

## MINIMUM WAGE INCREMENT A NECESSITY: THE ROLE OF WAGES AND WORK-STRESS ON EMPLOYEE'S JOB SATISFACTION AMONG CIVIL SERVANTS IN SOUTH WESTERN NIGERIA

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**ABSTRACT:** *Over the year, there is an increasing vehement vociferation on the increment of minimum wage among Civil Servants in South West Nigeria. As a result of this uprising, the purpose of this study was to investigate the role of wages and work stress and employee's job satisfaction among South Western Nigerians Civil Servants in the South West region of Nigeria. Survey research design was adopted for the study using cluster sampling technique, 212 (96 females, 116 males) with mean age of 41.82 and SD of 9.57 Civil Servants from three South Western State in Nigeria was considered for the study. The research instruments were Minnesota Satisfaction Questionnaire (MSQ) and National Institute of Occupational Safety (NIOS). Three hypotheses were formulated and tested with Pearson Product Moment Correlation and Multiple regression analysis. The result revealed that wages  $r(210) = .49, P < .01$  had significant positive relationship with job satisfaction. Work stress  $r(210) = -.82, P < .01$  had significant negative relationship with job satisfaction. Finally, the result of multiple regression indicated that  $R = .83, R^2 = .68, f(2,209) = 144.26, P < .01$  exerted a significant interaction influence on job satisfaction. It is therefore recommended that government should be orientated on how the increment in minimum wage and reduction in job stress can help foster employee's job satisfaction which will in turn boost employee's productivity.*

**KEY WORDS:** Job Satisfaction, Minimum Wage, Motivation, Productivity and Work Stress

### BACKGROUND INFORMATION

In the south-western region of Nigeria and even in Nigeria as a whole, the languid attitudes of workers/civil servants with respect to their work coupled with their indulgence in all other work inappropriate behaviors has been a bone of contention for a quite a long time. However, the reason for these behaviors might not be far-fetched. Muguongo, mugana, and muriithi, (2015) found that whenever most workers displays work inappropriate behaviors like absenteeism, lateness etc., it is mostly associated with job dissatisfaction which is related to specific outcomes such as wages/salary, promotion, job stress, work environment and so on. The assertion of muguongo et.al (2015) is most likely applicable to the situation of Nigeria since the minimum wage of #18,000 (52 dollars) can no longer meet the needs of most civil servants and even some south-western states like Ogun, Osun, Ekiti and Ondo cannot meet the federal government standard of #18,000

(\$52) minimum wage. Also the ever rising demand for the payment of peculiar allowance, cost of living and the problem of over time allowance and salary consolidations has an issue of concern.

The present economic recession in the country has worsened the conditions of most civil servant in the south-west region of Nigeria because the prices of most essential and non-essential goods have doubled compare to recent past. This has also led to the increment in cost of living while the salary of workers has been held constant. Invariably, coping with day to day expenses has been very difficult for most civil servants, causing a “hangover” effect on their job called job stress.

The fact is, no matter how valuable all other factors of production maybe, without manpower or labour as a means of production they are rendered useless. As a result of this employee’s well-being in terms of job satisfaction should be a central point of concern for the government and all employers. Sarwar and abugre, (2015) explained that low income is one of the major causes of job stress. Also job satisfaction reduces as job stress increases. In the same vein when workers are experiencing job dissatisfaction, they either quit if they have other means of survival or stay and render themselves as liability to the organization when they have no other means of employment (Michelle, 2001).

For the purpose of this study, job satisfaction which is defined as the attitude and the feelings people have about their work (Armstrong, 2006) is mostly influenced by different variables like wages, allowances, promotion, job stress etc. (Michelle, 2001).

Wages is referred to as all kinds of monetary rewards workers receive yearly, monthly, weekly, daily or hourly. It includes all but not limited to allowance, insurance, overtime pay, salary, wages and so on.

Work stress is defined as the harmful physical and emotional responses that occur when the requirements of the jobs do not match the capabilities, resources or needs of the workers.

### **Statement of Problem**

In the south-western Nigeria and Nigeria as a whole, the price of all commodities is increasing at a geometric progression while wages/salaries is moving at an arithmetic progression. As a result of this, most workers have shown high rate of emotional dissatisfaction. This emotional discrepancy grows and accumulates overtime, causing civil servants in the south-western region of Nigeria to gamble as they render their services to the organizations (Mugungo et al 2015).

In fact, wages does not only affect job satisfaction, Danish, Shahed, Adram & Ameer (2015) reported that job stress is highly associated with job satisfaction but if workers receive reasonable wages then it can overcome the effect of stress. In the light of all these, the questions begging for answers are

\* Would a variation in workers' wages affect their level of job satisfaction?

\* Is there a link between salary and job stress.

\* would the variation in the level of job stress affect job satisfaction.

### **Purpose of the Study**

Since there is scarcity in literature with regards to minimum wage increment and how wages and job stress can play a role in the level of job satisfaction experience by civil servants in the south western region of Nigeria. Thus the purpose of this study is to.

1. Examine the relationship between wages, job stress and job satisfaction
2. Examine the predictor effect of wages and jobs stress on job satisfaction among civil servants in the south-west region of Nigeria.
3. Examine the predictor effect of wages on job stress

### **Relevance of the Study**

Man power has been proven to be most effective factor of production amidst other factors of production. In Nigeria civil servants (man power) are not been properly cared for. This fact is so glaring since the federal government has set #18,000(\$52) as minimum wage, which is so small compared to the present day economy. Thus, this study seeks to:

1. Draw the attention of the federal government, state government and employers to the importance of employee's job satisfaction.
2. Intimate the government at all tiers and the employers on how salary and allowances deprivations affect civil servants working conditions in the south-western region of Nigeria.
3. Stimulate the government to act positively to the issue of minimum wage increment in Nigeria.
4. Be relevant to ever growing body of research on the role of wages and work stress on employee's job satisfaction.

## **REVIEW OF RELATED THEORY AND EMPIRICAL EVIDENCES**

### **Equity Theory (John Stacey Adams)**

The theory opines that when people feel fairly or advantageously treated, they are more likely to be motivated. When they feel unfairly treated, they are highly prone to feelings of dissatisfactions

or disaffections and demotivation. The way that people measure this sense of fairness is at the heart of equity theory.

Adams (1963) asserted that employee's seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and the outcomes of others. The belief is that people value fair treatment which causes them to be motivated to keep the fairness maintained within the relationship of their co-workers and the organization.

According to Adams, anger is induced by underpayment inequity while guilt is induced with overpayment equity (Spector 2008). In any position, an employee wants to feel that their contribution and their work performance are being rewarded with their pay. If an employee is feeling hostile towards the organization and perhaps their co-workers. This may result in employee not performing well at work anymore.

Minimum wage is the lowest remuneration that employers can legally pay their workers. Equivalently, it is the price floor below which workers may not sell their labour. (black & john,2008). A study by OECD statistics on hourly wages in selected developed countries in 2013 reported that Australia recorded the highest minimum wage of (15.61 dollars) and the lowest Mexico (0.62 dollars).

Results from country reports on human right practices for 2015 in list of minimum wages by country reported that Nigeria's minimum wage of #18,000 naira per month (\$115) was only second to South Africa (\$155) before the period of Nigeria devaluation. A period that see #18,000 drop to (\$52). Some empirical studies have attempted to ascertain the benefits of minimum wage beyond employment effects. In the analysis of census data, Joseph and Robert found no statistically significant evidence that minimum wage increases helped reduce financial, housing, health or food insecurity.

Study conducted by Muhammad, Muhammad, Muhammad and Malik, (2011); a study of job stress and job satisfaction among university faculty in Lahore Pakistan showed proper facilities in the organization, salary, bonus, shares etc. has positive impact on the level of job satisfaction. Likewise, Muguongo, Muguna, Muriithi (2015) effect of compensation on job satisfaction among secondary school teachers in maara-sub-country of tharaka nithi county, Kenya indicates that poor compensation is the major cause of teacher's job dissatisfaction. It was deduced that teacher's basic salary affect their job satisfaction to a moderate extent. Also the disparities in teacher's salary due to different educational level also cause those who cannot fit into the scheme to feel dissatisfied with their job. The study further concludes that insurance level also affect job satisfaction.

A study conducted by Danish, Shahed, Aslam, Ali and Ameer (2015).found that the lower the job stress the higher the job satisfaction. Also result further indicates that pay has greater influence on job satisfaction as compare to job stress. Thus, if worker gets handsome income or pay then it can

overcome the effect of stress. Simply put, job satisfaction is dependent on the pay and job stress. Also financial rewards (salary) significantly affect job satisfaction just as reported by rehman, 2010. He reported that if employees are not given salary on time, they would be highly dissatisfied with their job and may start thinking of leaving the profession. The results of this study is consistent with the result of Saqibusman, Tahir-akbar, and Ramzan, (2015) that job satisfaction was significantly related with extrinsic rewards.

Ahsan, Abdullah, Fie and Alam, (2009) in Danish et al (2015) found that satisfaction level of employee's is associated with job stress. If employees are satisfied with management workload, allocation of duties and their way of performance appraisal, then job stress level of employee's is minimal in that organization. Also human resource management (2012), 60% of employee's indicates that compensation was very important to their overall job satisfaction. In the same trend, Boze and Guaghan, (2011) opined that the perception of being paid what one is worth predict job satisfaction. Also research has shown that compensations and job satisfaction are positively associated with each other Souza (2000) observes that compensation is a predictor of job satisfaction in that employee who are paid high show greater job satisfaction.

Some studies have tried to determine the link between stress and job satisfaction. Job stress and job satisfaction has been the major focus in human resource management (Muhammed, Sastain, sarma and Zubir 2011).

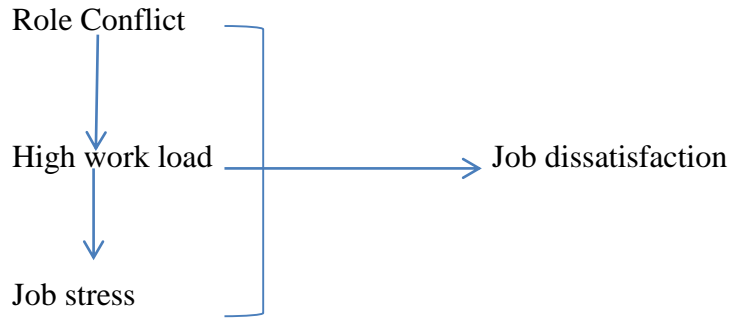
The fact is job stress itself is affected by different number of stressors which include.

**Role Conflict:** The report of Yong, Syed, Zani and Nilufar, 2009, shows that role conflict as an aspect of job stress has a significantly negative relationship with job satisfaction. In the same trend, Laura, Carmel, Colin and Chris found that work-load and professional uncertainty affects employee job satisfaction negatively. Likewise, role conflict which is generally defined as the simultaneous occurrence of two or more set of pressure, such that compliance with one would make compliance with the other more difficult. (House & Rizzo, 1972; Pandey and Kumar, 1997) is a stressor that affects job satisfaction (Caplan and Jone 1975). A study among professional accountants revealed that role conflict was associated with low job satisfaction and high propensity to leave the job (Steven, Hang-Yue and Anita, 2010).

Job stress is due to organizational aspect, long working hours, lack of organizational support and organizational change (Davey et.al, 2001), lack of support from supervisors and colleagues and conflict with demands and pressure (Leka et.al, 2004). Also, a study of naval personnel of Malaysia examined the relationship between stress and job satisfaction revealed that occupational stress was negatively associated with eight job satisfaction.

In general, job stress has been viewed as a predecessor of job satisfaction, and the constructs have been treated as related yet distinct (Striton, Belchi Ochi, Robie, Perez and Smith, 2002). According

to Stamps and Predmonte, 1986, job satisfaction has been found significantly negatively related with job satisfaction. Lack of job satisfaction can be a source of stress, while high satisfaction could lighten the effects of stress. In other words,



Author's view

## METHODS

**Research Design:** The research design employed in this study was the survey research design. The independent variables were wages and job stress, while the dependent variable was job satisfaction.

**Participant/Population:** Using cluster sampling technique, the respondents consist of 212 (96 female, 116 male) with mean age 41.82 and SD of 9.51 from three South Western States in Nigeria, namely Lagos, Ogun and Oyo.

**Instrument:** For the purpose of this study, 20 items Minnesota satisfaction questionnaire (MSQ) was used to measure job satisfaction, which has reliability of 0.87. Job stress on the other hand was measured using National Institute of Occupational Safety (NIOS). It consist of three sections to measure three facets of stress.

**Results:** The study present the analysis of the research data and test of formulated hypothesis. Pearson correlation was used to test the relationship among the study variables, which also shows the extent and direction of the relationship among the variables. The formulated hypothesis were tested using (PPMC) and multiple regression analysis.

**Table 1 : Mean, SD and Correlation of Study Variable**

S/N	Variable	Mean	SD	1	2	3	4	5
1.	Job Satisfaction	54.62	13.88	-	-.823**	.496**	.455**	-.225**
2.	Job Stress	24.20	4.62			-.540**	-.512**	-.326**
3.	Wage	3.75	1.77				.942**	.411**
4.	Level	7.00	2.80					.395**
5.	Age	41.82	9.57					-
6.	Gender	-	-					

\*\*Correlation is sig at 0.01 level (2 – tailed)

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Results from the table above established that job stress has a significant negative relationship with job satisfaction  $r(210) = -.823, P < .01$ . This implies that job satisfaction decreases as wages  $r(210) = .496, P < .01$  and level  $r(210) = .455, P < .01$  had a significant positive relationship with job satisfaction. This implies that the higher the wage and job level the higher the job satisfaction.

**Table 2: Summary of Multiple Regressions on Job Satisfaction**

S/N	Variables	$\beta$	T	P	R	$R^2$	F	P
1.	Job Stress	-.784	-16.6	< .05				
2.	Wages	.137	1.15	< .05	.83	.68	144.26 (df = 3,208)	< .01
3.	Level	.202	1.67	< .05				

Results in table 2 reveals that wages ( $\beta = .137, P < .05$ ) and job level ( $\beta = .202, P < .05$ ) significantly predict job satisfaction. This means job satisfaction increase with a corresponding increase in wages and level. Thus hypothesis 2 was confirmed and accepted. The table also reveals that job stress ( $\beta = -.784, P < .05$ ) significantly predict job satisfaction such that the lower the stress, the higher the job satisfaction. Finally, the table reveals that job stress, wages and level exerted significant interaction influence on job satisfaction among South Western Civil Servants.  $R = .83, R^2 = .68, f(3,208) = 144.26, P < .01$ . This result confirmed hypothesis 3.

## DISCUSSION

This study investigated the role of wages and work stress on employee's job satisfaction among South Western Nigeria Civil Servants. Results indicated that wages had significant positive relationship with job satisfaction. The result support the work of Muhammad et.al, (2011) which



reported that salaries, bonus shares etc has positive impact on the level of job satisfaction. In the same trend, the result of this study is coherent with the study of Muguongo et.al (2015) that poor compensation is the major cause of teaches job satisfaction to moderate extent. Also, this study did not support the findings of Joseph et.al that reported that there is no statistical significant evidence that minimum wages increase help finance, housing, health or food insecurity.

The result indicated that job stress shows a significant negative relationship with job satisfaction. Result from this study support the work of Danish et.al (2015) that the lower the job stress the higher the job satisfaction. Also, the result affirm the result of Stanton et.al (2002), that, there exist an inverse relationship between job stress and job satisfaction. More so, the study affirms the report of Muhammad et.al (2011) that stress is negatively related to employee's job satisfaction.

The result from this study also reported that job level has a significant positive relationship with job satisfaction. Results from the study further indicated that level, job stress and wages jointly predict job satisfaction. This result in line with the equity theory of John Stacey Adams the posited that when people are fairly or advantageously treated, they are more likely to be motivated. Being fairly or advantageously treated come from duly paid wages or wages that commensurate with work done, conducive working environment, promotion as at when due without unnecessary delay.

## **CONCLUSION**

This study has attempted to look at the relationship wages and job stress, level and job satisfaction. Beyond this, it is the goal of this study to identify how minimum wage that does not commensurate work done will affect job satisfaction which later result to low productivity. Most literatures reviewed showed that each of these variables have an influence on job satisfaction. The study however, confirmed that job stress have a negative relationship with job satisfaction. These findings are very consistent with other findings that job stress brings about dissatisfaction and an increase in workers' wages and level bring a corresponding increase in their level of job satisfaction.

## **RECOMMENDATION**

Emperical evidences from this study have shown that wages correlated positively with job satisfaction while there exist a negative relationship between job stress and job satisfaction. Even job level also correlate negatively with job satisfaction.

In relation to this result, it is therefore recommended that government should improve minimum wages and workers condition of service so as to foster the job satisfaction of workers.



Also, it is recommended that a better working environment, clarification of workers job and reduction in work load should be the apex point of concern for governmental and non-governmental organizations so as to boost level of employee's productivity.

Lastly, workers' promotion should be done as at when due as it is observed that the higher the status the higher the job satisfaction.

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