

The impacts of monetary rewards on public sector employees in construction – A case of Jigawa State in Nigeria

ABSTRACT

Purpose: Literature indicates that monetary reward or compensation impacts on the level of attraction, motivation, job satisfaction and retention of employees. The elements of compensation include salary, bonuses (allowances), gratuity and pension. The study investigated how these four elements of compensation specifically influence the attraction, motivation, job satisfaction, and retention of public sector construction employees of Jigawa State of Nigeria to inform how their employer can raise the current levels of satisfaction and retention of employees.

Design/Methodology/Approach: The Positivist paradigm guided the empirical research where a questionnaire was developed, pilot-tested and administered to 265 people using stratified random sampling. A total of 260 questionnaires were collected, representing a response rate of 98%. The data obtained was analysed using both descriptive statistics and Structural Equation Modelling.

Findings: The results established that construction employees in Jigawa State's public sector were motivated by allowances and gratuity, attracted to the job by salary, pension and gratuity, and remained in their jobs through the influences of gratuity and pension. Gratuity played a major role as it impacted on all the 4 variables studied.

Implications: These findings are applicable to Jigawa State of Nigeria, but can be extrapolated to other public sector construction employees in the whole country. The findings could also be generalized in other States where the pay scales are different within the ministries.

Originality/Value: The impacts of 4 elements of monetary rewards on 4 employees' variables were studied. The specifics of which elements of compensation influence the employees of Jigawa State's Ministry of Works and Transport have been identified. The findings from this study showed that gratuity played a primary role as it impacted highly on all the 4 variables of job attraction, motivation, satisfaction and retention. Pension also

played a high role as it impacted heavily on job attraction, satisfaction and retention. Comparatively salary and allowances had high impact on one variable each: job attraction and motivation respectively.

Keywords: Compensation, Employment, Incentives, Job satisfaction, Motivation, Structural Equation Modelling.

INTRODUCTION

The attraction of suitable employees is very important to an organization. Offers of good compensation packages often enable organisations to attract and subsequently retain high calibre talents in their workforce (Ajmal *et al.*, 2015). However, there is often a need to keep employees motivated and satisfied, and monetary reward (aka compensation) can also be used in these regards (Mudor and Tooksoon, 2011). Job satisfaction is a key factor to an organisation because it affects employee performance and productivity, absenteeism and turnover (Onukwube, 2012). Organisations are competing to attract and retain employees (Dibble 1999), therefore, creating a work environment that encourages and supports employees is worthwhile (Sandhya and Kumar, 2011) and much more, compensating employees equitably will minimise turnover (Shakeel, 2015).

Nigeria is the most populous country in Africa and Jigawa is one of its 36 States. The Ministry of Works and Transport (MWT) is one of the 12 ministries which the State uses to govern. Table 1 demonstrates how there is a disparity in the remuneration of employees between two or more ministries and some employees are uneasy about it, especially in the MWT. Also, the compensation packages of employees in the private sector are generally higher than those of their counterparts in the public sector and this contributes to lowering motivation and high turnover amongst the latter group (Fagbenle *et al.*, 2004). When the opportunity arises, therefore, workers would most likely switch to higher paying jobs in either other ministries or private sector. A means of boosting the morale of current public sector employees was viable.

Globally, numerous studies have been carried out to explore the impacts of financial and non-financial incentives on the motivation and productivity of employees. Studies in this domain are coming up in Nigeria too and, have emphasised the use of incentives, but there are few

exceptions like Onukwube (2012) who studied the levels of job satisfaction amongst quantity surveyors in private consulting firms in Lagos.

Table 1: Selected compensation to some contemporary employees of Jigawa State

<i>Salary level/scale</i>	<i>03/03</i>	<i>04/04</i>	<i>05/05</i>	<i>06/06</i>	<i>07/07</i>	<i>08/08</i>
Ministry of Works and Transport*	N19,305	N20,276	N22,416	N26,213	N33,497	N41,672
Ministry of Health**	N23,216	N25,463	N30,014	N37,930	N62,420	N98,105

Source: Unpublished documents: Jigawa State Directorate of salary and Pension administration; Consolidated Health salary structure of Jigawa State.

(*Following the new salary structure of Jigawa State. **Monthly take-home pay. These have since been revised upward in a consolidation exercise).

Both financial and non-financial incentives have been shown to influence higher productivity in Nigerian construction (Olugbenga, 2011). Adebayo and Ogunsina (2011) in their study within Ekiti State showed that supervisor-employee relationships have a positive impact on the job satisfaction of employees and thus an influence on turnover. Aiyetan and Olotuah (2006) too had assessed increases in productive time among Nigerian bricklayers of up to 26% when non-financial incentives were used. Emerole (2015) analyzed the positive effect of non-monetary rewards on the productivity levels of public sector employees in Abia State. While the non-financial incentives showed significant impacts on productivity in the foregoing studies, the research by Aiyetan and Olotuah (2006) did consider financial incentives also but the employees involved in their study expressed a preference for the monetary rewards.

It is evident that incentives are used in Nigerian construction but empirical studies in this regard are scant and still budding. Thus, the research being reported now opted to explore this area further and to concentrate on monetary rewards which are under-represented in the foregoing examples. Local socio-economic considerations also make Nigerian-specific studies viable as the things that might incentivise employees across different settings could differ. So a breakdown of attributes concerning both incentives and employees' fulfilment was considered in order to study specific connections between them. This builds on preceding studies in Nigeria.

Some employees did express a more interest in financial incentives (Aiyetan and Olotuah (2006) suggesting a pertinent subject matter. In terms of practice, Saka and Ajayi (2010) discovered that multi-national companies operating in Nigeria did outperform their indigenous counterparts in the use of financial, semi-financial and non-financial incentives. So the research opted to concentrate on indigenous organisations. Aiyetan and Olotuah (2006) also established that the salaries which the respondents in their study earned were below the stipulations of the Nigerian National Joint Industry Council. This could explain their preference for financial incentives. Thus the research being reported factored salary in its investigation.

This article concentrates on the aspect of compensation and argues for a deeper structuring of compensation in order to maximise the satisfaction and retention of employees. The research aimed to investigate the individual impacts of salary, allowances, pension and gratuity on the four constructs of motivation, job satisfaction, attraction and retention. Notably, many factors contribute to morale and job satisfaction, attraction and retention, so the impacts of compensation on these are contextual and relative. The objective of this study and paper was to investigate the relationships between monetary rewards and employees' attributes using statistical methods in order to establish a more informed basis for remunerating the employees of the 'Ministry of Works and Transport of Jigawa State in Nigeria' (MWT).

The next section will dwell on the literature review where the five aspects of compensation, attraction, motivation, job satisfaction and retention are highlighted. After that, the methodology employed in the research is discussed. The findings are then provided and discussed before the paper is concluded.

LITERATURE REVIEW

Compensation

Compensation includes wages and other benefits (White, 2000). This study focused on four elements of compensation i.e. salary, allowances, gratuity and pension. Salary is a fairly fixed amount paid to employees for their services or works and is administered on a weekly, monthly or annual basis (DeNisi and Griffins, 2008). Allowances are other monetary benefits paid to employees for the accomplishment of predetermined tasks (Madhani, 2012) while benefits are supplementary payments to

account for certain circumstances like retirement, ill-health and transfer of service (Ciarniene and Vienazindiene, 2010). In the Nigerian context benefits are paid to employees in the form of gratuity and pension. Gratuity is a lump-sum one-off payment made to employees who have worked for at least 5 years while pension is a monthly payment made to a former employee after their retirement but only individuals who have paid into a pension fund for at least ten years are entitled to it. Employees could be attracted, motivated, satisfied and retained through good and variant monetary rewards.

Attraction to jobs

Attraction is the process of getting the right people with the right skills and competencies to join an organisation. Bratton and Gold (2003) explained it as the favourable interaction between a job seeker and the images, values and information about an organisation. An effective attraction policy can be a key factor in an organisation's success (Leisink and Steijn, 2008; Gonzalez, 2009).

Organisations can find it difficult to attract new or right employees in especially a period of economic boom (Hale, 1998). The many considerations that attract potential employees to an organisation include the nature and location of the job, the compensation they will get, the reputation of the organisation, prospects of career development, job security, the organisation's culture, challenges, training and development opportunities and level of empowerment (Leisink and Steijn, 2008; Gonzalez, 2009; Hutchings *et al.*, 2011). In the case of MWT, some of these issues are applicable after employment because, many people are first attracted to a job mainly because of the remunerations they will get. This is due to a higher current unemployment rate in Nigeria where job opportunities are scarce.

Motivation

Motivation is the force which drives or inspires behaviour towards a particular direction (Bartol and Martin, 1998). It can be seen in the willing efforts which employees exert in order to achieve organizational goals (Robbins and Judge, 2010). The motivation of employees plays a vital role in the operations and success of organizations (Greenberg, 2011), hence managers motivate their employees in anticipation that they will perform in a certain desired manner (Watson, 2006).

Bartol and Martin (1998) categorized the theories of motivation into three: Need theory, Cognitive Theory and Reinforcement theory. However, Wood *et al.* (2004) proffered two groups: content and process theories. Categorically, Maslow's hierarchy of needs, Herzberg's Motivation-Hygiene theory, McGregor's Theory X&Y, and Ouchi's Theory Z are called content or need-based approaches, because they focus mainly on what drives employees to achieve a given task while satisfying their various needs in the work environment (Wood *et al.*, 2004; Safiullah, 2015). On the other hand, the expectancy theory of Vroom and Lawler, and the goal-setting theory of Locke and Latham (1990) are based on the process approach, in which motivation is used to transform employees to perform with a certain desirable attitude (Lam and Tang, 2003). Wood *et al.* (2004) included the reinforcement theory in this group. In the process-based approach, changing or modifying employees' behaviour and attitude is achieved through conditional rewards (or compensation) and self-directed lifelong learning processes (Hassan, 2009). By factoring individual differences this approach offers employees the opportunity to attain to their needs, which include self-esteem and self-fulfillment.

According to Safiullah (2015) five major approaches that have led to our understanding of motivation are Maslow's needs-hierarchy, Herzberg's two-factor, Vroom's expectancy, Adams' equity, and Skinner's reinforcement theories. According to Maslow (1954), employees have five levels of needs: physiological, safety, social, ego, and self-actualization. Maslow argued that lower level needs had to be satisfied before those at the next higher level would motivate employees. Herzberg's work categorized motivation into two factors: motivators and hygiene (Herzberg *et al.*, 1959). Motivator or intrinsic factors such as achievement and recognition, produce job satisfaction while hygiene or extrinsic factors, such as pay and job security, reduce job dissatisfaction. Vroom's theory is based on the belief that the effort of employees will lead to performance which in turn will lead to either positive or negative rewards for them (Vroom, 1964). The more positive the reward the more likely the employee will be highly motivated and, the more negative the reward the less likely the employee will be motivated. Adams' (1963) theory posits that employees strive for equity i.e. when their ratio of outcomes over inputs is equal to the ratio of other employees. Skinner's (1953) theory postulates that employee behaviors that lead to positive outcomes will be repeated as opposed to behaviors that

lead to negative outcomes. The behaviors of organizations can be interpreted as employing some of these theories at varying times. When employees in any setting are adequately motivated their job satisfaction would be high.

Job satisfaction

Job satisfaction is the pleasurable emotional state which employees derive from accomplishing tasks (Locke, 1976) or earning an equitable reward (Onukwube, 2012). It is also the totality of feelings that employees have about their job (Spector 1997; Bowen *et al.*, 2008). Job satisfaction can be influenced by: the work setting, specific aspects of the job, level of employees' involvement in the organization (Robbins and Judge, 2010), reward (Pay) (Onukwube, 2012), supervision of employees (Dupre and Day, 2007), promotion opportunities (Bowen *et al.*, 2008) and the understanding and companionship of co-employees (Raabe and Beerhr, 2003). Thus, the level of an employee's job satisfaction can be measured using several extrinsic variables (Spector 1997).

The dual factor theory links job satisfaction to both intrinsic (psychological) and extrinsic factors such as salary and working conditions (Borzaga and Tortia, 2006; Kim, 2005; Hassan, 2009). In 'Compares theories' (Onukwube, 2012) employees will measure what they expect to gain in their job and compare it with how it will satisfy their need and value. Thus, employees that are satisfied tend to retain their employment with an organisation.

Job retention

Retention is keeping employees in an organisation (Haider *et al.*, 2015). Retention helps to sustain the achievement of organisational objectives (Samuel and Chipunza 2009; Sandhya and Kumar, 2011). Low compensation can contribute to a high rate of turnover (Shakeel, 2015). Other factors contribute to the retention of employees i.e. recognition, working climate, job flexibility, training opportunities, prospects of career development, the nature of relationships between superiors and subordinates, level of compensation and organisational commitment, nature of communication, and level of employees' motivation (Shakeel, 2015).

Various literature have established that monetary reward has a strong relationship with

employees' attraction, motivation, job satisfaction and retention. The explanations below give an insight on these linkages.

Linking monetary rewards with attraction, motivation, job satisfaction and retention

Process theories explain why people prefer one action over another in the work place. Maslow's Hierarchy of needs, suggests that people have to satisfy their basic needs before seeking higher order needs. Then equity theory concerns the balancing of the inputs (contributions) of employees with the outcomes (rewards) they receive against the perceived inputs and outcomes of others (Adams, 1963).

The expectancy theory (Vroom, 1964) considers three variables i.e.: 1) expectancy (that a man's effort will lead to preferred outcomes); 2) instrumentality (that a person will receive a reward if s/he achieves his goal); and 3) valence (which is the significance of what someone has accomplished). When the valence, instrumentality and expectancy of employees are high, their level of compensation can be a source of motivation.

Herzberg argued that people want other things apart from material rewards such as recognition, level of responsibility, feeling of achievement, prestige, pleasure from social interaction and work challenges (Beck, 2004). Herzberg pointed out that low salaries make people dissatisfied. McClellan's theory concluded that payment is a significant source of performance. When offered as a bonus rewards can be attractive to people with a high affiliation need. In Adams' equity theory, payment is an object of social judgment which can influence the feeling of inequity. People tend to compare their earnings with their contemporaries.

Compensation is prime amongst the several factors that influence employees' motivation (Kubo and Saka, 2002). A good compensation plan is vital to both employers and employees (Dessler, 2008). In the case of MWT, a prescribed compensation structure which is illustrated in Table 1 is followed and it is not updated too frequently. Hence cases of employee dissatisfaction are seldom addressed. Any proposed solution to address this chronic dissatisfaction should include the consideration of employees' expectations. Thus a study was

undertaken to investigate the correlation between the elements of compensation and employees' job attraction, motivation, satisfaction and retention.

RESEARCH METHODOLOGY

A quantitative study was employed to determine the relationships between the dependent (attraction, motivation, job satisfaction and retention) and independent (salary, allowances, pension and gratuity) variables. A quantitative approach is ideal for determining the correlations between two or more quantitative variables (Somekh and Lewin, 2011). The research employed a structured questionnaire which comprised of three sections about: demographic information and the impacts of compensation on motivation and job satisfaction respectively.

The measures

Job attraction was measured by using a combination of 'attraction scales' (Ramlall, 2003: Leisink and Steijn, 2008: Gonzalez, 2009: Rose and Gordon, 2010: Hutchings *et al.*, 2011) with construct reliability of 0.77. Salary, Allowance, Pension and Gratuity were measured using Igalens and Rousell's (1999) scale. A Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree) was adopted with construct reliability of 0.75, 0.61, 1.00 and 1.00 respectively. The motivation of employees was measured by pooling and adopting measures from Oyedele (2010), Cerasoli *et al.* (2014), Smith (2015) and Yousaf, *et al.* (2015). Its construct reliability was 0.83.

Job satisfaction was measured by the JDI because of its capability of producing highly reliable results (Onukwube, 2012). Employees' retention was measured using a combination of attributes from Rose and Gordon (2010), Sinha and Sinha (2012) and Samuel and Chipunza (2009).

Developing and piloting the questionnaire

The questionnaire was structured for the respondents to complete as illustrated in Table 2. Overall there were 13 questions on motivation, 5 on job satisfaction, 12 on job attraction and 6 on employee retention. Further, 8 questions were separately asked about the impact of compensation on each of these 4 constructs. So a total of 68 questions were rated on the Likert scale by each respondent, in addition to

providing their demographic data.

Table 2: Sample questions presented to the respondents

<i>The rating scale is: 5-Strongly agree, 4-Agree, 3-Undecided, 2-Disagree, 1- Strongly disagree.</i>	<i>RATING</i>				
	<i>5</i>	<i>4</i>	<i>3</i>	<i>2</i>	<i>1</i>
<i>Motivation:</i>					
i	Is your compensation paid as and when due?				
ii	Do you enjoy working with this Ministry?				
iii	Is your promotion implemented as and when due?				
<i>Job satisfaction:</i>					
iv	Are you satisfied with your compensation package/s?				
v	Are you satisfied with the relationships between you and your supervisors?				
vi	Are you satisfied with your job?				
<i>Job attraction:</i>					
You got attracted to this Ministry because of:					
vii	The equitable compensation packages offered to workers.				
viii	The actual responsibilities attached to specific jobs.				
ix	The opportunity for you to advance within the Ministry.				
<i>Job retention:</i>					
You have remained in this Ministry because of:					
x	The equitable compensation packages offered to staff.				
xi	The recognition of employees' job skills in the Ministry.				
xii	The opportunity for career development.				

The questionnaire was pilot-tested using a sample of 50 respondents. Amendments were made to simplify the questionnaire based on the suggestions and recommendations that emerged from the pilot survey so that the questions could be understood in the Nigerian context easily.

Sampling

First of all, the MWT was sampled using stratified random sampling, which is appropriate where the samples fall into distinctly different categories (strata) and each is homogeneous (Linz and Semykina, 2012). MWT has 850 employees across three strata, namely: Clerical (610 personnel), Officer (190 personnel) and Director (50 personnel). From these 850 employees, 265 agreed to participate in the study. During the pilot study, the researcher in advance, requested for

participation in the main survey. The 265 people who agreed were subsequently given the questionnaire to complete.

The questionnaire was self-administered and retrieved by the researcher. 260 questionnaires were returned representing a 98% response rate. The researcher's persistent follow-up towards enhancing the response rate was one of the reasons for the full participation of the respondents. Furthermore, the employees believed that when a framework is developed and recommended for implementation, it would address the pay differential between the ministries in the State. Hence, they felt encouraged to participate fully in the study because it was designed to solve their pressing compensation need. Table 3 provides a catalogue of the respondents.

Table 3: Breakdown of the respondents

<i>Aspect</i>	<i>Description</i>	<i>Percentage</i>
Category of employment	Clerical cadre	72%
	Officer cadre	22%
	Director cadre	6%
Gender of respondents	Males	98%
	Females	2%
Length of working experience	Less than 5 years	3%
	5-10 years	35%
	11-20 years	51%
	20-35 years	10%
Nature of work	Office-based	36%
	Site-based	54 %
	Both office and site	7%

The background of the respondents in terms of category of employment and gender reflect their composition in the MWT. The females who participated as well as those that did not are all office-based employees.

Analysis

The data was analysed using descriptive statistics and Structural Equation Modelling (SEM) where the later employed the AMOS software, version 20. SEM can simultaneously model the relationships between multiple independent and dependent variables (Motawa and Oladokun, 2015).

The SEM involved the measurements of: confirmatory factor analysis (CFA), and assessments of normality, linearity, and goodness of fit indices. CFA is a prerequisite for a measurement model where both the number of factors' loadings and their corresponding items or indicators is defined clearly and is useful for testing convergent validity (Kline, 2011). CFA was conducted to test the convergent validity of the individual constructs in the questionnaire through the assessment of factor loadings, Average Variance Extracted (AVE) and construct reliability. An AVE of 0.5 and above indicates high convergent validity (Fornell and Larcker 1981), thus any construct that falls below 0.5 can be deleted (Hair et al., 2009).

Construct reliability (CR) is an indication of internal consistency. Reliability values of at least 0.6 are acceptable in representing the latent constructs which they measure (Hair *et al.*, 2009; Henseler *et al.*, 2009). Each construct reliability measured in the assessments was at least 0.60 and a few were as high as 1.0. All the constructs thus met the reliability threshold and fully satisfied the requirements for factor loading.

Assessing Normality

Checking for normality and outliers is a required step in undertaking sound and reliable research. However in this study, the test for normality was used to clear the data from any type of error. Byrne, (2010) opined that in any statistical research the Skewness has more effect on the mean. Therefore, DeCarlo (1997) and Byrne (2010) both agree that in SEM, kurtosis should be given more emphasis because it severely affects the tests of variance and covariances. However there is no clear consensus on the actual benchmark of extreme kurtosis (Kline, 2011). West *et al.* (1995) had suggested that values in excess of 7 indicate early departure from normality while Ullman and Bentler (2003) recommended a threshold of 5. In any case, the Kurtosis calculated for all items in this research ranged from a minimum of -0.918 to a maximum of 2.625, all falling below 5. Also, the overall multivariate Kurtosis which should not exceed 483 (Scrima *et al.*, 2014) was calculated to be 43.768 in our analysis. These foregoing investigative checks indicated that the sample data was normally distributed.

Assessment of Linearity

Correlation analysis was conducted to examine the linearity of the independent variables i.e. salary, allowance, pension and gratuity. The underlining correlations should be equal to or

greater than 0.30 since the correlation coefficient is sensitive to the sample size and capable of detecting the existence of low levels of significance in the relationship between constructs (Barbaranelli, 2003). All the constructs in this study were within or greater than 0.30, showing that all variables used in the model related with each other statistically.

Goodness-of-Fit indices (for model fitting) determine the degree to which a proposed model predicts (fits) the observed covariance matrix (Ho, 2014). The indices used in this research, as recommended by Kline (2011) were chi-square (χ^2), relative χ^2 (χ^2/df), Root mean square error of approximation (RMSEA), Goodness-of-fit statistic (GFI), the adjusted goodness-of-fit statistic (AGFI), Root mean square residual (RMR), standardised root mean square residual (SRMR), Comparative fit index (CFI) and Incremental fit indices (IFI).

The chi-square (χ^2) statistic is a vital measure in the analysis (Joreskog and Sorbom, 1993) and a model should be accepted if the χ^2 value is less than three times the degrees of freedom (Carlmines and McIver, 1981): which is referred to as relative χ^2 . If the χ^2 is significant, the model is regarded as unacceptable or not-fit. However, the χ^2 has some shortcomings (Bentler and Bonnet, 1980; Jöreskog and Sörbom, 1993), thus, the relative/normed chi-square (χ^2/df) statistic with values up to 5.0 has been proposed (Schumacker and Lomax, 2004).

IFI values that exceed 0.90 are accepted in the model, and sometimes IFI index can be greater than 1 (Bollen, 1990). The lowest acceptable threshold for GFI and AGFI is 0.80 (Hart, 1994) while 0.90 is the acceptable threshold CFI value for a good fit model (Bentler, 1990). Finally, RMSEA measures the error of approximation in the population and different maximum threshold values have been proposed for it: 0.06 (Hu and Bentler, 1999), 0.08 (Browne and Cudeck, 1989), 0.08-0.10 indicating a 'mediocre fit' and values in excess of 0.10 indicating a 'poor fit' (Byrne, 2010). With these different propositions, Ho (2014) suggested that RMSEA and RMR should range between $\leq 0.056-0.065$ while Hair *et al.* (2009) recommended that whenever three out of four (goodness of fit) indices meet the acceptability requirement, both measurements and structural models can be accepted.

RESULTS

The analysis in this research complied with the guidelines in the foregoing section. Figures 1-4 indicate some of the outcomes.

Impact of monetary rewards on job attraction

The results from the SEM analysis revealed that salary ($\beta = .507$, CR = 3.188, $p = .001$) has a significant influence on employees' attraction. Likewise pension ($\beta = .288$, CR = 3.704, $p = .004$), and lastly gratuity also contributed significantly to employees' attraction ($\beta = .120$, CR = 1.645, $p = .020$). However, allowance has no significant influence on the employees' attraction ($\beta = .60$, CR = .446, $p = .655$). Hence, Salary, gratuity and pension significantly and positively influence the MWT employees' attraction while allowance does not. Figure 1 presents the Structural model for the employees' attraction.

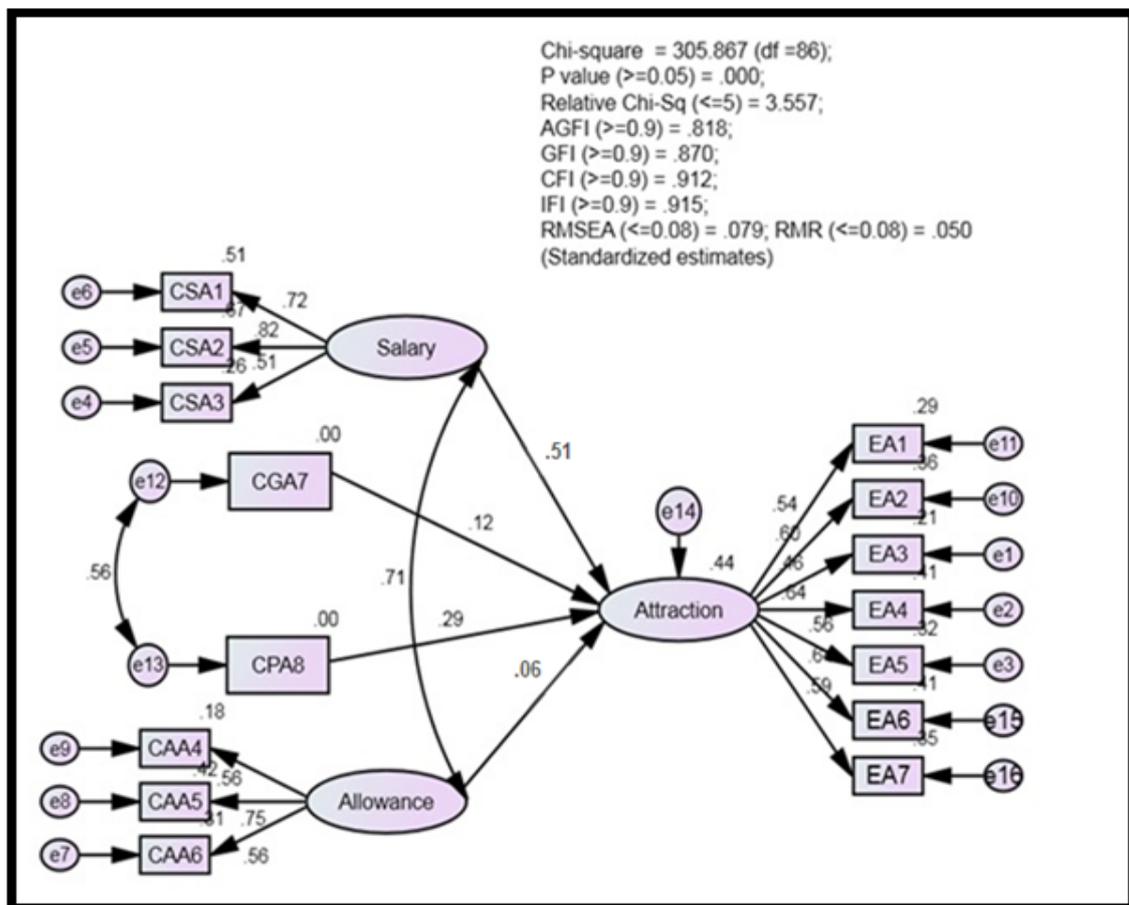


Figure 1: Structural Model of employees' Attraction

Impact of monetary rewards on motivation

Figure 2 presents the Structural model on motivation. The SEM analysis, similar to the one above, showed that allowance contributes significantly to the employees'

motivation ($\beta = .543$, CR = 3.146, $p = .002$). Similarly, gratuity ($\beta = 0.148$, CR = 2.688, $p = 0.007$) contributes significantly and positively to the employees' motivation. However, Pension ($\beta = .101$, CR = 1.853, $p = .065$) and salary ($\beta = .224$, CR = 1.347, $p = .178$) have no significant positive influence on the motivation of the employees.

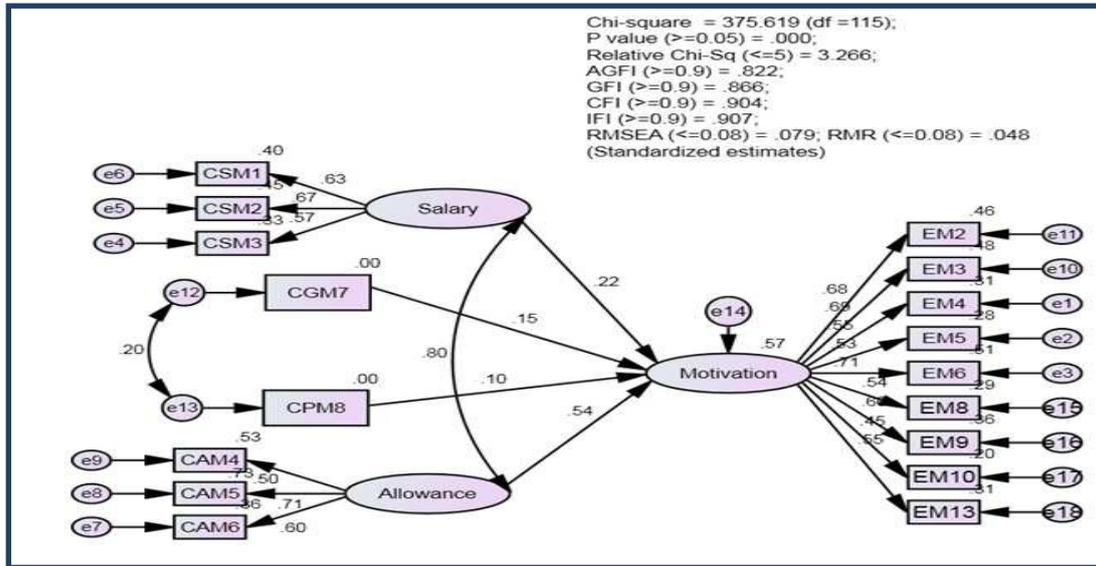


Figure 2: Structural Model of Employees' Motivation

Impact of monetary rewards on job satisfaction

Figure 3 presents the Structural model for the employees that were studied. The results from the SEM analysis indicated that pension ($\beta = .101$, CR = .748, $p = .045$), and gratuity ($\beta = .131$, CR = 1.360, $p = .024$) contribute significantly to job satisfaction. However, salary ($\beta = .060$, CR = .760, $p = .447$) and allowance ($\beta = .025$, CR = .310, $p = .757$) have no significant influence on job satisfaction.

Impact of monetary rewards on retention

Figure 4 presents the Structural model pertaining retention: gratuity ($\beta = .204$, CR = 3.045, $p = .002$) and pension ($\beta = .482$, CR = 6.821, $p = .000$) contribute significantly to employees' retention whereas salary ($\beta = .111$, CR = 0.627, $p = .055$), and allowance ($\beta = .177$, CR = .972, $p = .264$) do not.

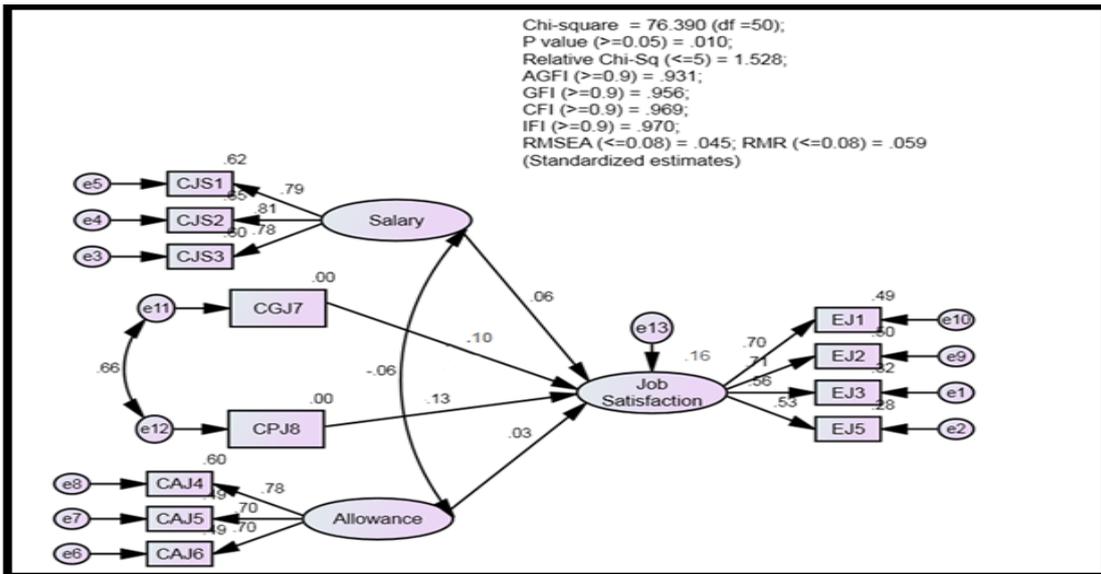


Figure 3: Structural Model of Employees' Job Satisfaction

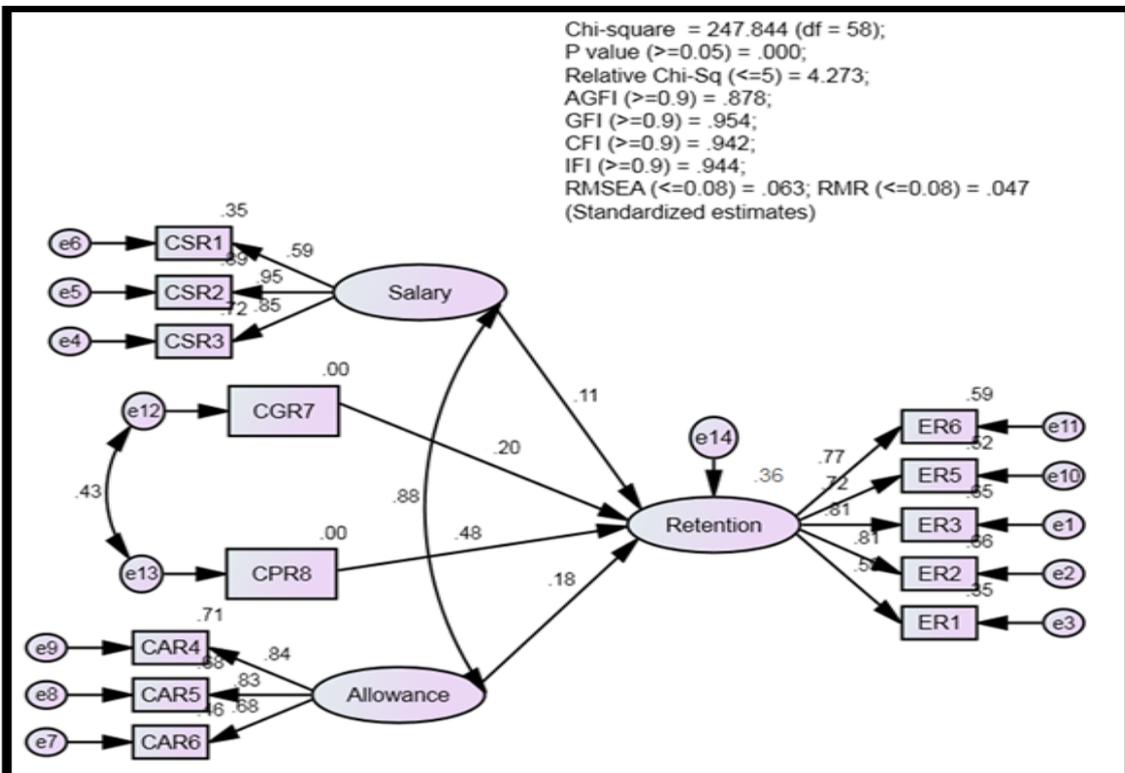


Figure 4: Structural Model of Employees' Retention

DISCUSSION OF THE RESULTS

The job attraction of employees

Salary has a significant influence on employees' attraction due to the high unemployment rate in Nigeria. Thus, job applicants are not selective in choosing where to work but where to earn a living. Gratuity is also a significant influence on employees' attraction because the lump sum amount paid to ex-employees upon retirement can be used to start a new investment. Pension also influences job attraction significantly because its dividend after retirement serves as a source of regular income to retirees. Indeed, some elements of compensation can attract new employees to an organisation (Leisink and Steijn, 2008; Rose and Gordon, 2010; Hutchings *et al.*, 2011). However, allowance has no significant impact on the attraction of employees to the Ministry of Works and Transport probably because; when employees are seeking for a job, they would weigh the regular monthly salary higher than the associated allowances which can be irregular or variable in amount.

Motivation of employees

Allowance is significant to motivation due to the fact that it is an extra amount of money on top of salary which employees receive. Since it is paid based on certain conditions like travelling, it can serve as a catalyst for motivating employees to carry out certain ad hoc assignments.

Gratuity motivates employees to work for a requisite number of years in order to qualify for its payment. A larger gratuity can thus keep employees upbeat and indirectly reduce labour turnover.

Salary and pension are not too significant to the motivation of the employees' studied because these are fixed and regular and not based on specific performance per se. Moreover, the amount of pension paid is based on a worker's contributions to a pension-scheme while in service and may not necessary serve as a strong motivating factor.

The results align with the idea that employees in the public sector place great value on a variety of monetary incentives given to them by their employers (Kubo and Saka, 2002; Samina *et al.*, 2011). Also, equity theory opines that fairness in a payment package tends to yield motivated employees (Adams, 1963). Hence, organizations should grant their employees allowances and gratuity that are fair.

The Job Satisfaction of Employees

The significance of gratuity to the job satisfaction of employees is apparent because, the lump sum payment they receive upon retirement helps in sorting their various resettlement needs. Pension is also significant to employees' job satisfaction because they will at least be receiving or earning some money monthly after retirement. Employees in the public sector take comfort in the fact that the payment of a gratuity and pension after retirement is automatic. These two elements of compensation have been reinforced by the Nigerian pension commission in their new pension reform scheme (PRA, 2004) which has guaranteed a certainty of inflow of income after retirement.

Allowance had no significant impact on job satisfaction because it is not paid on a regular basis but relative to certain circumstances. Likewise, salary had no significant influence on job satisfaction. A study of public sector employees in the UK by Young *et al.* (1998), likewise found no significant relationship between pay and job satisfaction. Unsurprisingly, public sector employees in Nigeria are usually not satisfied with their salary as the amount paid is lower than that of the private sector. Equity theory (Adams, 1963) accounts for this dissatisfaction.

Job Retention

Many employees in the public sector remain in their employment for long mainly to qualify for a gratuity payment upon retirement. Likewise, the now compulsory contributory pension scheme has substantially influenced employee's commitment to work and retention because of the post-retirement monthly earning (pension) which they will enjoy. Hence, pension and gratuity lure employees in the Nigerian public sector to retain their jobs. However, salary and allowance have no significant influence on the employees' retention because what they are earning via these two elements is less than what their equals are receiving in other ministries, which agrees with equity theory (Adams, 1963) and the findings by Tang *et al.* (2000).

CONCLUSIONS, LIMITATIONS AND PROPOSALS FOR FURTHER RESEARCH

The human relation school advocates that employees deserve to be the central focus of any organised activity (Wood *et al.*, 2004) and, the key to improving the productivity of employees is to increase their satisfaction (Hassan, 2009) through inducements such as pay and other benefits (Wood *et al.*, 2004). The study established varying impacts of the four elements of compensation (salary, allowances, gratuity and pension) on four employees' attributes: job attraction, motivation, satisfaction and retention. The results established that salary, gratuity and pension positively and significantly influence employees' attraction to a job, while allowance has no significant influence on attracting construction employees to the public sector. Gratuity and allowance positively and significantly influence employees' motivation whereas salary and pension have no such high impact. Gratuity and pension positively and significantly influence both employees' job satisfaction and retention while salary and allowance have no strong impact on these two aspects. Table 4 summarises the varying strong impacts of monetary rewards on the employees of MWT.

Table 4: Summary of findings pertaining some employees in Jigawa State of Nigeria

Monetary reward	Job attraction	High impact on		
		Motivation in the job	Job satisfaction	Retention pull
Salary	X			
Allowance/s		X		
Gratuity	X	X	X	X
Pension	X		X	X

Table 4 indicates that all the elements of monetary reward impact on employees; however gratuity and pension seem more critical as they impact highly on four and three constructs respectively. Salary and allowances are important too, but their high impact is on only one of the four constructs studied. Table 4 provides a more reliable guide on which element/s of monetary reward the MWT should use to attract new employees or motivate, satisfy and retain existing personnel. The four elements of compensation can now be adjusted with greater insight by this Ministry to maximize the satisfaction of their employees. This more precise synthesis was previously not available and stands as a contribution to knowledge. The policy makers and the Ministry need to understand the relationships which the

monetary rewards have with job attraction, motivation, satisfaction and retention. Furthermore, implementing the outcomes of these results would improve their employees' productivity in the construction sector.

The research was conducted within Jigawa State. However, many other States in Nigeria have a monetary reward structure that is similar to the study area and hence the findings could apply to them in some way. Also, a cross-sectional study was carried out and so the solutions proffered from the research might be temporal as inflation can impact on employees' spending power and satisfaction. In Nigeria, inflation is often very fluid, so a means of pairing compensation with satisfaction and underpinned by inflation should be developed. A future research to develop a model for such pairing can be carried out in this regard. This would further inform the policy makers about inflation and monetary reward structure.

The factors influencing employees' satisfaction are multi-faceted as illustrated in Table 2. Apart from monetary reward, which was the emphasis of our research, factors like nature of the job, relationships with peers and superiors, proximity of the job, etc. could contribute to an employee's satisfaction. The relative influence of compensation and these other factors can be explored through subsequent investigations. Another study that can be carried out in Nigeria is on the contributory impact of compensation on labour turnover. People can change jobs due to many reasons but the relative contribution of compensation in this regard is undocumented. Albeit the present study provides a step forward for Jigawa State and other public sector establishments in Nigeria to begin to moderate their compensation packages more appropriately for greater employee satisfaction. The results could be generalized to any country in the world that has differences in the pay packages of employees in the public sector.

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