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Remuneration And Employee Performance Of Manufacturing Firms In Delta State

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Abstract: *The study examined the effect of remuneration on employee performance of manufacturing firms in Delta State. The objectives of the study examined the effect of fringe benefits, salary and wages and incentive on employee performance of manufacturing firms in Delta State. The cross sectional survey research design method was adopted to collect data in a single point in time. Stratified random sample technique was adopted and a five point Likert scaled questionnaire served as the data collection tool from the employees of the manufacturing firms in Delta State. the study applied multiple regression statistical analysis to test the effect between the dependent and independent variables. Findings reported that the three dimension of remuneration adopted in this study have significant and positive effect on employee performance of manufacturing firms in Delta State. The study concluded that remuneration has a significant and positive effect on employee performance in the manufacturing industry. The study recommended that manufacturing firms should make sure to consider other factors that would enhance employees' contribution to growth other than remuneration, in order to be able to achieve business growth. As such, this study suggested that influence of non-financial employee benefit measures on employee performance may be investigated in future research.*

Key Words: Remuneration, Fringe Benefit, Wages and Salary, Incentives, Employee Performance and Manufacturing Firms

INTRODUCTION

Remuneration is one of the major concerns of business today given its two-edged sword implication on the organization. The issue of remuneration in the discourse of employees is embedded in its direct influence and indirect influence on manufacturing firm. Although it may be referred as being reducing factor to the income and profit of the business firm, it is also a contributing factor to the income and profit of the firm. In a more precise way, remuneration as payment labour services tends to reduce income when paid, but when viewed as investment for acquisition of human resources (Ojeleye, 2023). Hence, most organizations need to ensure that remunerations are designed and implemented in ways that would not offset its benefit to them. It is however important to note that remuneration different role in the process of contributing to business firm plays. Any organization need only to ensure good pay to attract the best hand in the organization, but in cases whereby remuneration is not good enough, skilled and experienced workers would be lacking, since these employees' required remuneration that can match to certain and close degree their contribution to the business (Anthony, Aroge & Andow, 2022). In other word, organization that needs just any labour may set any kind of remuneration and would still have human resources but only in most cases those with no other options who are looking for means of survival and wishes to satisfy the psychological need (Sumayya, Tariq & Butt, 2022). In fact, there is possibility of having skilled employees in the business, but they may not stay and would rather seek other opportunities in cases whereby remunerations are not improved or meet expectation over time. Succinctly, major argument in support of remuneration impact had been on the response of employees and given that employees still serve as the major driver of business activities and performance out of all resources available to the organization, remuneration can be a step to encourage business growth. Basically, with relatively adequate remuneration, employees may be motivated to continue serving the organization such that organization can maintain knowledge base (Kayode, Adeyinka & Abiodun, 2019).

Statement of the Problem

In the face of the importance of an integrated sustainable reward system management and practice in the performance of employees in both public and private sector organizations, it is disheartening to note that pay reward systems and practices in the Nigerian public sector are largely disconnected from the demands of fairness, prevailing realities and moderation. The present economic situation in Nigeria has changed drastically in recent times such that cost of living has shut up drastically, cost of operation has increased and competition has become more intense, and workers are more sensitive to the value they create and the reward they get in form of wages and salaries. However, studies on remuneration and employee performance have consistently pointed at low morale and motivation as some of the enduring challenges that the service faces. It is in this background that this study sought to evaluate the effect of remuneration on employee performance in the Nigerian Manufacturing sector.

Research Objectives

The general objective of the study is to examine effects of remuneration on employee performance of selected manufacturing firms in Delta State. Thus, the specific objectives are to:

i. assess the effects of fringe benefits on employee performance of selected manufacturing firms in Delta State
ii. ascertain the effects of incentives on employee performance of selected manufacturing firms in Delta State
iii. examine the effects of salary and wages on employee performance of selected manufacturing firms in Delta State

LITERATURE REVIEW

Concept of Remuneration

Remuneration can also be referred to as monetary or financial benefits in form of salaries, wages, bonuses, incentives, allowances and benefits that is accrued or given to an employee or group of employees by the employer (firm) as a result services rendered by the employee(s), commitment to the organization or reward for employment (Ogunbameru, 2024). Remuneration provides more than a means of satisfying the physical needs-it provides recognition, a sense of accomplishment and determines social status. Hence formulation and administration of wage and salary to attract and retain right personnel in right position is the prime responsibility of the management in any organization (Ogunbameru, 2024). A Wage is the remuneration paid for the service of labour in production periodically to an employee / worker. So payment made to labour is generally referred to as wages. Wages also refer to the hourly rate paid to such groups as production and maintenance. Salary normally refers to the periodically rates paid to clerical (Ogunbameru, 2024).

Incentives

Incentives are an external persuading factor that encourages the motive which positively directs the individual into working harder, matching the required performance in the institution, as to get the incentive. Incentives are also defined both as methods used by institutions to encourage employees to work with high spirits and also as concrete and moral methods of satisfying the individuals' moral and material desires. Palmer (2022), defines incentives as the external temptations and encouraging factors that lead the individual to work harder; they are given due to the individual's excellent performance since he will work harder and produce more effectively when he feels satisfied in the institution. In addition to this, incentives can also be defined as the consideration of the excellent performance, assuming that the salary is enough to make the worker appreciate the value of the job that also satisfies his basic needs in life (Palmer, 2022). Investopedia (2025), defined bonus as an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company. Heathfield (2016), bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee offer letter, in the employee personnel file, or in a contract. Employers can distribute bonus pay randomly as the company can afford to pay a bonus, or the amount of the bonus pay can be specified by contract.

Salaries and Wages

Different definitions have been advanced on salaries and wages usually to show the differences that exist between both terms. Braton and Gold (2023), basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity. Wage refers to payment to manual workers, always calculated on hourly or piece rates. Surbhi (2015), also defined salary as a fixed amount paid to the employees at regular intervals for their performance and productivity whereas wages are the hourly- based payment given to the labor for the amount of work finished in a day. He further argued that while Salaried persons are generally said to be doing “white collar office jobs” which implies that an individual is well educated, skilled and is employed with some firm and holds a good position in the society, whereas the waged person are said to be doing “blue collar labour job” which implies that an individual is engaged in the unskilled or semi-skilled job and is drawing wages on a daily basis. Heery and Noon (2021), define pay as a financial payment given to employees which includes many components like basic salary, bonuses, pay for doing extra work and incentives. Erasmus, Van Wyk and Schenk (2021), define pay as what an employee gets against his work after fulfilling his duty, and it includes all types of financial rewards. Furthermore, salary or pay is a form of periodic reward from a firm to its worker, which is completely stated in an employment contract (Chaudhrya, Sabir, Rafi & Kalyar, 2022). Similarly, Belcher (2019), describes pay as double input output exchange between employees and employers. Fapohunda (2022), defines pay simply as the exchange between employees and their employer. The concept of pay emanates mainly from the fact that it provides income to workers and at the same time constitutes an important cost item to the employer (Fapohunda, 2022).

Fringe Benefits

Fringe benefits are those types of rewards other than salary that constitute an important part of the remuneration package of most employees in Nigeria. Fringe benefit is an addition to other forms of cash payment like wages and salaries that are intended to improve the quality of work life for employees and increase their cooperation and productivity (Amah, et al., 2023). Tessema, Ready and Embaye (2023), classify fringe benefits into financial and nonfinancial. Financial benefits are; loan scheme given to employees

with favourable interest rates, paying fees and annual subscription to professional bodies for their employees who are registered members of these professional institutes in order to encourage commitment and loyalty which ultimately increase job satisfaction.

Employee Performance

Performance is quantity and or quality of the result of the individual work in the organization in doing the main task and function which is guided by norm, standard, procedure operational, criteria, and proposition that already assigned or applied in the organization (Moeherino, 2022). According to Beirut (2023), performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions. Jain, Apple and Ellis (2015), defines Performance is an act or process of carrying out actions and activities to accomplish an intended outcome. We live in a performance-based culture whether in our personal or professional lives.

Theoretical Review

Agency Theory

(Stephen & Barry, 1973) Agency theory contends that the firm owners bear expenses by hiring people who manage the organization's affairs. The expenses are evident in perquisites given to the runners of the company and even in form of below par decisions made regarding the operation of the firm. The firms that managers are in charge tend to concentrate on increasing sales instead of profits and the rate of profit is low and invariable and more so the engage in earnings management (Smith 1976; Nyman & Silberston, 1978; 1981; Purgh et al, 2000). Such activities shift affluence from the people who own the company the managers is limited through checks and balances. As a result, managers skewed way of business operations and deployment of resources sub optimally erodes shareholder wealth value (Fama & Jenson, 1983). Expectedly, increasing employee ownership comes about as result on ESOPs which increases owners, albeit internally. If the owners brought on board have substantial powers for making decisions, it presupposes that courtesy of agency theory the firm's performance improves accordingly. By contrast, if the new owners on the block who couples up as employees have no powers for decision making means the existing managers prior to the remuneration will have more control. To greater extent the new owners will endeavors to be in good terms with the existing managers for the sake of their job security. Consequently, agency theory posits that fair remuneration adoption encourages more management monopoly thereby begetting less corporate performance (Chang & Mayers, 1992). Employees taking up remuneration likely do not gain commensurate decision ability. Some noted difference in the employee's behaviors could be as a result of other more tangible inducements to perform since they stand to accumulate personal wealth. Pugh et al (2000) observed an alternative view by assuming that the ESOP shares are indeed 'ally' shares, ESOPs tends to increase the voting power of the management. In case of a hostile takeover the management has a vantage position to elicit high price thereby making it beneficial to the wealth of the shareholders.

METHODOLOGY

he study adopted a cross sectional research design method. The population of the study are the employees of the selected manufacturing firms in Delta State, which are; Lafenax (Asaba), Olite Manufacturing (Asaba), Bofega Global (Warri), Eternit Ltd (Sapele), J.K Rubber Industry (Oghara), Beta Glass (Ughelli), Kengood Commercials (Warri), Isoko Plant (Warri), which amounts to a total of two hundred and twenty six (226) employees. See table 3.1 for evaluation. For the purpose of this study, given a target population of four hundred and seven (407) members, the sample size was derived using sample size determination formula cited in the book written by Taro Yamene (1973) cited in Eboh (2022). Structured sets of questionnaire were used as the primary instrument in this study. The questionnaire was divided into two sections. Section A covered the bio data of respondents. Section B covered the dimensions and relevant questions of remuneration and employee performance. In order to test for the validity of the data collection instruments, the researcher got information from professionals from the field of management sciences that enabled the researcher to modify and improve the research instrument.Therefore, since all sampled respondents were randomly administered; subject bias was controlled to a large extent. Cronbach's alpha was used to measure reliability to test if the questionnaire is considered reliable and consistent. The researcher edited and coded the collected data centrally, Coppers and Schindller (2010) in their paper "Business Research Methods document" assert that editing is done in order to detect errors and omissions, ensure data accuracy, uniformly entered, complete, consistent with intent of the question and other information in the survey and arranged to simplify coding and tabulation.

RESULTS AND DISCUSSION

Data Presentation

Two hundred and two (202) set of the questionnaire designed for this study was distributed to the employees of the select manufacturing firms in Delta State. However, out of the Two hundred and two (202) sets of the questionnaire distributed, one hundred and ninety eight (198) sets of the questionnaire were properly filled; four copies were not properly filled. Therefore, the usable number of the copies distributed or administered was 198.Data analyzed is as presented below:

Table 1: Analysis of Respondent Profile

S/N	Options	Variable	Frequency	Percentage
1	Gender	Male	61	30.9
		Female	137	69.1
			198	100
2	Age	Below 30	111	56
		31-40	64	32
		Above 40	23	12
			198	100
3	Educational qualification	SSCE	10	1.7
		HND/B.Sc	42	70
		M.Sc/MBA	3	5
		Others	5	8.3
			198	100
4	Marital Status	Single	121	61.1
		Married	77	38.9
			198	100
5	Management Category	Top	34	17.1
		Middle	98	49.4
		Lower	63	31.8
			198	100
6	Work Experience	0-5	89	44.9
		6-10	48	22.2
		11-15	36	18.1
		16-20	18	9
		Above 21	7	3.5
			198	100

Source: Analysis of field survey, 2025.

From table 1, the gender distribution of respondents indicated that 69.1% (137) of the respondents were female while 30.9% (61) were male. The female are therefore more represented in the sample. From the table above, showing the age distribution of respondents, it was observed that 56% (111) of respondents were below 30years, 32%(64) were between 30-40 years and 11.6%(23) respondents were above 40 years. Thus, age bracket of less than 30years are more represented in the sample. From the table above showing the educational background of the respondents, it was observed that 20.7%(41) respondents were OND/NCE certificate holders, 61.6%(122) respondents were HND/B.Sc. certificate holders, 16.1%(32) respondents were M.Sc./MBA graduates and 1.5% (3) respondents were Ph.D holders. From the table above, showing the marital status of respondents, it was observed that 61.1%(121) are single while 38.9%(77%) are married. Thus, we have more of the single respondents in the sample. From the table above showing the management category of the respondents, it was observed that 17.1%(34) respondents were top level, 49.4%(98) respondents were middle level and 31.8%(63) respondents were low level. From the table above showing the work experience of the respondents, it was observed that 44.9%(89) respondents had work experience of 0-5 years, 22.2%(88) respondents has 6-10 years work experience, 18.1%(36) respondents has 11-15 years work experience, 9%(18) respondents has 16-20 years work experience, and 3.5%(7) respondents has 21 years and above work experience.

Test of Hypotheses

The three null hypotheses for this study are hereby tested. This involves the test of H_{01} - H_{03}, for the selected firms under study. Thus, Regression analysis was used as an analytical tool for testing the hypotheses. The p-values reported in the regression coefficient tables are used for testing the study hypotheses.

The Decision Rule

If the probability value calculated is greater than the critical level of significance, then the null hypotheses will be accepted while the alternate hypotheses rejected and vice versa. If the probability value of 0.005 (t-statistics) is less than the critical value of 5% (i.e. $p < 0.005$), we conclude that the result is statistically significant. In this situation, it is accepted that there is need to reject the null hypotheses and accept the alternate hypotheses. More technically, the p-value is the lowest significance level at which a null hypothesis can be rejected. Thus, the p-value is at 0.005 (5%).

Results of dimensions of remuneration and its significant effects on Employee Performance

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.345[a]	.119	.101	1.6607

a. Predictors: (Constant), Salary and Wages (SW), Incentive (I) and Fringe Benefit (FB).

Table 3: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	71.657	4	17.914	6.496	.000[b]
	Residual	529.510	192	2.758		
	Total	601.168	196			

a. Dependent Variable: Employee Performance (EP)
b. Predictors: (Constant), Salary and Wages (SW), Incentive (I) and Fringe Benefit (FB).

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.837	1.390		7.075	.000
	Salary and wages	-.034	.053	-.050	-.631	.001
	Incentive	.061	.063	.073	.974	.001
	Fringe Bebefits	.064	.068	.070	.950	.000

a. Dependent Variable: Employee Performance
Source: Field Analysis, 2025

The results in table above, shows that the tested variables exhibited positive coefficients ranging from (.073 to .304), implying that, there is a significant effect association between the studied variables of remuneration and employee performance. Amongst all, salary seems to be most significant variables to employee performance.

Discussion of Results

In the case of the first objective which aimed to assess the effects of salary and wages on employee performance of selected manufacturing firms in Delta State. The results of the regression analysis established that Incentive being a measure of remuneration has a positive and significant effect/correlation on employee performance as evidenced in the Beta value of the standardized coefficients i.e. p-value is less than 0.005 and Beta value of .332 (33%).

The result of the second objective, aimed to ascertain the effects of incentive on employee performance of selected manufacturing firms in Delta State. It was found that there is significant effect between incentive and employee performance as evidenced in Nigerian manufacturing industry. In the light of this finding, one can confidently conclude that there is a significant and positive effect between incentive and employee performance. The result showed a positive Beta value of .156 (16%) although the p-value was greater than the critical value of .005; i.e. p<.029. The third objective which also aimed to examine the effects of fringe benefits on employee performance of selected manufacturing firms in Delta State. It was established that fringe benefits has a positive and significant effect with employee performance. Even when the p-value is greater than 0.005 (p= .008). It still showed a positive Beta value of .188 (19%), the higher the level of fringe benefits, the better the employee performance as evidenced in the Nigerian hospitality industry.

Conclusion

Based on the findings, the study was able to meet its outlined objectives as stated in the first chapter which was to examine remuneration and employee performance in the Nigerian manufacturing industry. All variables of remuneration as used in this study were found as having strong positive and significant effect with employee performance in the Nigerian manufacturing industry. On the basis of findings, extant literature having been reviewed conceptually, empirically and theoretically, the study concludes that remuneration has a significant and positive effect on employee performance in the manufacturing industry. Furthermore, remuneration influences employees' attitude that ultimately have significant effects on employee's performance. So, organizations should focus on their remuneration plans, because having satisfactory remunerations, employees would have positive attitudes towards their jobs and resulting in an increased level of performance. Employees should be offered remuneration in monetary as

well as other forms so that employees are motivated to have positive attitudes to contribute positively towards organizational goal achievement.

Recommendations

From the outcome of the study, the following recommendations are made:

1. it is recommended that manufacturing firms should make sure to initiate regular remuneration increment in order to attract skilled and experienced employee capable of facilitating their growth.
2. in addition, it is recommended that manufacturing firms should ensure that remunerations are designed in manner that is not only in close proximity with those elsewhere, but also commensurate with the contribution of employees in the organization.
3. Lastly, manufacturing firms should make sure to consider other factors that would enhance employees' contribution to growth other than remuneration, in order to be able to achieve business growth. As such, this study suggested that influence of non-financial employee benefit measures on employee performance may be investigated in future research.

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