

COMPENSATION AND ORGANIZATIONAL SURVIVAL OF SELECTED PUBLIC AGENCIES IN RIVERS STATE

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ABSTRACT

The study focused on compensation and organizational survival of selected Public agencies in Rivers State. The main objective of the study was to determine the major factors contributing to the inability of the public agencies in Rivers State to meet the challenges of the market competitiveness in the economy, given the measures of human resource management as considered independent variable, which consists of compensation, development, and performance appraisal. While dependent variables are; Innovativeness, Adaptability and Resilience. The study adopted qualitative and quantitative approach and used both primary and secondary data. The primary data were collected from management, Senior Managers and Middle managers of the state agencies. Four research questions, and ten hypotheses guided the study. The population of the study was 9 agencies and the sample size of 108 respondents was used for the study. The Instrument used for data collection was a structured questionnaire titled; "Human Resource Management and Organizational Survival Questionnaire" (HRMOSQ). The reliability of the research instrument was obtained using Cronbach alpha at a 0.70 threshold. The instrument was validated by supervisor. The data retrieved was analyzed using frequencies and mean distributions at the demographic and univariate level, Spearman's rank order correlation coefficient for the test of bivariate hypotheses, and the partial correlation for the multivariate level. Findings revealed that there are constraints to effective compensation of Public Agencies in Rivers State.

Keywords: Compensation, Organisational Survival, Innovation

INTRODUCTION

Organizational survival has to do with the ability of organization to remain operational in business in the face of challenges. Organizational survival is fundamental in this era of business turbulence. It is not ensuring a stable and enviable position in business at this competitive period neither does it depends on the business activities of the managers been carried out in the public agencies but the entire workforce. Staffs are the organization's tools which has been found to appreciate with time by skill acquired, knowledge, abilities and experience. Olughor and Oke (2014) asserted that the survival of any organization lies on team work of the workforce and its management interests shared, both must works for the actualization of the organizational goals and objectives, less the organizational activities will fails and new team work will be formed. Given it fit, getting an employee involves in decision making in the organization is taking advantage of their insight and experience for increasing advantage and acquiring a held workforce. Organizational Survival globally has to do with battling to take care of the demand on firms in the business environment and numerous philosophers have resorted to focus on the workers in the company. Reason is that, development in the goods produce and it services rendered are achieved by their employees. Shaker and Yahya (2011) opined that the survival of a company lies largely on the support of the employees in the organization. Also, Abdulkadir, Isiaka and Adedoyin (2012) maintained that, for an organization to survive and sustains in its position lies on the employees commitment. Thus, the need for effective Human Resource Management that will help streamline the activities of employees geared towards achieving the organizational goals.

Human resource is the brainbox of any organization to achieve its goals and objectives. It is an essential tool of an organization for strategic survival (Ulrich, 2011). Human Resource Management is the capacity within a company that concentrated on recruitment, board the employees, and giving

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guidance for the way they should work in the organization. It is likewise key and far reaching approach of overseeing staffs, making sure that the employees abide by the working condition and the work place culture (Randall and Susan, 2012). Human Resource Management empowers staffs to contribute viably and profitability to the general organization heading and the achievement of the organization's goals and objectives. Human resource management is regulatory exercises related with Human resources planning, enrolment, selection, induction, training, evaluation, and inspiration. Furthermore Human resource management is a capacities inside a company that looked on the staffs. Huds, (2010 as cited in Uchechukwu & Uche, 2015:126), stated that an efficient human resources management involve in sustaining and developing all staffs of a company to be useful from the day of his recruitment till retirement; it involves recruiting, firing, review, welfare and legal aspects. Kind of businesses of an organizations are carried and determined its staffs including resources, and the duty of management, Uchechukwu and Uche (2015), opined that human resource is an essential tool that create an impact for the survival of an organization. Thus, for the survival of any organization, available human resources should be effectively managed.

Research Hypotheses

The following null hypotheses were tested and as follows:

- HO₁: Compensation has no significant relationship with innovativeness of public agencies in Rivers State.
- HO₂: Compensation has no significant relationship with adaptability of public agencies in Rivers State.
- HO₃: Compensation has no significant relationship with resilience of public agencies in Rivers State.

COMPENSATION AND ORGANIZATIONAL SURVIVAL

While running through the literature, one can immediately identify the comparatively less attention received in one of the key aspects of human resource management employee compensation arrangement and its role in organization survival. The structure of compensation is ultimately more important than its level, because it gets to the heart of how employees behave and create value for organization (Edmans, 2012). Compensation is considered an important aspect of strategic human resource management. While there is a long history of studying the effects of compensation design on productivity, profitability, and employee behavior (Kruse and Blasi, 1997; Sesil et al, 2002), there are few research on their impact on organizational survival (Kruse, 2002). While it sounds intuitive to assume that better productivity or profitability improves the surviving chance, such an intuition is in fact not clear since the surviving chance of old organizations may not entirely depend on its productivity. An organization's employees provide an important basis for a sustainable competitive advantage and people-based resources or human capital. Such a capital is considered more durable and less susceptible to limitation than other types of assets and hence, contribute to an organization's likelihood of surviving.

We believe that this key aspect of human resource management is linked to organizational survival and most essentially, there are crucial underlying mechanisms that worth understanding. In what follows, our primary interest is on the specific component, compensation and the mechanisms relating it to organizational survival. Using data on all U.S. public companies as of 1988, Park, Kruse, and Sesil (2004) show that organizations with employee ownership stakes of 5% or more were only 76% as likely as organizations without employee ownership to disappear. The estimation results in Blair et al. (2000) also suggest a higher survival rate in public organizations with substantial compensation. Yes, with regard to the reasons of non-surviving, their sample suggests only one organization with substantial employee ownership stakes disappeared due to reasons such as bankruptcy, liquidation, or private buyouts while other non-surviving corporations exit because of mergers or acquisitions.

Hence, although those organizations nominally disappeared, they were not non-surviving. Instead they were merged or acquired by other organizations. This implies that the disappearing organizations may in fact have some valuable assets (intangible, we believe) that attracts the

interests from other organizations (Jovanovic and Braguinsky, 2004) which results in the mergers or acquisitions. Therefore, the association between survival and compensation suggested by Park et al. and Blair et al. may be greatly under-estimated. We speculate that employee ownership closely relates to the valuable assets, which, in turn, improves an organization’s likelihood of surviving. On the other hand, while incomplete information holds, incentive contracts are developed in an attempt to align the interests of shareholders and employees. In turn, compensation is largely viewed as an incentive plan. However, due to the line of sight issue and the potential free rider problem, the granting of compensation to non-management employees is predicted to have an unclear incentive effect (Oyer and Schaefer, 2005). The combination of the two boundaries suggests, therefore, that compensation may be used to encourage and safeguard investments in organizational specific human capital (Lin, 2013).

Methodology

Research Design

The study adopted survey design

Population of study

This study was concerned with the relationship between the variables as they apply to the 9 listed public agencies in Rivers State.

S/N	Public Agencies	Population
1	Rivers State Bureau on Public Procurement	12
2	Road Maintenance and Rehabilitation Agency	12
3	Road Traffic Management Authority	12
4	Rivers State Sustainable Development Agency	12
5	Greater Port Harcourt City Development Authority	12
6	Housing and Property Development Authority	12
7	Rivers State Waste Management Authority	12
8	Rivers State Tourism Development Agency	12
9	Rivers State Internal Revenue Service	12
Total		108

Source: Researcher’s Survey Activities, 2019

Sample Size/sampling technique

The census technique was adopted in this study given the size of the population and the technique (purposive) of selection. This is as the 12 participants are purposively selected from all 9 agencies giving a total of 108. All 108 identified members are to be involved and admitted as part of the study; hence the study covers its entire population in its investigation (Kothari, 2004)

Data Analysis Techniques

Primary stage of analysis: The primary stage involves the assessment of distributions for the responses and the overall assessment of levels of manifestations of the variables within the contexts specified in the study; hence measures of central tendencies (e.g. mean) as well as dispersion (e.g. standard deviation) was utilized to assess average responses and experiences of the variables as evident within the specified contexts.

Secondary stage of analysis: The secondary stage of analysis was the test for the hypotheses of the study. Tests was carried out using the Spearman’s rank order correlation coefficient at a 0.05 level of significance based on the adoption of a 95% confidence interval.

Results

The first set of hypothetical statements assessed the effect of compensation on organizational survival. This relates to the impact of compensation on the measures of organizational survival and its result provides answers to Research questions 1, 2, and 3 and also facilitates the attainment of objectives 1, 2, and 3. The hypotheses are stated as follows:

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- HO₁: Compensation has no significant effect on innovativeness of public agencies in Rivers State.
 HO₂: Compensation has no significant effect on adaptability of public agencies in Rivers State
 HO₃: Compensation has no significant effect on resilience of public agencies in Rivers State

Table 4.13: compensation and measures of organizational survival

		Compensation	Innovativeness	Adaptability	Resilience	
		n	s	y		
Spearman's rho	Compensation	Correlation Coefficient	1.000	.742**	.824**	.758**
		Sig. (2-tailed)	.	.000	.000	.000
		N	97	97	97	97
	Innovativeness	Correlation Coefficient	.742**	1.000	.806**	.875**
		Sig. (2-tailed)	.000	.	.000	.000
		N	97	97	97	97
	Adaptability	Correlation Coefficient	.824**	.806**	1.000	.733**
		Sig. (2-tailed)	.000	.000	.	.000
		N	97	97	97	97
	Resilience	Correlation Coefficient	.758**	.875**	.733**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	97	97	97	97

** . Correlation is significant at the 0.01 level (2-tailed).

The result for the hypotheses on the effect of compensation on the measures of innovativeness is shown in table above. The result shows that compensation has a significant relationship with innovativeness ($\rho = 0.742$), and adaptability ($\rho = 0.824$), as well as resilience ($\rho = 0.758$). The result indicates that compensation does significantly impact on all three measures of organizational survival (where $P > 0.05$ for all instances). The result from the analysis shows that the effect of compensation on the measures of organizational survival is also high where adopted significance is 0.05 and where significance is at 0.01. The strength of the relationship and direction of the effect between the variables indicates that increase practices of compensation would significantly influence the innovativeness, adaptability and resilience of the firms. Based on this result, all null hypotheses are rejected.

The second set of hypothetical statements assessed the effect of development on the measures of organizational survival. This relates to the impact of development on the measures of organizational survival and its result provides answers to Research questions 4, 5 and 6, and also facilitates the attainment of objectives 4, 5 and 6. The hypotheses are stated as follows:

Discussion of Findings

Compensation has a significant and positive effect on organizational survival of public agencies in Rivers State

The findings reveal that compensation is imperative in organizational survival. Compensation combines with effort, ability and with external circumstances to determine actual performance. Looking at it from the other way around, one could infer that managing a compensation system effectively has the potential to motivate employees to improve their effort and ability to perform desirably. How motivated and employee is to perform can be measured by the amount of effort the employee demonstrates in the performance of their job.

To motivate behaviour, the organization needs to provide an effective reward system. A reward strategy is a declaration of intent that defines what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of the stakeholders (Armstrong, 2006).

An effective reward system has four elements: rewards need to satisfy the basic needs of all employees; rewards need to be included in the system and be comparable to ones offered by a competitive organization in the same area; rewards need to be available to people in the same positions and be distributed fairly and equitably (Goel, 2008). Managers often use rewards to reinforce employee behaviour that they want to continue.

According to Perce and Robinson (2007) reward power is available when the manager confers rewards in return for desired actions and outcomes. A reward is a work outcome of positive value to the individual (Armstrong, 2006). According to Barney and Hesterly (2008), an organizations employee compensation policy and practice is important in implementing a strategy. A company that adopts a compensation policy that is consistent and reinforces its strategies is more likely to implement those strategies than a firm that adopts compensation policies that are inconsistent with its strategies (Armstrong, 2006). A reward strategy should enhance commitment and engagement and provide more opportunities for the contributions of people to be valued and recognized.

According to Rudman (2003) paying for performance is a big issue in contemporary human resources management; organizations have long believed that productivity improve when pay is linked to performance and payment by results systems and incentives are developed to support this belief. Studies have found a positive relationship between performance related pay and performance (Huselid, 1995; Dotty, 1996; Goel (2008). People receive extrinsic or intrinsic rewards (Armstrong, 2008, Dessler, 2006, Goel 2008). Extrinsic rewards e.g. pay bonuses, promotions, time off, special assignments, office fixtures, awards and verbal praise are externally administered (Dessler, 2006; Armstrong, 2008). Intrinsic rewards are self-administered (Dessler, 2006)

CONCLUSIONS

This research has provided an overview and a discussion of human resource management (HRM) practices of public agencies in Rivers State. It focused primarily on perception of directors and supervisors on HRM practices, policies and programmes and the impact of such HRM practices on organisational survival. The purpose was to critically evaluate the extent to which established HRM practices impact on the survival of public agencies in Rivers State.

RECOMMENDATIONS

The following recommendations are premised on the conclusions of the study, and as such are structured to address the adoption of human resource management practices best suited for addressing the organizational survival goals of the organization.

- i. Compensation and reward systems in today's changing labour market requires that public agencies to look at the key drivers that are important to it and its employees. Its compensation systems should therefore identify with both internal employee contributions and external indexes.
- ii. Employee development should be seen not only as the thread that ties together all human resource practices, but also as the instrument for establishing and signalling when and how work practices should change. In other words, employees of public agencies in Rivers State should take on the role of organizational change agents.
- iii. Some key examples of how departments can plan and check for the future training and development needs of the employees must be outlined in a document and should be used to help mitigate any negative impacts as a result of demographics, priorities and competency requirements. As such clear and transparent performance appraisals can also help ensure that employees in public agencies have what they need to get the job done, and that there is efficient matching of skills and competencies to departmental tasks, requirements and outcomes.

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