

Compensation Strategies and Their Effects on Employees' Motivation and Organizational Citizenship Behaviour in Some Manufacturing Companies in Lagos, Nigeria

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Abstract : This paper reports the findings of a study on the strategic and organizational antecedents and effects of two opposing pay patterns used by some manufacturing companies in Lagos Nigeria with particular reference to the behavioural correlates of the pay strategies considered. The assumed relationship between pay strategies and some organizational correlates such as business and corporate strategies and firm size was considered problematic in view of their likely implications for employee motivation and citizenship behaviour and firm performance. The survey research method was used for the study. Structured, close ended questions were used to collect primary data from the respondents. A multipart Likert scale was used to measure the pay orientations of the respondent firms and the job and organizational involvement of the respondent employees. Utilizing hierarchical linear regression method and "t-test" to analyze the data obtained from 48 manufacturing companies of various sizes and strategies, it was found that the dominant pattern of employee compensation in the sampled manufacturing companies. The study also revealed that the choice of a pay strategy was strongly influenced by organizational size as well as the type of business and corporate level strategies adopted by a firm. Firms pursuing a strategy of related and unrelated diversification are more likely to adopt the algorithmic compensation system than single product firms because of their relatively larger size and scope. However; firms that pursue a competitive advantage through a business level strategy of cost efficiency are more likely to use the experiential, variable pay strategy. The study found that an algorithmic compensation strategy is as effective as experiential compensation strategy in the promotion of organizational citizenship behaviour and motivation of employees.

Keywords : compensation, corporate strategy, business strategy, motivation, citizenship behaviour, algorithmic, experiential, organizational commitment, work environment

Conference Title : ICEBM 2014 : International Conference on Economics and Business Management

Conference Location : Paris, France

Conference Dates : November 21-22, 2014