European Journal of Business and Innovation Research
Vol.10, No.7, pp.,1-14, 2022
Print ISSN: 2053-4019(Print)
Online ISSN: 2053-4027(Online)

COMPENSATION MANAGEMENT AND EMPLOYEE COMMITMENT IN SELECTED BANKS IN LAGOS STATE

Odunayo, H. A. PhD
Lagos State University of Education, Oto-Ijanikin, Lagos, Nigeria

Citation: Odunayo, H. A (2022) Compensation Management and Employee Commitment in Selected Banks in Lagos State, *European Journal of Business and Innovation Research*, Vol.10, No.7, pp.,1-14

ABSTRACT: *In the global world of today, for any organization such as banks to have competitive edge amidst her competitors, there must be in place a formidable compensation strategy to retain, attract, and motivate people to join the organisation. The ability of bank managers to achieve the bank corporate objectives to a large extent depends on the effective implementation of compensational packages in order to retain and motivate employees within and beyond their expectation. This study is on compensation management and employee commitment in selected deposit money banks in Lagos State, Nigeria. The problem of this research is that many Nigerian banks has failed to ensure the commitment of staff because they do not manage compensations adequately and as at when due. The objective of this study is basically to determine the effect of compensation management on employee commitment in selected deposit money banks in Lagos State. The research adopted survey research design. The population of study was 1100 and a sample of 600 was derived using Taro Yamane 's formula and this constitutes employees of selected three banks in Lagos State. Regression analysis test statistic at P-value of 0.05 level of significance was used in testing the hypothesis. The findings show that compensation management positively influences employee's commitment in the selected deposit money banks in Lagos State. The study recommended that the management of selected deposit money banks should work on improving employees' salaries, commissions and other direct compensations*.

KEYWORDS: banks, compensation management, employee's commitment, human capital management, incentives

INTRODUCTION

The success of any organization depends on its ability to understand how human capital links to its performance and its wealth because the only vital value any enterprise has, is the experience, skills, innovativeness and insights of its people. It is possible as a manager to do things right-lay brilliant plans, draw clear organization charts, set up world class assembly lines and use sophisticated accounting controls, but still fail by wrongfully managing employees or human assets that are available in the organization. On the other hand, many managers have been successful even with inadequate plans, organizations, or control. Human capital management tend to affect the extent to which employees perform in the organization.

Human capital management factors which affect employee performance are working conditions, employer relationship, training and development opportunities, job security, and firm's overall policies and procedures for compensating employees as identified by (Nwamuo, 2019). Extrinsic compensations in terms of salary/ pay, incentives, bonuses, promotions, job security.Intrinsic compensations are intangible compensations or psychological compensations like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal.

Globally, about 75% of the employees preferred to keep their jobs compared to other factors in their preference list (Watson, 2010). This indicates that job security is as important as the employees' salary and healthcare (KPMG, 2010). Presently, the most important desire of every employee is to keep their jobs for as long as they wish. In this view, it implies that job security has become the most determinant and key element influencing an employee's decision on whether to join an organization or not (Watson, 2010). Therefore, the crucial challenge facing the organization is not just to employ and retain workers but to ensure that employees are assured of their jobs for as long as they wish.

In Africa, employee performance is seen as a critical factor in the success of African organizations. Dobre (2013) points out that the only way to improve the performance of employees in an organization is to motivate them. Uzona (2013) states that it has therefore been taken upon by African organizations to come up with ways of motivating employees if they are to get the best performance out of them and ultimately that of the organization as a whole. Kemoh (2016) opines that in Somalia, firms used non-monetary compensations like recognition, decision making roles, promotion, flexible working hours to motivate employees and employees on their own part use the value of money to function effectively in the organization. In the Nigerian environment, employee performance equally plays an important role in ensuring that organizations move forward although the level has not been as expected (Nwuke, Nwoye and Onoyima 2020). Salihu, Salihu, and Musa (2016) reports that employee performance in the Nigerian setting is a function of culture, incentive and well-planned organizational structure and processes. They further opine that effective employee performance is a function of a job satisfaction, effective employee relations and proper understanding between management and employees. Employee performance as a measure of the morale of employee, effective and efficient completion of mutually agreed tasks by the employee, as set out by the employer.

In an attempt to identify and retain competent and highly knowledgeable employees in today's dynamic business environments, organizations are required to consider a variety of appropriate means to reward the employees so as to get the desired results from them (Dunmade, Adeyemi, Kadiri, & Ajayi, 2020). This is due to the fact that the degree to which these workers are satisfied with their jobs and also their readiness to be loyal to the organization are functions of the compensation packages. Agbavwe (2020) indicated that the capability of a manager in any organizations to accomplish its objectives depends on the effective application of compensation packages so as to motivate the subordinates and employees beyond their anticipation. Thus, it has become important for organizations to effectively manage its employees so as to ensure progressiveness in the midst of fierce competition and in realizing the organizational goals (Saharuddin, Abdul, Baharuddin, & Budiandriani, 2020). Compensation management is, therefore, a major factor in attracting and retaining staff.

@ECRTD-UK: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development -UK

The Nigerian banking industry has for almost a decade now witnessed constant and persistent disengagements of staff, divestment of foreign subsidiaries, rationalization of branches due to flagrant loss making, persistent loss of income to divisions, directorates or even the bank at large, and several others are ominous signs connoting that the existence of banks in Nigeria is threatened (Agbavwe, 2020). It is observed that many banks are facing many challenges such as inability to provide satisfactory compensation packages to employees, due to the absence of a well formulated and integrated system of compensation policy geared towards the achievement of objectives of increasing performance, cost reduction, provide high quality service, achieve competitive share in the market and customer satisfaction (Agbavwe, 2020). To support this view, Onuorah, Okeke and Ikechukwu (2019) states that Nigerian banks has failed to ensure the commitment of workers because they do not manage compensations adequately and as at when due. Even when compensations are managed, they do not come in the right measure and manner. This therefore results in poor morale among employees and eventually they become less committed to the job at hand (Wali, Wright & Uduma, 2015). This becomes an issue that has to be tackled else workers remain less committed to their work.

Compensation management has been one of the major policies used in motivating employees in the private sector. Compensation is usually narrowed to cash and as a result, employers only have a tunneled vision when it comes to the issues of compensation for their employees. Other aspects of compensation which makes up the total compensation package for the employee are not given much attention in the literature. The study emanates from the need to effectively manage the employees both at the managerial cadre and the lower cadre of the management for an effective result through compensation management. Therefore, the problem the researcher intends to investigate is to understand how compensation management influence employee commitment. The specific objective of the study is to establish the extent to which compensation management affects employee commitment.

LITERATURE REVIEW

Concept of Compensation Management

Compensation is considered as firms' expenses and a tool to motivate employees (Patnaik & Padhi 2012). Gerhart, Minkoff and Olsen (1995) see employees' compensation as a key factor of the employment relationship, as it is vital for both employees and employers. Compensation decisions also have strong impacts on other issues of attracting and retaining employees in the labour market and their working commitment in a firm (Gerhart, Minkoff & Olsen1995). In an individual view, compensation is a source of sustenance and survival (Milkovich, 2011). In terms of employees' interests, compensation contributes a large share of their compensation and health security (Patnaik & Padhi 2012).

According to Belcher (1997), it is a double input-output exchange between a worker and the employer, i.e., the input of efforts and output of wages to workers are established. In the same vein, the input of wages and the output of productivity and services also occur on the employer's side. In this double input-output exchange process, the employer offers basic pay for the workers availability, qualifications, experience, skill and potential productivity. The employer also offers a benefit of various qualities to the workers based on their membership of the employer's organization. Not only that, performance incentives also offered in settlement for specific performances of different organizational members.

Objectives of a compensation system are to gain efficiency, compliance with laws and regulations, and fairness. The compensation system needs to be designed to help the company to control its labour cost and simultaneously to increase productivity to gain efficiency; while this design is required to be compliant with relevant laws domestically and internationally. More importantly, the compensation system must ensure its fairness by fair treatment to employees and its openness and understandability (Milkovich et al. 2011). According to Milkovich and Newman (2005, p. 10), 'fairness is a fundamental objective of pay systems' because the perceptions of employees about the fairness of compensation influence their attitudes and behaviours in the workplace. Adams (1965) emphasizes that perceptions of inequity in compensation cause negative emotions, which in turn demotivate employees, reducing their productivity. Thus, if this objective is not ensured, it might affect other objectives of compensation (Milkovich et al. 2011). In order to ensure fairness, compensation needs to be designed in relation to employee contribution and employees' needs; and its procedures used in the decision-making process are required to be fair (Folger & Greenberg 1985; Milkovich & Newman 2005). There are four common strategies to gain compensation fairness: internal alignment, external competitiveness, employee contributions, and management of the pay system (Milkovich et al. 2011).

Employee Commitment

Allen and Meyer propose that a difference be made between affective and continuance commitment (Saini, 2006), With affective commitment based on emotional attachment to the organization and continuance commitment denoting the perceived costs related with and involvement in the organization. Normative commitment, which is a third and distinguishable component of commitment, was later added by Meyer and Allen in 1990. Normative commitment is the perceived duty to remain with the organization (MeShane & Von Glinow, 2014). The components of commitment are characterized by mindset and develop in various ways. They have different effects on job behaviour. Kreitner and Kinicki (2010), use a three-component model in relation commitment. They distinguish organizational commitment in three dimensions, namely affective, continuance and normative commitments.

The first dimension of employee commitment is affective commitment which signifies the employee's emotional attachment to the organization. Avey, Reichard, Luthans and Mhatre (2011) defines affective commitment as the worker's emotional attachment to, identification with and involvement in the organization. Hitt, Miller, Colella and Triana (2017) state that affective commitment implies that an individual has a strong positive attitude towards the organization. Affective commitment is determined by the degree to which a person is psychologically attached to the organization in which they are employed, through feelings such as loyalty, affection, worth, belongingness and pleasure (Dixit & Bhati, 2012). Ghorpade, Lackritz and Moore (2012) state that the heart of affective commitment is an emotional attachment generated by the person's response to the organization that leads the individual to assume ownership, in a psychological sense of the organization and to put in extra effort and involvement to ensure its survival.

Theoretical Framework

This study is anchored on Equity theory. Equity is the art of one individual being fair and impartial in social interactions with another individual (Adams, 1965). It is an art because it requires an individual to have a skill. The skill resists the ease that comes with selfish interests in order to facilitate an effective relationship with another individual's goals in mind. Adams (1965), posits that Equity is achieved when the ratio of employee outcomes over inputs is equal to other employee outcomes over inputs

Adams Equity theory states that employees strive for equity between themselves and other workers. (Adams, 1965). Equity theory recognizes that individuals are concerned not only with the absolute number of rewards they receive for their efforts, but also with the relationship of this amount to what others receive. They make judgments as to the relationship between their inputs and outcomes and the inputs and outcomes of others. Based on one's inputs such as effort, experience, education and competence; one compares outcomes such as salary levels, raises, recognition and other factors. When people perceive an imbalance in their input-outcome ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness (Robbins, 1989). They theory assesses an individual's perceived fairness of an employment situation and find that there are perceived inequalities, he/she would change behavior and may go further to take action to seek a redress of the in balance. This redress may be in any of the four ways: increase outputs (by working hander, attend training courses, or go for further education), decrease inputs (by working less, refuse to take as much responsibility, or be so obliging to help others), and increase outcomes (aim for extrinsic benefits such as requesting for more pay, extra holidays etc) and quit (resign from the job, absenteeism). Equity theory has helped organization address the issue of injustice, partiality, and unfairness.

Criticisms have been directed toward both the assumptions and practical application of equity theory. Scholars have questioned the simplicity of the model, arguing that a number of demographic and psychological variables affect people's perceptions of fairness and interactions with others. It is also being argued that people might perceive equity/inequity not only in terms of the specific inputs and outcomes of a relationship, but also in terms of the overreacting system that determines those input and outputs. Thus, in a business setting, one might feel that his or her compensation is equitable to other employees, but one might view the entire compensation system as unfair (Carrell & Dittrich, 1978).

Empirical Review

Compensation and Employee Commitment

Dalvi and Ebrahimi (2013) show the effects of reward on the cooperation in sales and marketing department among 180 managers from Isfahan food industries in Iran. The results of their study showed that organizational rewards had a weak effect on employees' motivation in the sales and marketing department. They concluded that organizations should design their rewards systems based on an employee's expertise, efforts and performance in order to reduce conflicts in organizations. Additionally, they suggested that rewards systems should be designed according to the needs of employees. Rewards have attracted much attention in management research. For instance, Udo-Anyanwu and Amadi (2018) examined reward systems and job satisfaction of librarians in academic libraries in Imo State, Nigeria. It was carried out to determine the relationship between reward systems (extrinsic and intrinsic) and job satisfaction among library staff in tertiary institutions in Imo State There is a positive relationship between level of extrinsic reward and extent of job satisfaction among library staff and there is a significant relationship between intrinsic reward system and extent of job satisfaction among library staff.

Ahmed and Sadia (2017) explored the relationship between rewards system and employee performance of private banks in Pakistan. In addition, it also identifies the impact of rewards system on employee performance. The challenges for banking firms in current scenario are to retaining its employees. This study will help the bank managers to an implementation of rewards system. The result of this study reveals that there is the presence of a relationship between intrinsic and extrinsic rewards on employee performance and has a significant effect of intrinsic and extrinsic rewards difference on employee performance of the banking sector in Pakistan. In a related study, Omokorede, (2017) studied reward system and employee performance of selected manufacturing companies in Lagos State, Nigeria. The findings revealed that there was a significant positive relationship between sense of accomplishment and employee task performance. Recognition & appreciation has a significant positive effect on employee contextual performance. Salary & wages has no significant positive effect on employee's counterproductive behaviour. Fringe benefits have a significant positive effect on employee's adaptive performance. It was concluded that Combined Reward system variables had positive effect on employee performance.

Similarly, Ndung'u, and Kwasira (2016) determined the role played or ought to be played by various reward systems in enhancing the motivation of employees working with commercial banks in Kenya. The study particularly examined the role performance-based and social reward systems on employee motivation. The study established that there existed a positive and statistically significant relationship between performance-based reward system, career reward system and employee motivation. The following hypothesis is therefore expressed.

H_0: Compensation management has no significant effect on employee commitment of selected banks in Lagos State.

METHODOLOGY

Survey research design was employed in this study to investigate effect of compensation management on employee commitment. The target population of this study comprises of all employees of the three selected bank branches. The banks include United bank of Africa, First bank and Guarantee Trust Bank and they are domiciled in Lagos state. The populations are given as 800, 500 and 600 respectively giving a total of 1,100 (Human Resource Department). A sample of 600 employees was taken using Taro Yamane method of sample size determination. A structured questionnaire was used to gather information from respondents. The questionnaire was further divided into two sections. The first section captured the respondents'demographic information, while the second part focused on items related to compensation management and employees' job commitment. Likert rating scale of six points which range from strongly agreed (6 points) to strongly disagree (1) was constructed to enable the respondents give their opinions to items in the questionnaire. Cronbach's Alpha was used

Print ISSN: 2053-4019(Print)
Online ISSN: 2053-4027(Online)

to ascertain the reliability of the instrument which yielded coefficient alpha of 0.789 and 0.761, for compensation management and employees' job commitment respectively. This shows high internal consistency among all the items included in the scale since the Cronbach's Alpha values exceeded the expected 0.7 for the scale to be reliable (Pallant, 2007). The study used face and content validity for instrument validation using experts' opinions in the field of Human Resource Management. Their suggestions and corrections were integrated into the final draft of the instrument. Data collected were analyzed using descriptive statistics specifically mean and standard deviation. Bivariate linear regression analysis was used to analyze the hypothesis with the aid of Statistical Package for Social Sciences, version 26.0 for windows.

RESULTS AND DISCUSSION

Response Rate

The sample population consisted of middle and lower-level management cadre employees drawn from the United bank of Africa, First bank and Guarantee Trust Bank. A total of 600 copies of questionnaire were distributed to the target respondents. The overall response rate to the questionnaire was 91.7% (550 respondents). A total of 50 copies of questionnaire were discarded for lack of response and being improperly filled. This shows that a larger proportion of the respondents positively responded to the questionnaire, making it relevant for the study.

Descriptive Statistics of the Independent and Dependent Variables

The descriptive analysis of the respondents' opinions is done in this section first by dealing with each independent variable, followed by the dependent variable. Interpretation of results was done using descriptive statistics such as percentages, mean and standard deviation. The mean of the responses using a width of the class interval were interpreted as follows: 5.50-6.00 implied very high, 4.50-5.49 high, 3.50-4.49 implied moderately high, 2.50-3.49 implied moderately low, 1.50-2.49 implied low, and 0.50-1.49 implied very low. A grand standard deviation of more than one indicates that the responses are widely distributed or have no convergence and less than one indicates convergence in responses of respondents.

Table 4.1: Descriptive Statistics on Compensation Management

Items	Strongly Agree	Agree	Partially Agree	Partially Disagree	Disagree	Strongly Disagree	Missing	Mean	Standard Deviation
A Formal Policy On Compensation Exists	60.0 %	21.0 %	13.5 %	2.0%	1.5%	2.0 %	0.0 %	5.3	1.089
Salaries Are Comparable In The Banking Sector	34.5 %	38.5 %	17.5 %	4.0%	2.5%	2.0 %	1.0 %	4.89	1.212

Compensation Is Based On Competence And Ability	29.5 %	28.5 %	26.5 %	7.0%	4.5%	3.5 %	0.5 %	4.59	1.331
Compensation Is Based On Performance	32.0 %	25.5 %	21.0 %	11.0 %	8.5%	2.0 %	0.0 %	4.55	1.366
Higher Performance Is Rewarded Through Profit Sharing	23.5 %	27.0 %	21.5 %	11.5 %	13.0 %	3.5 %	0.0 %	4.26	1.45
Average								**4.72**	**1.290**

Source: Researchers' Findings (2022)

Table 4.1 reveals the descriptive analysis on Compensation Management. To address this variable, five items were used to get the opinions of the respondents. The table shows that 60.0% of the respondents strongly agreed that a formal policy on compensation exists in their bank, 21.0% agreed with the statement while 13.5% partially agree, 2.0% partially disagreed, 1.5% disagreed and 2.0% of the respondents strongly disagreed. On average, the respondents agreed that a formal policy on compensation exists in their bank with a mean of 5.30 and standard deviation of 1.089. Results also indicated that 34.5% of respondents strongly agreed that salaries are comparable in the banking sector, 38.5% of the respondents agreed, 17.5% partially agreed, 4.0% partially disagreed, 2.5% disagreed, 2.0% strongly disagreed and 1.0% of the responses were missing. On average, the respondents agreed that salaries are comparable in the banking sector with a mean of 4.89 and standard deviation of 1.212. Interpreting further, 29.5% of the respondents strongly agreed that compensation is based on competence and ability, 28.5% agreed, 26.5% partially agreed, about 7.0% of the respondent partially disagreed, 4.5% disagreed, 3.5% of the respondents strongly disagreed and 0.5% of the responses were missing. On average, the respondents agreed that compensation is based on competence and ability with a mean of 4.59 and standard deviation of 1.331.

The study further revealed that, 32.0% of the respondents strongly agreed that compensation is based on performance, 25.5% of the respondents agreed, 21.0% partially agreed, 11.0% partially disagreed, 8.5% disagreed and 2.0% of the respondents strongly disagreed. On average, the respondents agreed that compensation is based on performance with a mean of 4.55 and standard deviation of 1.366**.**

In conclusion, 23.5% of the respondents strongly agreed that higher performance is rewarded through profit sharing, 27.0% of the respondents agreed to the statement, 21.5% of the respondents partially agreed, about 11.5% partially disagreed, 13.0% disagreed and 3.5% of the respondents strongly disagreed. On average, the respondents partially agreed that higher performance is rewarded through profit sharing with a mean of 4.26 and standard deviation of 1.45. The grand mean of 4.72 shows that majority of the respondents agreed that compensation management impacts employee performance of selected banks in Lagos State, Nigeria while the standard deviation of 1.290 shows the extent of dispersion around the mean implying moderate variations in the responses.

Table 4.2: Descriptive Statistics on Employee Commitment

Items	**Strongly Agree**	**Agree**	**Partially Agree**	**Partially Disagree**	**Disagree**	**Strongly Disagree**	**Missing**	**Mean**	**Standard Deviation**
Willing To Build A Career With This Bank	45.5%	24.5%	21.5%	7.0%	1.5%	0.0%	0.0%	5.05	1.043
I Have A Strong Sense Of Belonging Here	22.5%	37.0%	26.5%	10.5%	3.0%	0.5%	0.0%	4.64	1.066
Even If I Want To, It Will Be Hard To Leave My Job	19.5%	29.5%	32.0%	12.5%	3.5%	2.5%	0.5%	4.4	1.223
There Are Few Options To Consider In Leaving This Bank	19.0%	32.0%	27.0%	11.0%	6.5%	3.5%	1.0%	4.32	1.355
Due To What The Bank Has Done For Me, It Will Not Be Right To Leave Now	23.5%	27.0%	18.0%	15.5%	11.5%	3.5%	1.0%	4.21	1.506
Average								**4.52**	**1.239**

Source: Researchers' Findings 2022

Table 4.2 reveals the descriptive analysis of respondents' opinion on Employee Commitment and its items. The table shows that 45.5% of the respondents strongly agreed that they are willing to build a career with their bank, 24.5% agreed, 21.5% partially agreed, 7.0% partially disagreed and 1.5% of the respondents disagreed. On average, the respondents agreed that they are willing to build a career with their bank with a mean of 5.05 and standard deviation of 1.043. Results further indicated that 22.5% of respondents strongly agreed that they have a strong sense of belonging in their bank, 37.0% of the respondents agreed, 26.5% partially agreed, 10.5% of the respondents partially disagreed, 3.0% disagreed and 0.5% of the responses were missing. On average, the respondents agreed that they have a strong sense of belonging

Vol.10, No.7, pp.,1-14, 2022

Print ISSN: 2053-4019(Print)

Online ISSN: 2053-4027(Online)

in their bank with a mean of 4.64 and standard deviation of 1.066. In response to the statement saying even if they want to, it will be hard to leave their job, 19.5% of the respondents strongly agreed, 29.5% agreed, 32.0% partially agreed, about 12.5% of the respondent partially disagreed, 3.5% disagreed, 2.5% of the respondents strongly disagreed and 0.5% of the responses were missing. On average, the respondents partially agreed that it will be hard to leave their job even if they want to with a mean of 4.40 and standard deviation of 1.223.

With regards to the respondents affirming that there are few options to consider in leaving their bank, 19.0% of respondents strongly agreed, 32.70 of the respondents agreed, 27.0% partially agreed, 11.0% partially disagreed, 6.5% disagreed, 3.5% of the respondents strongly disagreed and 1.0% of the responses were missing. On average, the respondents partially agreed that there are a few options to consider in leaving their bank with a mean of 4.32 and standard deviation of 1.355.

In conclusion, 23.5% strongly agreed that it will not be right to leave now due to what the bank has done for them, 27.0% of the respondents agreed, 18.0% of the respondents partially agreed, 15.5% of the respondent partially disagreed, 11.5% disagreed, 3.5% of the respondents strongly disagreed and 1.0% of the responses were missing. On average, the respondents agreed that their brand is consistent with a mean of 4.21 and standard deviation of 1.506. The grand mean of 4.52 shows that majority of the respondents agreed that human capital management has a considerable effect on employee commitment of selected banks in Lagos State, Nigeria while the standard deviation of 1.239 shows the extent of dispersion around the mean.

Relating Table 4.1 to Table 4.2, findings showed that there is a similar pattern of responses by the respondent. Thus, it can be concluded that the compensation management is likely to affect operational sustainability of selected deposit money banks in Nigeria.

Hypothesis Testing

H_0: Compensation management has no significant effect on employee commitment of selected banks in Lagos State.

Table 4.3: Summary of regression of the effect of compensation management on employee commitment of selected banks in Lagos State

Variables	*B*	*T*	*Sig*	*R*	R^2	Std. Error of the Estimate
Constant	10.194	7.433	.000	.548[a]	.300	2.509
Compensation Management	.527	9.219	.000			
a. Dependent Variable: Employee Commitment			F (1, 548) = 84.995, p = .000			

Source: Researchers' Findings 2022

The result on Table 4.3 above revealed that, compensation management significantly affects employee commitment of selected banks in Lagos State with a coefficient and probability value of β = 0.527, and p < 0.05 respectively. This indicated that, an increase in compensation management will enhance employee commitment. The correlation coefficient (R) value of 0.548 (54.8%) posits a significant and moderate relationship between employee commitment and compensation management up to 0.548. The coefficients of determination (R^2) of 0.300

indicated that, about 30% of variation in employee commitment of selected banks is attributable to compensation management and the remaining 70% is due to other factors not captured in the model. This is good enough in determining the goodness of fit for the model. The regression model proved to be very useful for making predictions since the value of R^2 is close to 1. The coefficient value indicated that, employee commitment would increase by 0.527 when there is a unit increase in compensation management, while other variables remain constant. Therefore, compensation management positively and significantly influence on employee' commitment among the employees of selected banks. Table 4.3 revealed that the calculated P-value is 0.000 (positive) and is less than the tabulated P-value of 0.05 at 95% level of confidence. The F-statistics of F-stat = 84.995, $p < 0.05$ revealed that, the variable specified fit the model well and it is suitable for policy making. Based on these results, the null hypothesis (H_0) which states that Compensation management has no significant effect on employee commitment of selected banks in Lagos State was rejected. This finding concurs with the Koitalek (2016) which established that the compensation policies have significant and positively impact on employees' commitment in the Kenyan's Teacher Service. The finding of this study is also in agreement with Warsame (2018) which found that there is a direct relationship between the employee performance and compensation and employee incentives. The findings also agree with the empirical research done by Mamdani and Minhaj (2016) who found that motivational incentives had impact on employee commitment.

CONCLUSIONS AND RECOMMENDATION

On the basis of the findings highlighted above, the following conclusions were made. Use of employee compensation in the deposit money banks as a motivational and employee retention strategy has a direct effect on employee commitment. However, the some banks did not seem to have put proper structures to address employee compensation. This could have negative consequences for the banks when trying to retain its employees since employee compensation directly affects both affective, normative and continuance commitment. Although finding indicates a moderate relationship between compensations and commitment, it still has a significant impact on the commitment of employees. The monetary value of the compensation is less important, but the way in which organizations determine pay is clearly a concern to employees in large organizations. Employees constantly review if their salary is still competitive. Informing employees on the process of determining pay levels could change this perception. The study recommends that the management of selected deposit money banks should work on improving employees' salaries, commissions and other direct compensations. The management of selected deposit money banks may also encourage employees with awards and gifts in order for them to happy and put all best efforts in the organization objectives and goals.

REFERENCES

Adams, J. S. (1965). Inequity in social exchange. *Advances in experimental social psychology, 2,* 267-299.

Agbavwe, O. E. (2020). Compensation management and employee performance in selected banks in Delta State. International Journal of Management and Entrepreneurship, 2(1), 67-76.

Ahmed, I Sadia S. (2017). The effects of rewards on employee's performance in banks: A study of three districts (Lodhran, Vehari, Khanewal) Commercial Banks in Pakistan. *International Review of Management and Business Research,* 6(1),1-10.

Armstrong, M. (2007). *Employee reward management and practice*. London: Philadelphia: Kogan Page.

Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance. *Human resource development quarterly*, *22*(2), 127-152.

Belcher, D. W. (1997). *Compensation Management*. Engle Cliffs. Prentice Hall.

Carrell, M. R., & Dittrich, J. E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. *Academy of management review*, *3*(2), 202-210.

Dalvi, M., & Ebrahimi, H. (2013). Investigating the effects of reward on the cooperation in the sale and Marketing Department from Managers' Perspective (Isfahan Food Industries Case Study). *International Journal of Academic Research in Business and Social Sciences*, *3*(1), 144-153.

Dixit, V., Bhati, M., (2012). A study about employee commitment and its impact on sustained productivity in Indian auto-component industry. *European Journal of Business and Social Sciences*, *1*(6), 34 – 51.

Dobre, O. I. (2013). Employee motivation and organizational performance. *Review of Applied Socio-Economic Research,* 5(1), 53.

Folger, R., & Greenberg, J. (1985). Procedural justice: An interpretive analysis of personnel systems. *Research in Personnel and Human Resources Management,* 3(1), 141-183.

Gerhart, B. A., Minkoff, H. B., & Olsen, R. N. (1995). *Employee compensation: Theory, practice, and evidence.* CAHRS Working Paper Series95- 04.

Ghorpade, J., Lackritz, J. R., & Moore, R. (2012). Affective commitment to congregations. *Pastoral Psychology*, *61*(3), 285-298.

Heneman R.L., Ledford, Jr. G.E. and Gresham, M.T. (2000). The changing nature of work and its effects on compensation design and delivery. In R.L. Rynes & B. Gerhart (Eds.), *Compensation in organization. San Francisco*: CA: Jossey-Bass Publication.

Hitt, M. A., Miller, C. C., Colella, A., & Triana, M. (2017). *Organizational behavior*. John Wiley & Sons.

Ivancevich J.M. (2004). *Human resource management.* New York: McGraw-Hill/Irwin.

Jonathan, L. (2016). Employee compensation strategies and benefits. (http://smallbusiness.chron.com/) Assessed on 8/13/2022.

Kemoh, L.M. (2016). *The Impact of Motivation on Employees Performance in An Organization: A Case of Unicef Somalia Support Centre, Nairobi. A research project from the United States International university. Africa, 1-53.*

Khan, N., Waqas, H., & Muneer, R. (2017). Impact of rewards (Intrinsic and extrinsic) on employee performance: with special reference to courier companies of city Faisalabad, Pakistan. *International journal of management excellence*, *8*(2), 937-945.

Kiprawi, W.S., Arabi, A.B., Ismawi, N. &, Dio, C.D. (2020). Relationship between organizational commitment and job performance among the employees at Telekom Malaysia. *Berhad Miri, 1*, 11-18.

Koitalek, J. N. (2016). Influence of compensation policy on employee commitment at teachers' service commission in Kenya. A research project submitted to the School of Business, University of Nairobi, Kenya for the award of Degree of Masters in Business Administration.

Kreitner, R., & Kinicki, A. (2010). *Organizational behavior* (9th ed.). New York, NY: McGraw- Hill.

Lee-Kelley, L., Blackman, D. A., & Hurst, J. P. (2009). An exploration of the relationship between learning organisations and the retention of knowledge workers. *The Learning Organization, 14*(3), 204-221.

Martin, C. (2003). Explaining labour turnover; empirical evidence from UK establishments. *Labour*, 3(17), 391-412.

McShane, S. L., & Von Glinow, M. A. (2014). *Organizational behavior* (2nd ed.). New York, NY: McGraw-Hill.

Meghani, K., Karri, H.K. & Mishra, B.M. (2015), A Comparative study on financial performance of public sector banks in India: An Analysis on Camel Model. *Arabian Journal of Business and Management Review (OMAN Chapter), 4*(8), 18-34.

Mello, LA. (2007). *Strategic Human Resource Management*. (2nd Ed.). India: Cengage South-Western.

Milkovich, G. T., Newman, Jerry M. & Gerhart, B. (2011). *Compensation* (10th ed.). McGraw-Hill, New York.

Milkovich, G. T., & Newman, J. M. (2005). *Compensation* (8th ed.). McGraw-Hill, New York.

Mugizi, W., Bakkabulindi, F.E.K. & Bisaso, R. (2015). Framework for the study of employee commitment. *Makerere Journal of Higher Education, 7*(2), 15-47.

Ndung'u, A.W. & Kwasira, J. (2016). Role of reward systems in enhancing employee motivation in commercial Banks in Nakuru Town, Kenya. *International Journal of Economics, Commerce and Management United Kingdom.* 4 (1),797-820.

Nwamuo, I.C. (2019). Effect of reward on organizational performance in Nigeria breweries company south-east, Nigeria. *International Journal of Innovative Social Sciences & Humanities Research 7*(4),71-81.

Nwuke, O., Nwoye, C. & Onoyima, N. (2020), "Family businesses, succession and survival strategies", Adeola, O. (Ed.) *Indigenous African Enterprise* (*Advanced Series in Management, Vol. 26*), Emerald Publishing Limited, Bingley, 59-71.

Ogunnaike, O.O., Oyewunmi, A.E. & Famuwagun, O.E. 2016. Empirical appraisal of compensation and organizational commitment in education management. *Mediterranean Journal of Social Sciences*, 7(3), 296.

Omokorede, A. O. (2017). *Reward system and employee performance of selected manufacturing companies n Lagos State, Nigeria.* A *Dissertation* in the Department of Business Administration and Marketing School of Management Sciences for the award of the degree of master of Business Administration Babcock.

Onuorah, A. N., Okeke, M. N., & Ikechukwu, I. A. (2019). Compensation management and employee performance in Nigeria. *International Journal of Academic Research in Business and Social Sciences*, *9*(2), 384–398.

Patnaik, D. B., & Padhi, P. C. (2012). Compensation management: a theoretical preview. *Trans Asian Journal of Marketing & Management Research*, 1-10.

Robbin, G. (1998). Impact of motivation on employees performance. *MMT Publication limited Journal*, *4*(2), 22-31.

Saithu, A. J., Salihu, M. B. R., & Musa, I. U. (2016). Impact of organizational culture on employee performance in Nigeria. *International Journal a/Novel Research in Marketing Management and Economics,* 3(3), 48-65.

Saini, D. (2006). *Book Review: Human Resource Management: Rhetorics and Realities*, Anniversary Edition, by Karen Legge, (Palgrave Macmillan, New York, 2005). Asia-Pacific Business Management. 1. 108-110.

Sokefun, A. 0. (2011). Customer service and its effect on the banking business in Nigeria. *Jorind*, 9(2), 1-20.

Uche, I. I., George, O., & Abiola, W. (2017). Counterproductive work behaviors: a socio-demographic characteristic-based study among employees in the Nigerian maritime sector. *Acta Universitatis Sapientiae, Economics and Business, 5*(1), 117-138.

Udo-Anyanwu, A. J. & Amadi, C. C. (2018). Reward systems and job satisfaction of librarians in academic libraries in Imo State, Nigeria. *Journal of Applied Information Science and Technology*, *11*(2) 149.

Uzona, U. R. (2013). Impact of motivation on employees performance: A key study of credit West Bank Cyprus. *Academy of Management Journal*, 15,2-29.

Watson, T. (2010). Malaysians value job security and stability.
http://www.towerswatson.com/press/1 585

Wali, A., Wright, L. & Uduma, I. (2015). Customer relationship management for brand commitment and brand loyalty. *British Journal of Marketing Studies, 3,* 45-58.

Warsame, H. K. (2018). Effect of compensation management practices on employee performance in Wajir County, Kenya. A research project submitted to the KCA University, Kenya for the award of Degree of Masters in Business Administration.

Widagdo, A., Widodo, D. S., & Satnosir, P. S. (2Q18). Effect of compensation and motivation to employee performance through commitment. *Scholars Journal of Economics, Business, and Management, 7*.