a Cronbach Alpha of 0.778.



## 4.2 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Below is the tabular summary to personal information on the questionnaires distributed to respondents.

Table 4.1.1 Demographic characteristics of the respondents

### Gender

Variable	Frequency	Percentage
Male	37	71.2%
Female	15	29.85
Total	52	100.0%

Author's computation, 2025

### Age

Variable	Frequency	Percentage
20-25 years	15	28.95
25-30 years	25	4.1%
30-35 years	7	13.5%
35-40 years	3	5.7%
40years & above	2	3.8%
Total	52	100.0%

Author's computation, 2025

### Academic qualification

Variable	Frequency	Percentage
Single	22	42.3%
Married	17	32.7%
Divorce	13	25.0%
Total	52	100.0%

  

Variable	Frequency	Percentage
WASSCE/SSCE/GCE	8	15.4%
OND/NCE	12	23.1%
HND/BSC	30	57.7%
MSC/ M. Pharm	2	3.8%
Total	52	100.0%

Author's computation, 2025

### Working experience

Variable	Frequency	Percentage
Below 5 years	8	15.4%
5-10 years	35	67.3%
10-15 years	4	7.7%
Above 15 years	5	9.6%
Total	52	100.0%

Author's computation, 2025

Nature of employment

Variable	Frequency	Percentage
Casual	5	9.6%
Full time	47	90.4%
Total	52	100.0%

Author's computation, 2025

Working Hour per day

Variable	Frequency	Percentage
1-6 Hrs	6	11.5%
7-14 Hrs	42	80.8%
15 Hrs and above	4	7.7%
Total	52	100.0%

Author's computation, 2025

From table 4.1.1, the percentage of male to female in both sampled companies were 71.2% to 29.8% showing that majority of the respondents were male. The large difference in margin between the two genders may be due to the stressful nature of work in the organization. The result further indicates the age brackets of the respondents which; 48.1% of the respondents are between the age bracket of (25-30years), 28.9% are between the age bracket of (20-25 years), 13.5% are between the age bracket of (30-35years), 5.7% were in the age group of (35-40years) and a negligible 3.8% are 40 years and above. This result justifies the fact that production

oriented organizations are majorly occupied with young and capable work force. Further summary analysis indicates that 15.4% are WASSCE/ SSCE/GCE holder, 23.1% are OND/HND holder, 57.7% are HND/BSC, while only 3.8% are MSC/ M. Pharm holders. This implies that the sampled organization were having a significant number of more educated workers in their domain which will invariably promote core task performance by providing individuals with more declarative and procedural knowledge with which they can complete their tasks successfully. The table also reveals that majority of the respondents have 5-10years working experience (67.3%), followed by below five years working experience (15.4%), then approximately 9.6% have been working for 15years and above, and lastly 7.7% with only (10-15years) working experience. The implication of this analysis is that there is high possibility of obtaining objective responses from the respondents due to their high level of education background and working

experiences. This is justifiable basically due to their educational status and working experiences which depicts their relative exposure to the importance of the research study and will enable them appreciate the relevance of the study to their organization and this made them provide unbiased responses to the questions contained in the questionnaires. The 5-10years working experience of the respondents is adequately enough to enable them develop intra-personal and interpersonal skills, knowledge and values, self-confidence administrative/ management knowledge and prospective about the organizations. It also important to reveals that mostly, the respondents (90.4%) are full time staff, and about 80.8% of them working for about 7 to 14 hours in a day. This working hours is

important to know how commitment the workers in their duties as a result of motivation in the company.

**Research question 1:-** Does employees motivation impacted on the organization performance?

Table 4.1.2: Do you think incentives and other benefits influence your performance?

	Frequency	Percent	Valid percent	Cumulative percent
Yes	47	90.4	90.4	90.4
Valid No	5	9.6	9.6	100.0
Total	52	100.0	100.0	

Author's computation, 2025

Table 4.1.2 shows that majority (90.4%) of the respondents indicates their satisfaction over the incentives and benefits in their organization and a negligible (9.6%) responded. This implies that though many of the respondents were satisfied, some employees are unsatisfied with the level of work done in the organization. Although the percentage of those in support of this opinion poll is highly significant, and this leaves the gap for the claim to be verifiable in the already stated hypothesis in this study.

Table 4.1.3: What do you think is the most valuable employee fringe benefits in the company?

Alternative	No of respondents	Percentage (%)
-------------	-------------------	----------------

Salary incentive	16	30.8%
Promotion	5	9.6%
Transport	25	48.1%
Meal subsidy	6	11.5%
Total	52	100%

Source: Author's computation, 2025

48.1% indicates that their incentive and fringe benefits comes from Transport allowance about 30.8% indicate salary increment, 11.5% indicate meal subsidy often comes sometimes and a negligible 9.6% signifies promotion in their line of duties.

**Research question 2:** To what extent do management remuneration after employee productivity?

Table 4.1.4: Supposing payment is reduced, what will you do?

Alternative	No of respondents	Percentage (%)
Resignation	3	5.8%
Lagging performance	43	82.7%
Be faithful	6	11.5%
Total	52	100%

Source: Author's computation, 2025

82.7% indicate that performance will reduce when payment is reduced. 11.5% signifies their intention to be faithful and approximately 5.8% of these respondents signify their intention to tender their resignation and look for another promising job. Although many of these respondents may not leave the organization as indicate in their opinion in the table above but it took like majority

of them believe in the theory of motivation which implies “performance is directly proportional to motivation”.

**Research question 3:** Does prompt compensation have impact to employee performance?

Table 4.1.5: Does your company compensate you regularly with training and seminar to further enhance your performance?

	Frequency	Percent	Valid percent	Cumulative percent
Yes	49	94.0	94.0	94.0
Valid No	3	6.0	6.0	100.0
Total	52	100.0	100.0	

Author’s computation, 2025

Table 4.1.5 shows that majority (94%) of the respondents responded positively that training and seminar attended as a form of compensation by the management enhance and develop them professionally in their job performance, (6.0%) responded negatively. This implies that most of the respondents were satisfied with the company behaviour on training and development frequently comes in form of compensation in the organization.

### **Hypotheses testing**

Hypothesis 1: Employees’ motivation does not have significant impact on organizational performance.

## Model summary

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.901 <sup>a</sup>	.812	.809	.49792

a. Predictors: (Constant), employee' motivation

To assess the level of relationship between employees' motivation and organizational performance (in the form of job satisfaction and commitments), simple regression analysis was carried out. The result of the regression model in the table shows the value of the regression coefficient  $R=901$ ,  $R\text{-square}=.812$  and adjusted  $R\text{-square}=.809$ . From this result the extent of relationship between employees' motivation and organizational performance measure through job satisfaction is clarified by the value of the R square. The R-square value denotes 81.2% of organization performance is

accounted definitely by employees' perception of motivation in the process.

## ANOVA<sup>a</sup>

Model	Sum of squares	df	Mean square	F	Sig.
1. Regression	53.661	1	53.661	216.440	.000 <sup>b</sup>
Residual	12.396	50	.248		
Total	66.058	51			

a. Dependent variable: Organization performance

b. Predictors: (Constant), employees' motivation



The analysis of variance table (Anova) showed regression sum of square value of (53.661) which is higher than the residual sum of square value of (12.396). This implies that the model accounted for most of the variations in the dependent variable. More so, the F calculated value of (216.440) is greater than the critical value, indicating a significant relationship at 50% level. In addition, the significant value of P (0.000) is smaller than (0.05) which mans that the independent variable (employees' motivation) is positively associated with the dependent variable (Organization performance). Hence, posited that there is significant relationship between motivation and the organization performance at 5% level of significant.

#### **Coefficients<sup>a</sup>**

model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.155	.261		.594	555
	.923	.063	.901	14.712	.000

a. Department variable: Organization performance

The beta coefficient in table above indicates the beta value of the constant is 0.155 whereas; the beta value for the employees' motivation is .923. The t-value of 14.712 and the p-value of .000 shows the model is significant at  $p < 0.05$  and we can draw the inference that employees' motivation as a predictor variable had significantly explained that the 81.2% of the variance in the organization performance. Thus, the Beta=.901, characterizes the

level of organization performance increase by 90.1% as the employees' motivation increases by one.

**Hypothesis 2:** Remuneration system is not positively related with employees' performance.

### Correlation

		MGT Remuneration	Productivity
MGT remuneration	Pearson	1	.778
	Sig. (2-tailed)		.000
	N	52	52
Productivity	Pearson	.778	1
	Sig. (2-tailed)	.000	
	N	52	52

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

The table above shows the value of Pearson's correlation coefficient between every pair of variables; Management Remuneration have a positive correlation with productivity ( $r = .778$ ). Second, the one-tailed significance of each correlation is displayed (e.g. the correlation above is significant,  $p < .005$ ). Finally, the number of cases contributing to each correlation ( $N = 52$ ) is shown. Along the diagonal of the matrix, the values for the correlation coefficients are all 1.00 (i.e. a perfect positive correlation). The reason for this is that these values represent the correlation of each variable with itself, so obviously the resulting values are 1. Taking a cursory look at the predictor (management remuneration) then the result shows that there is management remuneration strongly affect the productivity of the company at 0.05 level of significant ( $r = .778$ ,  $p = .000$ ). Because of the significance of this relationship, the coefficient is large and so

it looks as though out predictor are contributing to the model (i.e. there is high colinearity). Obviously the remuneration best correlate with the productivity and so it is likely that the variable (management remuneration) contribute significantly to the productivity of the company at 5% level.

Hypothesis 3: Prompt compensation does not have significant impact on employees' performance.

### Model Summary

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.938 <sup>a</sup>	.880	.878	.33534

a. Predictors: (Constant), Regular compensation

To assess the extent of impact of Regular Compensation on employees' performance, the simple linear regression analysis was carried out. The result of the regression model shown in table above indicates the value of Pearsonian correlation coefficient  $R = .938$  and the adjusted R-square = .878 give us some idea of how well our model generalizes and ideally we would like its value to be the same, or close to the value of R-square (0.880). In the above summary, the difference for the final model is a fair bit ( $0.880 - 0.878 = 0.002$  or 0.2%). This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 0.2% less variance in the outcome. Thus, the effect of prompt compensation on employees' performance is explained by the value of the R square, which indicates that 88% of employees' performance is accounted specifically by the Regular compensation through seminars and training benefits.

### ANOVA<sup>a</sup>

Model	Sum of squares	Df	Mean square	F	Sig.
1. Regression	41.358	1	41.358	367.794	.000 <sup>b</sup>
Residual	5.622	50	.112		
Total	46.981	51			

a. Dependent variable: employees' performance

b. Predictors: (Constant)Regular compensation

The output table above contains an analysis of variance (Anova) that test whether the mode is significantly better at predicting the outcome than using the mean as a 'bet guess'. Specifically, the F-ratation represents the ratio of the improvement in prediction that the results from fitting the model (labeled 'Regression 'in the table), relative to the inaccuracy that still exists in the model (labeled 'Regression in the table). And by dividing the regression sum of square value by the total sum of square in the table returning the value of  $R^2=0.880$ , and the fact that the final model is significantly improve our ability to predict the outcome variable. However, the significant value of P (0.000) is smaller than (0.05) which means that the independent variable (Regular compensation) is positively related with the dependent variable (employee performance). Hence, we posited that there is significant relationship between Regular compensation and employee performance at 5% level of significant.

### Coefficients<sup>a</sup>

model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.233	.203		1.146	.257
Regular compensation	.961	.050	.38	19.178	.000

a. Dependent variable: employees' performance

The beta coefficient of the model in table above indicates the beta value of the constants is -0.233 whereas; the beta value for the predictor variable (Regular compensation) is 0.938. The t-value of 19.178 and the p-value of .000 indicates the model is significant at  $p < 0.05$ . Therefore, the standardized beta coefficient (Beta=0.961) implies the level of employees' performance measure through training and seminar attended is increase by 96.2% if the company's attention to regular compensation in the process increases by one. Also if peradventure compensation was not regular say (training and seminar=0), the employees' performance will reduce by 23.3% and might pose a threat to the growth of the company as shown by the constant value (-0.233) in the table.

### DISCUSSION OF FINDINGS

Male respondents represent a simple majority 37(71.2%) compare to female 15 (29.8%). The result is consistent with stressful nature of work in the health sector being characterized and dominated by male employees. 22(42.3%) of the respondents that the instrument was administered to are dominated by young vibrant unmarried people who are highly determine and focus to perform to the

expectation of manager in the company. 9.6% are contract staff with a large significant number of people 91.4% engaged in a full-time condition of the work in the company. A comprehensive analysis of the result also showed that the majority of the respondents (57.7%), who have BSc/HND belong to this permanent staff, with a negligible 2(3.8%) holding master degree. This study is aimed at examining the effects of management remuneration on organizational performance. The study employed cross sectional approach in testing this relationship. Specifically, this study investigated the influence of compensation through company sponsoring of workshops and seminars, employee job satisfaction and commitments through motivation in achieving organization goal on employees' performance. From hypothesis 1, it is posited that there is significant relationship between Remuneration and organization performance at 5% level of significant. Hence, the standardized beta coefficient (Beta=0.901) implies the level of organization performance measure through job satisfaction is increase by 90.1% if company attention to motivation theory is constant in the process and increases by one. Pearson correlation analysis was used in hypothesis 2 of this study to test the relationship between remuneration system and employees' performance. As a rule of thumb, the usefulness of correlation is to help in establishing issues of multicollinearity. The results of the correlation between remuneration, (salary and salary advance) were found to have a significant relationship with the employees' performance with a correlation of 0.778. The correlations were significant 0.05 significant levels. The result further showed in hypothesis 3, that regular compensation has significant impact on organization performance at 5% level. The regression analysis was primarily conducted to test the impact of management sponsorship of

trainings and seminars to enable employee to perform professionally in order to enhancing organization performance. The results posited that 88% ( $R\text{-square}=0.880$ ) of the variance of organization performance have been significantly explained by the regular payment of compensation. Hence the predictor significantly contributes to organizational performance. The result proved support for the alternative hypothesis that organizational performance typically assigns task relative to variables like training and seminar collectively known as staff recognitions. This is really necessary due to the sensitive nature of the works of the workers in the pharmaceutical industries where they work in order to assist them gain total quality improvement and control over their product and improve their performance in the sector. The finding is well-matched with previous studies identifying the importance of remuneration system in manufacturing industries as in the literature. This might influence worker performance in the industries by developing the commitment idea as result of motivation and trainings. As a result, the need to motivate workers for their efforts in participating in those training to boost their performance level and to enable them work harder, believing that goal achieve is not only for the benefit of the organization but also to developed them in the process. Therefore, connecting pay to performance is an important strategy that the organization should designs for their employees for better performances. Overall, the result of remuneration system to achieve organization performance is significant at 5% level of significant.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION, RECOMMENDATIONS**

#### **5.1 Summary of findings**

The purpose of this research is to find out the effect of management remuneration policies on organizational performance with reference to Tuyil pharmaceutical industry, Ilorin Kwara State. Remuneration is seen as the basis minimum requirement for the acceptance of employment. For employers to achieve their desired objectives they must meet the need of the employees, thus the objectives of policy of remuneration are: To attract and retain good skill staff in order to meet the firms' objectives and to provide incentives for better staff work and to also have a policy which is logical consistent, easily understandable and flexible. After objectives, policies and priorities have been determined, the methods of remuneration to be used to achieve them should be considered i.e. Job evaluation, meriting, incentives scheme and fringe benefits. The majority of the respondents were made with 71.2% to female with 29.8%, the large difference between the two genders may be due to the stressful nature of the work in the organization. Another revealed through this study is that, the majority of respondents have 5-10 years working experience.

#### **5.2 CONCLUSION**

An accurate and suitable remuneration policy system is considered indispensable to the existence of life of a business undertaking. Therefore, major problems that hinder efficient remuneration system needs to be identified and rectified so as to



ensure efficient flow of organization activities resulting in higher organization performance. It is strongly believed that if all the finding given are properly implemented by the organization, it will enhance smooth management remuneration policies and the problems if not eliminated, it could be minimized to some limit. Since, effective managerial policies assist management in the attainment of overall organization performance in order to increase profit, maintain a high market share and increase in size, thus mean that various activities of the organization depend on the undertaking of the role which a good a management remuneration policy play aiding organization to prevents it business economically, efficiently and should be directed towards any problem that may hinders remuneration policy. In addition, the related status of workers in the society, their moral and their motivations towards productivity are condition be wages; hence, the proper administration of the organization remuneration policy is extremely important in maintain a good employer-employee relationship.

### **5.3 RECOMMENDATIONS**

The following recommendations were made.

1. Organization should remunerate their workers accordingly and taking into consideration education, experience, hardwork and other factors affecting remuneration.
2. Proper administration can be effective tool improving employees performance, motivation and satisfaction.
3. Matter relating to remuneration should be well communicated to the employee through supervisors and other appropriate means and as at well due.

4. Effort should also be made by organization to keep policies and remuneration structure competitive with the outside labour market while maintaining an equitable internal structure.

## QUESTIONNAIRE

### Section A

Please indicate your answer to the following question by marking ( ) in the appropriate box provided below: otherwise supply answers where necessary.

1. What is your gender?
  - a. Male ( )
  - b. Female ( )
2. What is your marital status?
  - a. Single ( )
  - b. Married ( )
  - c. Divorced ( )
3. What is your level of qualification?
  - a. O'level ( )
  - b. NCE ( )
  - c. ND ( )
  - d. HND ( )
  - e. BSC ( )
4. For how long you have been working here?
  - a. Below 5 years ( )
  - b. 5-10 years ( )
  - c. 10-15 years ( )
  - d. 15 years above ( )
5. Which of the age group do you belong?
  - a. 20-25 ( )
  - b. 25-30 ( )
  - c. 30-35 ( )
  - d. 35-40 ( )

## Section B

1. Do you think incentives and other benefits will influence your performance?
  - a. Yes ( )
  - b. No ( )
2. Do you satisfied with the incentives provided by the organization?
  - a. Yes ( )
  - b. No ( )
3. If No in question above, what are you doing about it?
  - a. Work hard to be pay more ( )
  - b. Looking for another better job ( )
  - c. Doing nothing about it ( )
4. What do you think is the most valuable employee fringe benefit?
  - a. Salary incentive ( )
  - b. Promotion ( )
  - c. Transport ( )
  - d. Meal subsidy ( )

Do you believe that some people are paying more than what they deserve?

- a. Yes ( )
  - b. No ( )
5. If yes what category?
- a. Manager ( )
  - b. Senior staff ( )
  - c. Supervisor ( )
  - d. Technician ( )

6. What category of people do you feel you should be pay along?
- a. People who are hard working as you ( )
  - b. People with the same years of experience ( )
  - c. People with the same qualification ( )
7. Supposing your organization reduces pay, what will you do?
- a. I will resign ( )
  - b. I will reduce my performance ( )
  - c. I will accept my fate ( )
8. If you believe you are not well pay, what are you doing about it?
- a. Work more harder ( )
  - b. Be coming early to work ( )
  - c. Be looking for another job ( )
9. Does you management provide loan and salary advance?
- a. Yes ( )
  - b. No ( )
  - c. Does the top management involve you in decision making which are connected to your department?
- a. Yes ( )
  - b. No ( )
10. Does the company provide opportunity (e.g. Training or seminar) to further develop its employee both professionally and personally?
- a. Yes ( )
  - b. No ( )

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## **APPENDIX**

### **KWARA STATE POLYTECHNIC, ILORIN INSTITUTE OF FINANCE AND MANAGEMENT STUDIES, DEPARTMENT IF BUSINESS ADMINISTRATION**

Research topic:- Effect of management remuneration policies on organization performance. (a case study of tuyil pharmaceutical industry, Ilorin)

This question is designed to review the EFFECT OF MANAGEMENT REMUNERATION POLICIES ON ORGANIZATIONAL PERFORMANCE. These questions are set solely to find out the effect of management remuneration policies on organizational performance. Your specific answer will kindly appreciate and all information's supplied will be strictly treated as confidential.

I will be grateful if this request is satisfied thank for your anticipated co-operation

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