

COMPENSATION MANAGEMENT AND EMPLOYEE PERFORMANCE IN THE SERVICE INDUSTRY: A CASE OF THE HOSPITALITY INDUSTRY IN NIGERIA

Shehu Ibrahim, SALEEMAN

^{c/o} Department of Economics, Kwara State College of Education, Ilorin

Abstract

The study explored the relationship between compensation management and employee performance in the service industry with a specific reference to the hospitality industry in Kwara state. The study was anchored on three (3) main theory, Economic Theory of Minimum Wage, Vroom's Expectancy Theory Herzberg-motivation-hygiene Theory. The study employs a survey research design that allows for the use of questionnaires to elicit information from respondents. The study's real population is the entire staff of hotels and resorts in the service industry's sub-sector. The findings show that the impact of the reward system on employees' performance in the Hotels and resorts in Kwara state is significant at ($R^2 = 0.98$; $P=0.000$). This shows that intrinsic rewards proxies such as salaries, wages, bonus and incentives contribute significantly to employees' performance in Hotels and resorts in Kwara State. As a result, it is important to state that salary management is a crucial and essential question for the organization's operation and control. Because workers take pay equity at work seriously, companies of labour should make sure that their pay is equitable when compared to other sectors in the same or comparable industries.

Keywords: compensation management, employees' performance, hospitality industry, Kwara state.

Introduction

Business organizations whether small or large, cannot wait for unfavourable circumstances to occur before providing their employees adequate compensation. This refers to wages. The resultant effect of any unfavourable circumstance such as production stoppage or total lockdown may result in loss of revenue and profit. Employee compensation, on the other hand, is critical and operational because it is the lifeblood of human resource management. It's also important for both workers and employers. This is because workers rely on wages and salaries, which would be comparable to the task performed.

Compensation decisions, on the other hand, have an impact on employees' costs of doing business and, as a result, their ability to sell at a competitive price in the product market (Ashraf & Mohammad, 2014). It is self-evident that an efficient compensation strategy not only aids in the stabilization and retention of workers but also in the

reduction of turnover rates within the company. Worker compensation can be defined as all monetary rewards and measurable benefits received by employers as a result of their employment contract. It is the sum of all monetary and non-monetary benefits received by an employee in exchange for his or her labour or services.

Staff members' desire to remain on employment is largely determined by the organization's compensation packages. To achieve the desired results, organizations must consider a variety of suitable ways to reward workers. The extent to which workers are happy with their jobs and their willingness to stay with an organization is a consequence of the organization's salary packages and reward system. The compensation package is so important because it is at the centre of the employment agreement, affecting both workers and employers equally. Staff members traditionally rely on wages, salaries, and other forms of

compensation for a significant portion of their incomes, as well as advantages for income and health safety. Pay systems have an impact on an employer's business expense and, as a result, on their opportunity to trade at a reasonable price in the product market.

When personnel are involved or effective positioning in the production process of goods or services, they expect one form of compensation or the other from their companies. Performance management is likely to improve as a result of a well-planned reward. In the long term, this is expected to result in increased productivity. Employee achievement, on the other hand, is critical and helps for promoting organizational growth and development (Azis, 2020). Scholars such as (Kadiri, 2011) have recognized a positive relationship between employee resource management practices and organizational contribution to success. Whereas some companies seek financial rewards (Babagana & Dungus, 2015), others preferred non-monetary rewards such as salary, according to Misconbe (2002).

Salaries are monetary rewards given after economic growth has been completed successfully. Employees have often exploited this type of compensation because they are aware that their pay is tied to a period rather than to their competitiveness. Wages, on the other hand, are payments made to employers (workers) in exchange for their time and effort in the development of economic goods and services (Bashir & Kadiri, 2011). Wages in the usual, narrow sense, i.e., the salaries of manual and clerical workers calculated on an hourly, daily, weekly, or output basis, are not included in the awards. Wages should be calculated using time, piece, or reward rates. Wage-earners on-time rates may be anchored for days, hours, or even minutes of abandonment or complacency, since salaried workers typically receive fixed amounts for each pay period, regardless of whether they are on the job consistently or not. Employees paid on a piece-rate are paid the same amount for each unit of production. Incentive wages are paid according to formulae that link output to salaries to encourage increased output.

However, the threat of compensation on employees' performance could be very strong in

many organizations because good compensation for employees will stimulate employees' performance in an organization. However, the implication of non-implementation of compensation will result in low performance and employee turnover. In a similar study, it was discovered that having a good wage for workers improves their health as well. The employee's achievement would be maximized whether he or she has good health. The number of working hours or the number of hours an employee is present is capable of achieving optimum work performance. Consequently, the planning process would be completed with high-quality output. They also mentioned that low pay for workers could encourage them to start their own company or work part-time. The business venture would detract from the amount of service and concentrations of workers. Low concentrations of some workers have a negative effect on the company's quality and the quality of its merchandise production. It is evident from these statistics that compensation has a significant impact on employee performance. When workers are compensated fairly, their performance tends to improve. In contrast, when workers are paid less, their performance suffers. Therefore, the main objective of this study is to examine the potential compensation management on employee performance in the service industry. To achieve this, the specific objective will examine how salaries, wages, bonuses, and rewards can be used to motivate workers to improve their performance. And the Hypothesis is; H_{01} : There is no significant relationship influence of salaries, wages, bonus and incentives on improving employees' performance in the service industry.

Literature Review

Concept of Compensation Management

Everybody strives to offer its services, emotions, and energy to the organization, and in exchange, the organization must provide adequate salary or wages to satisfy their own and their relatives' demands. Workers accept assured benefits for themselves and their relatives when they are still employed and when they resign, which is why compensation plays a vital role (Bello & Adebajo, 2014). The workforce welfare will be satisfied with a reasonable compensation package, and it is hoped that employers will be satisfied, resulting in a high level of organizational commitment.

Compensation should be given without regard to accomplishments, such as wages and salaries. Salaries are compensation paid in the form of money for the time spent working, and wages are compensation paid in the form of money for the discharge of employment obligation (Calvin, 2017). Remuneration should also be granted in the form of rewards that are counter-success and have a correlation with accomplishment, such as pay for performance or payment for the fulfilment, which is also known as pay for performance or payment for accomplishment. The reward is extra incentives for performance above the defined standard if wages and salaries are provided as a counter-performance against the worker's performance standards. Staff members would be offered additional stimuli in the form of rewards in addition to wages, salaries, and incentives. The distinction between incentives and rewards is that benefits motivate workers to perform better, while the personnel rewards are more active. Superiors offer workers extra rewards for their job performance. Other kinds of compensation, such as pensions, are more closely linked with the continuation of social assistance and the establishment of workplace conditions that allow workers to feel more at ease and receive attention from superiors.

According to Armstrong (2005), salary management is an important part of the human resource management approach to increasing productivity in the workplace. It deals with the creation, administration, and preservation of compensation systems that are used to enhance the performance of an organization, a team, or an employee. Compensation management is concerned with the development and enforcement of strategies and policies to compensate individuals reasonably, equitably, and continuously under their contributions to the company (Danish & Usman 2010). As the title suggests, compensation management entails having a remuneration package in which workers who perform best are paid more than those who performed averagely (Hewitt, 2009). This motivates them to work diligently to increase their pay. Employee compensation, according to M. Daz-Fernández, López-Cabrales, and Valle-Cabrera (2013), is an integral part of the human resource management (HRM) approach to managing employees, and as such, it facilitates the achievement of business objectives and is strategic in the sense that it

discusses longer-term issues relating to how workers should be compensated for what they want to accomplish.

Components of Compensation

Workers cannot work for free. This is because the reward/compensation received by workers is used to meet their needs and satisfaction. Hence, an organization that wants to continue to survive must continually review its compensation package. This package must be competitive in the industry where the organization operates. Remuneration, according to Maicibi (2005), is "pay or incentive provided to people for work done." He went on to say that remuneration indicators include basic salary, earnings, health plans, pension plans, transportation accommodations, overtime reimbursements, and obligation allowances.

Remuneration is defined as monetary or financial benefits accumulated or provided to an individual or group of workers by the employer (organization) as a consequence of services provided by the worker(s), dedication to the company, or incentive for employment. Compensation is divided into three categories. These are (a) direct financial compensation, (b) indirect financial compensation, and (c) non-financial compensation, according to a report (Hameed, Ramzan, Zubair, Ali, & Arslan, 2014).

(a) Direct Financial Compensation: Money is the most acceptable medium of direct financial compensation. It has since replaced the Trade by Barter System of exchange of goods for goods. Money is needed to satisfy almost all human needs and wants. The following are some of the commonly used financial incentives.

- i. Wages and Allowances: It is the employees' basic compensation.
- ii. Bonus: It is the money offered over and above the basic wage.
- iii. Productivity linked wage incentives: This is the marginal wage increase for productivity/output over the standard rate.
- iv. Profit-sharing: This is the pay employees receive as a share of the organizational profits.

(b) Indirect Financial Compensation (IFC): Indirect Financial Compensation: It is a benefit given to an employee that has financial value, but not a direct monetary payment. It is also referred to as a non-cash benefit. This may include:

- i. Retirement benefit: This includes pay received for gratuity, pension and so on.
- ii. Stock options or co-partnership: This is common in organizations ordinary share capital at below the market share.
- iii. Commission: When employees meet the estimated target, they are often rewarded with a commission.

(c) Non- Financial Compensation: Non-Financial incentives do not have any present monetary value. It is the satisfaction an employee derives from his work environment. This satisfaction can be emotional and psychological (Study Com 2020). Over the year, the following non-financial incentives have been known to be operational in organizations. This may include;

- i. Status: Refers to the position of hierarchy in the organization.
- ii. Organizational climate: This is the environment in which the organization exist. This includes the organization structure, opportunity, threats, strengths and weaknesses.
- iii. Career Advancement Opportunity: This means promotion to a higher level. It is intended at encouraging the employee to add value to his job life.
- iv. Job Enrichment: This is when job content is made to be more skill demanding and entertaining.
- v. Job Security: Employees that know that their jobs are secured tend to be more committed to the job.
- vi. Employee recognition programmes: This boosts the ego and self-esteem of the employee and makes him want to work harder.
- vii. Employee participation: This is self-belonging. Employees tend to be more committed and motivated to work better. This became possible due to their participation in the decision-making process of the organization

- viii. Employee Empowerment: This entails allowing the employee to have the power to make certain decisions and in the long run are satisfied to work in the organization.

The Concept of Employee Performance

Productivity refers to the efficiency of a production system (Basu, Sahu, & Raji, 2012). Hence productivity improvement is a core issue in present-day organizations (Ibojo, & Asabi 2014). The positive effort exerted by an employee in the production process towards getting a higher output is referred to as employee performance. The performance-driven objective of organizations is aimed at aligning organizational policies to the process to move the organization from event-driven to become more strategic and a people-centric perspective (Kimani, Thomas, & Arasa, 2017).

Rabindra and Lalatendu argue that an exciting workforce with a feeling of enthusiasm contributes to not only high performance but also extra-role behaviour (2017). Volunteering for additional work, assisting others in completing challenging tasks, maintaining excitement at work, and exchanging vital information and expertise for organizational growth are all examples of contextual achievement.

Aside from workforce compensation, which is focused on the well-being of workers, employer-sponsored workforce welfare programs are more successful when the needs and desires of workers are taken into account. Workers feel as if they play a significant part in the growth of the organization in companies where workers are well-cared for and encouraged to give recommendations on how to improve the corporation.

Theoretical Framework

Economic Theory of Minimum Wage

The economic theory allows individuals to study the monetary effects of social and government policies. Nations are built upon several economic principles. Minimum wage is a common economic principle affecting the income of a nation's citizens. Nations use minimum wage policies to ensure individuals can maintain a minimum quality of life. Minimum wage laws can have several positive or negative effects on the nation's economy. According to this view, the factory and other

industrial workplaces provide ample opportunities for owners and managers of capital to exploit workers.

This could be accomplished by requiring employees to work long hours, paying them low salaries, maintaining unsanitary environments, ignoring safety and health protections, and failing to provide basic human necessities such as drinking water, latrines, restrooms, and cafeterias. Clearly, a welfare state cannot stand by and watch this unending exploitation. It imposes provisions requiring employers to provide basic amenities to their employees. In essence, the state takes on the role of a police officer, requiring industrial establishment managers to provide welfare services and punishing those who do not. This is the policing theory of labour welfare.

Vroom's Expectancy Theory

Individuals will select behaviours that they think will lead to the attainment of particular outcomes they value, according to Vroom. Individuals are likely to consider three factors when determining how much effort to make into work behaviour: valence, instrumentality, and anticipation. All of these variables are alluded to as the 'VIE,' and they are thought to have a combined effect on motivation. Managers should try to reassure their workers that putting in more effort would result in greater performance and therefore more valuable incentives (Milkovich, Newman & Gerhart 2013). This theory is relevant to the research since businesses must implement desirable reward systems to achieve desired outcomes, which is employee performance. Employees must also put forth effort into their work to achieve a certain level of performance that is desired by management, which would result in a reward.

Herzberg-motivation-hygiene Theory

Frederick I. Herzberg was an American psychologist who lived from 1923 to 2000. The Motivation-Hygiene Theory, also known as the Two Factor Theory, is one of his most well-known works (1957). By investigating job motivation, Herzberg applied Maslow's ideas to the workplace. His studies sought to determine which work settings and circumstances were positive versus negatively encountered by employees, as well as the factors that influence job satisfaction.

Employees are impacted by two factors, known as motivator factors and hygiene factors, according to the research (Mohammad, Kumaresan, Aruna K. & Micheal, 2014).

When the motivator factor is met, it leads to happiness, but when the hygiene factor is not met, it leads to disappointment. The premise that money is the only thing that motivates individuals is widespread in reward systems. Money, according to Herzberg, is a "hygiene factor" that causes discontent if it is not obtained in an acceptable amount, but it is not seen as a potential satisfier or motivator. The influence of wages, according to Herzberg, creates a positive short-term emotion. However, motivators provide a longer-lasting sense of fulfilment.

Success, appreciation, being questioned, a sense of making a contribution, confidence, independence, the chance of career advancement, and obligation are all motivators that lead to satisfaction and motivation. To ensure that a worker does not become unhappy, hygiene factors are required. They do not work to increase motivation, so their absence may lead to disappointment. Salary, working conditions, employment, business policies, and administration are all common hygiene factors (Ngwa, Adeleke, Agbaeze, Ghasi, & Imhanrenialena, 2019).

Empirical Framework

The aim of the Azis (2020) study is to see how salary, career advancement, work environment, and job satisfaction affect organizational dedication. The study was carried out at PT Jakarta Tourisindo. A total of 86 participants were included in the study. Path analysis is used in the sampling approach, which employs random sampling and data analysis methods. Compensation, career growth, work environment, and job satisfaction all had a positive and noticeable impact on organizational commitment, according to the findings. In the study of Ngwa, Adeleke, Agbaeze, Ghasi, & Imhanrenialena (2019) on the effect of reward system on employee performance in selected manufacturing firms in the Littoral Region of Cameroon. This research is based on a survey of 538 employees from ten selected manufacturing firms in the Cameroon Littoral Region, who were chosen from a population of 5146 employees. At a 95 percent confidence level, the sample was chosen using Cochran's formula for a finite population

sample. According to the findings, there is a connection between reward systems and employee performance. Companies should use the reward system as a motivating factor to fine-tune employee behaviour toward productivity and effectiveness as a result of this connection.

Consultations with government leaders, collective bargaining, exerting upward pressure on the government, and advising the government are the main ways that delegates of the Nigerian Labour Congress actively engage in minimum wage determination in Nigeria, according to Ikechukwu & Chidinma (2017). The researchers concluded that, to lessen the pressure from the Nigerian Labour Congress, the government should respond positively to the concerns of Nigerian workers, and that the government should begin and adhere to proper policy implementation in the area of minimum wage determination.

Hanim, Yurita, and Danilah (2017) investigated the effect of minimum wage implementation on small business running costs and sustainability: a case study of the service industry. The introduction of a minimum wage requirement in Malaysia, which began in mid-2016, appears to have a variety of effects on both workers and employers. While this implementation may improve household income and is believed to increase employee efficiency, companies and business operators, on the other hand, are seeing a significant rise in their operating costs. The impact is more pronounced for small business owners, such as childcare centers. The childcare industry is part of the service sector, which accounts for the majority of Malaysian SMEs. Unfortunately for the industry, a growing number of childcare centers are being forced to close their doors due to their inability to meet the minimum wage requirement.

According to HendraGunawan and RezkiAmalia (2015), the wage factor and the quality of working life need management's attention to increase employee performance. This study aimed to see if the impact of wages on employee performance is tempered by the quality of work life. The outcome revealed a strong negative impact on employee performance salaries. Another finding is that wages have a negative impact that is moderated by the quality of work life, and that intrinsic motivation (quality of work-life) is more potent than extrinsic motivation (wages). The salary variable is

weakened by quasi-moderators such as work-life quality.

Calvin (2017) investigates how remuneration affects employee performance. A structured questionnaire was given to 83 employees of Abdul Gusau polytechnic and state college of education, all in Zamfara State, to collect data on remuneration and performance. Employee performance is the dependent variable, and reimbursement (salary/wages, bonuses/incentives) is the independent variable. Using SPSS 22.0 and E-views 9.0, the data were analyzed using Pearson correlation and a multiple regression model. The findings indicated that there is a robust and moderate correlation between remuneration and employee performance, and that salary/wage and bonuses/incentives should also be used to motivate workers. According to the findings, Timely payment of salaries, wages, and all other benefits, as well as the promotion of employee involvement in pay decisions.

Hameed, Ramzan, Zubair, Ali, and Arslan (2014) looked at the effect of pay on employee performance (empirical evidence from the banking sector of Pakistan). A questionnaire was developed to elicit responses from respondents on topics such as indirect compensation, employment, salaries, and employee performance. A total of 45 banks were involved in the data collection. A total of 200 questionnaires were circulated to full-time bank workers, who were chosen at random. To interpret the gathered data, SPSS 17.0 version was used to perform correlation and regression analysis. Compensation seems to have a positive effect on employee performance, according to the findings. Correlation analysis reveals that all of the independent variables have a weak or moderate strong relationship with one another. According to regression analysis, all of the independent factors had a minor and positive influence on employee performance.

Methodology

This research employs a survey research design that allows for the use of questionnaires to elicit information from respondents. The study's real population is the entire staff of hotels and resorts in the service industry's sub-sector, and due to the different limitations associated with the population, an adequate sample was randomly

chosen to represent the entire population. Employees of selected Hotels and Resort Centers in Kwara State were asked to fill out a questionnaire. A judgmental sampling technique was employed to select the sample for administration. Towards this end, a sample of one hundred (150) respondents was randomly selected and was administered but 97 were duly completed and returned.

Data were 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 use of distributive statistics was considered because of the nature of data used by the researcher. Similarly, the Chi-square method of analysis is reliable to test the goodness of fit (Gupta, 2011). It is also a reliable tool to test if the deviation between observation (experiment) and theory may be attributed to chance or due to inadequacy of the theory to fit the observed data.

Results and Discussion

Table 1: Basic pay is an effective reward system in the organization

Responses	Frequency	Percentage (%)
Agree (A)	10	10.30
Strongly Agree (SA)	8	8.24
Disagree (D)	39	40.20
Strongly Disagree (SD)	38	39.17
Undecided (UN)	2	2.06
Total	97	100

Field Survey, 2021

The table indicates that 10.30 % of the respondents agreed that basic pay is an effective reward system in the organization. 8.24% of the respondents strongly agreed that basic pay is an effective reward system in the organization and 40.20% of the respondents disagreed that basic pay is not an

effective reward system in the organization. 39.17% of the respondents strongly disagreed that basic pay is not an effective reward system in the organization and 2.06 % of the respondents were undecided.

Table 2: Bonus is an effective tool of reward in the organization

Responses	Frequency	Percentage (%)
Agree (A)	49	50.51
Strongly Agree (SA)	40	41.23
Disagree (D)	3	3.09
Strongly Disagree (SD)	5	5.15
Undecided (UN)	-	-
Total	97	100

Field Survey, 2021

The table indicates that 50.51 % of the respondents agreed that a bonus is an effective tool of reward in the organization. 41.23% of the respondents strongly agreed that bonus is an effective tool of reward in the organization and 3.09% of the

respondents disagreed that bonus is not an effective tool of reward in the organization and 5.15% of the respondents strongly disagreed that bonus is not an effective tool of reward in the organization.

Table 3: Allowance is an ineffective tool reward in the organization

Responses	Frequency	Percentage (%)
Agreed (A)	8	8.24
Strongly Agreed (SA)	11	11.34
Disagreed (D)	30	30.92
Strongly Disagreed (SD)	44	45.36
Undecided (UN)	4	4.12
Total	97	100

Field Survey, 2021

The table indicates that 8.24 % of the respondents agreed that an allowance is an ineffective tool of reward in the organization. 11.34% of the respondents strongly agreed that an allowance is an ineffective tool of reward in the organization and 30.92% of the respondents disagreed that

allowance is not an ineffective tool of reward in the organization. 45.36% of the respondents strongly disagreed that allowance is not an ineffective tool of reward in the organization and 4.12% of the respondents were undecided.

Table 4: Employment Status of Respondents

MD of Company	Permanent	Temporary	Total
Direct FC	208	285	493
Indirect FC	86	72	158
	294	357	651

Author's Computation, 2021

Using X^2 analysis

$$X^2 = \frac{\sum \frac{(O-E)^2}{E}}$$

Where O in

Table 2: Calculation of expected frequency

	Owned	Hired	Total
Direct DFC	$\frac{493 \times 294}{651} = 222.65$	$\frac{493 \times 357}{651} = 270.35$	493
In FC	$\frac{158 \times 294}{651} = 71.35$	$\frac{158 \times 357}{651} = 86.65$	158

Author's Computation, 2021

We now compute the X^2 value

Table 3: Worksheet for Calculation of Chi-Square

Row	Colum	Frequency	Frequency	O-E	(O -E) ²	(O-E) ²
1	1	208	222.7	-14.7	216.09	0.97
1	2	285	270.4	146	213.16	0.79
2	1	86	71.4	14.6	213.16	2.99
2	2	72	86.7	-14.7	216.09	2.49
				Total		7.24

Author's Computation, 2021

A 2 x 2 table with a (r – 1) (K - 1) dimension will give a degree of freedom of 1. At 52 level of significance and a degree of freedom of 1. The calculated value is 7.24 and the table value of 3.841. From the above, since the $X_c > X_e$, the null hypothesis that there is no relationship between the

use of Direct Financial Compensation on permanent status of workers is thereby rejected. It is therefore accepting the alternative hypothesis and conclude that there exists a relationship between Direct Financial Incentive and the status of staff in the organizations.

E-view Result Dependent Variable: EE

Method: Least Squares

Date: 11/08/15 Time: 21:52

Sample: 1 5

Included observations: 5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.457484	2.786689	-0.164168	0.8964
BSP	0.452212	0.218974	2.065137	0.2871
BO	0.535823	0.064005	8.371550	0.0257
ALL	0.024500	0.228113	0.107401	0.9319
R-squared	0.986678	Mean dependent var		19.40000
Adjusted R-squared	0.946714	S.D. dependent var		10.92245
S.E. of regression	2.521320	Akaike info criterion		4.678004
Sum squared resid	6.357054	Schwarz criterion		4.365555
Log likelihood	-7.695010	Hannan-Quinn criter.		3.839420
F-statistic	24.68874	Durbin-Watson stat		1.217024
Prob(F-statistic)	0.106629			

1% level of significance, 5% level of significance and 10% level of significance

EE = 0.45+ 0.452+ 0.535+ 0.024
SE = 2.71 0.218 0.064 0.228
t* = (0.16) 2.065 8.371 0.107
f* = 24.68 prob(f) = 0.10
Pv = 0.896 0.28 0.02 0.93
R² = 0.98 0.94
WS = 1.21

It indicates that the coefficients for extrinsic rewards: basic pay (BSP), bonus (BO) and allowance (ALL) are positive and significant in achieving employee's performance: employee's efficiency. The t-statistic value of 2.06 is greater than the p statistic value of 0.28 which indicates that basic pay as a reward tool insignificantly contributes to employees' efficiency in the organization. The t-statistic value of 8.37 is greater than the p statistic value of 0.02 which indicates that a bonus as a reward tool significantly contributes to employees' efficiency in the organization. The t-statistic value of 0.10 is less the p statistic value of 0.93 which indicates that allowance as a reward tool insignificantly contributes to employees' efficiency in the organization. The $R^2 = 0.98$ indicates that only 98% of extrinsic rewards embarked upon by the company contributes immensely to employees performance in terms of employees efficiency and 4% can be explained by other factors not noted in the regression model which is referred to as error term. The f-statistic value of 24.86 is significant at the p-statistic value of 0.10 which implies that there is an existence of a linear relationship between extrinsic rewards and employees performance in terms of employees efficiency.

Discussion of Findings

This revealed that 42% of the respondents from the organization using direct financial compensation are permanent staff while 58% of these respondents are temporary workers. More so, 54% of respondents are permanent staff from the Hotels and resorts using indirect financial compensation while 46% of them are Temporary staff. In total, a total of 76 percent of the respondents are from an industry that uses direct financial compensation while a total of 24% are from indirect financial compensation.

From the analysis, the impact of reward system on employees' performance in the Hotels and resorts in Kwara state is significant. This shows that intrinsic rewards proxies such as salaries, wages, bonus and incentives contribute significantly to employees' performance in Hotels and resorts in Kwara State. The finding is in lined with the findings of Bello and Adebajo (2014), Nick (2011), Ojeleye and Okoro (2016) who found a statistically significant relationship between reward system (intrinsic and extrinsic) and employees' performance. This study

is also consistent with the theory of Vroom's Expectancy Theory that companies should put up a rewards system that is supposed to be attractive to achieve the desired outcome which is employees' performance (Peter, Willy & Charles 2014). Workers must also put forth diligence in their given tasks to achieve a certain standard of achievement that is desired by management, which would result in compensation.

Conclusion and Recommendations

Because the hotels & restaurants business is one of the most important industries of the service sector for the growth and development of the Nigerian economy, businesses must implement effective compensation initiative strategies that would project and encourage workforce productivity. Personnel is an important function of human resource management, and they must be fairly paid to perform to their full potential. As a result, it is important to state that salary management is a crucial and essential question for the organization's operation and control. It is, moreover, the organization's lifeblood. As a result, both sides must establish and enforce successful compensation strategies that benefit them both. The study recommendations made based on the results and the conclusions reached is that businesses of labour must not take their workers' salaries for cheap, as this can reduce efficiency and profitability. Second, workforce involvement in pay determination should be promoted and permitted in both the public and private sectors. Third, because workers take pay equity at work seriously, companies of labour should make sure that their pay is equitable when compared to other sectors in the same or comparable industries. And lastly, personnel input into pay decisions, timely payment of salaries, wages, incentives, and perks to avoid negative impacts on workforce under-performer and pay equity concerns.

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