



Effects of Compensation Plan on Employee Performance in the Telecommunication Industry (A study of MTN and GLO Nigerian Ltd Umuahia Branch)

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ABSTRACT: *This study examined the effects of compensation plan on employee performance in the telecommunication industry of MTN and Glo Nigerian, Umuahia. The research adopted the survey research design, using simple random sampling techniques, descriptive statistics and inferential statistics. A total number of eighty-eight (88) questionnaires were issued out by the researcher to the staff of MTN and GLO network providers. 17 respondents representing 21.3% strongly agreed that Prompt payment of salaries has influenced employee performance in the telecommunication industry, 42 respondents representing 52.5% agreed the same, 7 respondents were undecided, 10 respondents disagreed, while 6 respondents strongly disagreed that the development of the enterprises has increased their access to credit from financial institutions. Also 18 respondents representing 22.5% strongly agreed that Commission has impacted employee productivity in the telecommunication industry, 35 respondents representing 43.8% agreed the same, 9 respondents were undecided, 3 respondents disagreed, while 15 respondents strongly disagreed that Commission has impacted employee productivity in the telecommunication industry. From the regression analysis, the coefficient of bonus and salary are positive and significant at 1%. The p-values of bonus and salary is 0.0064 and 0.0000 is less than the t-statistic value of 2.799 and 9.084 and the standard error value of 0.0785 and 0.0782 is less than the t-statistic value respectively. The adjusted R² 0.67 or 67% which revealed that the variables in the equation jointly explained 67% of the variations in the equation while the remaining 33% is explained by other variables not included in the equation. In other words, the R-square value of 67% expresses the percentage effect of remuneration dimension on employees' performance jointly explained by salaries/wages and bonus/incentives on employees performance. Therefore, the findings indicates that, (i) Prompt payment of salaries has no significant effect on employee performance in the telecommunication industry. (ii) Commission has no significant effect on employee's level of satisfaction in the telecommunication industry.*

Keyword: Compensation, Compensation Plan, Employee Performance, Telecommunication Industry.

INTRODUCTION

Compensation is what employer offered as both tangible and intangible rewards to an employee receives as part of the employment relationship. The Society for Human Resource Management (SHRM, 2012) defined compensation as systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes, assisting in recruitment, employee's performance, and employee's satisfaction. It can be said that compensation is the "glue" that binds the employee and the employer together in the organized sector, this is further codified in the form of a contract or a mutually binding legal document that spells out exactly how much should be paid to the employee and the components of the compensation package (George, Bamigbola and Akaighe, 2016). Compensation of employees is a major responsibility area in human resources management. Human resources manager are charged with the job of designing a program to attract and retain qualified applicants. Compensation is the tool used to increase employee's productivity. It seek to attract and retain suitable and qualified employees encourage goods management- employee relationship and commitment and minimizes tension and conflict as it deals with all form of final returns tangible services and mechanism for good relationship. Furthermore, the major perceived case of industrial



conflict is based on the fact that employees feel their benefits are denied or on verge of being denied. Thus the importance of good compensation system or culture is to provide a platform for equity and fairness. This provides a challenging environment and increase productivity of employees. The compensation system ensures that intrinsic and extrinsic needs of employees at all levels are adequately catered for (good compensation culture when inculcated helps to develop organizational integrity, sound policy, procedures and practices capable of improving organizational productivity. Compensation is majorly concerned with better result can be achieved by understanding and managing reward and compensation within an agreed framework, planned goal standard and competency requirement (Okone, 2001).

Mobile Telecommunication, Nigeria (MTN) and Global Communication, Nigeria, (Glo) with their services play very crucial roles and also serve as some of the major employers of labour in Nigeria economy since they came into operation Nigeria. They serve as source of income and also play important roles with respect to strengthening the economy of our great country Nigeria. In the areas of jobs creation and provision of services Mobile Telecommunication, Nigeria (MTN) and Global Communication, Nigeria, (Glo) have contributed immensely in engaging both indigence and foreigners in a meaningful employment. So the success of the firms rests so much on their human resources capability which is the perceived most valuable assets of any organization. Therefore, the challenging task of every manager at all levels should be how to build a befitting compensation system to incorporate both organizational goals and individual needs, thus having a motivated workforce and improve productivity. To this end, this research work seeks to fathom Mobile Telecommunication, Nigeria (MTN) and Global Communication, Nigeria, (Glo) compensation system/culture and their implication on their workers performance. The firms have over time proved to be most thriving viable and dynamic when compared with their compensation structure, directly or indirectly. However the study examines the effect of compensation on their employees' performance. The base of good compensation structure and employees' expectation at different levels and how the compensation structure is based on performance of individuals or job requirement of employees (Oyedinjo, 2012), The researcher therefore, tends to draw attention of board of directors and the management of organization to the need for effective and efficient compensation culture capable of improving employees' performance and at the same time enhance the firms productivity (Onuoha, 2011).

Statement of Problems

Compensation mechanisms can be a powerful incentive in linking performance to rewards. Compensation systems that reward people directly based on how well they perform their jobs are known as pay-for-performance plans (Berger, 2009). These may take such forms as "commission plans" used for sales personnel, "piece-rate systems" used for factory workers and field hands, and "incentive stock option (ISO) plans" for executives (Dunn, Mercer, Carpenter, & Wyman, 2010) and other employees (Baker, 2012). However, rewards linked to performance need not be monetary. Symbolic and verbal forms of recognition for good performance can be very effective as well (Markham, Dow, & McKee, 2002).



As a result, so many works have been done on the relationship between compensation plan and employee performance; while others have done on organizational productivity. The issue of low employee productivity has become a very important subject of study in the face of the deteriorating economic situation in the country. It is important to note that many companies are experiencing high cost of business operation in the telecommunication industry for the reasons of low productivity and can be addressed if workers are appropriately directed. Sequel to the above employment situation in the country has been threatened because of telecommunication firms that may go out of business, due to lack of employee's performance. This implies that people who have been employed in the telecommunication industry are not well-compensated, taking a cognizance of the economic situations in the country. It did not just stop here, the continuous experience of under-employment and loss of jobs in the telecommunication industry which affect workers' performance in the industry. This is another place of concern to the people as it adversely affects the economy. Then, one can ask to what extent do the theories of management developed by western management scholar apply to Nigeria environment are the theories relevant to Nigeria context? The study is set out to investigate the effect of different compensation plans in telecommunication industry, using Mobile Telecommunication, Nigeria (MTN) and Global Communication, Nigeria, (Glo) Nigeria as a case point, in order to determine its distinct impact on the workers performance. The study will also evaluate the forms of compensation plans like, financial and non-financial namely payment of salary, bonuses, commission, allowances etc.; with the view to calculating their contribution to attaining employee productivity. It will inquire to ascertain the cost favourable compensation plans used in the case of organization to determine its influence on employees performance.

The study also 'includes investigating the relationship (positive or negative) between compensation plans and its effect on workers performance. The study will' try to correlate the compensation plans to workers performance in Mobile Telecommunication, Nigeria (MTN) and Global Communication, Nigeria, (Glo) Nigeria, to decide the trend and influence compensation plans on the workers performance. Despite these issues, the state has also identified the inflexibility problem of managers. This is because managers do not adapt to the human resource dynamics to overlap compensation plans that reflect the situation at hand. This law initiated the motivational significance of compensation plans. However, the indicators to measure compensation in the study will include prompt payment of salary, bonuses, commission, allowances.

Objectives of the Study

The broad objective of the study is to examine the effects of compensation plan on employee performance in the telecommunication industry, using MTN and Glo Nigerian as a study. The specific objectives of the study are to:

- i. determine the effect of prompt payment of salaries on employee performance in the telecommunication industry;
- ii. ascertain the effect of commission on employee productivity in the telecommunication industry;



- iii. examine the effect of allowances on employee's level of satisfaction in the telecommunication industry;
- iv. Evaluate the effect of Incentives and Rewards on employee's effectiveness in the telecommunication industry.

Research Questions

The following questions were designed to guide the study.

- i. What is the effect of prompt payment of salaries on employee performance in the telecommunication industry?
- ii. What is the effect of commission on employee productivity in the telecommunication industry?
- iii. What is the effect of allowances on employee's level of satisfaction in the telecommunication industry?
- iv. What is the effect of Incentives and Rewards on employee's effectiveness in the telecommunication industry?

Research hypotheses

In the research process, the following null hypotheses were designed to guide the study.

- Ho₁:** Prompt payment of salaries has no significant effect on employee performance in the telecommunication industry.
- Ho₂:** Commission has no significant effect on employee's level of satisfaction in the telecommunication industry.
- Ho₃:** Allowances has no significant effect on employee performance in the telecommunication industry.
- Ho₄:** Incentives and Rewards has no significant effect on employee's effectiveness in the telecommunication industry.

REVIEW OF RELATED LITERATURE

Conceptual Framework

Definition of Compensation plan

Compensation is the tool used to increase employee's productivity. It seek to attract and retain suitable and qualified employees encourage goods management- employee relationship and commitment and minimizes tension and conflict as it deals with all form of final returns tangible services and mechanism for good relationship. Furthermore, the major perceived case of industrial conflict is based on the fact that employees feel their benefits are denied or on verge of being denied. Thus the importance of good compensation system or culture is to provide a plat form for equity and fairness. This provides a challenging environment and increase productivity of employees. The compensation system ensures that intrinsic and extrinsic needs of employees at all levels are adequately carted for (good compensation culture when inculcated helps to develop organizational integrity, sound policy, procedures and practices capable of improving organizational productivity. Compensation is majorly concerned with better result can be achieved by understanding and managing reward and compensation within an agreed framework, planned goal



standard and competency requirement (Braton and Gold, 2003). This is usually in relation to a good reward system.

Employee Performance

Employees who are the most efficient are like to be they are motivate to perform Stringer, (2013) this relationship mean that rewards and employee performance is expecting theory which means that employee are most to be motivated performance is more performance to receive the rewards and bonus. The rewards may be cash, recognition both to be acceptable that to achieve forgets they are performance is well Suesi, (2012) rewards is the key motive to increase the employee performance to expect well. Give the monthly rewards also increase the performance Osterloh and Frey (2012). Employees are extremely motivated to monthly rewards. The Goal is to satisfy the social exchange process they contribute the efforts. Stringer, (2013) is of the view that 96 employee perform feel them. Organizational rewards result motivated employee. Some other views that recognition in pleasanter the organization favorable works environment motivated the employee Freedman (1978) as cited in Rizwan and Ali (2010). Employee are the important part of any organization increasing the performance they can be motivated through financial and non-financial benefits they can designing that you can says that composition is reward which is receiving by the employee to show their performance. Employee concentrated pay or wages and similar to non-monetary exchange for the employee performance (Holt, 2013). Good organization are maintain to design and enable the organizations to attract the highly skilled and qualified employee retain and motivation towards objective and goals achieve and most employee getting is pay (Olesengun, 2010). If the employee free that they have not getting good salary they cooking for better employee dissatisfaction with the compensation towards goal attainment towards goals done to be lower. Dissatisfied employee increasing the turnover, Absents am and poor mental health (Stringer, 2013). The main objective of compensation is that employee attracted to work and motivated good job foremployee (Olesengun, 2010).

Designing Compensation Package

The design of a compensation system is much easier exercise than its administration and maintenance. A compensation programme is not easily changeable or discarded once it has been implemented or agreed to. The traditional compensation theory has tended to categorize employees into work groups or labor grades, and to compensate them on the basis of group membership rather than individual needs and desires. To every employee, compensation decisions are important because they affect his ability to meet status, esteem, and self-fulfillment needs. A worker decides to join an organization because of the reward of the organization promises to give for his services. If the compensation system is such as would reward high producers adequately for their efforts, a worker who has ability will tend to work hard and produce at a high level of efficiency. If the compensation package is not adequate, the worker tends to seek other means of job satisfaction within or outside his present organization. To the employer, compensation decisions are crucial because labor cost represent a large percentage of the total cost of operating the business. Total compensation decisions have a significant impact upon profits, a major objective of private sector organizations. Those responsible for compensation decision must appreciate the fact



that these decisions have broader impact than their immediate influence on the employee, manager, and even the organization involved. The cumulative impact of these decisions adds up to a distribution of a large part of the wealth of the economy. In formulating a compensation policy, which may be considered as part of a manpower development system or even when planning a nationwide compensation programme, it is necessary to consider several types of income, some of which are: financial, social, and psychic.

Incentives and Rewards

Reward can generate as important role for employee performance. A good employee feel that value of the company is working for the also enhance the batter work they are well-being. Taken seriousness by their employee and their career self-assessment also taking care by their commonalty employee are the big part of organization like engine of the organization which else and fund the reward knows organization scan attain any objective with its employee (Akerale, 2011)also blame the productivity of the workers on several factors provide adequate failure compensation for hard work (Mark and ford 2011) Mention the real success of organization from employee from employee willingness to use their creativity and among how the employee increases the positiveemployee inputs and rewards practices in place. The importance of motivating employees cannot enough inorganizations context motivated employee highly productive more efficiency providing and willing to performing taking in the organizations (Hurtreatal, 2010)in views that if the employee performance efficiently more than ten leaders to organizations rewards as a result of employee performance. The highly motivated employee build advantages for their company and leads the organizations of its objectives (Rizal and ali, 2010).This paper impact of reward dimension on employee performance with special reference tohighly companies. According to (Hasiban 2013) that job satisfaction effects the level of employee performance which means that satisfaction derived from therefore declaration of employee so good. So that if job satisfaction is mean moral decline and support of the organization objective (Hasbuan;2013)According to grisly and Brown (2008 and Johnson2009).Arguments that have five factors that have increases job satisfaction position ranks age financial guarantee and influence job satisfaction consist on psychology factor and social factor. A pay is the key determination but experience rewards is study indicate more complex and difficult. Another study impact of pay menagerie level that may be tailed to satisfy the key motivational rewards for effective performance (Olce, 2009).

Reward is the most important element to eliminate employee for paying their best efforts to generate the innovation and the new ideas in cress the company performance financial and noon financial Dewhurst et al (2010) relationship of the manager supervisor reward power positivity linked with employee performance more productivity ,satisfaction and turnover and organization citizenship behavior (simon,1976; More and hunt 1980; Jahangar,2006).Dee prose (1994)says that motivation of employee productivity can be enhance provide effective recognition which provide the result improve the performance of organization. He entire second of the organization that the employee motivated to assessment the performance of job compensation abacus at all 2003).



The ability to organization is accommodates the needs employees their performance 1960). Inside the commitment towards their organization and their work play a critical role (Eisenbegal, 2012).

Compensation

Naukrihub (2007) posit that compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness. These arguments suggest that there is a link between compensation and job performance (Quartey&Attiogbe, 2013). Compensation deals with every type of reward individuals receive in exchange for performing organizational tasks, with a desired outcome of an employee who is attracted to the work, satisfied, and motivated to do a good job for the employer (Ivancevich, 2004). Compensation is referred to as all forms of financial returns and tangible benefits that an employee receives as a part of an employment contract (Gerhart&Milkovich, 1990).

Indirect compensation:

Milkovich and Newman(1999)refer that financial return and employee receive as a employment relationship all cash incentives and other mating employee received which countries of total compunction .Global business and Economics, (2010) compunction is a big range of financial benefits and Nan financial benefits, It is played in the form of wages and salaries and also insurance level free traveling is also including Chhabra, (2001).It also included that the salary is generally paid for monthly and year. The time spent in the organizations salary is played time spent on the job. Some type of indirect composition offered by today organization (Byars and Rul 2008)

- Social security: this is managing insurance system by the rules of employee must pay into system and contain perchance of pay up to maintain limit. And also average monthly wages give the security of the employee.
- Workers compensation: it also says that employee from loss of salary associated extra job related illness. The laws generally provide the medical expenses.
- Retirement plan: it gives that a sources of income who have retail money paid for a previous services .Give the time of employment one from of plan is contribution plan also known as beneficial annual plain.
- Paid holiday: The New Year day, independent day which is called holiday plain of employee to employee
- Paid for vacation generally depend on employee services. Most of the companies unit less than one year.
- Other benefits: It also involves the additional benefits food services may be wide range purchases discount example for the especially attractive for the retail stores.

Indirect compilation employee motivation Gareth and Jeorge (2010). Defined as psychological force the indication of the attitude of an organization. Process by which engafip the specific motivation period (1998). That provide the wee force of the organization the employee show of the Nifshedoutput the employee will behave seeing their heat



productivity. They perform responsive duty to productivity level about performance how effective you are pointed battle and Hollon (2012).

Employee Loyalty and Performance

Employee loyalty is a deep commitment of an employee loyalty is a deep commitment of an employee (Teich, 1997). Gremler and Brown (1996) explains that employee loyalty is the degree to which an employee exacts considerable efforts into an organizations task and activities. The loyalty of an employee is measured in the work attitude, work ethics and willingness to maintain long term membership with the organization which Nowadays, Porter and Steers (1982) describes an employee commitment, where the employees demonstrate strong belief in what the organization stands for, exert enough effort in the discharge of their duties and responsibilities and a strong desire to maintain membership with the organization. McConnell (2003) explains that performance is about an employees' task and behavioral accomplishments which could be pragmatic and yet measurable. Therefore, it is expected that a job should not only consist of task and behavior requirements but definitely be quantifiable. Campbell, McCloy, Oppler, and Sager (1993) opine that performance should not be the consequence of behaviors but rather the behaviors themselves. Behaviour-centred approaches to performance evaluation seems to be the new norm in performance management as much empirical evidence suggests that job performance consists of the measurable and observable behaviors that employees actually engage in.

Functions of Compensation Management

Effective compensation policy aims at minimizing conflicts and tension in an organization. It restores equity, equality and job satisfaction. It removes imbalance and enhances status quo. On the contrary, inequitable and imbalance compensation policy creates disequilibrium in the organization. Therefore in order to formulate an effective and comprehensive compensation policy, the following functions have to be studied:

1. It helps in analysis of jobs and ranking them in their order of priority or superiority so that adequate wage could be determined.
2. It helps in designing wage structure for the organizations.
3. It helps in appraising the performance of employees.
4. It compares and contrasts the effects of rewards and incentives on productivity and motivation of employees.
5. It ensures dynamism in wage rates.
6. It eliminates inequalities.
7. It reduces and eliminates personal influences and favoritism.
8. It helps in reducing irritants and grievances.
9. It aids in Promotion.
10. A sound compensation policy is a motivator to employees.
11. It helps in recruiting and retaining good employees who are problem-solvers



Typology of Incentives Scheme

Formal incentives on the individual level remain important tools for motivating self-interested agents (Haque, 2005). The two types of incentives, individual and organizational, are therefore kept separated in most typologies. In order to provide a complete list of the incentives identified in the literature, it is useful to present a typology based on the ones elaborated by authors such as Adam and Hicks (2000), Haque (2005) and Hongoro and Normand (2006). These authors make the distinction between individual and organizational incentives on one hand and financial & non – financial incentives on the other. When it comes to organizational incentives, a further distinction is made between internal and external incentives, the former referring to the internal functioning of an organization, and the later relating the organization to its external environment.

Compensation and Employee Performance

There are several factors that have been identified as influencing the performance of employees. They include managerial factors, employees' health, employees' motivation, and interpersonal communication involved in the production process. Effect of compensation on employees' performance and loyalty could be very strong in some organizations (Stajkovic and Luthans, 2006). According to Mohrman and Odden (1996), a good compensation for employees will be able to stimulate the emergence of fresh ideas and employees' innovation. With so many ideas from employees, it would be very useful for the company. In a similar study, Mohrman & Odden (1996) found that the existence of a good compensation of employees will make the health of employees also good. With the maintenance of health, the employee will get maximum performance opportunities. The number of working hours or employee present hours is able to obtain a maximum work performance. As a result, the planning process can be obtained with good production. They also noted that low compensation toward employees will trigger the employee to try to get their own business or side job. With the side business, it will disrupt the quality of employees' work and concentration. Low concentrations of certain employees have a negative impact on quality and quality of production of goods in the company. From these facts, it is clear that the influence of compensation on employee performance is very strong. If it given more reasonable compensation to employees, the higher the productivity of employees. Conversely, if it given lower compensation for employees, the lower the productivity of the employee (Stajkovic and Luthans, 2006).

Theoretical Framework

Reinforcement Theory

This theory holds that individuals can actually be motivated by their work environment when it is properly developed (Maslow, 1954; Robbins, 2003). Hence, rather than considering internal factors such as attitudes, feelings, impressions and other cognitive behaviour, employers should keep on making positive changes in the external environment of the organization. It emphasizes the importance of a person's actual experience of a reward, and the implication of this for compensation management is that high employee performance, followed by a monetary reward will make future high performance more likely. Theories of compensation generally assume that higher performance requires greater effort



or that it is in some other way associated with disutility on the part of workers. In order to provide incentives, these theories predict the existence of reward systems that structure compensation so that a worker's expected utility increases with observed productivity. These rewards can take many different forms, including praise from superiors and co-workers, implicit promises of future promotion opportunities, feelings of self-esteem that come from superior achievement and recognition, and current and future cash rewards related to performance (Abraham, 2010).

The Expectancy Theory

According to Vroom (1964), the expectancy theory is an attempt to explain an individual drive and motivation to work based on certain expected outcomes, the value or importance placed on that outcomes and the expectation that the desired outcomes can be achieved if certain amount of effort is exerted. It should be emphasized however, that increased pay is only one of the potential outcomes of high performance levels. First developed by Vroom (1964), expectancy theory identifies three factors, which play an interactive role in motivation. The first of these factors, effort-performance expectancy (referred to hereafter as "E-P expectancy") concerns the individual's perception that effort is positively correlated with level of performance. This theory is based on the assumption that individuals will perform if they believe that they have necessary ability, that they will receive a valued reward that is contingent on performance and that the reward will be equitable relative to their actual performance. When an individual expects that performance leads to the obtaining of outcomes in terms of total compensation, (s) he is likely to be motivated to put in more effort. Valence, the degree to which an individual values a particular reward, is the third component of expectancy theory. The more a person values the reward he will receive for his effort, the more motivated he will be to receive the reward. The value attached to each component, that is fixed pay, flexible pay, and benefits, of total compensation will increase work motivation.

The Total Reward Model

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments.

Empirical Framework

Omoayo Adewale et al (2014) analyze the impact of compensation system on the job performance of employees and work on only preferred private institutes in Ogun State, South-West Nigeria by using questionnaire. He fined that institutes which



have more appropriate compensation packages embed an Affirmative effect on employee's performance therefore the turnover of employee become less and they sincere with their job and stay in organization. According to Ayesha, Amna, Tahleel and Hina, (2015), the most important resource of an organization is human resource. In an overall performance of an organization it is very important to retain an efficient and effective workforce. Motivated employees add value to an organization by successfully achieving its targets. This present study will indicate some of the factors which contribute to an employee performance like reward and benefits, compensation, incentives and salary. In this paper we have targeted banking sector of Faisalabad. They also found out the relation of all these factors with employee performance. The test used for analysis is SPSS.

Marshall, (2011), examined the effects of deferred compensation plan characteristics on voluntary turnover decisions using detailed personnel data on store-level employees of a large retail firm. Overall, I find that employees who are eligible to receive deferred profit-sharing payments have significantly lower voluntary turnover. However, the relation between eligibility and turnover varies depending upon the specific plan eligibility requirement (i.e., age, tenure, hours worked per year), with stronger retention effects when plan contributions are larger. Vesting restrictions are associated with lower turnover rates, but only among lower-level store employees. Moreover, a natural experiment arising from a change in the plans vesting provisions reveals no significant turnover effect from this change. Finally, the retention benefits from unvested plan holdings are driven primarily by deferred compensation that is invested in the company's stock rather than in diversified mutual funds.

Dustin, (2009), examined the impact of negative compensation shocks on individual performance over time. To do so, performance data over a two year time period were obtained for individuals who remained with their organization after experiencing a reduction in compensation. Using both equity theory and the unfolding model of turnover as theoretical perspectives, the study examines whether the magnitude of the shock matters, whether the individual's pay level affects their reaction to a negative shock, and whether or not the impact of a negative compensation shock dissipates over time. Additionally, this study proposes an extension to the unfolding model of turnover by suggesting that a logical outcome in response to a negative shock may be to stay with an organization but to reduce one's performance in response to a dissatisfying situation. Based on equity theory, it was predicted that individuals would decrease their performance (inputs) in response to a decrease in compensation (outputs). To examine these questions, the study used an interrupted time series with a nonequivalent no treatment control group method of design. Data on 292 individuals were analyzed. The findings were contrary to expectations in that negative compensations shocks caused performance to increase rather than decrease. The contradictory findings may be due to the fact that pay was highly linked to individual performance for the individuals participating in this study. Some of the study's findings do show consistency with expectations. First, the results show that in



response to a negative compensation shock, individuals at high pay levels change their performance less than individuals at lower pay levels. Thus, high pay seems to be an insulating factor as it relates to negative compensation shocks. Second, the effects of negative compensation shocks on performance tend to dissipate time. Third, the study shows that the magnitude of the shock matters such that the larger the shock, the larger the resulting performance impact.

Abdul, Muhammad, Hafiz, Ghazanfar and Muhammad, (2014) measure the impact of compensation on employee performance. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, Indirect Compensation and employee performance. The data was collected from different banks of Pakistan. The data collected were analyzed in SPSS 17.0 Version. Different analytical and descriptive techniques were used to analyze the data. It was founded from different results that Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance. ANOVA results reveal that education have not same impact on employee performance.

Serena, Muhammad and Emran(2012), examined the relationship between rewards and employee performance as well as to identify the relationship between extrinsic and intrinsic rewards. The study explored factors determining extrinsic and intrinsic rewards and their impact on employee performance and actions to influence the commercial banks for a consideration of a more systematic and structured approach to acknowledge employee's efforts which would in turn prosper high performance culture in commercial banks of Bangladesh. Descriptive statistics based frequency tables and graphs were used in the study to provide information on demographic variables. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. A total of 200 questionnaires were distributed to employees of the commercial bank and a total of 180 employees completed the questionnaire properly. The result indicate that there is a statistical significant relationship between all of the independent variables with dependent variables employee work performance and all the independent variables have a positive influence on employee work performance.

George, Bamigbola and Akaighe, (2016), examined the effect of reward and compensation on employee loyalty and performance in Asset Management Corporation of Nigerian (AMCON). A descriptive survey research design was adopted in this study. The sample for this study consisted of randomly selected 179 staff of AMCON. Data collected were analyzed using descriptive statistic; and Chi-square testing. Results from the study revealed that compensation program does influence employees' performance in AMCON, that fair rewarding system does



enhance employee loyalty in AMCON, Quality of work compensation and conducive working atmosphere do affect employees' performance in AMCON. It was concluded that there is a need for the management and employees of AMCON to promote fair and adequate compensation system.

Summary of Reviewed Related Literature

Compensation is what employer offered as both tangible and intangible rewards to an employee receives as part of the employment relationship. Compensation of employees is a major responsibility area in human resources management. Human resources manager are charged with the job of designing a program to attract and retain qualified applicants. It was reviewed that compensation is the tool used to increase employee's productivity. It seek to attract and retain suitable and qualified employees encourage goods management- employee relationship and commitment and minimizes tension and conflict as it deals with all form of final returns tangible services and mechanism for good relationship. Application of the compensation plan in organization, have interesting and valuable results that can be generalized to other industries as valuable experience with real results and reliable use. The studies reveals a mixed findings among the scholars.

Gap in the Literature

Many of the previous studies where done on relationship between rewards and employee performance, reward and compensation on employee loyalty and performance, compensation system on the job performance of employees, compensation plan characteristics on voluntary turnover and negative compensation shocks on individual performance over time. But this study tends to examine compensation plan on employee performance in the telecommunication industry inrelation to MTN and Glo Nigerian, Umuahia, with specific key variables which was absent in the reviewed works.

METHODOLOGY

Research Design

This research adopted the survey research design which suits the research due its descriptive nature.

Sources of data collection

Both primary and secondary source of data were utilized in gathering the information relevant for this work.

Primary data: Primary data consist the use of questionnaire and oral interview. The researcher decided to employ these technique due to its importance to the research.

Secondary data: Secondary data were also adopted in this research work especially in its reference in order to back up the theoretical work. Some of the secondary sources utilized includes textbooks, lecture material, seminar paper and related articles in academic journals and from the internet.



Population of the Study

A population is made up of all conceivable elements or observations relating to a particular phenomenon of interest of the research subject or element. The population of this study comprises the staff of MTN and GLO telecommunication services, totaling 112 staff (Annual Year book, 2017).

Sample Size Determination

However, for obvious reason, the entire population cannot be studied, hence there is need to select a sample that is a representation of the target population. To determine the sample size for this study Taro Yamen's formula was used as shown below.

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = sample size,

N = population size

e = error level of significant.

The square maximum allowance for sampling error or level of significance is 5% = 0.05

Hence:

$$n = ? \quad N = 112, \quad e = 0.05$$

$$\begin{aligned} n &= \frac{N}{1 + N(e)^2} \\ &= \frac{112}{1 + 112(0.05)^2} \\ &= \frac{112}{1 + 112(0.0025)} \end{aligned}$$

$$\frac{112}{1 + 0.28} = \frac{112}{1.28}$$

$$n = 87.5 = 88 \text{ approx.}$$

n = 88, therefore is the sample size. Since the sample size used in the survey is eighty-eight (88) as derived from the above formula, this was the number of questionnaires administered.

Sampling Technique

The researcher adopted simple random sampling techniques. Randomly, all the employees of the selected two telecommunication network was given an equal opportunity of being selected as the respondent of the study.

Description of the Research Instrument

The research instrument to be used in the process of this research is questionnaire which was administered to the staff and management of the bureau. Oral interview and personal observation was also employed in this research work to actualize the stated objectives.

Reliability of Instrument

The researcher adopted Cronbach Alpha which measures the internal consistency of test instrument. The reason while Cronbach Alpha was adopted is because the



research questionnaire was structured in a multiple Likert Scale Format of which Cronbach Alpha is consistence in testing its reliability. Also in first instance, 40 questionnaire were distributed to the respondents. After two weeks interval, another 48 questionnaire were distributed to another set of respondents, and the two set of results remained the same, hereby the instrument is reliable.

Method of Data Analysis

This research work made used of descriptive statistics and inferential statistics, descriptive statistics to be used includes table, frequency, percentages, mean, etc. while the inferential statistics that was used is simple regression Regression Analysis using Analysis of Variance (ANOVA). Pearson Product Moment Correlation Analysis and Analysis of Variance was used to test hypotheses posited.

Data Presentation/ Results and Discussion

A total number of eighty-eight (88) questionnaire were issued out by the researcher to the staff of MTN and GLO network providers. The table below presents the distribution of the questionnaire to the sampled respondents. The generated data was presented and analyzed in the subsequent sub-heading below.

Table 3.1: Distributed and Collected Questionnaires.

Departments	Number of Issued	Number Returned	Percentage (%) Returned
Administration	18	16	18.2
Customer Service	32	29	32.9
Finance	16	15	17.0
Planning and Research	22	20	22.7
Total	88	80	90.9

Source: Field Work, 2018

Data Presentation

Prompt payment of salaries has influenced employee performance in the telecommunication industry

Table 3.2

Response	Frequency	Percent (%)
Strongly Agree	17	21.3
Agree	42	52.5
Undecided	7	8.8
Disagree	10	12.5
Strongly Disagree	6	7.5
Total	80	100.0

Source: Field survey 2018.

Interpretation:

From table 3.2 above it could be seen that 17 respondents representing 21.3% strongly agreed that Prompt payment of salaries has influenced employee performance in the telecommunication industries, 42 respondents representing 52.5% agreed the same, 7



respondents were undecided, 10 respondents disagreed, while 6 respondents strongly disagreed that the development of the enterprises has increased their access to credit from financial institutions. Commission has impacted employee productivity in the telecommunication industry

Table 3.3

Response	Frequency	Percent (%)
Strongly Agree	18	22.5
Agree	35	43.8
Undecided	9	11.3
Disagree	3	3.8
Strongly Disagree	15	18.8
Total	80	100.0

Source: Field survey 2018.

Interpretation:

From table 3.3 above it could be seen that 18 respondents representing 22.5% strongly agreed that Commission has impacted employee productivity in the telecommunication industry, 35 respondents representing 43.8% agreed the same, 9 respondents were undecided, 3 respondents disagreed, while 15 respondents strongly disagreed that Commission has impacted employee productivity in the telecommunication industry

Result and Discussion

H_{0i}: Commission has no significant effect on employee's level of satisfaction in the telecommunication industry.

		performance	salary/wage	Bonus
Performance	Pearson Correlation	1	.804**	.589**
	Sig. (2-tailed)		.000	.000
	N	83	83	83
salary/wage	Pearson Correlation	.804**	1	.547**
	Sig. (2-tailed)	.000		.000
	N	83	83	83
Bonus	Pearson Correlation	.589**	.547**	1
	Sig. (2-tailed)	.000	.000	
	N	83	83	83

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



The table above showed the relationship that exist between the Independent variables Remuneration (salaries/wages and bonus/incentives) and the dependent variable (employees' performance). The correlation analysis showed that there is positive correlation between salaries and wages (.804^{**}) and bonus (.589^{**}) and employees performance revealing that an increase in remuneration will lead a positive increase in employees' performance. In other words a positive change in remuneration from the employer will encourage or motivate the employees to increase their performance. This supports and reinforces the reinforcement and expectancy theory of remuneration. Therefore, we reject the null hypothesis because remuneration plays a vital role in motivating employees' to perform.

H₀₂: Prompt payment of salaries has no significant effect on employee performance in the telecommunication industry

Dependent Variable: PERFORMANCE

Method: Least Squares

Date: 08/26/16 Time: 18:24

Sample (adjusted): 1 83

Included observations: 88

Variable	Coefficient	Std. Error Statistic	t-	Prob.
C	0.515267	0.234344	2.198762	0.0308
BONUS	0.219632	0.078470	2.798938	0.0064
SALARY	0.710085	0.078167	9.084257	0.0000
R-squared	0.678251	Mean dependent var		3.289157
Adjusted R-squared	0.670207	S.D. dependent var		1.273847
S.E. of regression	0.731540	Akaike info criterion		2.248145
Sum squared resid	42.81204	Schwarz criterion		2.335573
Log likelihood	-90.29801	Hannan-Quinn criter.		2.283269
F-statistic	84.32040	Durbin-Watson stat		1.829556
Prob(F-statistic)	0.000000			

Source: Data output using E-view, 2018

1% level of significance, 5% level of significance

The table shows the result of the regression analysis. The coefficient of bonus and salary are positive and significant at 1%. The p-values of bonus and salary is 0.0064 and 0.0000 is less than the t-statistic value of 2.799 and 9.084 and the standard error value of 0.0785 and 0.0782 is less than the t-statistic value respectively. The adjusted R² 0.67 or 67% which revealed that the variables in the equation jointly explained 67% of the variations in the equation while the remaining 33% is explained by other variables not included in the equation. In other words, the R-square value of 67%



expresses the percentage effect of remuneration dimension on employees' performance jointly explained by salaries/wages and bonus/incentives on employees performance. Therefore will reject the null hypothesis because there exist a significant relationship between remuneration and employees performance.

Findings

The following findings were made:

- i. Prompt payment of salaries has no significant effect on employee performance in the telecommunication industry.
- ii. Commission has no significant effect on employee's level of satisfaction in the telecommunication industry.

CONCLUSION

The study examine the effects of compensation plan on employee performance in the telecommunication industry, using MTN and Glo Networks. In order to their objectives, the study investigated the effect of prompt payment of salaries on employee productivity in the telecommunication industry. Findings revealed that there is a significant effect of prompt payment of salaries on employee productivity in the telecommunication industry.

More so, finding revealed that there is a significant effect of commission on employee's efficiency in the telecommunication industry.

Recommendations

The following recommendations were made:

1. The employers of labour both private and government must not take the remuneration of their employees for granted because it will result in low productivity. The research showed that there is a positive significant relationship between remuneration and employees' performance.
2. The reason for frequent workers strike is borne out of poor remuneration and condition of services which the government must see as a twin scourge destroying the economy.
3. Participation of employees should be encouraged and allowed in pay determination both in the private and public sector.
4. Since employees usually take the issue of equity in pay at work seriously, employers of labour should ensure that their pay is competitive when compared to firms in the same or similar industry.
5. Prompt payment of salaries, wages and all entitlements.

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