



Compensation Strategy And Employee Performance In Oil And Gas Companies In Niger Delta Nigeria

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ABSTRACT

The study investigates the compensation strategy and employee performance in oil and gas companies in Niger Delta Nigeria. The main objective of the study is to examine the effect of competency-based compensation, job-based compensation, performance-based compensation and skills-based compensation) on employee performance. Relevant conceptual, theoretical and empirical literature were reviewed taking cognizance of the problem and the hypotheses of the study. The study is anchored on Equity Theory. Descriptive research survey was adopted in this study. The population of the study comprises 10100 employee in oil and gas companies in Niger Delta Nigeria, Nigeria. While the sample size consists of 566 Employee in oil and gas companies in Niger Delta, Nigeria. Godden sampling formular was used to obtain the sample size. Face and content validity method was used to ensure validity of the instrument. The reliability of the instrument was achieved through test re-rest method. Simple percentage analysis was employed to answer the research questions. Pearson Product Correlation Method analysis analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. It was discovered that there is a significant positive relationship between competence base compensation and employees' performance; there is a positive significant relationship between Job-based compensation and employee performance. There is a positive significant relationship between performance based compensation and employee performance. Therefore, the study concludes that compensation strategy has positive significant relationship with employee performance in oil and gas companies in Niger Delta Nigeria. The study recommends among others that every organization should formulate competency-based compensation policy, the only thing standing between the employees and a greater wage is how much they contribute and how well they perform. Every organization should have performance-based compensation plans at program at every level of an organization.

Keywords: Competency-Based Compensation, Job-Based Compensation, Performance-Based Compensation, Employee Performance.

INTRODUCTION

The turbulent management-labour crisis over continuous agitation for increased pay in the public and private services all over the world is challenging. Oil and gas sector utilize their employees more effectively to improve organizational performance. In Nigerian organizations, pay has become the driving force for seeking employment in the industry. It therefore becomes imperative that organizations establish and adopt a compensation strategy that can motivate employees to work while at the same time not eating too deep into the organization's resources. Compensation processes are based on compensation philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation (Bob, 2011). The global competition is very essential to identify and retain the efficient, competent and knowledgeable employees in the

organization by developing and maintaining an effective compensation strategy for getting the best job performance from the employee (Akter & Moazzam, 2016). Employees are the organization's key resource and the success or failure of organizations centre on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Employees' willingness to stay on the job largely depends on the compensation packages of the organization (Armstrong, 2016). In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola, Ibidunni and Olokundun 2014). It is a complex task that occurs periodically, demand accuracy and must not be delayed. Compensation management strategy requires integrating employees' processes and information with business process and strategies to achieve optimal organizational goals and objectives (Adeniyi 2013). This can be attributed to the fact that compensation management strategy is an essential tool to "integrate individual efforts with strategic business objectives by encouraging employees to do the right things with ever-improving efficiency (Adeniyi, 2013). In other words, compensation management is' a powerful means of focusing attention within an organization. They send clear messages to all employees of the organization informing them about expected attitudes and behaviours (Schell & Solomon, 2017). It has been found that there is a significant relationship between compensation strategies and employee performance. For example, Mayson and Barret (2016) found that a firm's ability to attract, motivate and retain employees by offering competitive salaries and appropriate rewards is linked to firm performance and growth. On the other hand, Inés and Pedro (2015) found that the compensation system used for the salespeople has significant effects on individual salesperson performance and sales organization effectiveness. Therefore, in an ever-competitive business environment, many companies globally, in Africa, regionally and locally are today attempting to identify innovative compensation strategies that are directly linked to improving employee performance (Denis and Michel, 2016).

According to Long (2017), companies tend to initiate compensation strategies in the aspects of direct and indirect financial compensation as well as benefits that motivates and ultimately improves performance. The financial compensation such as wages, salaries or performance-related payments is adhered to in many organizations to retain employees and outwit their rivals The employee benefits in the country are designed to protect employees and their families from loss of income due to health problems or other work-related financial disruptions and can improve the employees general quality of life through special programs and services in the workplace (Ali and Raza, 2015). They include additional health coverage that is not included in the provincial plan such as medical, prescription, vision and dental plans, group disability, employee assistance plans, retirement benefit plans, and so on. The provision of various compensation mechanisms has in the short or long run enhanced employee performance which has, in turn, created a competitive environment over the companies that lags concerning offering better compensation strategies (Ali & Raza, 2015).

In Africa with specific attention to Nigeria, the majority of employees who change from one job to another move as a result of finding better pay. Ali and Raza (2015) think that employees only stay in an organization to give their best when they believe the better compensation process is commensurate to their input. This has constituted a high rate of employees leaving their employers, moving sometimes away from their city or the country just to find greener pastures. Evidently, in the country, many organizations still grapple with issues relating to proper compensation of employees to increase their performance standards. Andrews (2016) added that while it may be considered that salary attached to a post represents appropriate remuneration of its holder for the proper and efficient performance of day-to-day duties; there are circumstances in which benefits are warranted. The objective of these benefits is to attract and retain qualified and competent employees. However, asserts that many companies in the recent have witnessed an exodus of employees to other rivals, this has been attributed to poor compensation strategies which have prompted the shifting of employees in search of firms that could consider compensating them better and thereby reciprocate through good performance. In light of this, the study, therefore, joins the debate by attempting to find out the true picture regarding the available compensation management strategy and how they influence employee performance at the oil and gas industries in Nigeria.

Furthermore, compensation packages entail some basic features that tend to make employees performance on their job which includes salaries, bonuses, incentives, allowances, promotion, recognition. However, to avoid wrong perception and controversy by the employees, compensation strategy must be clearly communicated to employees with job measurement which will drive the much needed performance in the employees (Onuorah, Okeke & Ikechukwu, 2019). External competitiveness attracts talent, and internal equity helps companies to retain talent by ensuring that employees and colleagues making the same contributions obtain the same compensation. Individual equity allows employees to feel that their potential is fully rewarded; thus, they are encouraged (Onuorah et al., 2019). Although compensation means something different to individuals, organizations and society, it is important to all. For individuals, compensation is not only the return of benefits, but also reflects on individual's capabilities or achievements (Ali, 2009). For organizations, compensation is a cost or expenditure, as well as an important tool to obtain competitive advantages. Within society, compensation not only influences wealth distribution, but also symbolizes social equity and justice (Hsin-His, 2011). This, therefore, calls for a study of this magnitude to find out whether if compensation strategy has to affect employees' performance in oil and gas companies in Niger Delta in Nigeria.

Statement of the Problem

In Nigerian business environment, compensation is limited to the only salary thereby neglecting the direct and indirect reward on benefit. The employee is provided with in return for their contribution to the organization. Some of the problem hindering employee's performance include health insurance, disability income protection, retirement benefits, daycare, tuition reimbursement, sick leave, vacation (paid and non-paid), funding of education as well as flexible and alternative work arrangements. Compensation is usually narrowed to cash and as a result, employers only have a tunnelled vision when it comes to the issues of compensation for their employees (Ifeanyi, Morka & Igemohia 2020). Other aspects of compensation which makes up the total compensation package for the employee are not given much attention. Employees themselves fail to recognize the fact that their compensation is a package and not only related to cash. The by-product of the above understanding of compensation is that it is poorly managed and most of the time performance is affected adversely (Ifeanyi, Morka & Igemohia 2020).

In today's work environment, there is more change and uncertainty, an increased need for empowered employees, a decline in traditional incentives, rise of nontraditional incentives and increased use of variable compensation. Many studies carried out, found out that there is a non-significant relationship between executive compensation strategy and employees performance while others established that financial and non-financial rewards can combine to enhance firm performance. Most often, compensation strategy is usually narrowed to cash and as a result, employers only have a tunnelled vision when it comes to the issues of compensation for their employees. These companies have also attempted to give attention to employee compensation strategies. However, employees themselves have failed to recognize the fact that their compensation is a package and not only related to cash. The byproduct of the above understanding of compensation management strategy is that it is managed to a moderate extent and most of the time employee performance could be affected and vice versa.

Therefore the problem the researcher intends to investigate is the effect of competence-based compensation, merit-based compensation, Job-based compensation, skill-based compensation and performance based compensation. on employees performance and understand what contributes to total compensation and how it can be better managed and linked to employee performance. The challenge for many organizations today is therefore to come up with an efficient reward strategy for retaining these core employees for the success of the organization. South Africa's public health sector is characterized by high job mobility as many health professionals leave the public sector to join the private sector. Skilled labour migration is also another problem being faced by the health sector. Pillay, (2009) stipulates that many foreign organisation especially in western countries offer better rewards than in Africa therefore many of South Africa's health professionals have been flocking overseas. This brain drain is challenge that needs to be addressed. Another challenge is that most employers are unable to predict the future needs of their employees. This is why many organisations face some difficulties in retaining their core employees. According to Birt, Wallis and Winternitz (2004) the fundamental issue for organisations are to keep track

of the ever changing needs of employees so that they can become an employer of choice to employees. It is very imperative for organisations to have knowledge of these attributes so that they may be able to match their attraction and retention strategy to the needs of the workforce. Relatively, there is little published research that influences compensation packages on employee performance in oil and gas companies in Niger Delta Nigeria. Therefore, this study will focus on the compensation strategy and employee performance in oil and gas companies in Niger Delta

Objectives of the Study

The general objective of this study is to investigate the relationship between compensation strategy and employee performance in oil and gas companies in Niger Delta. Specific objectives are to:

- i. Examine the relationship between competence-based compensation strategy and employee effectiveness in oil and gas companies in Niger Delta
- ii. Determine the relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta
- iii. Ascertain the relationship between performances-based compensation strategy and employee output in oil and gas companies in Niger Delta

Research Questions

In line with the of the study, the following research question was formulate to give directions to the study

- i. What is the relationship between competence-base compensation strategy and employee effectiveness in oil and gas companies in Niger Delta?
- ii. What is the relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta?
- iii. To what extent does performance-based compensation strategy relate with employee output in oil and gas companies in Niger Delta

Hypotheses

H₀₁: There is no significant positive relationship between competence-based compensation strategy and employee effectiveness in oil and gas companies in Niger Delta

H₀₂: There is no significant positive relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta

H₀₃: There is no significant positive relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta

REVIEW OF THE RELATED LITERATURE

Conceptual Framework

Compensation

Quality of life of an enterprise can be reflected by the quality of life of its human resources. Companies that have good output quality cannot be separated from the good input quality. Input is the source of the output before it is processed. Thus, as the company's main input in producing goods or services, human resources should be guaranteed by good quality of life. In ensuring quality of life for employees, companies are obliged to provide fringe benefits to employees with appropriate appreciation to the employee's contribution. Award for a work is something that is important in the company. Where, as a human being, employees have the necessities of life, both physical and spiritual. With an award or remuneration given by the company, employees can meet the physical needs related to food, clothing, and shelter, as well as mental needs such as motivation and sense of worth. Compensation is a part of the human resource management function.

According to Dessler, (2011) employee compensation means all forms of pay or rewards going to employees and arising from their employment and it may be direct financial payments (Pay in the form of wages, salaries, incentives, commissions, and bonuses) and indirect financial payments (Pay in the form of financial benefits such as insurance). Employee compensation refers to the benefits (cash, vacation) that an employee receives in exchange for the service they provide to their employer. These are generally one of the largest costs or expenses for any organization. There are many different types of compensation paid to employees. The following are a few examples of the compensation paid to employees: Cash

compensation consisting of wages or salaries; retirement plans (employer contributions); employer-paid health insurance; life insurance; paid leave for vacation and sick days and disability insurance. Compensation is the total cash and non-cash payments that you give to an employee in exchange for the work they do for your business. It is typically one of the biggest expenses for businesses with employees. Compensation is more than an employee's regular paid wages. It also includes many other types of wages and benefits.

Compensation and benefits is a sub-discipline of human resources, focused on employee compensation and benefits policy-making. While compensation and benefits are tangible, there are intangible rewards such as recognition, work-life and development. Combined, these are referred to as total rewards. The term "compensation" refers to the discipline as well as the rewards themselves. Cheryl (2020) posited that in the world of Human Resources, compensation takes on a more significant meaning. It's not simply what you pay your employees in terms of salary; rather, it encompasses all of the ways in which you compensate your employees. He further observed that Gary Dessler defined compensation more precisely, stating that it consists of all forms of pay going to employees and arising from their employment. McNaara (2020) postulated that Employee benefits typically refers to retirement plans, health life insurance, life insurance, disability insurance, vacation, employee stock ownership plans. Benefits are increasingly expensive for businesses to provide to employees, so the range and options of benefits are changing rapidly to include, for example, flexible benefit plans. Benefits are forms of value, other than payment, that are provided to the employee in return for their contribution to the organization, that is, for doing their job. Some benefits, such as unemployment and worker's compensation, are federally required. (Worker's compensation is really a worker's right, rather than a benefit.)

Prominent examples of benefits are insurance (medical, life, dental, disability, unemployment and worker's compensation), vacation pay, holiday pay, and maternity leave, contribution to retirement (pension pay), profit sharing, stock options, and bonuses (McNamara, 2020). The author noted that you might think of benefits as being tangible or intangible. The benefits listed previously are tangible benefits. Intangible benefits are less direct, for example, appreciation from a boss, likelihood for promotion, nice office. People sometimes talk of fringe benefits, usually referring to tangible benefits, but sometimes meaning both kinds of benefits. Compensation are company-paid and employee-paid. While the company usually pays for most types of benefits (holiday pay, vacation pay, etc.), some benefits, such as medical insurance, are often paid, at least in part, by employees because of the high costs of medical insurance. Compensation includes topics in regard to wage and/or salary programs and structures, for example, salary ranges for job descriptions, merit-based programs, bonus-based programs, commission-based programs, etc. Compensation is payment to an employee in return for their contribution to the organization, that is, for doing their job. The most common forms of compensation are wages, salaries and tips (McNamara, 2020).

Compensation is usually provided as base pay and variable pay. Base pay is based on the role in the organization and the market for the expertise required to conduct that role. Variable pay is based on the performance of the person in that role, for example, for how well that person achieved his or her goals for the year. Incentive plans, for example, bonus plans, are a form of variable pay (Sopiah, 2013).

Compensation management strategy refers to the establishment and implementation of sound policies, programmes and practices of employee compensation. It is essentially the application of a systematic and scientific approach for compensating the employees for their work in a fair, equitable and logical manner. Compensation strategy is concerned with the compensation to employees for their work and contribution for attaining organisational goals. Obviously, it is concerned with designing and implementing total compensation package. It is also known as wage and salary administration or remuneration management (Qureshi & Sajjad, 2015).

Adeoye,(2019) observed that compensation management strategy refers to the function of human resources management, which talks about the return individuals get for executing a task within the organisation. It is the cost of doing business for many organisations, that is, employee trade labour and loyalty for financial and non- financial compensation related to wage, allowances, services, as well as recognition. It is also viewed as a propelling engine for employee performance when institutions

endeavour to make them better persons by adding to employee satisfaction and development (Nzyoka and Orwa, 2016 cited in Adeoye 2019). Reward system is put in place to achieve fairness that is acceptable to both the employer and employees (Agwu, 2013 cited in Adeoye 2019). The desired outcome of compensation strategy is to recruit employees who are enticed to work and encouraged to serve the employer, retain them, reduce labour turnover, absenteeism and thus reduce the potential for industrial conflict (Nikonova, Uspenskaya, Voikina, 2018 cited in Adeoye 2019).

Compensation management strategy is, therefore, a major factor in attracting and retaining staff. A skilled and stable workforce enables organisations to successfully implement their strategies to gain competitive advantage over competing organisations (Adeoye & Ziska 2014). Adeoye and Ziska (2014) noted that compensation management strategy is a crucial component of managing employees to achieve effectiveness and efficiency. It is used to motivate and retain employees and ultimately enhances the overall effectiveness of an organisation. An organisation designs its compensation structure in line with its vision, mission and strategies. Compensation management strategy is beneficial to both parties in the employment relationship. According to Terera and Hlanganipai (2014) compensation strategy and reward is an important feature of Human Resources Management. The compensation system that an organisation offers to its employees plays an important role in determining the commitment levels of employees and their retention.

Employee Performance

It is first necessary to incorporate about various determinants of compensation on which previous researchers have most strongly emphasized. Walsh and Taylor (2007) have emphasized on employee and job characteristics for explaining about compensation and employee performance. Brown, (2003) investigated the relationship between organization-level compensation decisions and employee job performance and they examined how companies pay structures and pay levies related to resource efficiency, patient care outcomes, and financial performance. It is observed that there are many approaches to incentive compensation such as cash bonuses, stock purchase and profit sharing and it is also examined that individual and group incentive concept can be associated with reward and compensation for business community (Werner, 2007). Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behavior (Armstrong 2000). He stated that employee's performance is measured against the performance standards set by the organization. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness, quality and profitability measures as briefly explained hereafter. Profitability is the ability to earn profits consistently over a period of time. It is expressed as the ratio of gross profit to sales or return on capital employed (Wood & Stangster 2002). Efficiency and effectiveness - efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner 1996).

Performance of the employee is considered as what an employee does and what he doesn't do. Employee performance involves quality and quantity of output, presence at worker, accommodative and helpful nature and timeliness of output. According to the results of the study conducted by Yang (2008) on individual performance showed that performance of the individuals cannot be verified. Similarly he asserts that organizations can use direct bonuses and rewards based on individual performance if employee performance is noticeable (Yang, 2008). In line with Yang (2008), Bishop (2007) investigated employee performance and revealed that acknowledgment and recognition and reward of performance of employees direct the discrimination between worker productivity. Moral and productivity of worker is highly influenced by the effectiveness of performance of an organization and its reward management system (Yazıcı, 2008). To satisfy customers, firms do much effort but do not pay attention on satisfying worker. But the fact is that customer would not be satisfied until and unless workers are satisfied. Because, if worker are satisfied, they will do more work therefore ultimately customers will be satisfied (Ahmad, Wasay, & Malik 2012). Workers performance is actually influenced by motivation because if worker are motivated then they will do work with more effort and by which performance will ultimately improve (Azar & Shafighi, 2013).

As noted by Draft (1988), it is the responsibility of the organizations managers to ensure that the organizations strive to and thus achieve high performance levels. This therefore implies that managers have to set the desired levels of performance for any periods in question. This they can do by for example setting goals and standards against which individual performance can be measured. Companies ensure that their workers are contributing to producing high quality products and/or services\through the process of workers performance management. This management process encourages workers to get involved in planning for the company, and therefore participates by having a role in the entire process thus creating motivation for high performance levels. It is important to note that performance management includes activities that ensure that organizational goals are being consistently met in an effective and efficient manner. Performance management can focus on performance of the workers, a department, processes to build a product or service, etc. Earlier research on performance of workers has showed that workers who are satisfied with their job will have higher job performance, and thus supreme job retention, than those who are not happy with their jobs (Landy 1985). Kinicki & Kreitner (2007) document that workers performance is higher in happy and satisfied workers and the management find it easy to motivate high performers to attain firm targets.

Theoretical Framework

Equity Theory by Adams (1965)

The theoretical foundation provides an understanding of the concepts of compensation and employee performance and the linkage between the two concepts. The study is anchored on and equity theory. The theories explain employee's behavior, attitudes and perceptions arising out of compensation and employee performance. A linkage between compensation and employee performance is derived from employee's behavior to various elements of compensation. This is because most empirical studies have relied heavily on these theories as the baseline theory when discussing effectiveness compensation and employee performance (Rishipal and Manish, 2013; Antoncic and Antoncic, 2011, and Adams, 1965).

Equity Theory by Adams (1965) is a comparative analysis by an employee of the rewards he receives in relation to those of others who are in a similar position, with equal qualifications and carrying similar tasks in form of effort, time and skills requirement. Out of comparison, employee develops a perception towards the rewards which in turn influence his behavior towards work and the organization. Equity theory is shaped by two ratios used in the reward analysis; my pay vs. others pay; and my position on dimension relative to pay vs. others position on dimensions relative to pay. Inequality arising out of any of the ratios will be interpreted as inequity leading to dissatisfaction and low level employee performance to work and the organization. Anvari et. Al (2011) pointed that the consequence of perceived inequalities results to behaviors of; reduced commitment, psychological stress, reduced quality of out-put or reduction of effort in an attempt to rationalize the inequality. According to Adams (1965) provides a number of moderating factors to the employee perception towards the analyzed comparison. The internal moderating factors included; valence, clarity of structure, fairness in salary administration and future plans of an employee. External moderating factors are; industrial practice, competitors willingness to absorb the employee in case he leaves the organization and communication channels provided to air the pay grievance. Organizations need to exercise equity in compensation through carrying out salary market survey, adopting pay-skill-performance system, openly communicating compensation policy of the organization and promptly dealing with salary grievances. Rewards procedural justice serves to influence employee commitment because employees interpret fairness from the organization where inequities are perceived.

According to Adams (1965), equity theory focuses on determining whether the distribution of resources is fair to both relational partners. It proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this distress could lead to efforts to restore equity within national cycle. It focuses on determining whether the distribution of resources is fair to both relational parties. Equity is measured by comparing the amount of contributions and benefits of each person within the relationship. Partners do not have to receive equal benefits or make equal contributions, as long as the ratio between these benefits and contributions is similar. Equity theory acknowledges that

subtle and variable individual factors affect each persons assessment and perception of their relationship with their relational partners (Adams, 1965). In any case, an employee wants to feel that his contributions and work performance are being rewarded with his pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps his co-workers, which may result in the employee not performing well at work anymore. It is the subtle variables that also play an important role in the feeling of equity. Just the idea of recognition for the job performance and the mere act of thanking the employee will cause a feeling of satisfaction and therefore help the employee feel worthwhile and have better outcomes. Adams (1965) proposes assumptions of equity theory as follows: Individuals seek to maximize their outcomes. Groups can maximize collective rewards by developing accepted systems for equitably apportioning rewards and costs among members. When individuals find themselves participating in inequitable relationships, they become distressed. Individuals who perceive that they are in an inequitable relationship attempt to eliminate their distress by restoring equity. The greater the inequity, the more distress people feel and the more they try to restore equity.

Equity theory has been widely applied to business settings by industrial psychologists to describe the relationship between a compensation strategy and employee performance and his or her perception of equitable or inequitable treatment. In a business setting, the relevant dyadic relationship is that between employee and employer. Equity theory in business, however, introduces the concept of social comparison, whereby employees evaluate their own input/output ratios based on their comparison with the input/outcome ratios of other employees (Poole, 2007). Inputs in this context include the employees time, expertise, qualifications, experience, intangible personal qualities such as drive and ambition, and interpersonal skills. Outcomes include monetary compensation, perquisites, benefits, and flexible work arrangements.

Convincingly, the treatment of employees in a fair manner has been perceived as compensation strategy and employee performance. The significance of compensation strategy was revealed by the growing body of knowledge regarding notions of fairness in organizations. When employees feel that they are treated fairly by the organization in every aspect, they are inclined to show more positive attitude and behaviours towards the organization as perceptions of compensation strategy are contextual. Although certain norms may influence perceptions of compensation strategy and employee performance in particular situations, norms do not necessarily determine or predict how individuals or groups will interpret or respond to particular situations (Poole, 2007). Organizational justice research has shed considerable light on how employees respond to perceived fairness or lack of fairness in the workplace. For example, when employees feel unfairly treated their loyalty level to the organization falls, their job performance drops, job satisfaction declines, they become much less likely to assist their coworkers and they may engage in deviant behaviours in the workplace, including sabotage.

The theory was related to the study because of the set of variables formed into propositions, that specify the relationship among variables, typically in terms of magnitude or direction (Creswell, 2007). A theory explains how and why the variables are related, there by acting as a bridge between the variables. The key theories on compensation strategy employee performance that are relevant to the study variables are reviewed in this theory. The concepts of compensation strategy and employee performance are today being supported, developed, and understood using a variety of theoretical framework and models of equity theory (Greenberg, 1987).

Empirical Review

Several studies have been conducted in Nigeria and other countries on the issue of compensation management and job performance as it relates to different sphere of human systems such as business, education and public organizations. For example Ifeanyi, Morka and Igemohia, (2020) examined the effect of compensation management on employees performance in the Manufacturing Industry. Specifically, the study objectively ascertained Management compensation measures in the areas of; Salary (SLY) and Benefits Programmes (BP) and how they affect Employees Performance in the Manufacturing Industry. A descriptive survey research design was adopted most appropriately due to the descriptive and inferential statistics used in processing the collected data. The sample size is of 73

respondents was determined for the study using Census statistical application on small elements. The study used a 5 point Likert Scale for the closed-ended questions to draw responses from the respondents. Data presented and analyzed in this study is dichotomized into three parts. First is the data presentation which comprises of the descriptive analysis of respondents profile using simple weighted percentage, secondly, the descriptive statistics of data gotten from the questionnaire using minimum, maximum, mean and standard deviations for interpretations. The Pearson correlation analysis was also be used as a basis of testing hypotheses. The findings revealed that all the independent variables (Salary (SLY) and Benefits Programmes (BP), have a significant relationship with Employees Performance in the Manufacturing Industry. The study recommended that the company should continue providing security benefits to all employees, their position notwithstanding as it will positively influence employee productivity and raise overall performance in the manufacturing sector.

Adeoye, (2019) examined the compensation management and workers' motivation in the insurance sector: Evidence from Nigeria Reimbursement has been one of the framework adopted in organizations to attract, hire and keep competent workers that will strategically key in to the firm's vision, task and goals. Retaining skillful workers in officialdom is imperative for the progress and enrichment of general operation of a firm. Staff that is well motivated will strive to ensure that competitive advantage goal of the organization is sustained and achieved over their competitors. The aim of this paper is to explore the association between compensation management and workers' motivation in the insurance sector of Nigeria. This study employed a non-experimental design using questionnaires as a measuring instrument to gather information. There were 250 questionnaires administered, 213 collected while 212 (84.4%) thereof were found to be usable. By employing the Pearson product moment correlation coefficient, it was discovered that association exists between reward administration and workers' motivation but a weak one. It was revealed that in Nigeria insurance industry, compensation management bears a minimal influence on the enthusiasm of workers'. It is hence recommended that remuneration package of workers' in the insurance industry in Nigeria should be given priority by carrying out periodic review of the salary and making it at par with other industries in the financial sector of Nigeria.

Axelsson and Bokedal (2019) did a study on compensation motivating different generations at Volvo Car Corporation. The study was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that there exists generational differences. However, both generations considered salary as important and monetary rewards to be of great importance and can influence the behavior of the managers in a good way.

Onuorah, Okeke, and Ikechukwu, (2019) examined the effect of compensation administration and employee performance in Nigeria organization. The study aim at investigating the influence of performance based compensation, Competence-based-compensation and equity based-compensation on employee performance. Relevant conceptual, theoretical and empirical literatures were reviewed. The study was anchored on Human Capital Theory and Expectancy Theory. The study adopt descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State.. The sample size for the study consists of 257employees drawn from the population of the study. The sample consists of entire population. The instrument for data collection is a structured questionnaire. The face content validity of the instrument was employee. The instrument was trial-tested on a representative sample of 20 employee randomly selected of Niger Delta. In analyzing the data for the null hypotheses, Z-test was be used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on employee performance in Nigeria organization. Competence based compensation has no negative significance effect on employee performance in Nigeria organization. Performance based compensation has no negative significance effect on employee performance in Nigeria organization. Therefore the study concludes that compensation administration has significance effect on employee performance in Nigeria organization.

Onuorah, Okeke and Ibekwe (2019) conducted a study on compensation management and workers performance in Nigeria. This study examines the effect of compensation management and workers performance in Nigeria organization. The study aims at investigating the influence of performance based compensation, Competence-based-compensation and equity based-compensation on workers performance. Relevant conceptual, theoretical and empirical literatures were reviewed. The study was anchored on Human Capital Theory and Expectancy Theory. The study adopts descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State. The sample size for the study consists of 257 workers drawn from the population of the study. The sample consists of entire population. The instrument for data collection is a structured questionnaire. The face content validity of the instrument was workers. The instrument was trial-tested on a representative sample of 20 workers randomly selected of Anambra State.. In analyzing the data for the null hypotheses, Z-test was used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on workers performance in Nigeria organization. Competence based compensation has no negative significance effect on workers performance in Nigeria organization. Performance based compensation has no negative significance effect on workers performance in Nigeria organization. Therefore, the study concludes that compensation management has significance effect on workers performance in Nigeria organization. The study recommends that every organization should make equity-based compensation as compulsory policy since equity-based compensation are used more extensively in firms for ensuring maximum performance. Every organization should formulate Competence-based compensation policy, the only thing standing between the workers and a greater wage is how much they contribute and how well they perform. Management should have Performance-based compensation plans at program at every level of an organization.

Mabaso and Dlamini (2017) examined the impact of compensation and benefits on job satisfaction. The study stated that human capital is the pivotal of organization effectiveness and the most valuable asset available to an organization is its people. This study employed the quantitative research method to investigate the influence of rewards on talent attraction and retention. An explanatory hypothesis generating approach was employed and a survey design was used to collect data through a semi-structured questionnaire. A sample of 279 academic staff, which was the total population of participants were selected for this study. Results: A positive and significant effect of compensation on job satisfaction ($p = 0.263$). Moreover, there were no significant effect between benefits and job satisfaction. Therefore, only compensation significantly predicted job satisfaction among academic staff. In conclusion; The practical managerial implications that are attracting and retaining the new generation of lecturers into higher education institutions will require substantially different skills and attractive employment offers than what the higher education institutions presently offer. Therefore, higher education institutions must improve their compensation strategy in order to boost workers' dedication that will enable commitment, while efficiently deliver outstanding results. This will improve research outputs and improve skills within the country.

Thomas and Arasa (2017) examined the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited. The study utilized three research objectives. The first being to determine the effect of salary on the performance of employees, secondly, to find out the effect of benefits on the performance of employees and to establish the effect of recognition on the performance of employees. The study used survey research method. The population of this study was all employees of Mombasa Cement Limited based at the headquarters, Athi River, who totaled to 153. A stratified sampling technique was used to select respondents. This research study used questionnaires as the primary research instrument for the collection of data from the selected respondents. Quantitative data collected was analyzed, presented and interpreted using descriptive statistics. Statistical Package for Social Sciences (SPSS) version 20 was used to analyze quantitative data into descriptive statistics such as means, standard deviation, frequencies and percentages. For advanced analysis, the study used Pearson correlation method which evaluated the linear relationship between two continuous variables in the study. The study found that reasonable salary, benefits in form of bonuses and allowances and recognition

through certification or verbally promoted employee performance. In conclusion a very high disagreeing response on regular pay within the organization implies that employees were well aware of this and that it was actually happening. The study concluded that the basic pay provided by the company motivated employees. The study also concluded that employment benefits such as allowances, incentives and bonuses have a positive effect on employee performance at MCL. The study finally concluded that employees in the company considers recognition as means of appreciation and believes that provision of certification awards generally motivates them to perform better. The study recommends that the Human Resources Manager should develop systems that will ensure that there is a proper salary plan entailing proper job evaluation processes and pay structures in the organization as this could motivate employees to perform.

METHODOLOGY

Descriptive survey research design was adopted in this study. Descriptive survey research design is considered appropriate because it enables the researcher to carefully, describe and explain factual and detailed information about the variables under study. This study was carried out in Niger Delta in South - south geopolitical zone of Nigeria. The sources of data for this research was primary data. The primary data for the study was collected through the distribution of the copies of questionnaire. The study population for this research comprises 10100 workers of 4 oil and gas companies (Shell Nigeria Limited, Chevron Nigeria Limited, Mobil Nigeria Limited and Agip Oil Nigeria Limited) operating in Niger Delta of Nigeria, Nigeria. The sample size for the study was 566 mathematically determined by Godden's (2004) formular. Moreover, a stratified (random) sample was used in distributing the 566 copies of the questionnaire for the study. Using this method, stratification of the employee was strictly based on their position in the organization hierarchy. Top, Middle, Lower levels management and operatives' responsibility. To ascertain the validity of the instrument, the study was be subjected the questionnaire instrument to content validity. In this study, the test-retest reliability was used in determining the reliability of the instruments; and this involves the use of pilot study. The reliability result showed that competence-based compensation recorded a reliability coefficient of 0.79, merit-based compensation recorded 0.72, Job-based compensation recorded 0.70, skill-based compensation recorded 0.89 and performance based compensation recorded 0.74 while employee performance recorded 0.73 which are within the acceptable threshold. See the attachment in Appendix III for the calculation of this reliability co-efficient.

Simple percentage analysis was employed to answer the research questions. Pearson Product Correlation Method analysis was conducted to assess the relative predictive power of the independent variables on the dependent variable. The statistical package for social sciences (SPSS) version 21 was employed to test the hypotheses.

DATA PRESENTATION AND ANALYSIS

The data generated from the employee of the sampled multinational company were presented, analyzed and interpreted. A total of five hundred and sixty six copies of questionnaires were distributed to the respondents, out of which five hundred and thirty was properly filled and found relevant to the study. This shows a response rate of 94.9 percent. Therefore, the analysis in this section will be based on the five hundred and thirty relevant copies.

Test of Hypotheses

Hypotheses One

Ho: There is no significant positive relationship between competence-based compensation strategy and employee effectiveness in oil and gas companies in Niger Delta

H₁: There is a significant positive relationship between competence-based compensation strategy and employee effectiveness in oil and gas companies in Niger Delta

Table 1: Correlation between Management leadership and employee effectiveness

				Competence-Based Compensation Strategy	Employee Effectiveness
Competence Based Compensation		1	.124	1	.124
					.001
				550	550
Sig. (2-tailed)			.001		
N					
Employee Effectiveness	Pearson Correlation	.124	1	.124	1
				.081	
Sig. (2-tailed)			.081	550	550
N					

Source: SPSS Vision 21.0

Table 4.7 shows that the p-value is 0.001 which is less than the significant level of 0.05, ($p > 0.05$). Therefore, H_0 will be rejected and H_1 is accepted which means that there is a significant positive relationship between competence-based compensation and employee effectiveness in oil and gas companies in Niger Delta. The result indicates that Person Correlation (r-value) is 0.824, 82.4%, this represent that there is a positive relationship between competence-based compensation and employee effectiveness. Thus, increase in competence-based compensation will lead to increase in employee effectiveness. The value of this correlation coefficient 0.82 fall under coefficient range from + 0.71 to + 0.90. Therefore, the relationship between competence-based compensation and employee effectiveness is slight or almost negligible.

Hypothesis Two

H_0 : There is no significant positive relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta

H_1 : There is a significant positive relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta

Table 3: Correlation between Job-Based Compensation and Employee Input

		Job-Based Compensation	Employee Input
Job-Based Compensation		1	** .843
Pearson Correlation			.000
		550	550
Sig. (2-tailed)			
N			
Employee Input	Pearson Correlation	.843	1
		.000	
Sig. (2-tailed)		550	550
N			

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

Source: SPSS Vision 21.0

Table 3 indicates that the p-value is equal to 0.000 which is less than 0.01, ($p < 0.01$). Therefore, reject H_0 and accept H_1 . Hence, Job-based compensation has a positive significant relationship with employee input in oil and gas companies in Niger Delta. From the result, Correlation is 0.843, 84.3% shows that there is positive relationship between Job-based compensation and employee input because of the positive value for correlation coefficient. Thus, when increasing in between Job-based compensation will increase employee input will be higher. The value of this correlation coefficient 0.843 is fall under coefficient range from + 0.71 to + 0.90. Therefore, there is a significant positive relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta.

Hypothesis Three

- Ho: There is no significant positive relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta
- H₁: There is a significant positive relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta

Table 5: Pearson Coefficient Correlation on performance-based compensation and employee satisfaction.

	Performance-Based Compensation	Employee Satisfaction
Performance-Based Compensation	0.209	0.852
Sig. (2-tailed)	.550	.004
N	550	550
Employee Satisfaction	0.852	1
Pearson Correlation Sig. (2-tailed)	.550	
N	550	550

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

Source: SPSS Vision 21.0

According to the analysis, p-value is 0.004 which is less than the significant level of 0.05, (p>0.05). Therefore, reject H₀ and r Pearson H₁. This implies that, there is a significant positive relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta.

From the result, the Pearson Correlation (r-value) performance-based compensation strategy and employee satisfaction is 0.852, 85.2%. This means there is a positive relationship between both variables. Whereby, the declining in performance-based compensation strategy will lead to increase in employee satisfaction. The value of this correlation coefficient 0.852 is fall under coefficient range from + 0.71 to + 0.90. Therefore, the relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta is high.

Summary of Findings

This work examined the effect of diversity management on organizational performance in selected multinational companies in Niger Delta. Data were sourced from employees of selected multinational companies in Niger Delta. Questionnaire was employed as the instrument of data collection. The data generated were analyzed using descriptive statistics, correlation analysis and multiple regression analysis. The result revealed that:

1. There is a significant positive relationship between competence-based compensation strategy and employee effectiveness in oil and gas companies in Niger Delta. The result indicates that Person Correlation (r-value) is 0.824 and a probability value of 0.001 which is statistically significant.
2. There is a significant positive relationship between Job-based compensation strategy and employee input in oil and gas companies in Niger Delta. Job-based compensation has value of this correlation coefficient 0.843 and a probability value of 0.000 which is statistically insignificant.
3. There is a significant positive relationship between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta. Performance-based compensation strategy has a value of this correlation coefficient 0.852 and a probability value of 0.004 which is statistically significant.

CONCLUSION

From the analysis it was discovered that there is a significant positive relationship between competence-based compensation strategy and employee effectiveness. There is a significant positive relationship between Job-based compensation strategy and employee input. There is a significant positive relationship

between performance-based compensation strategy and employee satisfaction in oil and gas companies in Niger Delta. Therefore, the study concludes that compensation management strategies had positive significance relationship with employee performance in oil and gas companies in Niger Delta, Nigeria.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations were made:

1. Every organization should formulate Competence-based compensation policy, the only thing standing between the employees and a greater wage is how much they contribute and how well they perform.
2. Management should put in place job-based compensation other factors that are not monetary inclined which will enhance the performance of employees positively. Factors like employee's sense of belonging, job safety, leadership, control and decision making.
3. Every organization should have performance-based compensation plans at program at every level of an organization

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