

## COMPENSATION AND EMPLOYEE PRODUCTIVITY IN PUBLIC UNIVERSITIES IN SOUTH-SOUTH NIGERIA

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### Abstract

This study examines the relationship between compensation and employee productivity in public universities in South-South Nigeria. Adopting a cross-sectional survey design, data were collected from 387 academic staff across 17 public universities using a structured questionnaire. Reliability was assessed with Cronbach's alpha, while Spearman's rank-order correlation was employed for analysis via SPSS. The findings reveal strong positive correlations between compensation and three productivity measures: timeliness ( $\rho = .514, p < .01$ ), quality of output ( $\rho = .559, p < .01$ ), and task accomplishment ( $\rho = .609, p < .01$ ). The study concludes that compensation significantly enhances employee productivity in the studied institutions. It is recommended that university administrators regularly review compensation structures to ensure competitiveness, align packages with employee expectations, and advocate for improved government funding and policy support to sustain productivity gains.

Keywords: Compensation, Employee Productivity, Public Universities, South-South Nigeria, Timeliness, Quality of Output, Task Accomplishment

## 1. INTRODUCTION

In an era characterized by rapid organizational change, economic uncertainty, and evolving workforce expectations, compensation remains a pivotal element in attracting, motivating, and retaining talent (Armstrong, 2008). While traditional incentive systems have diminished in influence, variable and non-financial rewards have gained prominence. However, the efficacy of compensation in driving sustained employee productivity continues to provoke scholarly debate. For instance, Kipkorir, Basweti, and Nyaoga (2014) found no significant link between executive compensation and performance, whereas Ngui, Mukulu, and Gachunga (2014) demonstrated that a blend of financial and non-financial rewards enhances firm outcomes.

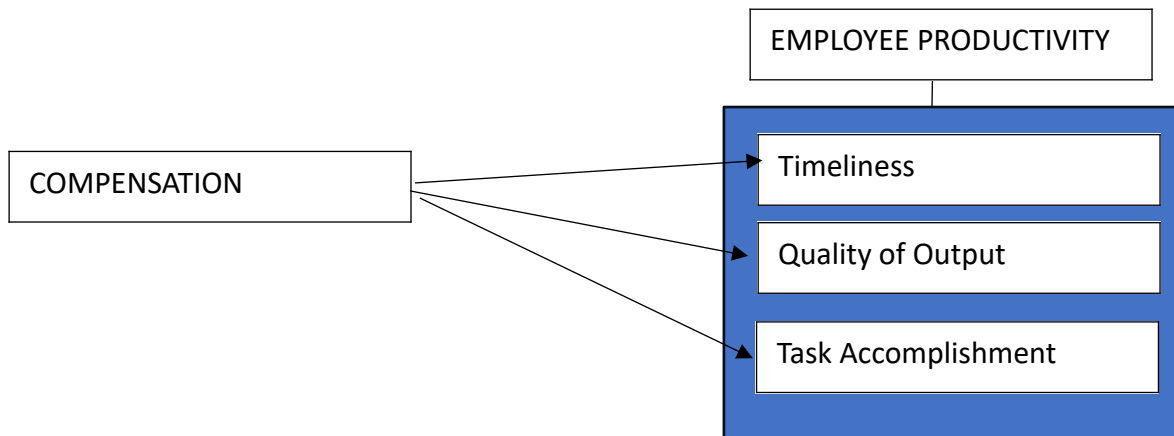
In Nigeria's public university sector, chronic underfunding, erratic salary payments, and contentious government-union relations—exemplified by prolonged strikes by the Academic Staff Union of Universities (ASUU)—have exacerbated concerns about employee welfare and productivity (Guardian, 2023). The core challenge lies in designing equitable compensation systems that balance institutional budgets with employee expectations for fair remuneration and improved working conditions (Ongori, 2015).

### Research problem and question

Despite extensive research on compensation and productivity globally, few studies have specifically investigated this relationship within Nigeria's South-South public universities. This research gap is significant given the region's strategic importance in national education and human capital development. Therefore, this study aims to examine the relationship between compensation and employee productivity, measured through timeliness, quality of output, and task accomplishment. The following research questions guide the inquiry:

1. To what extent does compensation relate to timeliness in public universities in South-South Nigeria?
2. To what extent does compensation relate to the quality of output in public universities in South-South Nigeria?
3. To what extent does compensation relate to task accomplishment in public universities in South-South Nigeria?

## Conceptual Framework



## 2. Literature Review

### Compensation

Compensation encompasses both monetary (salaries, bonuses) and non-monetary benefits (healthcare, pensions, working conditions) provided to employees (Subaka, 2014). In public universities, compensation also includes academic allowances, research grants, and retirement benefits. Effective compensation systems are aligned with legal standards, organizational goals, and employee needs (Nwachukwu, 2004).

### Employee Productivity

Productivity refers to the efficiency and effectiveness with which employees convert inputs into valued outputs (Robbins & Judge, 2006). In higher education, productivity manifests through timely completion of duties (timeliness), excellence in teaching and research (quality of output), and achievement of set objectives (task accomplishment) (Yadav & Marwah, 2015).

### Conceptualizing Compensation in the University Ecosystem

Compensation extends beyond the basic salary to encompass the total rewards package offered to employees (Armstrong & Brown, 2019). In scholarly literature, it is bifurcated into intrinsic (non-monetary, psychological rewards) and extrinsic (tangible, monetary rewards) components (Deci & Ryan, 2000). For university faculty, extrinsic compensation includes:

Base Salary and Allowances: Housing, transport, and adjunct teaching/research allowances.

Benefits: Health insurance, pension contributions, and sabbatical leave.

Performance-Linked Rewards: Grants for research, conference attendance funding, and bonuses for publications in high-impact journals.

Intrinsic compensation involves job autonomy, intellectual challenge, academic freedom, and institutional prestige (Bentley et al., 2013).

In Nigeria, compensation has become a critical and contentious issue. Studies consistently highlight that compensation in public universities is often deemed inadequate, irregular, and uncompetitive, failing to meet the "living wage" threshold necessary to offset soaring inflation and economic hardship (Ololube, 2017; Eze&Ezenwafor, 2021). This inadequacy violates the principles of SET, breaking the reciprocal bond, and triggers the power struggles predicted by Bargaining Theory. The consequence is a demoralized academic workforce, evident in persistent brain drain ("Japa" syndrome) and frequent industrial disputes (ASUU, 2022).

### **Conceptualizing Employee Productivity in the University Context**

Measuring productivity in knowledge-intensive institutions like universities is inherently multifaceted, moving beyond simple quantitative outputs (Shin & Cummings, 2010). For this study, productivity is operationalized through three interlinked yet distinct dimensions:

#### **a) Timeliness**

Timeliness refers to the efficient and punctual execution of academic and administrative duties within stipulated deadlines (Claessens et al., 2007). In universities, this variable manifests as:

Adherence to academic calendars (commencement of lectures, marking of scripts, release of results).

Timely submission of research reports, grant applications, and administrative returns.

Punctuality in meeting scheduled lectures, committee duties, and student supervision sessions.

Poor compensation can directly undermine timeliness. Financial stress leads to "moonlighting" (taking on multiple external jobs), which fragments focus and time (Okoli&Orinya, 2020). Furthermore, demotivation stemming from perceived unfair pay can erode the sense of urgency and institutional commitment required for timely task completion (Adebayo & Nwankwo, 2019).

#### **b) Quality of Output**

This dimension captures the excellence, rigor, and impact of academic work. Key indicators include:

Teaching Quality: Pedagogical innovation, curriculum development, and student learning outcomes.

**Research Quality:** Publications in reputable, peer-reviewed journals, citations, and the societal impact of research.

**Service Quality:** Contributions to university governance, community engagement, and professional bodies.

Compensation influences quality through the "efficiency wage" mechanism (Akerlof, 1982). Competitive remuneration attracts and retains high-caliber scholars, reduces financial anxieties that can distract from deep, focused work, and provides the resources (e.g., labs, databases, conference travel) necessary for quality research (Horta et al., 2019). Conversely, inadequate compensation can force academics to prioritize quantity over quality, seek publication in predatory journals, or neglect the time-intensive mentoring that underpins quality teaching (Onyebuchi et al., 2021).

### **c) Task Accomplishment**

Task accomplishment denotes the effective completion of core role expectations and the achievement of set objectives (Williams & Karau, 1991). For academics, this encompasses:

Fulfilling the tripartite mandate of teaching, research, and service.

Achieving set Key Performance Indicators (KPIs) related to student graduation, research output, and grant acquisition.

Contributing to the strategic goals of the department and university.

This variable represents the summative outcome of productivity. Adequate compensation acts as a fundamental motivator, aligning individual goals with institutional objectives (Locke & Latham, 2002). When compensation is perceived as fair (procedural justice) and commensurate with effort (distributive justice), it fosters the job dedication and organizational citizenship behaviors necessary for holistic task accomplishment (Borman & Motowidlo, 1993). In the Nigerian context, where resources are scarce, task accomplishment is often hindered not by a lack of ability, but by a motivational deficit linked to compensation grievances (Uchendu et al., 2018).

## **3. Theoretical Review**

The relationship between compensation and employee productivity is best understood through two complementary theoretical lenses that frame the employer-employee exchange within institutional power dynamics.

Social Exchange Theory (SET), as conceptualized by Blau (1964), provides the foundational framework for understanding the psychological contract between organizations and their employees. SET posits that human relationships are formed and sustained through a subjective cost-benefit analysis and the mutual exchange of resources, which can be tangible

(e.g., salary) or socio-emotional (e.g., recognition, respect). Central to this theory is the **norm of reciprocity** (Gouldner, 1960), which creates an implicit obligation for employees to reciprocate fair and beneficial treatment from their employer with increased commitment, effort, and discretionary behaviors (Cropanzano & Mitchell, 2005). In the university context, when academic staff perceive their compensation—encompassing salary, research grants, and professional development opportunities—as equitable and supportive, they are more likely to reciprocate through heightened engagement in teaching, research, and administrative service (Aselage & Eisenberger, 2003). This theoretical perspective explains why underfunded compensation systems, as seen in many Nigerian public universities, can erode the social exchange, leading to withdrawal behaviors such as industrial action or reduced scholarly output (Guardian, 2023).

Complementing SET, Bargaining Theory (e.g., Nash, 1950) introduces a structural-political dimension to compensation determination. This theory, as applied to industrial relations, contends that compensation levels are not merely a function of market economics but are significantly shaped by the relative bargaining power of organized labor and management (Kadiri & Jimoh, 2017). In Nigerian public universities, the protracted negotiations and frequent strikes between the Academic Staff Union of Universities (ASUU) and the Federal Government are a direct manifestation of this theory in action (Okafor, 2020). The theory suggests that the strength of the union, government fiscal policies, and the political salience of education collectively determine the final compensation package. While strong bargaining can secure better terms, an adversarial and prolonged process can itself become a demotivator, negatively impacting the very productivity it seeks to enhance (Ishola, 2019). Therefore, a sustainable compensation system in universities requires a balance between power-based bargaining and the relational principles of social exchange.

#### 4. Empirical Review and Synthesis

Empirical evidence robustly supports a positive, though sometimes complex, relationship between compensation and productivity across sectors, including education. A seminal meta-analysis by Jenkins et al. (1998) established that performance-contingent pay has a significant positive effect on performance. In educational settings, Michael (2012) found salary to be the primary determinant of job satisfaction for Kenyan secondary school teachers. Similarly, a study by Osibanjo et al. (2014) in Nigerian private universities concluded that reward systems significantly influence faculty commitment and performance.

Specific to productivity dimensions, research by Ogonnaya et al. (2017) linked high-performance work practices (including compensation) to improved service quality in organizations. In academia, a study by Sabharwal (2013) found that research funding and support (a form of compensation) were critical predictors of research productivity among scientists. The negative corollary is also well-documented: poor and irregular compensation

leads to high turnover, absenteeism, and low morale, directly impairing timeliness and task accomplishment (Ongori, 2007; Dike & Onyekwelu, 2020).

However, a critical gap persists. While these studies establish broad correlations, there is a scarcity of recent, context-specific research that dissects how the multidimensional nature of compensation in Nigeria’s challenging economic climate distinctly influences the tripartite productivity outcomes—timeliness, quality, and accomplishment—within its public university system, particularly in the South-South region. This study aims to fill this gap by providing a nuanced, contemporary analysis, grounding the global theories of social exchange and bargaining within the specific realities of Nigerian higher education.

### 5. Methodology

A cross-sectional survey design was employed. The target population comprised 11,927 academic staff from 17 public universities in South-South Nigeria. Using Taro Yamane’s formula, a sample of 387 respondents was drawn through stratified random sampling, ensuring representation across institutions and ranks.

Data were collected via a self-administered questionnaire, divided into sections on demographics, compensation, and productivity indicators (timeliness, quality of output, task accomplishment). Cronbach’s alpha coefficients exceeded 0.70 for all constructs, confirming reliability.

Spearman’s rank-order correlation was used to test the hypotheses, with analysis conducted in SPSS version 26.

### 6. Results

The correlation matrix (Table 1) presents the relationships between compensation and productivity measures.

Table 1: Spearman Correlations between Compensation and Productivity Measures

Variables	1	2	3	4
1. Compensation	1.000			
2. Timeliness	.514	1.000		
3. Quality of Output	.559	.604	1.000	
4. Task Accomplishment	.609	.615	.807	1.000

Note:  $p < .01$  (2-tailed).  $N = 326$ .

### Hypothesis Testing

- Ho1: No significant relationship between compensation and timeliness. Result: Rejected (rho = .514, p = .000).

- Ho2: No significant relationship between compensation and quality of output. Result: Rejected (rho = .559, p = .000).

- Ho3: No significant relationship between compensation and task accomplishment. Result: Rejected (rho = .609, p = .000).

All three hypotheses were rejected, indicating statistically significant positive relationships between compensation and each productivity dimension.

## 7. Discussion

The findings align with social exchange and bargaining theories, confirming that adequate compensation fosters reciprocal employee efforts. The strong correlation with timeliness suggests that fairly compensated staff are more punctual and deadline-conscious. Similarly, the link with quality of output reflects how competitive rewards can motivate excellence in teaching, research, and service. The highest correlation with task accomplishment underscores compensation's role in driving goal achievement and overall institutional performance.

These results corroborate earlier studies (e.g., Michael, 2012; Nwankwo et al., 2013) and extend their relevance to the Nigerian tertiary education context. They also respond to recent calls for evidence-based compensation reforms in public universities, particularly amid ongoing ASUU-government disputes (Guardian, 2023).

## 8. Conclusion and Recommendations

This study confirms that compensation significantly and positively influences employee productivity in South-South Nigeria's public universities. To leverage this relationship, the following recommendations are offered:

1. University Administration: Regularly review and adjust compensation packages to match market standards and address inflationary pressures. Implement transparent, performance-linked reward systems to motivate staff.
2. Human Resource Units: Conduct periodic needs assessments to tailor compensation structures to employee preferences. Incorporate non-monetary benefits (e.g., research grants, sabbatical opportunities) to enhance total rewards.

3. Government & Policymakers: Increase funding allocation to public universities to enable competitive remuneration. Expedite the resolution of outstanding agreements with academic unions to restore industrial harmony and create a conducive work environment.
4. Future Research: Longitudinal studies across other Nigerian geopolitical zones are recommended to generalize findings and explore moderating variables such as leadership style and institutional culture.

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