The influence of compensation on public construction workers’ motivation in Jigawa state of Nigeria

Jamilu Bappa Salisu
Ezekiel Chinyio
Subashini Suresh
School of Architecture and Built Environment
Faculty of Science and Engineering, University of Wolverhampton, UK

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Abstract
Compensation is the remuneration workers receive for their services or contributions to an organisation. Extant literature points to the fact that compensation packages have relationships with job motivation. A study established a theoretical framework based on the equity theory and used it to examine how compensation influences workers’ attraction, retention, motivation and job satisfaction. This paper concentrates on the connection between compensation and workers’ motivation. The Positivist paradigm guided this empirical research. A questionnaire was developed, pilot-tested and administered to gather data on workers’ motivation regarding four compensable aspects, namely: salary, allowances, gratuity and pension. A total of 265 questionnaires were administered and 260 were collected, representing a response rate of 98%. The respondents were selected using the stratified random sampling technique. The data collected was analysed using both descriptive statistics and Structural Equation Modelling SEM. The Structural Equation Modelling established that allowance and gratuity do positively and significantly influence public construction workers’ motivation in Jigawa state, Nigeria. The study focused on the public construction sector of Jigawa State, Nigeria. Therefore, the findings cannot be extended to the whole country.

A) Introduction
With reference to motivation theories, the purpose of this paper was to discuss what could motivate people in their work performance and the extent to which money could be a motivating agent. In order to do so, this section will first focus on defining what motivation is and it will try to explain “why people behave the way they do”.

Compensation schemes are very vital in this modern era. In private and public sectors, remunerations are the main tools for workers’ motivation (Ajmalet al., 2015). Despite the fact that there is a difference between public and private workers with regards to job features or factors that motivate them, there exists uniformity in terms of compensation (Chatzopoulou et al., 2015). The compensation scheme is a technique used to motivate workers so as to change work attitude for the benefit of an organisation (Nagabhaskar, 2015). Compensation is the most effective factor for motivating workers. In addition, carefully designed compensation schemes can be used to motivate workers (Safiullah, 2015).

B) Theoretical framework
There is need to explain the two constructs/variables used in this study, before measuring the impact of compensation on workers’ motivation. These two constructs are compensation and motivation of public construction workers in Jigawa State of Nigeria.

The compensation packages
The research employed seniority reward being the most applicable in Jigawa state of Nigeria. Workers’ compensation involved pay and benefits packages (White, 2000). Hence, this study focused on salary, allowances, gratuity and pension. Salary is a fixed amount paid to workers...
for the services or work done (monthly salary, yearly salary and promotional salary increase). Salary is calculated on weekly, monthly or annual basis. The salary is designated to pay “white-collar” workers, administrative, professional and executive employees (DeNisi and Griffin, 2008). Thus, salary is also called basic pay and its components. Allowances are monetary benefits other than salary offered to workers for the achievement of a predetermined task (Madhani, 2012). Benefits are supplementary compensation given to workers apart from the basic salary as a result of some certain circumstances like retirement, health, and transfer (Ciarniene and Vienazindiene, 2010). Therefore, this study only focused on gratuity and pension. Gratuity is a lump sum amount paid to workers after retirement and Pension is a benefit paid to workers upon retirement monthly. For a worker to be entitled for gratuity and pension must have served for at least five and ten years respectively in Jigawa state public sector.

The concept of Motivation

The term motivation is derived from the Latin word ‘ movere’ which means ‘to move’. It is a generic term given to the whole set of needs, wishes, drives, desires and similar inducements that push individuals to a certain action or performance. Whenever managers motivate their employees, they anticipate that these needs and desires of employees will be satisfied and lead them to perform in the desired manner. In essence, workers’ motivation plays a vital role in the success of any organization (Greenberg, 2011). This is because the organizational and management activities required for job performance needs motivation of employees to enable the employees behave in desirable ways (Watson, 2006).

Workers’ motivation has been defined in numerous ways by the extant literature (Smithers and Walker, 2000). Johnson and Gill (1993) defined workers’ motivation as the procedures by which individuals are enabled to, and encouraged to choose specific manners of behaviour. Similarly, Robbins and Decenzo (1995) defined motivation as the willingness to put more efforts in order to achieve organizational goals, which are subjected to the ability to satisfy a person’s need or way through which people choose a particular cause of action to achieve their goal. In the same vein, Bartol and Martin (1998) defined motivation as a force which drives behaviour, gives direction to behaviour and inspires the behaviour towards a particular aspect in an organisation.

Considering the above definitions, motivation in this study tried to provide explanations about workers’ behaviour’s while at work (Lam and Tang, 2003). Hence, this study motivation defined as the driving force which inspires workers (physiologically and psychologically) to undertake one or more actions towards the accomplishment of desired organisational objectives.

Essentially, people who are motivated put more efforts into activities being performed than those who are less motivated (Schermernhorn, 2010). Furthermore, Schermernhorn (2010) observed that well motivated individuals exert greater commitments at work than their unmotivated counterparts. Noteworthy, motivation is concerned with how individuals do a given task (Watson, 2006). Thus, the basic task of a manager is to motivate his or her subordinates towards accomplishing the organizational goals (Vroom and Jago, 2007).

In order to achieve motivation, Deci and Ryan (2000), presented a multidimensional framework with two second-order–level forms of motivation. This includes: Autonomous motivation on one hand which refers to doing a particular action willingly by a worker. Thus, engaging in an activity out of interest and because it is enjoyable is a form of motivation in any setting. Autonomous motivation is also known as intrinsic motivation. On the other hand, Controlled motivation entails doing an activity due to external forces such as compensation (remuneration) and coercion (external regulation). This form of motivation may be regarded as internal motivation which allows workers to display ‘self-esteem’ in relation to the achievement of a given objective or goal (introjected regulation). Studies according to Gagne and Deci (2005) revealed that autonomous motivation yields more positive behavioural results than controlled motivation. Similarly, Gagne (2003) and Millette
and Gagne (2008) argued that through motivation, performance and retention of voluntary workers is guaranteed, and autonomous motivation is better than controlled motivation.

There are two types of motivation (Malka and Chatman, 2003; Latham and Pinder, 2005). First, intrinsic motivation involves the internal desires to engage in a given activity or develop a certain skill. Second- extrinsic motivation is defined as external forces which are not related to the job done, but give satisfaction which the job itself may not offer. An extrinsic factor typically refers to financial rewards often used by managers to compensate workers’ labour. Extrinsic motivation does not mean that workers will not attain any satisfaction or pleasure on the job, but it implies the satisfaction expected from an external remuneration will continue to serve as a motivator even when job to be undertaken holds little or no interest of workers (Jarkas and Radosavljevic, 2013).

The psychological effect of motivation on workers satisfies their needs and this enhances performance. Contextually, need could be referred to as a means which boost internal desire that affect outcome positively. In contrast, unsatisfied need causes tension, which drives individuals towards searching a particular behaviour, which if achieved, will satisfy the need and subsequently result to tension reduction. Hence, workers would engage in certain activities or actions so as to reduce tension. The figure below illustrates a motivational process in an organisation.

Motivational Theories

In the past few decades, various theories of motivations have come in to existence. Bartol and Martin (1998) categorized motivational theories into three classes: Need theory, Cognitive Theory and Reinforcement theory. These theories are however classified as either content or process theories (Wood et al., 2004). Categorically, Maslow’s hierarchy of needs, the Motivation-Hygiene theory of Herzberg, McGregor’s Theory X and Y, and Ouchi’s Theory Z, are called content or need-based approaches, because they focus mainly on the role of motivational administration in driving the workers to achieve a given task (Safiullah, 2015).

Content theories are concerned with how workers seek to satisfy their various needs in their working environment (Wood et al., 2004). These theories are developed specifically to demonstrate the role of motivation in driving workers to achieve given tasks.

On the other hand, the expectancy theory of Vroom and Lawler, and the goal-setting theory of Locke and Latham are based upon the process approach, in which motivation is used to transform workers into the desirable work attitude (Lam and Tang, 2003). Wood et al., (2004) included the reinforcement theory in process theory’s category.

The process-based approach holds the assumption/ philosophy that changing or modifying employees’ behaviour and attitude should be executed through conditional rewards and self-directed lifelong learning process (Hassan, 2009). Therefore, the process theory takes individual differences into account in their approach to motivation. The process-based theories utilise this philosophy to change or modify workers’ attitude and learning behaviour through the use of compensation and self-directed learning processes. Thus, buttressing the ideology of employing individual differences in motivation while offering opportunities for workers to attain a higher potential with respect to their needs, which include self-esteem and self-fulfillment in a given setting. The essence of reviewing such motivational theories is to get a clear picture of what motivates a worker at work from different authorities or scholars in the field of employee motivation. Understanding what motivated employees and how they were motivated was the focus of many researchers.

Five major approaches that have led to our understanding of motivation are Maslow's need-hierarchy theory, Herzberg's two- factor theory, Vroom's expectancy theory, Adams' equity theory, and Skinner's reinforcement theory (Safiullah, 2015).

According to Maslow, employees have five levels of needs (Maslow, 1943): physiological, safety, social, ego, and self-actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level need would motivate employees.
Herzberg’s work categorized motivation into two factors: motivators and hygiene’s (Herzberg, Mausner, and Snyderman, 1959). Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction. Hygiene or extrinsic factors, such as pay and job security, reduce job dissatisfaction.

Vroom’s theory is based on the belief that employee effort will lead to performance and performance will lead to rewards (Vroom, 1964). Rewards may be either positive or negative. The more positive the reward the more likely the employee will be highly motivated. Conversely, the more negative the reward the less likely the employee will be motivated.

Adams' theory states that employees strive for equity between themselves and other workers. Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs (Adams, 1965).

Skinner’s theory simply states those employees' behaviours that lead to positive outcomes will be repeated and behaviours that lead to negative outcomes will not be repeated (Skinner, 1953). Managers were thus enjoined to positively reinforce employee behaviours that lead to positive outcomes as well as negative employee behaviour that leads to negative outcomes.

**Linkage between compensation and workers’ motivation**

The study of motivation is about answering the question “why do people do what they do”? There are many theories, which try to explain what makes people behave the way they do, and they were separated into two main categories; content and process motivation theories. The content theories deal with the individuals’ behaviour while process focuses on people's thoughts. The first content theory known as Maslow’s Hierarchy of need suggests that people have to satisfy their basic needs to move forward in accomplishing something more desirable. Maslow explains in details the steps that man has to go through to reach the highest level of the hierarchy. At the bottom, the psychological needs were found. These needs were required to sustain life and include air, water, food and sleep. They are the basic, most essential needs, and if they are not satisfied, the next level cannot be. The next step is the safety needs like job security and medical insurance, meeting the social needs. The desire to have friends and the presence of family taking part in a social group are part of people’s life. At the higher level is the self-esteem. This is divided into the internal-the need of status, fame, attention, reputation and external- use self-respect, freedom, independence. These two layers were related to each other and are put on one level, as Maslow indicates.

The highest satisfaction that individuals can reach is the self-actualizing needs, which is the point of the realized potential of man, the upper set of requirements are available only when the needs of the most fundamental needs are satisfied.

Why people prefer one action over another in the work places is examined by the process theories. On one hand is the equity theory which is based on the idea of balancing, the main researcher about this theory was J. Stacey Adams, who claims that employees search to manage equity between the input (contributions) that they offer to a job and the outcomes (rewards) which they receive from it against the perceive inputs and outcomes of others (Adams, 1965). On the other hand, is the expectancy theory, which was introduced by Victor A. B. Vroom in 1964 and its idea is to give explanation why people choose one action over another. He includes three variables; expectancy, instrumentality and valences. Expectancy is the belief that man’s effort will lead to preferred outcomes. Instrumentality is the belief that a person will receive a reward if he achieves his goal. A valence is the significance of what man has accomplished.

All these theories were focused on what can satisfy people at work, and they are connected to the idea of what motivates people. However, the main emphasis through this research was to prove money itself was not a motivator.

The evidences for that are stated above and none included money as a satisfying factor. Moreover, Herzberg argued that people want other things apart from material rewards such as recognition, responsibility and feeling of achievement, prestige, pleasure from social interaction and...
work challenges (Beck, 2004). Herzberg pointed out that low salaries make people dissatisfied, and paying them more does not affect their motivation. In addition to that, McClellan’s theory concludes that payment is a significant source of performance feedback for high need achievers. Rewards can be attractive to people with high affiliation need when offered as a group bonus. Reward also is valued by the high need for power individuals as a means of “buying” prestige or control over others. Furthermore, Maslow stated that payment or benefits were seen by workers as financial incentives capable of satisfying different needs. In Adams theory, payment can be the cause of equity or inequity. In equity theory pay is an object of social judgment. People tend to compare what others are earning in a particular job and what they themselves receive while doing similar job. Alternatively, in expectancy theory people are rewarded in many ways based on the performances of their job. Payment is only one example that can be evaluated, and when valence, instrumentality and expectancy are high, pay can be a source of motivation. A research conducted by (Hossain and Hossain, 2012) revealed that in many situations reward is the most powerful factor for motivation. Even though, there is evidence that money motivates, the existing theories focus on other factors which can equally result in workers’ motivation towards job performance or productivity.

Based on the findings from literature, money is seen as a motivator because it is a source of livelihood to workers and backbone of any employment relationship. Money is a prize that you can see, touch and measure just like the job done. Perhaps that is why people assume money is a motivator as it proves what one has done. The other things achieved from doing a task are not visible. They are personal and difficult to say if they are there or not.

In any working environment when managers want to achieve objectives and goals, motivation is the most effective tool. Organizations therefore offer rewards in order to accomplish their tasks, duties and responsibilities with total effort and interest (Saminat et al., 2011). Consequently, for a worker to be motivated at work rewards are the most effective tool. Therefore, in their studies, Mujahet et al., (2011) concluded that the prime motivational tool for work is the reward. Thus, organizations should offer adequate compensation (pay and benefits) in order to motivate workers. Furthermore, in their study Kubo and Saka (2002) found that good monetary reward was the most effective technique of motivation.

Hypotheses

The relationship of compensation and workers’ motivation has been established in the literature reviewed on worker’s motivation (Safiuallah, 2015). Thus, this study was undertaken to investigate the correlation of compensation packages with workers’ motivation.

Therefore, the following hypotheses were established, and subsequently tested in the course of conducting the research;

• Hypothesis I: The salary paid in this ministry positively influences work motivation.
• Hypothesis II: The allowance paid in this ministry positively influences work motivation.
• Hypothesis III: The gratuity payment after retirement positively influences work motivation.
• Hypothesis IV: The pension payment upon retirement positively influences work motivation.

Methodology

A quantitative study was carried out, because of the intention to determine the relationships between the dependent (motivation) and independent (compensation) variables. Somekh and Lewin, (2005) highlighted that the correlational study was a quantitative approach for determining the relationship between two or more quantitative variables. The research employed a structured questionnaire which comprised of three sections. The first section obtained information about the respondents’ profile. The second and third sections obtained information pertaining to the impact of compensation on workers’ motivation, job satisfaction, attraction and retention.
The data was analysed using descriptive statistics and Structural Equation Modelling with Amos software version 20. The results were expressed in numerical values or figures and hypotheses were tested. One of the main reasons this research adopted the use of Structural Equation Modelling (SEM) was the advantage of SEM in modelling the relationships among multiple independent and dependent variables all at a time (Zainudin, 2012) compared with other methods that can analyse only one layer of linkage between independent and dependent variables concurrently (Chai et al., 2015, Motawa and Oladokun, 2015). As the relationship between compensation and workers’ motivation involved various constructs, it was the contention of this study that SEM would yield a better result than other statistical methods of analysis.

The measures
The measures were derived from previous empirical studies in the literature. To adapt the measures to the specific conditions in Nigeria, the questionnaire was pilot-tested using a sample of 50 respondents. Amendments were made to the questionnaires based on suggestions and recommendations that emerged from the pilot survey so that the questions could be understood in the Nigerian context easily.

Workers’ motivation was measured using the combination of items of the workers motivation scale used by these scholars (Oyedele, 2010; Tan and Waheed, 2011; Tabassiet al., 2012; Jarkas and Radosavljevic, 2013; Cerasoliet al., 2014; Smith, 2015; Yousaf, et al., 2015). One of the sample is: ‘is your compensation paid as when due?’ with construct reliability of 0.83. The scale of salary was measured using Igalens and Rousell (1999) and Lai, (2011) scales. Concerning the workers’ salary, one of the items is: You are motivated in this ministry because of its equitable promotional salary increment. A likert scale ranging from 1(Strongly disagree) to 5(Strongly agree) was adopted with construct reliability of 0.73 Allowance was measured using Igalens and Rousell (1999) and Lai, (2011) scale. A Likert scale ranging from 1(Strongly disagree) to 5(Strongly agree) was used with construct reliability of 61. One of these is: You are motivated in this ministry because of its equitable personnel movement allowance. Pension and Gratuity were measured using Igalens and Rousell (1999) and Lai, (2011) scales. A Likert scale ranging from 1(Strongly disagree) to 5(Strongly agree) was used with construct reliability of 1 both in each case.

Sample and procedure
The Ministry of Works and Transport in Jigawa State is made up of 850 public construction workers across three cadres, namely Clerical (610), Officer (190) and Director (50). 265 out of 850 workers were chosen using stratified sampling technique since the samples fall into distinctly different categories/ cadre (strata) and each is homogeneous (Linz and Semykina, 2012). The questionnaires were self- administered and retrieved by the researcher from the respondents.

Table 1: Method of data collection and the response rate

<table>
<thead>
<tr>
<th>Job Cadre</th>
<th>Clerical</th>
<th>Officer</th>
<th>Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number in the ministry</td>
<td>610</td>
<td>190</td>
<td>50</td>
</tr>
<tr>
<td>Questionnaire sent to</td>
<td>190</td>
<td>59</td>
<td>16</td>
</tr>
<tr>
<td>Responses from</td>
<td>187</td>
<td>56</td>
<td>15</td>
</tr>
<tr>
<td>Response rate</td>
<td>98%</td>
<td>94%</td>
<td>93%</td>
</tr>
</tbody>
</table>

The researcher’s good rapport with workers and the anticipated outcomes are the reasons for higher response rate in this research. The workers believed that when the framework is developed and recommended for implementation will address the pay differential in the State. Hence, they feel obliged to participate fully in the study because it is designed to solve their pressing need as far reward in concern in the State public sector. Senior officials of the ministry of works and housing in the state help in communicating the essence of the study to the workers so as to ensure its successful completion.

C) Analysis and discussion of the results
The analysis of Structural Equation Modelling involved measurements such as: confirmatory factor analysis, assessing normality, assessment of linearity, and goodness of fit indices.

Goodness-of-Fit indices (model fit) determined the degree to which the proposed model predicts (fits) the observed covariance matrix. Therefore, in assessing the goodness of SEM, the researcher’s adopted the Goodness-of-Fit indices (model fit).

Model fit indices used in this research included; chi-square ($\chi^2$), relative $\chi^2$ ($\chi^2/df$),(5), AGFI(.80), GFI(.80), CFI(.90), IFI(.90), RMSEA(.80) and RMR(.065)(Salisu et al., 2015). Kline (2005) recommended the use of the Chi-Square test, the RMSEA, the CFI and the RMR/SRMR as the indices that should be reported in model fitting. Figure 1 presents the Structural model for public construction workers motivation in Jigawa state of Nigeria.

Figure 1: Structural model of workers’ motivation

Results

The analysis from the Structural Equation Model showed that the standardized path coefficients were consistent with the hypotheses as allowance contributed significantly to workers’ motivation ($\beta = .543$, $CR = 3.146$, $p = .002$). Similarly, gratuity contributed significantly to workers’ motivation ($\beta = .148$, $CR = 2.688$, $p = .007$). However, the analysis revealed that salary and pension had no significant influence on workers’ motivation ($\beta = .224$, $CR = 1.347$, $p = .178$), ($\beta = .101$, $CR = 1.853$, $p = .065$) respectively. The study revealed that allowance and gratuity had a significant and positive impact on public sector construction workers’ motivation while salary and pension had no impact on workers’ motivation. Therefore, hypotheses II and III were confirmed, while hypotheses I and IV were not supported.

It is therefore affirmed that the standardized path coefficients were consistent with the hypotheses by indicating that allowance had a positive influence on employee motivation ($\beta = .543$, $CR = 3.146$, $p = .002$). This finding supported hypothesis II which holds that the allowance paid in this ministry positively influences work motivation. Gratitude was also found to have a positive influence on employee motivation ($\beta = .148$, $CR = 2.688$, $p = .007$), supporting Hypothesis III which stated that the gratuity payment after retirement positively influences work motivation. This is in line with the findings from research according to Kubo and Saka (2002), Islam and Ismail (2008), Mujahet et al., (2011), and Samina et al., (2011). These researchers revealed that extrinsic rewards in form of compensation were capable of influencing workers motivation.
On the contrary, Pension had no positive influence on employee motivation ($\beta = .101$, CR = 1.853, $p = .065$). Consequently, Hypothesis IV which stated that the pension payment upon retirement positively influenced work motivation was not supported. Furthermore, salary ($\beta = .224$, CR = 1.347, $p = .178$) had no positive influence on employee motivation. Hypothesis I which stated that the salary paid in this ministry positively influenced work motivation was however not supported. This is consistent with Herzberg’s (1956) view that money is not a motivating factor of workers behaviour.

Discussion of the results

Extrinsic benefits were found to induce workers performance significantly in Nigerian public sector. They consist of motivations that are external to the task such as pay and benefits. This indicated that employees in public sectors place great value on variety of incentive given to them by their employers. Furthermore, motivation has a substantial nexus with how best workers perform their expected role. This is also in accordance with equity theory which states that fairness in the payment package tends to yield greater performance from employees. Therefore, when these incentives was not given workers tend to exhibit their discomfort via non-committed to their jobs and lower performance.

Equity theory concurred that people focused not only on the absolute amount of remunerations they earn for their efforts or contributions, but on the relationship of this amount to what others earn in the organisation or elsewhere. Workers, based on their inputs like efforts, experiences, qualifications and competence, tend to compare such outcomes as reward, recognition and other extrinsic factors given to workers by organisations. Whenever, workers feel an imbalance in their outcome-input ration relative to other workers, tension is created in that workplace because there is no equity or fairness. Equity or fairness involves two aspects namely distributive justice or perceived fairness of the outcome. Procedural justice i.e. fairness of how rewards are allocated or decisions made about the reward (Wright, 2004), which involves those for whom the decision to formulate policies on behavioural justice must include, and the procedure for the allocation of such packages.

Allowance is significant to motivation due to the fact that it is an extra amount of money workers receive apart from salary while in service. Thus, since it is paid based on certain condition like travelling, it can serve as a catalyst for motivation to do that particular assigned task because it is considered as an extra amount.

The significance of gratuity to workers is apparent. The reasonable lump sum given to workers in form of gratuity upon retirement serves as a motivation to them to attain various needs. This reward is earned when workers are no more in service.

Salary is not significant to motivation because it is fixed and not paid based on performance in the public sector. Pension is not significant to workers motivation because it is fixed like salary and the amount to be paid as pension monthly is less what they what is being received during the service years. Moreover, pension is paid based on the workers’ contributions while in service usually through a contributory pension scheme and may not necessary serve as a motivating factor.

Employees working elsewhere in other organisations and employees within an organization are concerned with compensation equity. Hence, while drawing up the compensation strategy the organisation has to take this into consideration. When employees notice inequalities in their reward, both their morale and motivation will suffer. Secrecy in the pay also generates mistrust and reduces motivation and organisational effectiveness.

Conclusion

The study established a connection between compensation and motivation with data collected from public construction workers in Jigawa state of Nigeria. The research concluded that
allowance and gratuity have a significant influence on workers’ motivation. However, salary and pension have no significant impacts on workers’ motivation. Based on the findings stated above, this paper recommends that compensation packages offered by the government to public sector construction workers should be adequate and capable of motivating workers in the ministry.

D) Limitations and direction for future research
Despite the fact that this study revealed the extent to which compensation influences public construction workers, some limitations need to be considered. The research was conducted in Jigawa state, Nigeria specifically on public construction workers; the variables used in establishing the relationships in the study were limited to salary, allowance, gratuity and pension and motivation. Therefore, future researches can be conducted in other states in Nigeria, or elsewhere using additional variables which might have not been employed in this study.

E) References


