
Evaluation of Remuneration Policy's Influence on Performance of Staff of Access Bank Plc, Bida

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ABSTRACT

Many commercial entities especially Banks place high priority on staff remuneration, this is because the ability of a commercial bank to achieve its goals at minimal cost will depend mostly on how motivated its employees are, be it skilled labour, semi-skilled or unskilled labour, all depend or believe strongly on competitive remuneration. This research work assessed how compensation policies can be used effectively to enhance productivity in Commercial banks. The works of other scholars have been reviewed to enable the researcher take a position. Primary data and other information were used. The population of the study is 16 members of staff, due to the size of the population; the entire population shall constitute the sample size. Simple random sampling technique was adopted in administering the questionnaire. The study found out that, once members of staff are well compensated above the industrial/industry average, then, productivity will be enhanced. Another finding is that, the current remuneration packages of the bank is not adequately competitive, members of staff expressed displeasure over the compensation policies. The work concluded by recommending that the bank under investigation should review its compensation policies in-line with the practices in other leading banks, that is, compensation policies should be made more competitive to minimize labour turnover in the bank.

Keywords: Remuneration, Policy, Efficiency and Productivity.

Introduction

Many commercial entities especially Banks place high priority on staff remuneration and good emphasis on effective strategies that are result oriented, this is because the ability of a commercial bank to achieve its goals at minimal cost will depend mostly on how motivated its employees are; be it skilled labour, semi-skilled or unskilled labour, all depend or believe strongly on competitive remuneration and good policies on human resources.

Furthermore, since employees contribution to business organization is indispensable for the achievement of set goals, then it becomes necessary that organization view reward and human resources policies as paramount and a key factor for Banks development.

McCarthy (2000) believed that policies are broad and general guides to actions that provide a framework within which objectives are established

and strategies are selected and implemented. Policy is regarded as holistic, synergistic and global. Policy is holistic as a concept because an organization is viewed as a totality of interrelated processes and functions.

From the statements made above, the interest of the researcher got aroused and decided to find out whether there is any correlation between reward system being practiced in Access Bank and performance displayed by Bank's Staffers.

Statement of the Problem

Many researchers on motivation – related topics have concluded that "Performance and Pay have direct correlation; but notwithstanding, many commercial banks pay lip services to Compensation and thereby making many employees to intentionally reduce their productivity in many banks. The attention given to reward policy is mostly negligible, not satisfactory nor commensurate with their efforts and prevailing high rate of inflation in the economy. The latest trend now is casualization of staff in banks, as recruitments into many banks are undertaken by external recruitment agents.

Statement of Objectives

The broad objective of this study is to assess the influence of remuneration policy's influence on the performance of staff of Access Bank Plc, Bida.

Other specific objectives include:

- To examine the effectiveness or otherwise of the current compensation policy of the bank.
- To determine whether there is direct correlation between reward system and productivity.
- To know the acceptability of the current labour remuneration policy of the bank.

Research Hypothesis

The following statements of hypotheses are hereby proposed:

H₁: Effective reward system is needed for improved performance in commercial banks.

H₀: Effective reward system is not needed for improved performance in Commercial Banks.

The Concept of Policy

Evborokhai (2003) stated that policies are viewed as guides to actions because they establish the universe in which actions are to be taken. Policies are guides to managerial actions. Policies direct organizational effort towards a predetermined direction that leads to the achievement of goals, objectives, purpose and mission of the company.

McCarthy (2000) believed that policies are broad and general guides to actions that provide a framework within which objectives are established and strategies are selected and implemented. Policies therefore, are means to an end and not end in themselves. Policies are means through which organizational objectives are achieved.

In brief, policy means the set of purposes, principles, and rules of action that guides an organization. It is said to be a guide to decision-making at all levels within an organization. It is also viewed as a guide to action, a constraint to behaviour and an aid to decision making.

Compensation/Reward Management

According to Ubeku (1975) remuneration is the reward given to an employee based on merit and/ or ability to perform a given task or duty in an organization.

Armstrong (2009) said Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices and procedures) which aim to meet the needs of both the organization and its stakeholders. Reward can be regarded as the fundamental expression of the employment relationship.

Compensation involves all packages accruing to employees irrespective of their basic remuneration or salary, perhaps as a result of individual or group effort to achieving set objective or surpasses a predetermined target of an organization. Welfare service such as free lunch, free transportation service, free medical service, all expense paid; training / workshop/seminars, full sponsorship for all higher degrees and professional qualification etc. will motivate employees in modern organization.

Determinants of Compensation Policy in Modern Organizations

According to Gareth (2000) many factors determine what an employee gets as his/ her total take-home at the end of the month. Among the factors that influence compensation policies are the following:

Prevailing Legislation: once there is an Act of the National Assembly stipulating the minimum wage for a country and assented to by the President or Head of State, then, every employer is duty bound to obey and respect such laws e.g Nigerian Minimum Wage Act 2011.

Ability to Pay: At other time, firms set their wages based on their ability to pay not on prevailing laws. Within the same industry, there are firms that are benefiting good sales and profit while other are witnessing difficult situation in their operations. Mostly companies that earn more in terms of sales and profit pay more in terms of wages and salaries.

Cost of Living: This is generally referred to as a "living wages." Inflation will make the cost of living to be high while deflation will make the cost of living affordable.

Productivity: Wages and productivity have a direct correlation. To a worker, it is not fair that despite the effort incurred to maximize productivity, proportionate compensation is not being offered.

Union Bargaining Power: Unions are often able to obtain wages concession when engage in collective bargaining with their employer than they would individually.

In-fact, most wages increases in Nigeria has been influenced by labour struggles. The recently passed National Minimum Wages (Amendment) Act, 2011 testifies to this point.

Effective Compensation Policies and Impact on Productivity

Nwachukwu (1988) described productivity as "the measure of how well resources are brought together in organization and utilized for accomplishing a set of result". Also, productivity is reaching the highest level of performance with the least expenditure of resource. In another dimension, productivity is often seen as total output / total input. The productivity of employees is seen as the relationship between unit of labour input and unit of output.

Other scholars believed that the effectiveness of the use of the factors of production to produce goods and services is referred to as productivity. Effective human resource polices will cater for employees' welfare in the area of salaries, wages, bonus, allowance, employee share scheme, 13th month salary, profits sharing scheme, adequate medical allowance, leave pay, etc. Scholars have agreed that when there is effective compensation polices coupled with sound human resource polices that motivate employees, then nothing can prevent employees from being effectively productive.

Research Methods Used

This research was carried out employing data collected from both Primary and secondary sources. The primary data were collected through the administration of questionnaires to 16 members of staff of Access Bank Plc, Bida, Niger State. For the purpose of this work, simple random sampling method was adopted in administering the questionnaires; this was done to give equal opportunity to all members of staff. The hypotheses stated earlier would be tested as well using Chi-Square.

Analysis of Data, Results and Discussion

Table 1: Impact of Robust Incentives on Employees

Responses	Respondents	% Respondents
Improved Productivity	12	75
Timely achievement of goals	2	12.5
Reduced Labour Turnover	2	12.5
Total	16	100

Source: Questionnaire Administered (2014)

Table 1 showed that 12 respondents, representing 75% of the respondents agreed that offering of robust incentives would lead to improved productivity in the bank. However, 2 respondents believed such offering will lead to timely achievement of goals while another 2 respondents (i.e. 12.5%) believed such will help to reduce labour turnover in the organization.

Table 2: Levels of Satisfaction with Current Salaries, Allowances and Incentives.

Responses	Respondents	% Respondents
Very Satisfied	1	6.25
Satisfied	9	56.25
Dissatisfied	6	37.5
Total	16	100

Source: Questionnaire Administered (2014)

Table 2 proved that there are varying degrees of satisfaction with the current remuneration policies of the bank. Majority of the respondents (i.e. 56.25%) are merely satisfied with the current remuneration policies, 1 respondent regarded the incentives as 'very satisfied', probably a managerial staff (i.e. 6.25%) fall into the top echelon of the branch.

Some are still dissatisfied with the current incentives, allowances and salaries offered as 6 respondents, representing 37.5% of the total respondents classified the incentives as "ineffective and dissatisfied.

Table 3: Level of Effectiveness of the Current Compensation Policy of the Bank

Responses	Respondents	% Respondents
Very Effective	7	43.75
Effective	7	43.75
Ineffective	2	12.5
Total	16	100

Source: Questionnaire Administered (2014)

Table 3 above indicated that 7 respondents, representing 43.75% of total respondents agreed that the current remuneration is effective also 43.75% of the respondents considered the policies to be very effective while another 12.5% voted that the policies at the moment are ineffective.

In a nutshell, majority of respondents believed that the current compensation policy of the bank is effective, although there is room for improvement to make it very effective'.

Table 4: Competitiveness of Reward System of the Bank

Responses	Respondents	% Respondents
Highly Competitive	4	25
Competitive	10	62.5
Not Competitive	2	12.5
Total	16	100

Source: Questionnaire Administered (2014)

Table 4 examined the competitiveness of the reward system obtainable in the bank in relation to the practice of other banks within the banking sector. Four (4) respondents classified the reward system as 'Highly Competitive', majority of the respondents i.e. 10 representing 62.5% agreed that the reward system is competitive while 12.5% of respondents choose "Not competitive".

Table 5: Effective Remuneration Policy Leads to Improved Productivity.

Responses	Respondents	Respondents (%)
Agreed	12	75
Disagreed	4	25
Not Decided	0	0
Total	16	100

Source: Questionnaire Administered (2014)

The above table 5 showed that 75% of the respondents were of the opinion that current remuneration policy of the bank will lead to improved productivity. However, 4 respondents, representing 25% disagreed that the current level of remuneration will lead to improved productivity.

Table 6: Direct Correlation between Reward System and Productivity

Responses	Respondents	% Respondents
Yes	16	100
No	0	0
Total	16	100

Source: Questionnaire Administered (2014)

Table 6, in strong terms every respondent chose "YES" indicating that there is a direct relationship between reward system offered by the bank and level of productivity. Employees' productivity would be influenced by the sum of all motivational tools offered to employees.

Table 7: Acceptance of Current Remuneration Policy

Responses	Respondents	Respondents (%)
Very Acceptable	3	18.75
Acceptable	4	25
Not Acceptable	9	56.25
Total	16	100

Source: Questionnaire Administered (2014)

The current remuneration policy of the bank is not acceptable to most of the staff/respondents. 9 out of 16 respondents considered the incentives as 'Not Acceptable'.

Table 8: Factor That Contribute to Improved Productivity

Respondents	Number of Respondents	% Respondents
Financial incentives	12	75
Other motivators	4	25
Total	16	100

Source: Questionnaire Administered (2014)

From the table 8 above, 12 respondents representing 75% of the population stated that the financial incentives have been adopted as a way of improving productivity in the bank while 4 respondents representing 25% of the population are of the view that other motivators would be responsible for improved productivity in the organization. This indicates that only when staffs are adequately motivated that high productivity would be experienced in the organization.

Question 9: Respondents Were Asked to Identify Areas that Require Improvement in Compensation Policies of the Bank.

Being an open-ended question, the respondents gave various suggestions but many respondents lamented that they do not enjoy equal incentives, being that some members of staffs are regular staff while others are contract staffs (sourced by recruitment agents) also others were not happy with the target set, especially for marketers. Many bankers are not

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encouraged financially to undergo higher degrees in higher institutions due to tight job schedules.

Hypothesis Testing:

Ho:

Effective reward system is not needed for improved performance in Commercial Banks

	Observed N	Expected N	Residual
Agreed	12	8.0	4.0
Disagreed	4	8.0	-4.0
Total	16		

Test Statistics

	Effective reward system is not needed for improved performance in Commercial Banks
Chi-Square ^a	4.000
df	1
Asymp. Sig.	.046

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.0.

Interpretation

Since $P_{value} (0.046) < 0.05$, we reject the null hypothesis and conclude that effective rewards system is needed for improved performance in commercial banks.

Summary of Findings

The following were the major findings of this research work:

It was discovered that robust incentives would lead to improved Productivity. Majority of the staff of the Bank are marginally satisfied with the current level of salaries, allowances and other incentives offered to them. Hence, the remuneration package of the bank is not effective, especially for members of staff recruited by recruitment Agents.

The respondents agreed that there is a direct correlation between reward system and staff productivity. To an extent, financial reward is a motivator especially among the poor or low income earners. The current remuneration policy of the bank is not accepted by all cadres of the bank staff.

Effective Reward System is needed for Improved Performance in Commercial Banks. It has been noticed that there is moderate level of labour mobility in the bank due to higher pay offered by some commercial banks in the country.

It has been established that financial incentives have been adopted as a way of improving productivity in the bank while some staffs were of the view that other motivators would lead to improved productivity in the organization. This indicates that only when staffs are adequately motivated that improved productivity would be experienced in the organization.

Conclusion

Having highlighted the major findings of the research work, it is obvious that the current Compensation Policies of the bank under investigation are effective but less competitive. However, some lapses exist thereby pointing to areas that require modifications, but in all, it can be concluded that compensation policies would definitely improve or enhance productivity in commercial banks.

Recommendations

For the purpose of improved productivity at the case study, the following recommendations are put forward:

- Firstly, the branch manager should recommend to the regional office for onward transmission to the head office, a more robust incentive for staff in order to make them more productive.
- There is the need to make better the current salaries, incentives and allowances given to staff; this will help to increase level of satisfaction on the job.
- The bank at all levels should formulate and implement improved human resource and compensation policies in order to encourage effectiveness and efficiency of the workforce.
- The bank should make the reward/compensation policies more rewarding, friendly and competitive. The bank should review the lapses identified in its current compensation policy. Many staff believed that the policy is selective and partial. These areas must be looked into.
- The bank should modify most importantly its promotion policy, staff training and development policy, as well as policy to absorb productive members of staff who were recruited by recruitment agents on contract/casual basis. Also, recruitment policy should be

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looked into to make room for better merit system of recruitment as majority of the cashiers/tellers are contract staff, recruited by agents.

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