

**REMUNERATION AND HIGH LABOUR TURNOVER IN  
THE BANKING INDUSTRY: A CASE STUDY OF ZENITH  
BANK PLC**

**BY**

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## APPROVAL PAGE

This thesis by *Onyeoziri, Obioma Nkwachukwu* has met the requirements for the award of Masters Degree in Business Administration (MBA) of the Federal University of Technology, Yola and is approved for its contributions to knowledge.

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## **DEDICATION**

This work is dedicated to Michelle and Okechukwu Onyeoziri.

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## **ABSTRACT**

The project is aimed at examining remuneration systems and its impact on employee job satisfaction. It also focuses on the creation and maintenance of suitable environment for the performance of individuals working in groups towards common objectives.

The data was analysed using simple percentages method, the techniques of sampling the population is the simple random method. The method used in collecting the data from a sample of eighty (80) respondents includes, interview, personal observations, research questionnaires etc. The data analysed revealed that good remuneration fairly influences the satisfaction and performance of the employee to his job. However, remuneration is not the only factor that motivates employee satisfaction and labour turnover. It was recommended that Zenith Bank Plc should adopt a structure which will be an improvement on the existing system and improve on the pay system in relation to the job performed by employees who can enhance job satisfaction on the job they perform thus reducing the propensity to move on. Remuneration helps bring out the best in employees and though it is not the only factor it however plays the greater role in employee commitment to the job. Employees strive to justify the worth (pay package) placed on them and their capabilities, hence feel less inclined to go the extra mile where the pay is poor.

While the importance of skill formation has been widely acknowledged in recent years, the issue of skill retention has been relatively neglected. Employers see little point in raising skills in sectors where a high proportion of individuals will leave, yet failure to invest in training and development may contribute to higher labour turnover.

Drawing upon an extensive literature review, this paper examines the concept of labour turnover and retention capabilities of the bank that distinguishes it from its competitors in their processes thus affecting an employee's willingness to quit, and actual separation from the job. Potential solutions that might reduce the quit rate and retain skilled labour are proposed in relation to these capabilities.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 BACKGROUND**

Remuneration is a factor of motivation in Nigerian history which can be traced back to pre-colonial times when European explorers employed the services of tour guides in advancing their trading activities of products like palm oil and groundnuts. Prior to that time, people exchanged work, services and sometimes serve their families, village head and clan. Labour services were reciprocated and remuneration was almost non- existent.

Today, remuneration is regarded as the motivating factor in job satisfaction and performance. Remuneration is the process through which employees are compensated for their contribution toward the achievement of company goals and objectives (Alamieseigha; 2004).

The issue is so crucial that if a poor system is operational in an organization, the willingness of employees to stay on the job or even joining is difficult. In the Nigerian banking industry today, in which this research is centered, remuneration is a factor behind employees' willingness to remain in a particular bank thus dictating job

satisfaction and subsequently productivity. At any instance when employers resist the demand of employees on salaries and wages, which are integral parts of remuneration, it is often met with strikes and slow downs and sometimes they react by wearing rags all in protest to seek for better remuneration.

Labour turnover is concerned with movements of individuals into jobs (hirings) and out of jobs (separations) over a particular period. Labour turnover is the sum of job turnover, which relates to the expansion and contraction of establishments or firms, and the movement of workers into and out of ongoing jobs in establishments or firms. Workers leave firms and firms hire other workers to replace them, regardless of whether the firm itself is growing or declining.

The difference between job and labour turnover can be illustrated as follows: Suppose a given establishment has 100 people employed at time  $t$  and 110 at  $t+1$ . During this period, 10 people have been hired to fill newly created posts. The job turnover rate, i.e. the net change in employment is 10%. But, suppose that, during the same period, 10 individuals left the establishment and 10 were hired to replace them. Labour turnover, which concerns the movement of workers into and

out of jobs, is 30% [the sum of all hirings (20) and separations (10) divided by initial employment (100)]. ([www.wikipedia.com](http://www.wikipedia.com); 2007)

Labour turnover is a major issue for most employers - it imposes costs on them that they are keen to avoid. Turnover is often common among workers in the wholesale and retail trades, hotels, restaurants and leisure sectors etc. This is hardly surprising given the low average wage rate on offer to employees in these jobs. However this trend has now become the norm in the modern day Nigerian banking industry wherein employees are enticed with different remuneration packages to move within the industry.

## **1.2 STATEMENT OF THE PROBLEM**

Personal experience gained through interaction with and as an observer of Zenith Bank Plc, listening to employees dissatisfaction and reaction to remuneration given to employees moving in and out as noticed recently in the bank constitute the cause of this research.

Management involves the creation and maintenance of suitable environment for performance of individuals working in a group towards common objectives. It is obvious that a manager cannot do this without adequately remunerating his employees. The difficulties

of knowing what makes people work are increased by the fact that only the individual himself has a complete realization of his motives. Aristotle, according to Wigand (2005), says there is no action without desire, for it is desire that causes us to act. An individual's actions therefore, reveal much about what quite literally moves him/her. The mixture and strength of motives will vary enormously from one person to another. Managers must therefore recognize motivating factors in establishing a good working environment to his employees for better performance. To be effective, an incentive should be designed and presented in such a way that the employee to whom it is offered will see it as a means of satisfying one of his dominant motives which should be identifiable with the organisation's goals and objectives.

In the light of this, it has become imperative for the management of Zenith Bank Plc to quickly embrace the philosophy of remuneration and job satisfaction as an aspect of human resource management or loose their long experienced caliber of employees to other competing banks which have better pay package and motivating schemes even if it has an excellent relationship with its staff.

### **1.3 OBJECTIVES OF THE STUDY**

This project is aimed at examining wages and salary administration and its impact on employees' job satisfaction and performance in relation to the retention capability of competent employees in the bank. In order to achieve these objectives the following specific issues are addressed:

- a) To determine if the high labour turnover experienced by the bank is caused by remuneration and the influence of remuneration system on performance of employees, thus determining whether a good package motivates the employees to not only perform their job efficiently and effectively but also if employees would choose to stay on or leave.
- b) To recommend ways of improving on pay system to enhance employees job satisfaction. From this study the researcher hopes to find out how an organization can adopt structure which would be an improvement on existing system or recommend the adoptions of a new structure completely to enhance retention capabilities.

c) To study how efforts are rewarded in the system.

#### **1.4 RESEARCH QUESTIONS**

The research is designed to provide answers to the following questions, these includes

- 1) What makes the employees satisfied with their job?
- 2) How much influence does their pay have on their performance?
- 3) What is the main factor that motivates employees to work in the bank as opposed to any other bank?
- 4) How would the review of employee pay either upward or downward affect employees' willingness to stay or move on to other banks?
- 5) What is the pay package in the bank compared to other organizations?

#### **1.5 SIGNIFICANCE OF THE STUDY**

Remuneration and job satisfaction are essential in improving organizational performance which can lead to the achievement of its goals and objectives, with good caliber of seasoned employees both at the management and lower levels of the company. For these to create

a conducive working environment to its employees in order for them to perform their tasks effectively and efficiently, good remunerating policies that will motivate the employees and make them feel satisfied with their jobs will be required.

This research work is important to the bank in making policies that will motivate its employees, so as to achieve its set goals and objectives and consequently help it to retain its capable and experienced employees. It can also be used by the bank to improve their overall organizational performance.

## **1.6 SCOPE**

This study will critically examine the impact of remuneration on labour turnover in Zenith Bank Plc, i.e. willingness of employees of Zenith Bank Plc to move on to other organizations as a result.

Therefore the scope of this research will cover only three branches of Zenith Bank Plc, namely Yola, Abuja and Marraraba, and the impact on its employees.

## **1.7 LIMITATIONS**

This study is limited by unwillingness of company officials to disclose information as some of the information needed for this research is considered to be confidential by these officials. As a result of the limited time available to conduct this research, time constraint reduces the amount of information available to work with; hence it may contribute in limiting the research study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This project is concerned with remuneration, job satisfaction and high labour turnover in the banking industry. The researcher intends to find out the reason for the assumption that remuneration is the basis for high labour turnover in the banking industry. In this chapter, the researcher intends to get relevant literature from textbooks, journals, encyclopedia and other articles related to the research topic.

#### **2.2 REMUNERATION DEFINED**

The word remuneration, reward and compensation are used to mean the same thing. The Cambridge International Dictionary of English (2000) defines remuneration as “reward or pay to someone for work or services”. However, Flippo defined compensation as the “adequate and equitable remuneration of personnel for their contribution to an organization’s objectives”. According to Ejiofor (1986) remuneration can be defined based on employee welfare programmes thus stating that “Employers are expected to house their workers, bring them to work, feed them during work, take them home after work, provide recreational facilities for them, pay them when they leave, maintain

them when on study leave, thank them when passing exams, care for their families on sickness, provide transportation for them when on transfer, and compensate them for inconveniences, pay them if they have to be sacked, maintain them when they are too old to work, when they die maintain their survivors and depending on their status announce their memorial death to the world, keep their memory evergreen through annual publication and pray for the repose of the soul”.

Remuneration is a form of pay, which is generally payment in the form of money. It may be given in return for employment, commission-based work, or other forms of service. (Wikipedia encyclopedia; 2007)

## **2.3 FORMS OF REMUNERATION**

1. Direct remuneration
2. indirect remuneration

### **2.3.1 DIRECT REMUNERATION**

This talks about wages, salaries, bonus, incentives etc. they are rights and not privileges. In other words they are the kind of remuneration

employees receive and shall be given as compensation for their effort towards achieving an organisation's objectives.

### **2.3.2 INDIRECT REMUNERATION**

These are privileges which employees receive from employers. These include pension, insurance, medical services, maternity leave, legal counseling, educational tuition and day care centers.

### **2.3.3 OTHER REMUNERATION**

The other methods of payment available to companies and organizations by which they may remunerate their employees are numerous. They vary from schemes which pay a bonus for each unit of production completed, to those which offer a fixed weekly and monthly wage regardless of output.

These methods are

- profiting sharing scheme
- pay - work method
- payment- by- results
- premium bonus scheme
- non- financial incentive

### **2.3.3.1 PROFIT SHARING SCHEME**

In profit sharing the employer pays current or differed sums based on company profits. In addition to established wages payment can be in the form of current combination plans. Tyson (1996) an advocate of profit sharing contends that it can increase performance, result in greater employment stability and be a “win-win” for employees and employers. Profit sharing is seen by top management as a way to increase organizational performance, through improving employee motivation, promoting greater cooperation among employees and helping employees understand the business (Long. 1997).

#### **OBJECTIVES OF PROFIT SHARING**

Most companies which operate profit sharing scheme have one or more of the following objectives in mind.

- a) To encourage employees to identify themselves more closely with the company by developing a common concern for its progress.
- b) To stimulate a greater interest amongst employees in the affairs of the company as a whole.
- c) To encourage better co-operation between management and employees.

- d) To recognize the employees of the company to have a moral right to share in profits they have helped to produce.
- e) To demonstrate in practical terms the good will of the company towards its employees. It is generally recognized that schemes which share profit according to some universal formula to all or most employees will not provide any real incentive because they fail to satisfy the three basic requirements of an incentive schemes. Namely
  - I. That the payment should bear – direct relation to the effort.
  - II. That the payment should follow immediately or soon after the effort.
  - III. That the method of calculation should be simple and easily understood.

## **TYPES OF PROFIT SHARING SCHEMES**

The main types of profit sharing schemes are:

- a) Cash: - a portion of profit is paid in cash direct to employees.

This is the traditional and still most popular approach.

- b) Stock: - a portion of profit is paid in stock. This is much less popular, especially since the advent of the approved deferred share Trust scheme with considerable tax advantages.
- c) Mixed schemes: - an ADST scheme is sometimes offered in addition to cash scheme, or the latter is made available to staff before they are eligible for ADST shares or as an alternative to ADST shares.
- d) Approved Deferred Share Trust (ADST): - The company allocates profit to a Trust Fund which acquires shares in the company on behalf of employees.

However, a survey of profiting in 356 firms published by the Glasgow University Centre For Research into industrial Democracy and participation revealed that in the two – thirds of the surveyed firms which operated profiting, the most popular schemes, especially amongst the smaller firms, was the simple cash – based. The ADST type scheme is, however, gaining in popularity, profit sharing was much more common among US based companies (64%) than their European counterparts (29%), and the scheme is now prevalent in London.

## EMPLOYEES' ATTITUDES

The industry participation association (IPA) was able to question 2,700 employees in 12 companies about their attitudes to sharing. The results of the survey are summarized in the table below:

Table .1

|   | Agreed strongly | Agreed % | Don't agree % | Disagreed % | Disagreed strongly % |
|---|-----------------|----------|---------------|-------------|----------------------|
| 1) Profit sharing creates better attitude in the firm.                                      | 10              | 55       | 16            | 18          | 1                    |
| 2) It is popular because people like to share the bonus.                                    | 24              | 69       | 4             | 3           | -                    |
| 3) The sharing strengthens people's loyalty to the firm.                                    | 6               | 41       | 12            | 34          | 2                    |
| 4) It makes people try to work more effectively so as to help the firms be more successful. | 6               | 45       | 15            | 31          | 3                    |
| 5) it is good for the company and its employees   | 14              | 72       | 11            | 3           | -                    |

Attitude of profit sharing: Industrial Participation Association.

**Source:** a handbook of personnel management practice, by Michael Armstrong (1984) third edition, P.439.

Based on the outcome of the IPA survey, they suggest that profit sharing does significantly improve employees' attitudes and view of their company.

The view was reached essentially by adding together the percentages recorded under agreed strongly and agreed. However, in the income data service 1986 study of profit sharing, the comment was made that "another interpretation would be to add up all the offices and on the shop floor."

### **BENEFIT OF PROFIT SHARING**

A survey (1985 – 86) sought to establish a correlation between profit sharing and profitability. About 113 profit sharing companies and 301 non profit sharing companies were surveyed and their performance compared on the basis of nine economic ratios over a period of eight years. Taking the composite results of all 414 companies, the average performance of the profit sharers over the eight years was better than that of non- profit sharers on everyone of the nine economic ratio used.

In addition considering the average of the averages, the average of the profit sharers were 27% higher than those of the non- profit sharers, as Bell and

Hanson revealed, the profit sharing companies were not better just because they had been using profit sharing.

The particular features of how these companies achieved success were:

1. They had clear objectives and the ability to harness the resources needed to achieve them
2. Recognized that their most important resources were people.
3. Saw employees not in the terms of “them and us”, as adversaries, but as a team that should be working together for the success of the enterprise and sharing in its success.
4. Were able to generate reciprocal attitude among the employees and thus overcome the “them and us” feeling that are found sometimes among employees towards management.

Based on the above assertion the researcher concluded that profit sharing is used by employers as an effort- reward operation and not as an attempt to involve employees more closely in the decision making process. Therefore it is used as a method of remuneration in the banking industry because it is an effort- rewarding process which improves employee productivity.

### **2.3.3.2 PAY- WORK METHOD**

This is the simplest form of payment with no direct financial incentive, and requires a strong leadership from the supervision. Heartily all direct supervisory and management staff are paid on day- work scheme which include:

- a) Flat Time Rate: Earning = clock hours X rate for over time work.

Under this method keen management and supervision are essential because of the interest tendency of employees.

- b) High Day Rate: Banks that need to keep the simplicity but desire to avoid the weaknesses inherent in flat rate method can institute a high wage per hour is paid, but special interest and effort in the work is demanded, standard of efficiency and performance are set to which foremen are expected to ensure adherence. The high wages offered attract those who are confident of their abilities. However the standard set should be such that, it can be accomplished by any competent and consolation worker without undue fatigue.

The method has its advantages such as ease of computation and understanding and it also avoids the complex negotiations that are associated with incentive schemes. The circumstances under which day- work schemes could be more favourable include:

- I. Where quality is more important than high volume of production.
- II. Where the work is such that there is no basis for incentive.
- III. Where the rate of production is outside the control of the employee

### **2.3.3.3 PAYMENT – BY – RESULTS**

Payment – by – results is associated with performance. This may be with individual or group of performance. Payment – by – results schemes pay the worker in relation to the work he does and sometimes to other factors within his control. Payment – by – results take the following forms.

- I. Straight – piece work system: Here the employer pays a money price for each unit of output. This wage varies according to production that is earning = No of units X rate per unit i.e.  $E = NU \times RU$ . Provision is also made for a time of basic payment to operate for piece – work in cases where non- production is beyond their control.
- II. 75 –100 straight proportional schemes: Here standard performance is taken as being 100. the bonus begins when the operator performance exceed 75 and the bonus is  $33\frac{1}{2}$  of the day rate for a performance of 100, and below and above 100 it is in direct proportion.

#### **2.3.3.4 PREMIUM BONUS SCHEME**

In premium bonus scheme, bonus to be paid is calculated on hours saved i.e. the different between time allowed (TA) and time taken (TT).

Therefore, earning = Day rate + bonus on time save. There are two major schemes which are:

- a. The Halsey Scheme: here the workers are given fixed percentage of time saved as a bonus.
  - I. Halsey Bonus =  $\frac{1}{2} T \times \text{day rate}$
  - II. Halsey – weir Bonus =  $\frac{1}{2} TS \times \text{day rate}$
  - III. Rowan – Bonus =  $\frac{TT}{TA} \times TS \times \text{day rate}$
- b. Group Bonus scheme: in some factories, it is possible to arrange that a group of employee working together as a team of employee should share out a bonus based on the result of the team effort. Each group enforces its own standard of efficiency.

#### **2.3.3.5 NON – FINANCIAL INCENTIVES**

It is noticeable that financial incentives are not necessarily the primary means of drawing the best out of people. Individual workers are motivated by different things apart from money; there are non – financial incentives.

The reason for this is simply that promotion, fringe benefit and other inducement cannot be given and taken away in sympathy with performance in the same way that bonus can be varied. It is because of this that pension schemes, sport club discount schemes and similar benefits have very little effect as incentives to make people work more industriously. These non – financial incentives are;

- I. **PROMOTION:** it is an important non – financial incentive to those for whom it holds an alteration. Promotion is something that does not occur to every one equally, some workers do not covet higher status, preferring to stay near to the bottom of the ladder. Others will regard promotion as an essential ingredient in the avoidance of frustration and as a target to be achieved.
- II. **FRINGE BENEFITS:** it has no continuity incentive power. The novelty effect must be preserved by continually and altering the fringe benefits. These may include the issue of luncheon vouchers which eventually become recognized as part of the wages because their provision is independent of productivity.
- III. **SOCIAL INCENTIVES:** these are covered by sport clubs, recreation rooms and facilities, organized dances and outing and extra holding with pay. Employees may benefit through the provision of day release

facilities to allow them take advantage of further education, payment of tuition and examination fees and even award and prizes.

IV. PENSION SCHEMES: it form another powerful set of incentives designed to retain staff, especially where plans are not transferable. Too much mobility can result in no retirement.

Non – financial incentive consist of any items or reward that are provided by employers for the benefit of their employees which are not part of normal pay.

The factors to put under consideration in choosing the most suitable remuneration methods are as follows:

1. Efficiency in Production – when the volume of production is the important factor, labour control and remuneration must be devised to this end, but when the volume of output is less important than the care and accuracy which the work must be given, wages payment based on the production quantities could be undesirable unless competent inspection is arranged at all stages.
2. Effect on workers: The attitude of workers is of great importance and every age system should be theoretically explained to them and must be capable of being understood by those of average intelligence. This will help to obtain the fullest advantage of the system.

3. Incidence of overhead: some of the indirect expenses of the undertaking are within limits “fixed”. In consequence any reduction of output results in an increased cost of production per unit of output. This is a factor of outstanding significance and lies at the basis of scheme of remuneration.
4. Labour turnover: An excessive number of changes in employees can result in a huge loss and create atmosphere of uncertainty. Thus the method of remuneration that can create the right condition for the contended body of employees should be made as fair as possible.

#### **2.4 TOTAL REMUNERATION AND THE INDIVIDUAL**

The total remuneration concept is based on the belief that all aspects of pay and employees benefits should be treated as a whole, the different parts of which can be adjusted according to the needs of the company and the individual. This means that in setting level of remuneration, account is taken of the value to employees and the cost to the company of each of the benefits to which job holders are entitled as well as their basic salary and bonus payments.

Remuneration is hereby treated as a total package so that employees can be told about the complete value of what they are getting, valid comparisons can be made with other companies and an appropriate balance is achieved between the different components of remuneration.

The concept applied to all levels of staff but it is of more importance to those of higher level because of the tax advantages that may be achieved by providing certain benefits as an alternative to their basic salary.

Everyone starts off with wanting a good basic salary to provide for the necessities of life and satisfying the basic needs, as depicted in Maslow's hierarchy of human needs, to survive and achieve security. Thereafter other needs become important and these are the ones that can best be satisfied by intrinsic motivators present in the work itself.

At the same time people begin to seek alternative means of providing their needs, particularly at higher levels, they may not find the package offered by the company fully acceptable. This is why what has been tagged "cafeteria" benefit programmes have been provided. The programmes allow employees to select benefits that match their individual needs. Employees are provided with a benefit account with a specified payment in the account. The types and price of benefits are provided to each employees in the form of print out. This programme creates additional administrative costs, but

through participation, employees come to understand what benefits the organization is offering for example, young employees may select pension contribution. Such programmes have limited application but the least a company can do is to avoid the mistake of imposing benefits on employees who might not appreciate them.

The researcher, based on the literatures reviewed, realized that both the direct and indirect forms of remuneration are applicable to the banking industry in which Zenith Bank Plc is not an exception and also concluded that, salary wages, bonus, medical services, maternity leaves and overtime are suitable to the banking industry as well as profit sharing which is effort – reward based.

## **2.5 JOB EVALUATION AND REMUNERATION**

According to Burk (1963), in the encyclopedia of management, job evaluation is defined as “the determination of wages or salary rates of specific combination of duties that are called “Job” or “Position” in business organizations.” He asserts that whenever two or more paid individuals are employed by any organization, job evaluation of some kind takes place. He propounded three (3) systems of job evaluation.

- Ranking system
- Point system
- Factor comparison

Hudson (1964) however, defined job evaluation as “a procedure for measuring the relative worth of jobs through the weighing of relative importance of certain job characteristic”. He further highlights that “Job evaluation plans may be developed for salary, burly employees not only in banking industry but in any type of organization including commercial, government and non – profit groups of all kind”. He categorized job evaluation into two (2).

1. Merit Rating
2. Wage and salary administration

Sule (1988) defined job evaluation as “the systematic process by which the worth of one job is compared with that of another in order to attach fair wages”. He postulated four systems as follows:

1. Ranking system
2. Job grading system
3. Factor comparison system
4. Weighted point system

Bearch (1980) defines job evaluation as “a formalized system for determining relative money value of jobs within an organization, it involves the analysis of jobs for the purpose of writing job description and specification, rating of those jobs through the use of job evaluation plan and comparison of relative values to definite wage rate”. Bearch postulated that there are four (4) systems of evaluation which are:

1. Ranking or job comparison
2. Grade description (non – quantitative system point)
3. Point
4. Factor comparison (quantitative system)

### **2.5.1 RANKING SYSTEM**

The ranking system according to Bearch is suitable for small companies having a limited number of jobs. He further said theoretically the method could be used for large organizations as well. The procedure involves obtaining description for all jobs under consideration and ranking them from low to high job requirements. Small organizations with only two or three departments can use it to come up with a master list.

## **2.5.2 GRADE DESCRIPTION SYSTEM**

Grade description also called the classification system is used for classifying jobs which involves dividing up the job hierarchy into number of pay groups or grades developing written definition for each grade.

Bearch's grade description system can successfully be applied in evaluating jobs in the banking sector, compared to point system and factor comparison system.

## **2.5.3 POINT SYSTEM**

Point system according to Bearch consists of a number of compensatory job factors or characteristic. These can be classified under four headings of skill, effort, responsibility and job conditions. He further emphasises that the strengths of the point systems are numerous. First of all it breaks jobs down into factors or attributes and this is certainly an aid to evaluation and that the factors are fixed and pre – weighted in such a way that all those doing the ranking are forced to consider each job or some factors and in the same ways.

## **2.5.4 FACTOR COMPARISON**

Factor comparison system according to Bearch is “a method often used for evaluating executive, white collar personnel and management positions,

although it is equally suitable for grading others as well. It is essentially a combination of the ranking and point system.

Bearch (1980) illustrated this system of job evaluation with the diagram below.

### **FACTOR COMPARISON SYSTEM**

|                       | Mental requirements Rank |     | Skill requirements Rank |     | Physical requirements Rank |     | Working Conditions Rank |     | Requirements Rank |     |
|-----------------------|--------------------------|-----|-------------------------|-----|----------------------------|-----|-------------------------|-----|-------------------|-----|
|                       |                          |     |                         |     |                            |     |                         |     |                   |     |
| No.40/hr electrician  | 1                        | 158 | 1                       | 140 | 1                          | 110 | 1                       | 88  | 1                 | 144 |
| No.5 40/hr Operation  | 2                        | 133 | 2                       | 130 | 2                          | 87  | 2                       | 90  | 2                 | 120 |
| No. 4 95/hr Assembler | 3                        | 90  | 3                       | 85  | 3                          | 125 | 3                       | 110 | 3                 | 85  |
| No.4 4/hr labourer    | 4                        | 65  | 4                       | 60  | 4                          | 130 | 4                       | 123 | 4                 | 60  |

Source: Personnel: The Management of people at work, (1975) Third Edition p.258

The first step evaluating jobs, as postulated by Bearch, is ranking of jobs or factor at a time until the ranking have been agreed upon for all the five (5) factors. Then horizontally the present wage rate is allocated among all the factors.

### **2.7 REMUNERATION AND JOB SATISFACTION**

Miner and Miner (1977) conducted a two group study relating remuneration to job satisfaction. The first study is based on the expectancy theory and the second on equity. The first group involves the expectancy theory which indicates that pay is considered as a means of satisfying some motives, not

all motives, such as physiological, security, gratification, status, esteem and recognition.

Miner further asserts that “the implication is that pay policies will have greater impact on the performance of lower level employees who value the esteem and status that money represents”.

The second theory is the equality theory. According to Miner (1977) employees are concerned not only with maximizing the amount of pay, but with the fairness of the pay as they perceive it. He said this perception is based on the comparison an individual makes between his own input into the job and whom he is paid with the input into and outcomes of another person on comparable work.

In both theories (Expectancy and Equity), it is employee’s perception of his pay that relates to his satisfaction or dissatisfaction and ultimately to his motivation.

According to Herzberg (1959), who proposed the motivation hygiene theory, it is believed that an individual’s relationship to his or her work is a basic one and that his or her attitude towards work can very well determine the individual’s success or failure. He also stated based on investigation that certain characteristics tend to be consistently related to job dissatisfaction. Intrinsic factors such as achievement, recognition, the work itself,

responsibility, advancement and growth seem to be related to job satisfaction. While factors such as company policy and administration, supervision, interpersonal relational relations and working conditions depending on how managed causes job dissatisfaction.

According to Herzberg, the factors leading to job satisfaction are separate from those that lead to job dissatisfaction. Therefore managers who seek to eliminate factors that create job dissatisfaction can bring about peace, but not necessarily motivation. They will be placating them. As a result such characteristics as a company policy and administration supervision, interpersonal relations, working conditions and salary have been characterized by Herzberg as hygiene factors, when they are adequate, people will not be dissatisfied, however, and neither will they be satisfied. If one wants to motivate people on their job, Herzberg suggests emphasizing achievement, recognition, the work itself, responsibility and growth. These are the characteristics that people find intrinsically rewarding.

The basic human needs identified by Maslow in his order of importance are as follows:

- I. Physiological needs – these represent the basic needs for sustaining human life and they include food, water, shelter, sleep and sexual

satisfaction. Maslow took the position that until those needs are reasonably satisfied other needs will not motivate people.

II. Security or safety needs – these needs hinge on a desire or want to be free or physical danger and fear of loose of job, property or shelter.

Work environment should offer a sense of safety and protection to the work in order for the workers to be satisfied with security. Security also refers to a form of insulation from retrenchment.

III. Belongings – affiliation or acceptance needs, since people are social beings they need to be accepted by others. Love and affection are transmitted to the worker in the process of interaction between subordinates and management as well as many staff themselves. Job satisfaction results from the use of ability of the work itself (intrinsic reward), whereas job dissatisfaction result from failure to get treatment from the work environment (extrinsic reward). He classified dissatisfied and satisfied thus

| Hygiene Factor<br>(Dissatisfied) |                                   | Not Factors<br>(Satisfied) |                             |
|----------------------------------|-----------------------------------|----------------------------|-----------------------------|
| 1                                | Company policy and administration | 1                          | Achievements                |
| 2                                | Supervision                       | 2                          | Recognition for achievement |
| 3                                | Interpersonal relations           | 3                          | Work itself                 |
| 4                                | Working conditions                | 4                          | Responsibility              |
| 5                                | Status                            | 5                          | Advancement                 |
| 6                                | Security                          | 6                          | Growth                      |

## EXPECTANCY THEORY

Many versions of the expectancy theory of motivation have been proposed by different scholars (Vroom, 1960) porter (1967) and Lower (1969) Galbrarth and Cumming (1967), Grean (1969). In general these theories have a basic tenet, which stipulate that; human behaviour is instrumental in procuring an outcome will be obtained.

According to Vroom (1964), people will be motivated to do things to research a goal if they believe in the worth of the goal and if they can see that what they do will help in achieving it.

In greater detail, Vroom's theory is that people's motivation towards doing anything will be determined by the value they place on the outcome of their effort (whether positive or negative), multiplied by the confidence that their effort will materially aid in achieving a goal. In other words, Vroom makes the point that motivation is the product of the participated worth that an individual places on a goal and the chances he or she sees of achieving these goals. In his own terms, Vroom's theory may be stated as:

**FORCE = EXPECTANCY x EXPECTANCY**

Where force is the strength of the person's motivation, valence is the strength of an individual preference for an outcome and expectancy is the probability that that particular action will lead to a desired outcome.

One of the greatest attractions of Vroom's theory in practice is that it recognizes the importance of various individual needs and motivations. It thus avoids some of the simplistic features of the Maslow and Herzberg approaches (Koontz et al, 1982). It does seem more realistic and it fits the concept of harmony of objective. Furthermore, Vroom's theory is completely consistent with the entire system of management by objectives (MBO).

## **2.8 REMUNERATION AND WORK MOTIVATION**

Golembuski defined motivation as "the degree of readiness of an organization to pursue some designed goals and implies the determination of the nature and focus of the forces inducing the degree of readiness".

According to Shaw (1973), Motivation "is the force which leads an individual to engage in action. Armstrong (1983) defined motivation as what makes people do, act or behave the way they do. This definition is more or less from the viewpoint of psychology.

Also Bolt (1987) viewed motivation as “identifying how to get the best out of subordinate by understanding why they behave the way they do, what their motives are, what make them work well or badly and using this information and a variety of techniques to motivate subordinates to higher levels of performance.

### MASLOW’S HIERARCHY OF NEED

One of the most widely mentioned theories of motivation is the hierarchy of need theory postulated by psychologist Abraham Maslow (Maslow 1954). He made a comprehensive presentation of the need of hierarchy theory, in which he posited the key variable determining motivation as need. He saw human needs in the form of hierarchy, starting in ascending order from the lowest to the highest needs.

Esteem: according to Maslow, once people begin to satisfy their need produce such as satisfaction as power prestige, status and self - confidence (Koontz et al).

### MCGREGOR’S THEORY X AND Y

McGregor (1960) in his work “The human side of enterprise” outlined the propositions and belief of hypothesis to be widely held by managers and which guide them in the formation of organization structures, policies practical and programmes. He calls this traditional view “theory X”.

According to McGregor, this “conventional” managerial theory of nature of man is incorrect despite its wide spread acceptance, instead he agrees with Maslow’s theory as valid postulated of human motivation. McGregor maintains that under theory of X assumptions, higher use remains deprived, (Miner, 1980), to make up for this deficiency, McGregor proposed a different set of assumption about human motivation which is referred to as theory Y, “A leading to the integration of individuals and organizational goals”, to take care of these deprived higher level needs. These theories are set below theory X – the traditional view of direction and control.

The average human being has an inherent dislike for work and will avoid it if he can

- Because of this human characteristic of dislike for work, most people must be controlled, directed, directed, and threatened with punishment to get them to put forth adequate efforts towards the achievement of organizational objectives.
- The average human being prefers to be directed, wishes to avoid responsibility and has relatively little ambition and wants security above all.

Theory Y – the integration of individual and organizational goals.

- The expenditure of physical and mental efforts in work is natural as play and rest.
- External control and theory of punishment are not only means for bringing about effort towards organizational objectives. Man will exercise self – direction and self – control in the service of objectives to which he is committed.
- Committed to objectives is a function of the reward associated with their achievement.
- The average human being learns under proper condition not only to accept but also seek responsibility.

## 2.9 REMUNERATION AND WORKERS' SATISFACTION

The primary aim for developing different types of payment programmes for employment is to maximize motivation (satisfaction) and contribute to the achievement of set goals.

According to Miner (1969) it is clear that money has reward value in purely economic sense and can directly influence job behaviour, its impact can also be largely symbolic. He believes that people can work harder in a manner more consistent with role perception not only to point things money can buy but to obtain the esteem and status the money presents. He also

believes that money motivates but to a limit and that people work not only because they want but alongside its esteem and status.

Anikpo (1984) gave the basic assumption of managerial practice that workers can be motivated to be used, this assumption makes it clear that every worker has some internal urges which leads him to a specific direction towards self – fulfillment not only for job satisfaction in the work place but towards the realization of his life ambition.

In his research, he concluded that despite all this, workers still perform below expectation. This therefore, points out the fact that wages and amenities are not enough to get workers satisfied with their jobs even though in the past employers motivate their workers with money. Nowadays, the situation has improved; workers themselves now question the value of money as a motivational factor.

According to Anikpo (1984) “Nigerian workers can be motivated towards higher performance only by satisfying their higher – order needs, which have been identified to include opportunity for promotion, responsibility participation in decision making, participation in setting goals, growth and achievement on the job.

The above mentioned needs are very important and recognition of it will no doubt yield satisfaction to workers who may in turn become highly productive.

However, the literature which the researcher briefly reviewed, offer some guidance as to the lines of resolution. That is to say in addition to pay, workers want the work situation to offer them opportunity to apply their skills in a technologically and organizationally developed environment and the job itself to provide them with interest and challenges as well as opportunity for achievement and recognition given that the pay and other environmental factors are adequate.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

The research design adopted in this study was the survey method. This involves the collection of facts, information and data about current events. It is basically concerned with existing situations, attitudes and beliefs regarding particular phenomena (Hallway, 1964). Babaie (1983) observed that the survey research is the best method available to social and educational scientists who are interested in collecting original data for discussing the population observed directly.

Survey research has the advantage of wide scope in studies like the present one and the information can be very accurate indeed, within sampling error ranges of course.

#### **3.2 POPULATION OF THE STUDY**

For the purpose of this research, population is defined as all staff of Zenith International Bank Plc and the main focus of the research was on remuneration and labour turnover in the bank. Against this background, the researcher considered the overall impact of remuneration on employee sense of fulfillment and satisfaction from

their job and hence willingness to remain or move on to any other bank.

### **3.3 SAMPLE OF THE STUDY**

The sample population of the study was eighty (80) staff of Zenith Bank Plc drawn from three different branches viz Yola, Maitama and Mararaba which have a combined staff strength of 296 people, covering all activities of the bank that is geared towards improving staff remuneration with the overall purpose of determining its impact on the employee retention capability of the bank.

### **3.4 SAMPLING TECHNIQUES**

The technique of sampling the population used is the simple random sampling method. This gives each population member a chance of being picked for a survey and involves careful, deliberate selection of potential respondents and as a result the occurrence of such samples can statistically be estimated.

### **3.5 METHOD OF DATA COLLECTION**

Data for this research work was basically primary and secondary data, which were gotten from sources mentioned above. However, the researcher also administered questionnaires randomly distributed among current staff of Zenith International Bank Plc and conducted some personal interviews. The questions were both open ended and closed. Open ended questions were necessary to allow the sample populations express their feelings and views about the remuneration and job satisfaction derivable in the banking industry.

### **3.6 INSTRUMENTS OF DATA COLLECTION**

The major sources of data for this study were primary and secondary sources. Primary sources herein was in the form of a well structured questionnaire centering on issues concerning remuneration and its impact on job satisfaction in the banking industry in general but with particular focus on the staff of Zenith International Bank Plc. The secondary data for this research work were sought and collected from both published and unpublished materials.

### **3.7 VALIDATION OF INSTRUMENTS**

The instrument (questionnaire) used was validated by comparison to a pilot test which was carried out before the distribution of the questionnaires. This ensured that possible errors and inconsistencies were excluded while interviews conducted were based on personal experiences and circumstances.

### **3.8 METHOD OF DATA ANALYSIS**

The researcher used simple percentages in the analysis and presentation of data. The data obtained was first edited in order to eliminate possible errors in the raw data. It was further classified and tabulated after ascertaining its consistency followed by an analysis and interpretation of the data.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.1 DATA PRESENTATION AND ANALYSIS

The presentation and analysis of data of this study is based on the questionnaire administered to the selected staff of Zenith Bank Plc drawn from three branches namely Maitama, Mararaba (Abuja) and Yola branches.

Eighty (80) questionnaires were distributed out of which sixty (60) were filled and returned. The results obtained from the administration of the questionnaire formed the basis for the data presentation as shown below.

The table below shows the number of questionnaires distributed the number that were filled and returned and those that were not returned.

Table 1 shows the number of questionnaires distributed

| Response     | No. of respondents | Percentage % |
|--------------|--------------------|--------------|
| Returned     | 60                 | 75           |
| Not returned | 20                 | 25           |
| Total        | 80                 | 100          |

Source: Field survey 2007.

As seen in the table, the total number of questionnaires is eighty (80). While sixty (60) questionnaires were filled and returned which represents 75% and twenty (20) were not returned which represents 25%.

It is apparent therefore that the number can be relied upon in presenting reasonable data as a large representation of the entire population sample.

Table 2 shows gender distribution of the respondents.

| Sex    | No. of respondents | Percentage % |
|--------|--------------------|--------------|
| Male   | 40                 | 66.7         |
| Female | 20                 | 33.3         |
| Total  | 60                 | 100          |

Source: field survey 2007

The table 2 indicates that forty (40) respondents are male which represent 66.7% while twenty (20) respondents are female which represent 33.3% of the total respondents.

Table 3 shows marital status of the respondents.

| Status  | No. of respondents | Percentage % |
|---------|--------------------|--------------|
| Single  | 28                 | 46.7         |
| Married | 32                 | 53.3         |
| Total   | 60                 | 100          |

Source: field survey 2007

Table 3 indicates that twenty eight (28) respondents are single which represent 46.7% while thirty two (32) respondents are married which represent 53.3% of the total respondents.

Table 4 shows job status of the respondents.

| Response     | No. of respondents | Percentage % |
|--------------|--------------------|--------------|
| Senior level | 6                  | 10           |
| Middle level | 40                 | 66.7         |
| Junior level | 14                 | 23.3         |
| Total        | 60                 | 100          |

Source: field survey 2007

The above table shows that six (6) of the respondents were senior level staff which represent 10% of the total respondents while forty (40) respondents were middle level staff representing 66.7% and fourteen (14) respondents were junior level staff which represent 23.3% of the total respondents.

Table 5 shows the educational qualification of the respondents.

| Response      | No. of respondents | Percentage % |
|---------------|--------------------|--------------|
| OND/NCE       | 18                 | 30           |
| B.Sc/HND      | 36                 | 60           |
| MBA/M.Sc/Ph.D | 6                  | 10           |
| Total         | 60                 | 100          |

Source: field survey 2007

The table above shows that eighteen (18) respondents were OND/NCE holders which represent 30% of the total respondents, while thirty six (36) respondents were B.Sc/HND holders which represent 60% of the respondents and six (6) respondents were MBA/M.Sc/Ph.D which represent

10% of the respondents. The facts from the data above indicate that most of the bank's employees were first degree holders.

Table 6 shows what system of remuneration the bank operates

| Response              | No. of respondents | Percentage % |
|-----------------------|--------------------|--------------|
| Direct remuneration   | 60                 | 100          |
| Indirect remuneration | -                  | -            |
| Total                 | 60                 | 100          |

Source: Field survey 2007

The table above indicates that sixty (60) of the respondents, which represent 100% of the respondents, agreed that the bank operates a direct remuneration system.

Table 7 shows what the criterion for promotion in the bank is

| Reponses         | No. of respondents | Percentages % |
|------------------|--------------------|---------------|
| Experience       | 3                  | 5             |
| Performance      | 6                  | 10            |
| Qualification    | 6                  | 10            |
| All of the above | 45                 | 75            |
| total            | 60                 | 100           |

Source: Field survey 2007

From the above table, three (3) respondents representing 5% agreed that promotion is based on experience, while six (6) respondents representing 10% also agreed that promotion is based on performance, while six (6) respondents representing 10% agreed that promotion is based on qualification. While forty- five (45) respondents representing 75% of the total respondents agreed that promotion is based on experience, performance and qualification.

Table 8 shows if the criterion for promotion in the bank is satisfactory

| Responses           | No. of respondents | Percentage % |
|---------------------|--------------------|--------------|
| Very satisfactory   | 8                  | 13.3         |
| Satisfactory        | 32                 | 53.3         |
| Fairly satisfactory | 12                 | 20           |
| Not satisfactory    | 8                  | 13.3         |
| Total               | 60                 | 100          |

Source: field survey 2007

The above table indicate that eight (8) respondents representing 13.3% of the total respondents agreed that the criteria for promotion is very satisfactory while thirty- two (32) representing 53.3% of the total respondents agreed that the criteria for promotion is satisfactory and twelve (12) respondents representing 20% of the total respondents agreed that the criteria for

promotion is fairly satisfactory, while eight (8) respondents representing 13.3% agreed that the criteria for promotion is not satisfactory.

Table 9 shows if there any case of high labour turnover in the bank

| Response | No. of respondents | Percentage % |
|----------|--------------------|--------------|
| Yes      | 42                 | 70           |
| No       | 18                 | 30           |
| Total    | 60                 | 100          |

Source: Field survey 2007

The above table indicates that forty two (42) respondents representing 70% of the total respondents agreed that there was high labour turnover due to the pay package and working condition in the bank, while eighteen (18) respondents representing 30% of the total respondents said there was not.

Table 10 shows if written method of performance appraisal is used by the bank

| Response | No. of respondents | Percentage % |
|----------|--------------------|--------------|
| Yes      | 60                 | 100          |
| No       | -                  | -            |
| Total    | 60                 | 100          |

Source: field survey 2007

From the above table, sixty (60) respondents representing 100% of the respondents agreed that the bank uses a written method of performance appraisal.

Table 11 shows which of these methods of performance appraisal is used by the bank.

| Response          | No. of respondents | Percentage % |
|-------------------|--------------------|--------------|
| Critical incident | -                  | -            |
| Essay             | -                  | -            |
| Field review      | 60                 | 100          |
| Others            | -                  | -            |
| Total             | 60                 | 100          |

Source: Field survey 2007

The above table shows that sixty (60) of the respondents representing 100% of the respondents agreed that the bank uses field method of performance appraisal in which employees are interviewed and appraised based on their performance.

Table 12 shows which of the remuneration methods that is being used by the bank in compensating its staff.

| Response              | No. of respondents | Percentage % |
|-----------------------|--------------------|--------------|
| Profit sharing        | 17                 | 28.3         |
| Day – work            | -                  | -            |
| Payment – by – result | 43                 | 71.7         |
| Premium bonus         | -                  | -            |
| Other bonus           | -                  | -            |
| Total                 | 60                 | 100          |

Source: field survey 2007

From the above table, it shows that 17 respondents representing 28.3% of the total respondents were of the view that the bank uses profit sharing method in remunerating its staff. While forty- three (43) respondents representing 71.7% of the total respondents agreed that the bank uses pay-by- result in remunerating its staff.

Table 13 shows the main factor that motivates you to work in the bank

| Response                                   | No. of respondents | Percentage % |
|--|--------------------|--------------|
| The remuneration involved                  | 45                 | 75           |
| The challenges in the banking industry     | 10                 | 16.67        |
| Lack of employment opportunities elsewhere | 5                  | 8.3          |
| Total                                      | 60                 | 100          |

Source: field survey 2007

The table above shows the factors that motivate employees to work in the bank. Forty (45) respondents representing 75% were of the opinion that the remuneration involved motivates the employees to work in the bank.

However, ten (10) respondents representing 16.67% were of the view that the challenges in the banking industry is what motivates employees to work in the bank, while five (5) respondents representing 8.33% were of the opinion that it is due to lack of employment opportunities elsewhere.

Table 14 shows what makes most staff satisfied with their job

| Response                 | No. of respondents | Percentage % |
|--------------------------|--------------------|--------------|
| Greater pay package      | 38                 | 63.3         |
| Greater responsibilities | -                  | -            |
| Good working condition   | 22                 | 46.7         |
| Others                   | -                  | -            |
| Total                    | 60                 | 100          |

Source: field survey 2007

The above table shows what makes employees to be satisfied with their jobs.

Thirty- eight (38) respondents representing 63.3% were of the opinion that they derived satisfaction from greater pay package while twenty- two (22) respondents, representing 36.7% of the total respondents, derived satisfaction from good working condition present in the bank.

Table 15 shows how best you would describe your placement on the job.

| Response            | No. of respondents | Percentage % |
|---------------------|--------------------|--------------|
| Very Satisfactory   | 6                  | 10           |
| Satisfactory        | 40                 | 66.7         |
| Fairly satisfactory | 10                 | 16.7         |
| Not satisfactory    | 4                  | 6.6          |
| Total               | 60                 | 100          |

Source: field survey 2007

The above table shows the placement of employees on the job as it relates to satisfaction. Forty (40) respondents representing 66.7% were of the view that their placement on the job is satisfactory. While ten (10) respondents representing 16.7% were of the view that their placement is fairly satisfactory and four (4) respondents representing 6.6% were of the view that their placement on their job is not satisfactory.

Table 16 shows whether the pay package has any influence on performance

| Response | No. of respondents | Percentage % |
|----------|--------------------|--------------|
| Yes      | 44                 | 73.3         |
| No       | 16                 | 26.7         |
| Total    | 60                 | 100          |

Source: Field survey 2007

From the above forty- four (44) respondents representing 73.3% were of the view that pay has influence on their performance. While sixteen (16) respondents representing 26.7% were of the view that pay does not have influence on their performance.

Table 17 shows which of the following attribute would a staff say is responsible for his/her job satisfaction.

| Response                        | No. of respondents | Percentage % |
|---------------------------------|--------------------|--------------|
| Remuneration & work environment | 40                 | 66.7         |
| Remuneration & loan facilities  | 16                 | 26.7         |
| Basic salary                    | 4                  | 6.6          |
| Others                          | -                  | -            |
| Total                           | 60                 | 100          |

Source: Field survey 2007

The above table shows that forty (40) respondents representing 66.7% were of the view that remuneration and work environment influences their performance. Sixteen (16) respondents represent 26.7% were of the view that remuneration and loan facilities influence their performance, while four (4) respondents representing 6.6% of the respondents were of the view that basic salary influence their performance.

Table 18 shows how you would describe your pay to the work you perform

| Response             | No. of respondents | Percentage % |
|----------------------|--------------------|--------------|
| Adequately rewarding | 26                 | 43.3         |
| Fairly rewarding     | 34                 | 56.7         |
| Poorly rewarding     | -                  | -            |
| Total                | 60                 | 100          |

Source: Field survey 2007

The table above shows the response of employees about their pay as compared with the work they do. Twenty- six (26) respondents representing 43.3% agreed that they are adequately rewarded while thirty- four (34) of the respondents representing 56.7% agree that they are fairly rewarded.

Table 19: Shows possible change in performance if pay is reviewed downward.

| Response | No. of respondents | Percentage % |
|----------|--------------------|--------------|
| High     | 10                 | 16.7         |
| The same | 15                 | 25           |
| Lower    | 35                 | 58.3         |
| Total    | 60                 | 100          |

Source: Field survey 2007

From the table above ten (10) respondents representing 16.7% were of the view that if their pay is reviewed downward their performance will be high, while fifteen (15) respondents representing 25% were of the view that if their pay is reviewed downward it will not change their performance. Thirty-five (35) respondents representing 58.3% were of the view that review of their pay downward will lower their performance.

Table 20 shows current remuneration level is okay, so no upward review is required.

| Response | No. of respondents | Percentage % |
|----------|--------------------|--------------|
| Yes      | 15                 | 25           |
| No       | 45                 | 75           |
| Total    | 60                 | 100          |

Source: Field survey 2007

The above table indicates that fifteen (15) respondents representing 25% agreed that no upward review is required while forty- five (45) respondents representing 75% of the respondents disagreed that no upward review of pay is required.

Table 21 shows how you would describe your pay to the satisfaction on the job?

| Response         | No. of respondents | Percentage % |
|------------------|--------------------|--------------|
| Very satisfied   | 20                 | 33.3         |
| Fairly satisfied | 40                 | 66.7         |
| Not satisfied    | -                  | -            |
| Total            | 60                 | 100          |

Source: Field survey 2007

The table above indicates that twenty (20) respondents representing 33.3% were of the view that they are very satisfied with the pay on their job, while forty (40) respondents representing 66.7% were of the opinion that they are fairly satisfied with the pay on their job.

Table 22: shows what, in your opinion, would you say of your pay compared to employees of other banks

| Response | No. of respondents | Percentage 5 |
|----------|--------------------|--------------|
| Good     | 40                 | 66.7         |
| Fair     | 20                 | 33.3         |
| Poor     | -                  | -            |
| Total    | 60                 | 100          |

Source: Field survey 2007

The table above shows that forty (40) of the respondents representing 66.7% were of the view that their pay is good compared to other employees in the industry that are on the same level or grade, while twenty (20) respondents representing 33.3% were of the view that their pay is fair compared to other employees in other banks.

## **DISCUSSION OF FINDINGS**

From the responses it is quite evident that fairly conducted remuneration packages indeed improve employee performance, job satisfaction and commitment. However, poorly effected remuneration can make his morale fail and subsequently less productive and eager to move on. It reconfirmed the correlation to the findings discovered by behavioural scientists like Maslow and Herzberg (1982), that money or pay brings motivation to theoretical zero level and does really motivate workers to perform thus creating satisfaction but if absent can bring dissatisfaction. Remuneration does not serve as the only factor in job satisfaction but it is the major factor that makes workers to stay on the job. It has been found that remuneration serves as a motivating factor for employees taking up an appointment but once on the job, it becomes a secondary factor. Hence where there is satisfaction the willingness to move on in search of better pay packages (satisfaction) is greatly reduced if not entirely curtailed.

The research shows that a fair pay system has influence on the employee's performance, but when it is poorly operated can make employees morale fail and subsequently less productive.

It also indicates that though greater pay package and good working conditions makes the employee satisfied with their job, the possibility of a greater pay package in another organization is likely to lure employees away.

However, the dominant and common view is that remuneration given by the bank is the main factor that motivates the employees to work in the bank. The review of the pay downward will lower the employees' performance and commitment while if the pay is reviewed upward it will increase the employee's performance, loyalty and commitment to the bank.

Finally, though the pay package of the bank is favourable compared to similar organizations there is still room for improvement in order to avoid employee exodus.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1 SUMMARY**

The research work studied remuneration, in relation to employees' job satisfaction, and its impact on labour turnover within the banking industry of the economy with special focus on Zenith Bank Plc.

The first objective of the study is stated thus: to examine the impact of a good remuneration system on employee performance in relation to the retention capability of competent employees in the organisation.

Based on the objectives of the study the researcher discovered that though the work environment, loan facilities and other fringe benefits in Zenith bank Plc are some of the things that motivate employees to work hard or feel satisfied in their jobs, a good remuneration package greatly influenced the retention capability of the bank and it was discovered to be the major determinant of whether employees stay on or not. The level of competition in the industry today has increased the need for better pay packages to a very high level. It has peaked in documented cases of individual banks actually luring away (poaching) experienced staff from other banks with the offer of enhanced pay packages. This phenomenon has become all the more evident

with the conclusion of the consolidation reform programme by the banking regulatory agency (CBN).

The second objective of the study is to recommend ways of improving the pay system to enhance job performance of employees and thereby ensure a reduction in the possible exodus of experienced hands in search of better pay. Herein there is the need for the bank to adopt new strategies and approaches to staff welfare that ensure its position at the top in the industry or at worse places it at par with rivals. The consolidation reform in the industry has created new challenges for all players and the bank cannot afford to remain aloof in the face of these challenges. These include the emergence of more robust competitors awash with gargantuan funds all seeking the same objective of the greatest possible profit with the aid of the best available hands in the industry.

## **5.2 CONCLUSION**

After careful analysis of data collected from respondents, using the available data, the researcher has come to conclude that adequate remuneration, though not the only motivating factor behind employees' satisfaction and performance on the job has the greatest impact on labour turnover in the banking industry. However, without adequate remuneration, the morale of

employees will decrease which will lead to poor performance and dissatisfaction on the job.

The researcher concluded that adequate remuneration motivate employees to a limit that brings satisfaction to the theoretical zero level, but poor pay will certainly have an adverse effect on his/her performance because it decreases his morale thus making him unproductive and inefficient in his work and more than willing to move on.

Zenith bank Plc has embarked upon an extensive programme of re-organizing of its staffing, working practices, training, and recruitment and remuneration arrangements. The aim is to enable their staff to become more efficient and better motivated so that Zenith bank Plc will maintain its enviable position as one of the major players in the industry. However these have to be maintained in relation to what other banks are offering, vis- a- vis competitive pay packages, to ensure retention of quality staff.

### **5.3 RECOMMENDATION**

This study will be a wasteful exercise if after criticizing some areas, recommendations or suggestions are not made. The recommendations are made with the view of strengthening the connection between remuneration and high labour turnover in the banking industry and other concerns. All

recommendations are quite relevant and without bias and if adhered to will enable the organization to achieve the desired result.

The bank operates a pay structure that competes favourably with other institutions in the industry in order to avoid employee's turnover. Also it has been performing well in terms of provision of residential accommodation to some categories of staff and allowances are paid to those not covered.

However, notwithstanding these, it is recommended that banks may create opportunities for growth of its employees, and ensure security on their job, in the following ways:

1. The bank should design and implement incentive schemes to meet circumstances of each individual employee where appropriate. Such schemes include promotion, salary review, bonus and a greater amount of profit sharing.
2. Team work and personal initiatives are promoted through the bank's total quality partnership as the bank policy is to offer training to staff of all categories to meet operational needs and to assist with individual development.
3. This should be combined with regular and focused training programmes as this would enhance their performance

4. Employees should be properly placed in their most competent job roles in order to produce the desired result and avoid waste of manpower. Zenith bank Plc should embark upon an extensive programme of recognition and review of its staffing, working practices, training, recruitment and remuneration arrangement on a regular basis in relation to the standard in the industry.

The implications for banks today are more of a challenge than ever. Better pay strategies have to be incorporated, but most importantly these strategies have to be realistic and flexible enough to meet growing consumer/public interest and all the while ensuring organisational performance and satisfying stakeholders. This definitely is not an easy task especially when considering the skepticism and concern expressed by industry watchers today towards jumbo pay package organizations juxtaposed against the backdrop of the standard of living in the society.

Although the leadership of Nigeria's banking sector has gotten commendations for putting the industry in the league of highest paying employers in the economy, there is a lot that can still be done to improve employee output in the post consolidation era.

It is however pertinent to note that despite the huge salaries offered by banks management, most staff merely enjoyed half of it as they were often compelled to work so hard for the balance. The amount of pressure on the employees can be greatly reduced if other conditions that can enhance workers productivity are provided by management of banks as fat pay cheques alone is not capable of retaining quality staff when other conditions that would help them have a fulfilling career is not in place. Often times most managers in banks and other institutions lack the potentials to retain quality staff in their organizations as they always pay little or no attention to training, research and development. This has also resulted in the high incidence of labour mobility in the industry.

This research has brought about a fairly conclusive understanding of the topic. There has been a valuable contribution towards understanding the effect of remuneration on both existing and future employees of the bank and the need for organisations to adopt changes that are geared towards this end.

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## **APPENDIX**

**Department of Management Technology**

**Federal University of Technology**

**Yola.**

**Dear Sir/Madam**

I am a Post Graduate student of the above named department in Federal University of Technology, Yola. As a pre-requisite for the award of Masters degree in Business Administration (MBA) I am carrying out a research study on **Remuneration and High Labour Turnover in the Banking Industry- a case study of Zenith Bank Plc.**

Therefore, I will appreciate your kind assistance in filling out the attached questionnaire to help me undertake the study successfully by ticking appropriately in the spaces provided.

You are please implored to answer the questions as objectively as possible and be assured that the responses given will be used strictly for research purposes.

Thank you for your co-operation

Yours sincerely,

Onyeoziri, O. N.

(Researcher)

## QUESTIONNAIRE

### **Section A: (Personal Data)**

1. Name of your establishment: \_\_\_\_\_
2. Sex: \_\_\_\_\_ Age: \_\_\_\_\_
3. Marital Status: \_\_\_\_\_
4. Current Educational Qualification: \_\_\_\_\_
5. Your Position in the establishment: \_\_\_\_\_
6. Number of years worked in the establishment: \_\_\_\_\_

### **Section B:**

In filling this section, the respondent is required to tick ( ) or fill in the correct word in the space provided.

1. What system of remuneration does your bank operate?
  - a. Direct remuneration { }
  - b. Indirect remuneration { }
2. What are the criteria for promotion in the bank?
  - a. Experience { }
  - b. Performance { }
  - c. Qualification { }
  - d. All of the above { }
3. Are the criteria satisfactory?

- a. Very Satisfactory { }
  - b. Satisfactory { }
  - c. Fairly satisfactory { }
  - d. Not satisfactory { }
4. Is there any case of high labour turnover in your bank?
- a. Yes
  - b. No
5. If your answer to No.4 is yes, please explain .....
- .....
6. Does the bank use written method of performance appraisal?
- a. Yes { }
  - b. No { }
7. What is the main factor(s) that motivates you to work in the bank?
- a. The remuneration involved { }
  - b. The challenges in the banking industry { }
  - c. Lack of employment opportunities elsewhere { }
8. What makes you most satisfied with your job?
- a. Greater pay package { }
  - b. Greater responsibilities { }
  - c. Good working condition { }

d. Others (please specify) .....

9. How best would you describe your placement on your job?

a. Very Satisfactory { }

b. Satisfactory { }

c. Fairly satisfactory { }

d. Not satisfactory { }

10. Does your pay have any influence on your performance on the job?

a. Yes { }

b. No { }

11. Which of the following attributes would you say is responsible for your job satisfaction?

a. Remuneration and work environment { }

b. Responsibility and Fringe benefits { }

c. Advancement opportunities { }

d. Others (please specify) .....

12. Which of the following is likely to lure you away from your current job?

a. Better pay package { }

b. Better working conditions { }

c. Higher position { }

d. Greater responsibility { }

13. Do you think there is need for the upward review of the pay package.

a. Yes { }

b. No { }