EFFECT OF COMPENSATION ON EMPLOYEES PERFORMANCE IN SELECTED PRIVATE HEALTH CLINICS IN KARU LOCAL GOVERNMENT AREA - NIGERIA

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Abstract

The study examines the effect of compensation on employees' performance in selected private health clinics in KaruLocal Government Area. The study covered the period of 18 years (2000-2017) The study adopted survey research design. The population of the study consists of 192 staff and 53 management staff of selected private health clinics in Karu Local Government Area. The entire population of the study was used as the sample size. The method of data collection used by this study was questionnaire which was administered to the respondents comprising of management staff of selected private health clinics in Karu Local Government Area and their employees. The statistical tool used is simple regression. The findings revealed that there is significant relationship between compensation and employees performance in Mayday Specialist Hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria. This implies that compensation contribute significantly to employees' performance in the selected Clinics in Karu Local Government Area of Nasarawa State, Nigeria. The study recommends that the selected clinics in this study should sustain the use performance appraisal in order to promote employees performance, give feedback on their work, and ensure that they raise their pay packages as well as using it for their care progress in the respective organizations.

Keywords: Compensation, Employees' Performance and Employees' work Attitude

INTRODUCTION

The relationship between organizational compensation systems and employee performance is important, although some surrounding factors may determine satisfaction emerging from another. Compensation system was developed to reward employees strictly according to their specific tasks. Previous research has shown that employees are the company's most important resource. To satisfy customers, companies must first meet the demands of their employees. In addition, organizations have experimented with this tradition in the recent past, as noted above, and with increasingly different forms of compensation based on the skills of the market or employees (Nebecker et al. 2001).

Over the years, selected private health clinics in Karu Local Government Area have used various compensation principles, established personnel departments, appointed chiefs to oversee the compensation process for employees, and the tasks they were assigned to We guarantee that you will be able to work effectively, such as in a good way of working within your organization. Conversely, selected private clinics in the Karu Local Government area do not encourage employee performance in attitudes towards work, resulting in poorly supported patients.

Drawing from the existing literature reviewed in empirical studies, similar studies have been carried out in Pakistan, Palestine, Kenya, and Malaysia using various organizations such as commercial banks, textile industries, the Malaysian Skills Institute and the Islamic University. However, none of these studies used selected private health clinics in the Karu Local government area to examine the effect of compensation on employee performance.

The main objective of the study is to examine the effect of compensation on employees' performance using selected private health clinics in Karu Local Government Area. Other specific objectives of the study are to: examine the effect of compensation on employees' attitude to work in selected private health clinics in Karu Local Government Area.

The hypothesis is stated in a null form: H_{01}: There is no significant effect of compensation on employees' attitude to work in selected private health clinics in Karu Local Government Area of Nasarawa State.

The study is restricted to the effect of compensation on employees' performance in selected private health clinics in Karu Local Government Area. The period covers the time the selected private health clinics in Karu Local Government Area frequently implemented compensation. The period also included the time Nigerian government implemented democratic system of Government which organizations such as selected private health clinics in Karu Local Government Area also adopted it by ensuring those employees' needs are provided and used the same principles in allowing employees to contribute to the management by jointly setting goals.

LITERATURE REVIEW

Concept of Compensation

Compensation is the process of providing monetary value to the work done by an employee. Compensation can be used to promote corporate loyalty by hiring skilled employees, reward performance, and reducing turnover (Hassan, 2016). Compensation includes basic pay, overtime, bonuses, travel/accommodation. This includes allowances, stock options, medical allowances, commissions, and profit sharing. Compensation is an output, a profit that an employee receives in the form of wages,

wages and the same compensation, such as the exchange of money from an employee to improve performance (Holt, 1993). Bowmani (2006) defines compensation as a tool available to all employers that can be used to attract, retain, motivate, and satisfy employees. The Journal of Global Business and Economics (2010) also defines compensation as "the combination of all cash incentives and the fringe benefits mix that an employee receives from a company which constitutes an individual's total compensation. Chabra (2001) refers to Compensation as a wide range of financial and non-financial rewards given to employees in exchange for their services rendered to the organization. DeNisi and Griffin (2001) noted that compensation is a reward system that a company provides to individuals in return for their willingness to perform various jobs and tasks within organizations. Teeseema and Soeters (2006) asserts that compensation which includes direct cash payment, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity is a critical component of the employment relationship.

Concept of Employees Performance

In the view of Gibson (1990), employees' performance is measured in terms of productivity, job satisfaction, job commitment, employee attitude, turnover, and absenteeism. Employees' performance is about employees achieving the results, goals, or standards as per the expectations set by the organization. Employees are rated on how well they do their jobs compared to the performance standards set. In short, it is the accomplishment of a given task measured against pre-set standards of accuracy, completeness, cost and speed, the initiatives they take, their creativity in solving problems and the resourcefulness in the way they utilize

their resources, time and energy (Rothman, 2003).

Employees' Attitude

Employees' attitude describes the actions of employees towards their objectives and goals. Employees' attitude includes three major dimensions, which are following affective attitude, cognitive and individual's attitude. The effective attitude includes the emotional factor, feeling of employees and values or norms. The cognitive attitude focuses on the employee's belief about the right and wrong concept. Lastly, the behavioral attitudes of employees show the intensions and decision making will and power (Cho, Lee & Choi, 2012). Armstrong (2006) observed that factors of recognition for performing well, chances of promotion, professional growth, compensation, and incentive schemes, are perceived as motivating factors by many employees.

Compensation and Employees Performance

Sheila and Josephat (2015)study was influence of compensation and reward on performance of employees at Nakuru county government A survey was carried out within the 11 sub-counties in Nakuru County Government with the study adapting a descriptive research design. Stratified random sampling technique was employed on a target population of 6,400 respondents from the same geographical area of study. Simple random sampling was used to select the respondents that formed a sample size of 98 respondents. Primary data was collected using questionnaires and interview schedules with a combination of open and closed questions. Statistical Package for Social Sciences was used to analyze thedata. The findings indicated that there was a strong relationship between compensation and

reward on employees' performance in the county government of Nakuru.

The above study failed to state the population of the study and the sample size of the study. The study used descriptive research design which is inappropriate for the study. The study could have used survey research design since it involved the use of questionnaire administering to the respondents. The study used correlation which was appropriate for the study but only correlation analysis cannot answer the question of how the independent variable impact on the dependent variable. The study could have used regression to ascertain the cause and effect relationship between variable.

Kimani, Thomas, and Arasa (2017) established the effect of compensation strategies on employees' performance, a case study of Mombasa Cement Limited. The study utilized three research objectives. The first was to determine the effect of salary on the performance of employees; while the second was to find out the effect of benefits on the performance of employees and to establish the effect of recognition on the performance of employees. The study used survey research method. The population of this study comprised of all employees of Mombasa Cement Limited based at the headquarters, Athi River, with a total of 153. A stratified sampling technique was used to select respondents. This research study used questionnaires as the primary research instrument for the collection of data from the selected respondents. Quantitative data collected was analyzed, presented, and interpreted using descriptive statistics. Statistical Package for Social Sciences (SPSS) version 20 was used to analyze quantitative data into descriptive statistics such as means, standard deviation, frequencies, and

percentages. For advanced analysis, the study used Pearson correlation method which evaluated the linear relationship between two continuous variables in the study. The study found that reasonable salary, benefits in form of bonuses and allowances and recognition through certification or verbally promoted employee performance.

The study by Kimani, Thomas, and Arasa (2017) established the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited. They used questionnaire which is appropriate in the study. The used questionnaire, Statistical Package for Social Sciences (SPSS) version 20 was used to analyze quantitative data into descriptive statistics such as means, standard deviation, frequencies, and percentages which were appropriate for the study.

Lucia and Shirin (2017) studied the assessment of compensation and benefits in selected audit firms in the Kingdom of Bahrain. The study used a descriptive survey method to analyze the perception on compensation and benefits in selected audit firms in the Kingdom of Bahrain. Also, this method is used to analyze the significant relationship of the perception of the employees along with the same variables. The respondents of the study were the 100 employees of the audit firms in the Kingdom of Bahrain. The primary tool in gathering data was the questionnaire. Secondary sources were utilized such as: books, articles, unpublished theses and other printed resources related to the study that were used to support and strengthen the findings of the study. Descriptive statistics were used to analyze and interpret the data gathered such as: weighted mean to identify the average perception of the respondents. T-test was used to calculate

the difference in the perception of the respondents. The correlation assessed whether the means of two groups are statistically different from each other. This is drawn from an overall mean score 3.98. There was a significant relationship between employees' compensation and benefits in audit firms in Bahrain and effectiveness of employee performance.

The above study is perfect because it conforms to the research design ingredient such as research design, population of the study, sample size, sample size determination technique, statistical tools, methods of data collection and source of data collection.

Ibojo and Asabi (2014) examined the effect of Compensation Management on Employees' Performance in the Manufacturing Sector, A case study of A Reputable Food and Beverage Industry. Primary and secondary sources were used. The use of questionnaire was employed to gather necessary and relevant data from the respondents. The methods were used in order to minimize the problems associated with data collection and to ensure that the results are visible and bias free as expected. The data was analyzed using inferential and descriptive statistics. The descriptive statistics involves frequency table, likert scale while the hypotheses were tested using Analysis of Variance (ANOVA). The results show that the f statistic is 32.222, which means the model is statistically significant. This shows that there is a significant relationship between good social services and employee performance. The statistic F 12.052 indicates that the model is statistically significant. This shows that there is a significant relationship between managing compensation and improving productivity. The F statistic of 11.237 indicates that the

model is statistically significant. This shows that there is a significant relationship between compensation management and employee performance.

The above study was conducted in a manufacturing sector. The study used aReputable Food and Beverage Industry. Primary and secondary sources were used. The used of secondary data did not explain the study since the study only used questionnaire which is a primary data source. The study used ANOVA to indicate how a model fit and also to show how independent variables were significant or insignificant in achieving the dependent variable.

Maslow's Hierarchy of Needs Theory

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy ascending from the lowest to the highest and he concluded that when one set of needs is satisfied this particular need ceases to be a motivation. The Application of Maslow Theory to the work situation at a Private Hospital in Karu Local Government Area of Nasarawa State and the needs are stated below:

The Physiological Need -These are the basic needs for sustaining human life, which includes food, shelter, clothing, and sex. Deprivation of these basic needs causes a lot of tension to employees and may lead to job dissatisfaction and eventually poor job performance. Private hospitals in Karu Local government area should ensure that their employees are well catered for, in the area of provision of basic physiological needs. Security or safety needs – are the needs to be free of physical danger and the fear of losing a job, property, shelter etc. That is, the need for a stable environment that is free from threats. In Nigeria, there has been an accelerated rise

in insecurity, most especially in urban areas. Private hospitals should give priority attention to the protection and security of their employees all over the country to enhance maximum performance and productivity of their employees. Job security of the employees should be given special attention by the organization to strengthen and honor its employees' employment contracts while taking appropriate steps to avoid unnecessary termination of jobs. Affiliation or acceptance need -means that people need to belong as social beings. That is, they need to be accepted by others. The management of private hospital in Karu local government area should foster an environment of commonness and teamwork to ensure that employees relate well and belong to a common team to improve their performance. The organization should also allow for informal groupings in form of unions and employee welfare associations. Esteem needs -according to Maslow, once people begin to satisfy their need to belong, they need to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige, status, and self-confidence. Just like other people, the employees of Private hospital in Karu local government area also have this need. Need for self-actualization is regarded by Maslow as the highest need in the hierarchy. It is the desire to become what one is capable of becoming, to maximize/realize one's potential and self-fulfillment. Maslow's theory has been subjected to considerable research. Self-actualization needs are not necessarily a creative urge and may take many forms, which vary widely from one individual to another (Mullins, 1996). Edward Lawled and J Lloyd Suttle collected data on 187 managers in two different organizations over a period of 6 -12 months. They found little evidence to support Maslow's theory that human needs form a hierarchy. They however, did note that there are two levels of needs -biological and other needs and that the other needs would emerge only when the biological needs have been reasonably

satisfied. They further found that the level of strength of the need varied with individuals. In some individuals, social needs predominated while in others, self-actualization needs were the strongest.

METHODOLOGY

The study adopted survey research design; the study population comprised of employees of selected private health clinics in Karu Local Government Area in Nasarawa State. The populations of employees (junior and senior staff) is 192 according to selected private health clinics in Karu Local Government Area (the hospital records on January, 2018). The population of management staff is 59 according to selected private health clinics in Karu Local Government Area. The study use 192 junior and senior staff as well as 59 management staff of selected private health clinics in Karu Local Government Area as sample sizes since the population of the study is below 400. According to Smith (1984), in sample size determination in agreement with Taro Yamane sample size determination technique (1967), which stated that if the population is above 400, there is a need to use Taro Yamane formula to reduce the population. However, the population of this study is less than 400, which implies that 112 and 59 are used as a sample size in this study. The study also use simple random sampling technique to ensure that all the sample size is given equal chance in the study. Therefore, the simple random sampling method is unique since all the members of the population have a unique chance of being selected and captured in the study.

A self-administered questionnaire is used in gathering the data. A Likert scale of 5 is used to measure the extent to which the various respondents agreed or disagreed with the issues raised. The questionnaire is administered to the staff

of the selected private health clinics in Karu Local Government Area of Nasarawa State. The questionnaire is divided into two parts. Part A addressed questions related to employees' performance and Part B addressed questions related to compensation. The management staff answered questions related to employees' attitude while junior and senior staff of the selected private health clinics in Karu Local Government Area answered questions related to compensation. The research instrument (questionnaire) was subjected to pilot test so as to ensure its validity and reliability. The most convenient method for testing for the internal consistency is the Cronbach's Alpha, which is computed with the following model below:

$$\alpha = \frac{Nr}{1+r(N-1)}$$

Where:
α= Cronbach Alpha
N= the number of items in the scale
r= the mean inter-item correlation

A minimum Cronbach's Alpha value of 0.7 is stated to be reliable (Ritter, 2010)

The study used regression and correlation The regression is used to estimate the cause and effect relationship between the dependent and independent variables while correlation is used to ascertain the degree or strength of a relationship between the variables. Statistical Package for Social Sciences (SPSS) is use in analyzing data. The study adopted simple regression models.

The regression model is stated as: $Y=a+bx$--(1)
Where y is the dependent variable
a is constant or intercept, b is the coefficient, x is the independent variable
However, the above model is expanded to:

$$ATI= a +\beta_1 Cops \text{---------} (2)$$

Where:
ATI = Employees attitude
COPS = Compensation, a =Intercept or Constant, β = Slope of the regression line with respect to the independent variables and μ = error term

ANALYSIS AND RESULTS

Table 1: Compensation

Items	5	4	3	2	1
My hospital always provide basic pay to me	71(41.76)	52(30.58)	14(8.24)	14(8.24)	19(11.18)
My overtime is always pay by employer	69(40.59)	47(27.65)	10(5.88)	20(11.76)	24(14.12)
My bonuses are pay when due by my employer	74(43.53)	44(25.88)	15(8.82)	22(12.94)	15(8.82)
Travel/accommodation allowance is always pay by my employer	72(42.35)	39(22.94)	18(10.58)	33(19.41)	8(4.71)
Medical allowance is frequently pay by my employer	88(51.76)	33(19.41)	10(5.88)	20(11.76)	19(11.18)

Source: Survey, 2020

Table 1 recorded that 41.76% of the respondents strongly agreed that their hospital always provided basic pay to them, 30.58% agreed that their hospital always provided basic pay to them and 8.24% were undecided. 8.24% strongly disagreed that their hospital do not always provide basic pay to them while 11.18% disagreed that their

hospital do not always provide basic pay to them.

Table 1 showed that 40.59% of the respondents strongly agreed that their overtime is always paid by their employers, 27.65% agreed that their overtime is always paid by their employers and 5.88% were undecided, 11.76% strongly disagreed that their overtime is always paid by their employerswhile14.12% disagreed that their overtime is always paid by their employers.

Table 1 showed that 43.33% of the respondents strongly agreed that their bonuses are paid when due by their employers, 23.88% agreed that their bonuses are paid when due,8.82% were undecided, 12.94% strongly disagreed that their bonuses

are paid when due while8.82% disagreed that their bonuses are paid when due by their employers.

Table 1 showed that 42.35% of the respondents strongly agreed that their travel/accommodation allowance is always paid by their employers, 22.94% agreed that their travel/accommodation allowance is always paid, 10.58% were undecided, 19.41% strongly disagreed while4.71% disagreed.

Table 1 showed that 51.76% of the respondents strongly agreed that their medical allowance is frequently paid by their employers, 19.41% agreed, 5.88% were undecided, 11.76% strongly disagreed while11.18% disagreed.

Table 2: Mean of Compensation

Variables	5	4	3	2	1	FX	N	Mean	Remarks	Ranking	Sectorial mean
Basic pay	71	52	14	14	19	652	170	3.84	High	2nd	
Overtime	69	47	10	20	24	627	170	3.69	High	5th	
Bonuses	74	44	15	22	15	650	170	3.82	High	3rd	
Travel/accommodation allowance	72	39	18	33	8	644	170	3.79	High	4th	3.81
Medical allowance	88	33	10	20	19	661	170	3.89	High	1st	

Author's Computation, 2020

Table 2 indicates that compensation in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeriais effective since the sectorial mean is more than average. This shows that staffs of

the organizations are compensated by the management of Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria in order to contribute to the organizational goals and objectives.

Table 3: Employees attitude towards work

Items	5	4	3	2	1
Employees have good beliefs in working in the hospital	13(30.23)	15(34.88)	3(6.97)	5(11.63)	7(16.28)
Attitude of the employees toward work in the organization is not encouraging	14(32.56)	16(37.21)	2(4.65)	7(16.27)	4(9.30)
Employees are have a good attitude of commitment to work in the hospital and this ensure high performance in the organization	13(30.23)	17(39.53)	1(2.33)	6(13.95)	6(13.95)

Source: Survey, 2020

Table 3 recorded that 30.23% of the respondents strongly agreed that employees have good beliefs in working in the hospital, 34.88% agreed,6.97% were undecided, 11.63% strongly disagreed while16.28% disagreed.

Table 3 showed that 32.56% of the respondents strongly agreed that attitude of the employees toward work in their organizations is not encouraging, 37.24%

agreed,4.65% were undecided, 16.27% strongly disagreed while9.30% disagreed.

Table 3 showed that 30.23% of the respondents strongly agreed that employees are have a good attitude of commitment to work in the hospital and this ensure high performance in the organization, 39.53% agreed,2.33% were undecided, 13.95% strongly disagreed while13.95% disagreed.

Table 4: Mean of Employees Attitude

Variables	5	4	3	2	1	FX	N	Mean	Remarks	Ranking	Sectorial mean
Employees beliefs	13	15	3	5	7	151	43	3.51	High	3rd	
Affective attitude	14	16	2	7	4	158	43	3.67	High	1st	3.59
Cognitive attitude	13		1	6	6	154	43	3.58	High	2nd	

Author's Computation, 2020

Table 4 indicates that employees' attitude in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local

Government Area of Nasarawa State, Nigeriais unique since the sectorial mean is more than average.

Table 5: Descriptive Statistics of variables used in the Study

	N	Minimum	Maximum	Mean	Std. Deviation
		Descriptive Statistics			
COPs	170	1.00	4.10	3.1158	.82520
EmpF	43	1.10	4.70	3.2550	.81947
Valid N (listwise)	43				

Source: SPSS, 25 Version, 2020

The table 5 revealed the mean, range and standard deviation, The mean value of compensation which is represented as (COPs) is 3.11, the mean value of employees attitude towards work (ATI) is 3.25. The table also recorded standard deviation of the variables asCOPs is 0.82, andATIis 0.81.

Table 6: Regression Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.029ᵃ	.581	412	.97177

a. Predictors. (Constant), COPs

ANOVAᵃ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.262	1	.262	143.278	.000ᵇ
	Residual	157.298	169	.944		
	Total	167.560	170			

a. Dependent Variable: Ati
b. Predictors: (Constant), COPs

Coefficientsᵃ

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.950	164		18.003	.000
	COPs	.029	.055	.029	1.527	.000

a. Dependent Variable: ATI
Source: econometric output, 2020

Decision Rule: 5% level of significance

Table 6 shows that Fisher-statistics (F) is 143.278 with an associated P statistic value of 0.000 which suggested that the model is a good fit. The coefficient of compensation (COPs) is positive and significant in enhancing employees' performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria. The EmpF= 2.9+0.02log_COPs which indicates that compensation will increase by 2% for every 1% increase in employees' performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria. The p-value of 0.00 is less than the t-Statistic value of 1.5 and the standard error value of

0.05 is less than the t-statistic value which implies that there is positive and significant relationship between compensation and employees' performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria.

The coefficient of determination (r^2) of 0.58 indicates that about 58% variation in employees' performance (employees' commitment, employees attitude and employees job satisfaction) in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeriacan be explained by compensation (basic pay, bonuses etc). The remaining 42% can be

explained by other related factors not noted in the regression model. Thus, the finding is that there is positive and significant relationship between compensation and employees' performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria.

Discussion of Findings

The analysis shows that compensation has a significant effect on employee compensation (employee attitude to work) at Mayde Specialty Hospital, Abhishek Clinic and Maternity Hospital, Mozilla Hospital and Alheri Clinic and Maternity Hospital in Karu Municipal District of Nasarawa State. Nigeria. This means that the compensation contributes significantly to the productivity of the staff of the Mayde Specialty Hospital, Abhishek Clinic and Maternity Hospital, Mozilla Hospital and Alheri Clinic and Maternity Hospital, Karu Municipal District of Nasurawa State. This study was conducted in parallel with the discovery of Ebojo and Asabi (2014), who found a significant relationship between compensation and employee performance. Abdouk et al. The study disagrees with the

research obtained by (2014), which found a negligible link between compensation and employee performance.

CONCLUSION AND RECOMMENDATION

The study concluded that there is significant relationship between compensation and employees performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria. This implies that compensation contributes significantly to employees' performance in Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria. The study therefore recommends that Mayday Specialist hospital, Anointed Clinic and Maternity, Mojilla Hospital and Alheri Clinic and Maternity in Karu Local Government Area of Nasarawa State, Nigeria should continue to used performance appraisal in order to promote employees, give employees feedback on his or her work, ensure that they raise pay as well as using it for care progress of the employees in the organizations.

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