

# Effects of Remuneration System on Employees' Performance in Federal Polytechnic, Mubi

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## ABSTRACT

Remuneration systems continues to be a major problem resulting to divined employees' performance due to lack incentives packages, ineffective system of wages and salaries and low attention to fringe benefits. The broad objective of this study is to examine the effect of remuneration system on employees' performance with reference to Federal Polytechnic, Mubi. The study adopted survey research design; The population was put at Federal Polytechnic Mubi (2,003) staff consisting of academic and non-academic staff, the sample size of 400 was determined through the used of Yemani formula. The instrument used for collecting data from the respondents is the questionnaire, and the data collected from the respondent was analyzed using percentage analysis. The result shows that there is significant relationship between variables of the study ( $r=0.484, 0.359, 0.777$  and  $P<0.05$ ). The result, revealed that Federal Polytechnic, Mubi didn't provides its employee with sufficient financial incentives even when discharge their duties professionally, no fair and adequate compensation on retirement, the payment given to them didn't meet the requirements of life, bonuses were not given in accordance to their level and consistent with their performance and institution also didn't provides overtime payment to employees even when they work after working hours. The study therefore, recommends that the management of Federal Polytechnic, Mubi should not underestimate the power of incentives on employee performance, sufficient incentives should be made available for employees, most especially when they discharge their duties in professionally, there is need also for management to provide adequate compensation for staff retirement.

**Keywords:** Effects, employees, performance, remuneration & system

In many organizations worldwide, remuneration systems consist of a range of payment methods and accompanying benefits which can be used as motivators by modern companies and are all part of the human resource management philosophy prevalent in many organizations. In UK, employees that work for modern companies and other organizations receive a range of money based and other rewards ranging from discounts on company products, to subsidized company pension schemes (Shields, 2007).

In Africa, employees' remuneration has been ranked as major challenge affecting the performance of public sector organisations. Most public sector organisations have been found to poorly remunerate employees and this has impacted negatively on the level of employee's job satisfaction, employee's relations and productivity which contributes to declined organisations performance especially in delivery of public services (Hedwiga, 2011). Lack of effective remuneration systems leads to low basic pay and wages which leads to low employees' productivity, increased staff turnover rates and declined employees' morale which negatively affects the overall performance of many public sector organisations (Ologunde, Asaolu & Elumilad, 2011).

In Nigeria, declined levels of employees' productivity and high rate of employees' turnover have been found to be influenced by employees' dissatisfaction with the employed remuneration systems, increased cases of industrial strikes have been reported in public sector and this has affected delivery of public services (Hanif, 2009). Also in Nigeria, lack of effective employees' remuneration systems have been blamed for the increased cases of industrial strikes amongst the public workers in health, education and mining sectors, these have resulted to increases rates of employees' turnover due to job dissatisfaction and employees quest for

## I. INTRODUCTION

better paying jobs in other countries (Oshagbemi, 2010).

For the past years, the cost of living has risen and there has been enormous pressure on employers to raise wages and salaries, incentive packages, fringe benefits by the rate of inflation and change the remuneration systems in place so that they can link the systems with employee performance. It is important for the organization to consider the salary system as a mechanism by which an organization could attract, motivate and retain its employees in order to enhance its productivity through employees' performance (Onyancha, 2014).

A stimulating remuneration system and a wide and more diverse range of employee benefits provide organizations with a competitive advantage over the others in the labour market. Held (2016), also agrees with the preceding statement and indicates that an interesting system of employee benefits together with a right remuneration system improves the name and competitiveness of the organization in the labour market. Where remuneration systems are attractive, an organization tend to save cost on recruitment since the retention rate is very low, employer employee relations are enhanced, employees are very committed with their work and their productivity is maximized which enables an organization to achieve its objectives (Stuart, 2011).

Bol (2015), further stress the importance of setting a fair remuneration system and its link to the employees' performance. The remuneration system includes both financial components (wages or salaries) and non-financial components (fringe benefits). The importance of non-financial components has been increasing. Rue and Byaes (2003) in Aziri (2011), include remuneration and benefits in the factors influencing job satisfaction. It may be stated that fair remuneration has a positive impact on both job satisfaction and employee motivation (Bol, 2015; Maas, 2012; Kelly, 2013; Marai, 2010). Providing fringe benefits associated with flexibility is currently the trend. Implementing the possibility of time flexibility regarding working hours, as well as fringe benefits related to leisure activities, can help employees in achieving the balance between work and personal life (Mansour, Tremblay, 2016).

Employee performance plays a crucial factor in determining an organisation performance (June and Mahmood, 2011). Employee

performance is defined as it focuses directly on employee productivity by assessing the number of units of acceptable quality produced by an employee in a manufacturing environment, within a specific time period (Ambrose, Geoffrey, Nehemiah & Augustine, 2013). Performance is what the organization hires one to do, and do well (Campbell, 1990, as in June, and Mahmood, 2011).

Employee performance can be viewed as an activity in which an individual is able to accomplish the task assigned to him/her successfully, subject to the normal constraints of reasonable utilization of the available resources (Dar, Akmal, Akram & Khan, 2011). This definition according to Bullock (2013), although fairly technical, includes specific ideas that are worth breaking down: Performance is a property of behavior, or, plainly stated, what people do at work. An employee's behavior adds expected value to the organization – that is, an employee's behaviors may be distinguished as helping or hindering an organization, but the outcomes of employee behaviors are rarely measured so their value is merely expected.

Wages also refer to the hourly rate paid to such groups as production and maintenance. Salary normally refers to the periodically rates paid to clerical (Ogunbameru, 2004). Wages include basic wage/salary and allowances. Allowances are paid in addition to basic wage to maintain the value of basic wage over a period of time (Agbonifoh, 2005).

In relation to remuneration influence on employee performance, Luthans (2011), states that employee performance can affect organizational achievement in the work. Meanwhile, Lindgren and Sanna (2008), Vosloo, Fouche, and Bernard (2014) and Naji (2014), have consistently claimed that the remuneration effect employee performance significantly, this means that the higher the remuneration given to employees, the higher the employees performance will be.

Remuneration systems provided in an organization should aim at motivating, attracting and retaining employees in an organization to enhance better performance. However, in many public institutions in Nigeria, remuneration systems continue to be a major problem resulting to divined employees' performance due to lack incentives packages, ineffective system of wages and salaries and low attention to fringe benefits.

The present economic situation in Nigeria has changed drastically in recent times such that cost of living has shot up drastically, cost of operation has increased and competition has become more intense, and workers are more sensitive to the value they create and the reward they get in form of wages and salaries (Agba & Ushie, 2010). Thus, a study by Grace and Khalsa (2003), reveal that salary packages are of great importance when it comes to increasing job satisfaction. Equally, Sweet et al., (2006), postulate that pay satisfaction influence job satisfaction with a spill-over effect on employees' attitude toward their jobs. Agburu (2012), also agrees that in Nigeria, employees' wages and salaries are highly critical issues as they are decisive because without them in sufficient amounts, life becomes extremely difficult and dangerous for the worker and members of his/her family.

Hence, Ramms (2007), in emphasizing the importance of money posits that it is a good motivator on all levels of employment, basically because of its economic value. However, on the part of Federal Polytechnic, Mubi, poor and inconsistent pay has been identified as a source of frustration to employees and can cause dissatisfaction and consequently lead to decline in productivity which eventually can endanger the survival of the organization, dissatisfaction with pay could lead to decrease job satisfaction, decrease motivation, decrease performance, increased absenteeism, and grievance and turnover tensions in the institution.

Several studies (Bol, 2015; Maas, 2012; Kelly, 2013; Marai, 2010)) have identified how various remuneration packages like bonus and ineffective wages administration affected employees' job satisfaction positively and negatively. This study tends to bridge this gap by identifying the effect of each factor on the employees' job satisfaction i.e. (effect of incentives, salaries & wages, fringe benefits on employees' performance) with reference to Federal Polytechnic, Mubi.

This study is guided by the following hypotheses

$H_0$  : Incentives packages do not have any significant effect on employees' performance in Federal Polytechnic, Mubi

$H_0$ : Salaries and wages do not have any significant on employees' performance in Federal Polytechnic, Mubi

$H_0$  : Fringe benefits do not have any significant on employees' performance in Federal Polytechnic, Mubi

### Conceptual Clarifications

#### Concept of Remuneration

Maicibi (2005), defined remuneration as pay or reward given to individuals for work done. He further identified the indicators of remuneration include: basic salary, wages, health schemes, pension schemes, transport allowances overtime allowances and responsibility allowances. Remuneration can also be referred to as monetary or financial benefits in form of salaries, wages, bonuses, incentives, allowances and benefits that is accrued or given to an employee or group of employees by the employer (firm) as a result services rendered by the employee(s), commitment to the organization or reward for employment (Ogunbameru, 2004).

Remuneration provides more than a means of satisfying the physical needs-it provides recognition, a sense of accomplishment and determines social status. Hence formulation and administration of wage and salary to attract and retain right personnel in right position is the prime responsibility of the management in any organization (Ogunbameru, 2004). A Wage is the remuneration paid for the service of labour in production periodically to an employee / worker. So payment made to labour is generally referred to as wages. Wages also refer to the hourly rate paid to such groups as production and maintenance. Salary normally refers to the periodically rates paid to clerical (Ogunbameru, 2004).

#### Remuneration System

Effective remuneration systems refer to the method used to reward or compensate employees for their work and services rendered to an organization. Remuneration systems should provide basic attraction to employees to perform job efficiently and effectively. Salaries affect the employees' productivity and work performance. Thus the amount and method of remuneration are very important for both management and employees (Armstrong, 2008).

Maicibi (2005), defined remuneration system as pay or reward given to individuals for work done. He further identified the indicators of remuneration include: basic salary, wages, health schemes, pension schemes, transport allowances overtime allowances and responsibility allowances. Remuneration systems refer to the compensation systems used to reward employees for their work and services in an organization. Human capital

being the most valuable asset of an organization, they are the ones that determine the success or failure of organizations' programs and activities in the organization. Remuneration systems provided in an organization should aim at motivating, attracting and retaining employees in an organization to enhance better performance, quality work that will lead to high productivity of the organization (Armstrong, 2008).

From the employees' point of view, organizations can thus achieve a fair as well as motivational system of remuneration. Marai (2010), mention that in the event the remuneration system is unjust from the employees' point of view, it may be a reason for them to leave the organization for the competition.

### **Concept of Employee Performance**

Performance is quantity and or quality of the result of the individual work in the organization in doing the main task and function which is guided by norm, standard, procedure operational, criteria, and proposition that already assigned or applied in the organization (Moeherino, 2012). According to Beirut (2003), performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions.

Jain, Apple & Ellis (2015), defines Performance is an act or process of carrying out actions and activities to accomplish an intended outcome. We live in a performance-based culture whether in our personal or professional lives. To achieve improvement in any given performance however, one must first know what defines a quality performance. It is therefore important to understand the factors that play a relevant role in any performance. Performance measurement is the process of collecting, analyzing, and/or reporting information on the performance of an individual, group, organization, system, or component (Upadhya, Munir, & Blount, 2014).

Ahmad, Abbas and Hussain (2015), employee performance was not only the outcome it was continuous process of different activities. Capabilities were the effort to do activities, which were the processes that lead to the employee performance. Al-Jammal, Al-Khasawneh and Hamadat (2015), defined employee performance as the level of efforts and achievements exerted by employees. To Okunribido (2015), employee performance can be defined in terms of quantifiable outcomes of work behaviour and in terms of

behavioural dimensions (e.g., work related communication, decision-making, attention to detail) that are less quantifiable. Performance is defined as the attained outcome of actions with the skills of employees who perform in some situation (Prasetya & Kato, 2011).

Kroll (2006), defined employee performance as a measure of efficiency and effectiveness of employee relative to their job. Efficiency refers to getting the most output from the least amount of inputs. Efficiency focused on doing things right, that is, not wasting resources. On the other hand, effectiveness refers to doing the right thing. It is primary concerned with performing activities to promote organization's goals (Robbins & Coulter, 2013).

### **Concept of Incentives**

By definition, incentives are an external persuading factor that encourages the motive which positively directs the individual into working harder, matching the required performance in the institution, as to get the incentive. Incentives are also defined both as methods used by institutions to encourage employees to work with high spirits and also as concrete and moral methods of satisfying the individuals' moral and material desires. Palmer (2012), defines incentives as the external temptations and encouraging factors that lead the individual to work harder; they are given due to the individual's excellent performance since he will work harder and produce more effectively when he feels satisfied in the institution. In addition to this, incentives can also be defined as the consideration of the excellent performance, assuming that the salary is enough to make the worker appreciate the value of the job that also satisfies his basic needs in life (Palmer, 2012).

Investopedia (2016), defined bonus as an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company. Heathfield (2016), bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee offer letter, in the employee personnel file, or in a contract. Employers can distribute bonus pay randomly as the company can afford to pay a bonus, or the amount of the bonus pay can be specified by contract.

### **Concept of Salaries and Wages**

Different definitions have been advanced on salaries and wages usually to show the



differences that exist between both terms. Braton & Gold (2003), basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity. Wage refers to payment to manual workers, always calculated on hourly or piece rates. Surbhi (2015), also defined salary as a fixed amount paid to the employees at regular intervals for their performance and productivity whereas wages are the hourly- based payment given to the labor for the amount of work finished in a day. He further argued that while Salaried persons are generally said to be doing “**white collar office jobs**” which implies that an individual is well educated, skilled and is employed with some firm and holds a good position in the society, whereas the waged person are said to be doing “**blue collar labour job**” which implies that an individual is engaged in the unskilled or semi-skilled job and is drawing wages on a daily basis.

Heery and Noon (2001), define pay as a financial payment given to employees which includes many components like basic salary, bonuses, pay for doing extra work and incentives. Erasmus, Van Wyk and Schenk (2001), define pay as what an employee gets against his work after fulfilling his duty, and it includes all types of financial rewards.

Furthermore, salary or pay is a form of periodic reward from a firm to its worker, which is completely stated in an employment contract (Chaudhry, Sabir, Rafi & Kalyar, 2012). Similarly, Belcher (1979), describes pay as double input-output exchange between employees and employers. Fapohunda (2012), defines pay simply as the exchange between employees and their employer. The concept of pay emanates mainly from the fact that it provides income to workers and at the same time constitutes an important cost item to the employer (Fapohunda, 2012).

### Concept of Fringe Benefits

Fringe benefits are those types of rewards other than salary that constitute an important part of the remuneration package of most employees in Nigeria. Fringe benefit is an addition to other forms of cash payment like wages and salaries that are intended to improve the quality of work life for employees and increase their cooperation and productivity (Amah, et al., 2013). Similarly, Ju, Kong, Hussin and Jusoff (2008), view benefits as any form of compensation provided by an organization other than wages or salaries that is

paid for in whole or in part by the employer. Yousaf, Latif, Aslam, and Saddiqui (2014), simply define fringe benefit as that incentive that is given to employee in addition to pay, and has the ability to motivate employees and enhances their job satisfaction and performance. Recent studies showed that employee benefit packages are important part of total rewards of organizational expenses (Tessema, Ready & Embaye, 2013).

Tessema, Ready and Embaye (2013), classify fringe benefits into financial and non-financial. Financial benefits are; loan scheme given to employees with favourable interest rates, paying fees and annual subscription to professional bodies for their employees who are registered members of these professional institutes in order to encourage commitment and loyalty which ultimately increase job satisfaction. Galhena and Ranjana (n.d), others include, leave allowance, maternity, study leave, shift duty allowance, annual increment, etcetera. Non- financial benefits equally play an important role in encouraging and empowering the employees towards achieving organizational objectives. Examples of nonfinancial benefits are status, power, good working conditions and achievement. They further stated that most people prefer to work for employers who are caring and supportive than those who are not. Employee’s benefits have been identified as the glue that holds many satisfied employees in an organization (Odunlade, 2012).

In effect, fringe benefits enjoyed by employees in the organization serve as a motivator for retaining a committed workforce. Committed and satisfied employees are often more productive and contribute meaningfully to the success and survival of their organizations (Cascio, 2003).

## II. EMPIRICAL REVIEW

Fapohunda (2012), conducted a study on pay disparity and pay satisfaction in public and private universities in Nigeria. The study employed the survey research design, and the sample size used in the study was 200 academic staff consisting of 50 respondents randomly selected from each of the two public and two private universities in Nigeria selected for the study. The results showed disparity in pay between public and private sector academic staff, with the private universities paying better than the public universities. Ali and Ahmed (2009), examined the relationship between recognition programs on employees’ motivation and job satisfaction of UNILIVER. The result showed a significant relationship between benefits and job satisfaction ( $r = 0.65, p < 0.01$ ), this was

supporting the hypothesis that benefits are significant in explaining motivation and job satisfaction.

Judge et al., (2010), used a meta-analysis to estimate the population correlation between pay level and measures of pay and job satisfaction. A total of 115 questionnaires were distributed and 92 independent samples were used. The results suggested that pay level is correlated with job satisfaction. Various moderators of the relationship were investigated. Despite the popular theorizing, results suggest that pay level is only marginally related to satisfaction.

Sajuyigbe et al., (2013), investigated the impact of reward on employees' performance with special reference to selected manufacturing companies in Ibadan, Oyo State, Nigeria. Structured questionnaire was used to collect data from one hundred (100) participants through purposive sampling method and data were analyzed by multiple regression analysis with the aid of statistical package for social science (SPSS) version 16. The findings of the reward dimensions revealed in order of preference, ranked pay, and recognition to be jointly predictors of employees' performance, which accounted for 71% variance of performance.

Ahmed, Muddasar and Perviaz (2012), conducted a survey on the impact of work family conflict and pay on employees' job satisfaction with the moderating effect of perceived supervisor support in Pakistan's banking sector. Correlation Analysis was used to confirm existence of relationship between the independent variables (work family conflict) and pay and the dependent variable (job satisfaction). The result of the study revealed that pay was strongly positively, correlated with job satisfaction while work family conflict (WFC) was significantly negatively correlated with job satisfaction but surprisingly, perceived supervisor support did not play the moderating role between work family conflict and job satisfaction.

Kibisu, Muturi and Elijah (2014), did a research to examine the effect of reward systems on employees of semi-autonomous government agencies in Migori Sub-county in Kenya. Questionnaire was administered to a sample size of 43 out of the target population of 74 respondents having a 58% response rate. Data was analyzed using computer aided data analysis software SPSS package. The findings of the study indicated that

house allowance and health benefits had a very strong influence on employee performance.

Zaiton, Phang, Azaze-Azizi, Izyanti, Mohd, & Imbarine (2015), investigated the influence of retirement planning and job satisfaction on bridge employment. A total of 523 samples were collected for nine major districts in Sabah, Malaysia. The data was analyzed by use of Partial Least Square method version 2.0. The result showed a significant relationship between retirement planning and job satisfaction on bridge employment and job satisfaction was also found to be the strongest predictor of bridge employment.

### III. THEORETICAL FRAMEWORK

Theoretical review focuses on the theories that explain rewards and job satisfaction as it relates to this study. Numerous theories have been propounded to give explanations to the importance of rewarding employees in job satisfaction. Rewards have been identified by both theorist and organizations as an important tool for job related factors such as job satisfaction, commitment, motivation, performance and decrease absenteeism, and turnover (Sunderland, 2011; Ezigbo & Court, 2011; Mahmood, 2013; Rajalu et al., 2014; Ashraf, & Mohammad, 2014). The theories that the study adopted are both job satisfaction and reward theories. The job satisfaction theories include the following; affective event theory, Maslow's Hierarchy of needs theory, the needs and fulfilment theory and Herzberg Two Factor theory. The reward theories include the Equity theory and Expectancy theories. These paper tend to focused on only two theories i.e. affective event theory and need and fulfilment theory which are espoused as follows:

#### Affective Event Theory

Affective event theory according to Locke (1976), is the most famous job satisfaction model. Affective event theory was developed by Psychologists Weiss and Cropanzano (1996), to explain linkages between employees' internal influences- emotions and moods and how they influence job satisfaction (Thompson & Phua, 2001). Furthermore, the theory explains human behaviour and the relationship between employees' internal influences - cognitions, emotions, mental states and their reactions to incidents that occur in their work environment. These incidents can affect their performance, organizational commitment, and job satisfaction in the work place (Wegge, van Dick, Fisher, West & Dawson, 2006). Similarly, positive-inducing and negative-inducing emotional

incidents cases at work that are obvious have a significant psychological impact on workers' job satisfaction and organizational commitment and could result in long lasting internal and external affective reactions (emotions) among employees. This impact can lead to tension in the organization (Dugguh & Ayaga, 2014).

### Need and Fulfillment Theory

Need/Fulfillment theorists believed that employee's satisfaction is a function of how much of a reward or outcome they are receiving for their work (Chepkwony & Oloko, 2014). This suggests that the supporters of this theory measure satisfaction in terms of rewards that a person receives or the extent to which his/her needs are met. The concern of this theory is that satisfaction is depended on how much of a given outcome or group of outcomes an employee receives (Lawler, 1994).

Hence, Lawler (1994), argues that satisfaction is determined by the differences between the actual outcome a person receives (for example, rewards) and some other outcomes levels. In other words, employees become dissatisfied when what they receive as compensation is low compared to other outcome levels. The weakness of this theory is that the theorists fail to take into account the individual-difference factors of a person. According to Lawler (1994) the individual-difference factor has to do with how people feel about what they receive and what outcomes they feel they should receive for the work done. For example, an employee who expects to be paid more for his/her job is more likely to be dissatisfied than someone who feels that he is paid adequately for his work. Individual-difference factors suggest that the fulfillment-theory approach to job satisfaction is not effective; since this approach fails to take into account differences in people's feelings about the outcomes they should

receive (Lawler, 1994). Thus, the inadequacy of this theory is that job satisfaction is not only a function of what an employee receives, but in addition what he feels he should receive as there could be a variance in the actual and expectations of employees.

This theory is clearly evident in outsourced service provider's salaries because what they need and expect in a job is not always what they get as compensation (Mutiat et al., 2013). Mutiat et al., 2013 further state that employees who feel that their rewards (salaries or benefits) do not meet their basic needs tend to become dissatisfied with their employers which often lowers their performance and vice versa. Hence, the theory helps managers to identify the needs of their workers with the view of meeting those needs.

### IV. METHODOLOGY

The paper used survey method because of the nature of the research under study, the reason for chosen this research design is because it is an ideal methodology when collecting information about people 's attitudes, opinions, habits or any of the variety of education or social issues. The population was put at Federal Polytechnic Mubi (2,003) staff consisting of academic and non-academic staff. The academic staff population has a total of 786 representing 39.2% of total population of 2003 and the non-academic staff with the population of 1217 representing 60.8% of total population. Therefore, the sample size for this study is 400 using Taro Yemani formula. The paper adopted the closed-ended type of questionnaires, the questionnaire was designed on five point likert scale ranging from strongly agreed (5) to strongly disagreed (1). While hypotheses were tested using Spearman correlation analysis at 0.05 level of significance.

### Analysis and Results

A questionnaire is the primary data that was used in this presentation and analysis of the data collected.

Out of 400 questionnaires distributed;

Returned	$\frac{346}{400} \times 100$	=	86.5%
Unreturned	$\frac{54}{400} \times 100$	=	13.5%

346 were successfully returned and valid, representing 86.5%, while 54 were not returned, representing 13.5%

**Hypotheses Testing**

**Hypothesis I:** Incentives packages do not have any significant effect on employees’ performance in Federal Polytechnic, Mubi

**Correlations**

		IP	EP
IP	Pearson Correlation	1	.484**
	Sig. (2-tailed)		.000
	N	346	346
EP	Pearson Correlation	.484**	1
	Sig. (2-tailed)	.000	
	N	346	346

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

A Pearson’s correlation analysis was conducted to examine the relationship incentives packages and employee performance. The result of correlation revealed that significant and positive relationships exist between them, a correlation of 0.484 and significant at 0.00, which is less than 0.5 level of significant. Therefore, we reject the null hypothesis and accept the alternate hypothesis.

Which state that incentives packages have a significant effect on employees’ performance in Federal Polytechnic, Mubi.

**Hypothesis II:** Salaries and wages do not have any significant on employees’ performance in Federal Polytechnic, Mubi

**Correlations**

		SW	EP
SW	Pearson Correlation	1	.359**
	Sig. (2-tailed)		.000
	N	346	346
EP	Pearson Correlation	.359**	1
	Sig. (2-tailed)	.000	
	N	346	346

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

A Pearson’s correlation analysis was conducted to examine the relationship salaries and wages and employee performance. The result of correlation revealed that significant and negatives relationships exist between them, a correlation of 0.359 and significant at 0.00, which is less than 0.5 level of significant. Therefore, we reject the null hypothesis and accept the alternate hypothesis.

Which state that salaries and wages have significant and positive effect on employees’ performance in Federal Polytechnic, Mubi.

**Hypothesis III:** Fringe benefits do not have any significant on employees’ performance in Federal Polytechnic, Mubi

**Correlations**

		FB	EP
FB	Pearson Correlation	1	.777
	Sig. (2-tailed)		.000
	N	346	346
EP	Pearson Correlation	.777	1
	Sig. (2-tailed)	.000	
	N	346	346



A Pearson’s correlation analysis was conducted to examine the relationship fringe benefits and employee performance. The result of correlation revealed that significant and positive relationships exist between them, a correlation of 0.079 and significant at 0.00, which is less than 0.5

level of significant. Therefore, we reject the null hypothesis and accept the alternate hypothesis. Which state that fringe benefits have a significant on employees’ performance in Federal Polytechnic, Mubi.

**Hypothesis IV: Relationship between IP, SW, FB and JS**

Correlations		IP	SW	FB	EP
IP	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	346			
SW	Pearson Correlation	.364**	1		
	Sig. (2-tailed)	.000			
	N	346	346		
FB	Pearson Correlation	.858**	.628**	1	
	Sig. (2-tailed)	.000	.000		
	N	346	346	346	
EP	Pearson Correlation	.484**	.299**	.777	1
	Sig. (2-tailed)	.000	.000	.00	
	N	346	346	346	346

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

**Where:**

- IP = Incentive packages
- SW = Salaries and Wages
- FB = Fringe benefits
- EP = Employees Performance

To evaluate whether there is a significant relationship between IP, SW, FB and JB in Federal Polytechnic, Mubi. Hypothesis shows a correlation of 0.484, 0.299, 0.074 and 0.858 at significant level of 0.000 which is less than 0.5 level of significant. Therefore, the null hypotheses were rejected and accept the alternate hypothesis.

**V. FINDINGS**

The major findings of this study have been derived from the data presentation and analysis of the study:

- i. Findings revealed that Federal Polytechnic, Mubi didn’t provides its employee with sufficient financial incentives even when discharge their duties professionally, no fair and adequate compensation on retirement, the payment given to them didn’t meet the requirements of life, bonuses were not given in accordance to their level and consistent with their performance and institution also didn’t provides overtime payment to employees even when they work after working hours. More,

Employees of Federal Polytechnic, Mubi are not given housing, medical and health insurance allowances.

- ii. The above analysis shows that salary paid by the institution didn’t in any ways encourages staff to put more energy to accomplish their task, the institution paid poor attention to maintain employees’ performance, the staff are not adequately rewarded for their efforts in the institution, though they are satisfied with the institution’s basic salary because it is reasonable. Moreso Retaining the services of employees is not as a result of proper wages administration in Federal Polytechnic, Mubi.
- iii. Findings also shows that the institution didn’t provides benefits like pension and annual leave allowance to its staff, even the little benefits of employees are not awarded according to their job status, because of sentiments and corruption among some senior staff, and the institution most a time don’t motivate employee to perform the work better because

there is no recognition and rewards for outstanding performance in the institution. Vehicles are not given to employees of Federal Polytechnic as incentives.

## VI. CONCLUSIONS

This study has been an attempt to examine the effect of remuneration system on employees' performance with reference to Federal Polytechnic, Mubi Nigeria. Having gone through the whole length of data analysis hypothesis testing and summary, the following conclusions are hereby drawn most of the varied problem encountered, have been unvested since most of these problem are; Federal Polytechnic, Mubi didn't provides its employee with sufficient financial incentives even when discharge their duties professionally, no fair and adequate compensation on retirement, the payment given to them didn't meet the requirements of life, bonuses were not given in accordance to their level and consistent with their performance and institution also didn't provides overtime payment to employees even when they work after working hours.

From the finding of the study, it concludes that salaries and wages have significant impact on employees' performance in Federal Polytechnic, Mubi. Despite that fact that salary paid by the institution didn't in any ways encourage the staff to put in their best to accomplish task, there is also poor attention to maintain employees' performance on the part of the management. Their staff is not well adequately rewarded for their best efforts put in the institution.

The results support the hypothesis that fringe benefits have significant effect on employees' performance in Federal Polytechnic, Mubi. In addition, the result also revealed some problems encountered by the staff because the institution didn't provides benefits like pension and annual leave allowance to its staff, even the little benefits employees enjoyed are not rewarded according to their job status, because of sentiments and corruption among some senior staff, and the institution most a time don't motivate employee to perform the work better because there is no recognition and rewards for outstanding performance in the institution.

## VII. RECOMMENDATIONS

The following recommendations are therefore recommended:

- i. The management of Federal Polytechnic, Mubi should not underestimate the power of incentives on employee performance, sufficient incentives should be made available

for employees, most especially when they discharge their duties in professionally, there is need also for management to provide adequate compensation for staff retirement. Also employees should be provided with bonuses in consistent to their level and performance and overtime should also be given to employees whenever they work after working hours, this will go a long way to ensure that employee are satisfied with their work.

- ii. Management of Federal Polytechnic, Mubi should increase the salaries paid to their staff in order to encourage them to put more effort towards accomplishing a specific task, there is also need for management to pay more attention to employee performance in order to adequately reward the employee for their maximum efforts put into the institution to ensure that the organization achieve its goals and objectives.
- iii. Management of Nima Foam should with immediate effect try as much as possible to pension and annual leave allowance to her staff, also benefit should be base on job status or performance, without any for of favouritism or sentiment attached, there is need for the management to provide any kind of motivation that will trigger employee to be more committed to the organizational goals and objectives and lastly there is great need for recognition and rewards for outstanding performance in the institution.

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