An Empirical Analysis Of Employee Remuneration And Affective Commitment

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Abstract; *the study is based on examining the effect of employee remuneration on affective commitment in Private Universities in South East, Nigeria. Private Universities are oftentimes viewed as being inconsiderate when it comes to the issue that concerns their employees. Employees in these institutions are constantly faced with insecurity which surrounds their job. The study adopted a descriptive survey research design which made use of structured questionnaire to obtain information from the participants of interest. The study population was 1047 of which a sample of 289 was used for the study. The result revealed a significant positive relationship between the two variables with: r = 0.052, n = 252, and p-value (0.008 < 0.01). The study recommended that in order to prevent unrest among its employees, there is need for private universities to state clearly if an employee will be rewarded for acquiring an additional skill or not.*

Keywords; *Commitment, Job Security, Private Universities, Remuneration*

Introduction

In every organization, there are two conflicting interests that exist which may hamper the achievement of goals in a way that may not favour the organization or its employees. These interests are; the interest of the organization in achieving its economic and social objectives on one side, and the interest of the employee in achieving its personal goal on the other side. Organizations oftentimes want their employees to perform at an increased level of effectiveness and efficiency by paying attention to stipulated details. Most at times, organizations accuse their employees of with- holding performances that will impact positively on overall organizational performance. It is important to state that; achieving an increased level of performance in all functional areas in an organization can be attained only when organizational employees are committed to the course of their organization. Abraham Maslow rightly states that one of the elements that may induce an employee into achieving an increased level of performance at a particular point in time is job security. The issue of job security has received increased attention, particularly due to concerns inherent in the rapidly changing organizational environment over the past few decades (Sverke, Hellgren, & Naswall, 2002). Job security is the feeling of having a proper job and the assurance of its continuance in future as well as the absence of threatening factors (Arabi, 2000). Commitment is a force that binds an individual to a course of action relevant to one or more organizational targets (Meyer & Herskovits, 2002). The advent of private universities at this time was seen by many as a welcome development, because of population explosion which has overwhelmed the existing public universities to adequately take care of the number of people seeking admission into these universities on yearly basis (Ogundele, 2004). According to Belfied and Lerin (2003), private universities are non-public or independent universities who do not receive governmental funding and are usually administered by denominational or secular boards; others are universities operated for profit.

Employees in Nigerian private Universities are often pressurized to deliver quality teaching and support services to their students, given the huge fee students pay as tuition. However, delivering such services require the acquisition of relevant skills that will ensure that the recipients of such services are adequately satisfied. In the event of realizing this objective, employees go as far as taking loans from whatever source they deem fit in order to take care of their training costs. Employees borrow these loans with the intention that their institution will adequately compensate them in commensurate with the acquired skills. However, these institutions in turn totally ignore these employees and nurse no intention of compensating them. When group of affected employees perceive that they do not usually get remunerated, they tend to withhold or commercialize valuable knowledge. The ugly situation which may bedevil these institutions is that their graduates having been deprived of valuable knowledge will also lack functional skill and as such are unemployable. The unemployable state of the product of private Universities causes parents and guardians to refrain or forebear their wards from attending such institutions.

In line with this background, the study is aimed at ascertain the degree of relationship that exists between remuneration and affective commitment of employee in Private Universities in Anambra State.

H_A: There is a significant relationship between remuneration and employee affective commitment in Private Universities in Anambra State.

Literature Review

Remuneration

Encouraging employees to work and be committed towards achieving organizational goals and objectives is one of the most significant challenges for any management team (Khalizani & Khalisanni, 2012). Individuals with higher level of commitment to the organization are more likely to put in efforts to add value to the organization. They would be more willing to contribute their ideas, cooperate with their superiors, follow instructions and directives from the management and engage themselves in activities that they perceive as beneficial to the organization as a whole (Chong, 2004). However, one of the basic conditions of employment is to satisfy and fulfil human needs at work with the provisions of monetary reward that is, wages and salaries which is pay and also include benefits (Omolayo & Owolabi, 2007). Basic salary is a fixed periodical payment for non-manual employees usually expressed in annual terms, paid per month with generally no additions for productivity (Onyancha, Muneme & Muturi, 2014). Wage refers to payment to manual workers, always calculated on hourly or piece rates. (Braton & Gold, 2003).

Bohan (2004) explains that traditional pay systems were based on the three factors: *(i) The job, (ii) maintaining the level of equality in standard pay among employees in the organization, and (iii) paying competitive salaries.* In the traditional pay systems, employees were not encouraged to acquire new skills and were not rewarded if they did. Increase of an employee's pay depended on change on the cost of living and employees regarded the increase in pay as entitlement without accounting for their own performance, or that of the organization. This meant on one hand that an employee's salary increase did not in any way change his or her attitude to work such that he or she could put more effort to influence the total output in order to cater for the increase, and on the other hand increase of pay boosted the worker's economic freedom while negating the need to increase the organization's volume of production. It also meant that a worker was likely to increase his skills of the job but the skills accumulated slowly and skills to be acquired were limited thereby leading to redundancy and monotony of work thus reducing an organization's volume of output. Swanepoel (2003) describes that employees were rewarded according to the position held without considering their performance. The increments in basic pay depended on internal and external assessment of jobs. Shields (2007) views basic pay as an important part of total pay that is fixed and mainly time-based, rather than performance-based. Basic pay is the largest fraction of the total pay for non-executive employees. Lynch (2000) agrees that basic salary or basic wage is the vital payment made by the employer to the employee for work done. Pay indicates the value that the employer puts on the work performed by its employees. Employees are paid depending on the skills and competencies that they possess, and not what the job is worth. It is employees who have market value, and not jobs (Shields, 2007). The emphasis on skills development is necessitated by rapid developments in technology and changing manufacturing methods that require flexibility (Stuart, 2011). According to Armstrong (2003), good practice requires employers to keep pace with inflation by rewarding employees with salaries that are market related to avoid strikes and poor performance by workers. According to Livingstone (2009), regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by labour unions who are concerned with the welfare of employees.

Affective commitment

Affective organizational commitment is conceptualized as "an individual's attitudes towards the organization, consisting of a strong belief in, and acceptance of, an organization's goals, willingness to exert considerable and a strong desire to maintain membership in the organization (Mowday, Porter & Steesr , 2002, cited in Eby,Freeman,Rush & Lance, 2005). Affective commitment refers to employees' emotional attachment to, identification with, and involvement in the organisation (Allen & Meyer 1990; Meyer & Allen 1991, 1997). Affective commitment refers to the degree to which a person identifies with, is involved in, and enjoys membership in an organization (McMahon, 2007). Organisational membership increases employees' self-esteem and status. The employee feels privileged to be associated with the organisation. Employees who have a strong affective commitment continue to do work with the organization because they want to do so. Employees derive satisfaction from their work and their colleagues, and their work environment is supportive of that satisfaction. Allen and Meyer (1991) suggest that this is the most important form of commitment as it has the most potential benefits for organisations. Employees who have high affective commitment are those who will go beyond the call of duty for the good of the organisation. In recent literature this form of commitment has also been referred to as ‘engagement’ and is the form of commitment that is most usually measured by organisations.

The antecedents of affective commitment comprise job characteristics such as task autonomy, task significance, task identity, skill variety and supervisory feedback, organisational dependability as well as perceived participatory management (Newstrom & Davies 2007; Salami 2008; Zangaro 2001).

Empirical Review

Khalizani and Khalisanni (2012) conducted a study in determining the nature of relationship between wages, benefits and employees’ commitment in Malaysia. The study adopted a descriptive survey design. In the survey, most of respondents were satisfied with the wages and benefits that given by the organization. They are satisfied because the wages and benefits that given by the organization are equivalent with their education level, employment grade and length of service. The study recommended that organizations should periodically increase employees’ pay and management also should take into consideration type of benefits that employees most preferred at current situation in order to retain employees and indirectly employees also will be more committed to the organization.

Onyancha, Munene and Muturi (2014) studied the effect of Remuneration on Employees Performance in the Ministry of Internal Security: A Case of Kisii County, Kenya. Information was gathered from primary data received by use of questionnaires having structured questions or statements distributed to a sample size of 107 respondents and secondary data received from the past annual records; Government publications involving the Ministry’s remuneration and performance; periodicals and websites of the Ministry. The data collected was analyzed by using Microsoft Excel Spreadsheet. Besides, the descriptive statistics such as frequency, percentage, and data were described using mean and standard deviation. The data collected was analyzed using the analysis of variance (ANOVA) and bar chart. The data was also analyzed using t-test which was implemented using statistical package of social sciences (SPSS). The study concluded that an effective remuneration, especially the compensation package will result in attracting, retaining and motivating the employees who understand the details of the organization. This allows the organization to compete at a much higher level than it currently does. The study recommended that Regular review of salary and other incentives should be carried out.

Popoola (2009) investigated the organizational commitment of record management personnel in Nigerian Private Universities. He found that there was a significant correlation between wages and organizational commitment. This implies that the higher wages of the employees, the more they exhibit high organizational commitment. Abel (2006) reiterated that good wages and attractive conditions of service might foster high organizational commitment in workers irrespective of the organization they work for.

Methodology

The researcher adopted a descriptive survey research design. The studied private Universities are Paul University, Tansian University, and Madonna University with a total population 1047. The sample size of the study is 289 which comprise both the teaching and non-teaching staff of the Universities. A five point Likert scale questionnaire was used to obtain information from the participants. The hypotheses earlier formulated for the study as enumerated in chapter one was tested using Pearson's Product Moment Correlation Coefficient with the aid of Statistical Package for Social Science (SPSS) Ver.2. The decision rule is thus; reject the null hypotheses if P-value is greater than 0.01 level of significance, otherwise accept the null hypotheses.

Analysis of Data

A total number of 289 copies of questionnaire were distributed and administered to participants, but only 252 copies were returned for analysis thereof.

Descriptive Statistics

Table 4.1.1 Descriptive Statistics on nature of relationship between Remuneration and Affective Commitment of Employee in Private Universities in Anambra State

Items	N	Mean	Std Deviation	Decision
REMUNERATION				
I get rewarded each time I acquire a new skill that will improve my work quality.	252	4.1111	1.24793	Agree
I receive salary upgrade every year to take care of my increased living cost.	252	4.1706	.91395	Agree
I take loans from financial houses to finance my training cost	252	4.2738	.97398	Agree
Grand Mean		4.1852		Agree
AFFECTIVE COMMITMENT				
I go extra mile to see that my institution gains greatly even if I don't get compensated	252	3.7659	1.28303	Agree
I enjoy being a member of this institution	252	3.9167	.78138	Agree
My institution greatly depends on me	252	3.4683	1.28234	Agree
Grand Mean		3.7170		Agree

The questionnaire items displayed in the table above shows the summation scale used in measuring the relationship between Remuneration and Affective Commitment. The questionnaire items that assumed the value of 3.0 and above were used in running the test of correlation. From the table above, all the items were used for the analysis.

Hypothesis Testing

H_o: There is no significant relationship between remuneration and employee affective commitment in Private Universities in Anambra State.

H_A: There is a significant relationship between remuneration and employee affective commitment in Private Universities in Anambra State.

Pearson Product Moment Correlation Coefficient was computed to ascertain the nature of relationship that exists between remuneration and affective commitment of employee in Private Universities in Anambra State.

Table 4.2.1.1: Correlation Table of Remuneration and Affective Commitment

		REMUNERATION	AFFECTIVE COMMITMENT
REMUNERATION	Pearson Correlation	1	.052**
	Sig. (2-tailed)		.008
	N	252	252
AFFECTIVE COMMITMENT	Pearson Correlation	.052**	1
	Sig. (2-tailed)	.008	
	N	252	252

**. Correlation is significant at the 0.01 level (2-tailed).
Source: SPSS ver. 22 Output

Result Summary

The table above shows the output result of correlation analysis between remuneration and employee affective commitment in Private Universities in Anambra State. The result revealed a significant positive relationship between the two variables with: $r = 0.052$, $n = 252$, and p-value ($0.008 < 0.01$). Therefore, the study accepts the alternate hypothesis that there is a significant positive relationship between remuneration and employee affective commitment in Private Universities in Anambra State.

Conclusions and Recommendation

The result of the analysis that emanated from this objective shows that remuneration positively affects employee affective commitment. This simply means that, in order to make employees become affectively committed to their institution (going extra miles for the institution even if they gain nothing, enjoying being a member of the institution, and being a reliable employee) institutions on its own part will ensure that employees get rewarded after acquiring new skills as well as receiving salary upgrade so as to take care of their living cost. It is recommended therefore, that the management of the studied Private Universities should clearly state whether employees will be rewarded handsomely or not if additional skill or degree is independently acquired. In so doing, these institutions will be exonerating themselves of any trouble or unrest that may arise.

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