

**EMPLOYEE COMPENSATION AND JOB SATISFACTION IN OIL AND GAS
MULTINATIONAL COMPANIES IN NIGERIA****Dr George Ordua and Dr I. G. Nwabali****Department of Office and Information Management****Faculty Of Business Studies, Ignatius Ajuru University of Education, Port Harcourt,
Rivers State, Nigeria**Email: ordua.george@yahoo.com**ABSTRACT**

This work examined the relationship between pay scheme and work attitude in oil and gas multinational companies in Nigeria. A survey of literatures and qualitative content analysis was done and the result of the analysis indicates that there was strong correlation between the pay scheme and work attitude. The study adopted a cross sectional survey design. The population of the study was 11,132 permanent staff on companies' register and it used questionnaire to collect data from the 375 employees drawn as sample size using the Krejcie and Morgan sample size determination table of 1970. The Spearman's Rank Order and the partial correlation coefficient at a 0.05 level of significance was used as the benchmark for assessing the relationships between the variables. Pay scheme was found to be pertinent and imperative to work attitude outcomes such as job satisfaction, job commitment and job involvement. This work recommend that oil and gas multinational companies should pay attention to the implementation of pay scheme to attract the needed workforce that will give the desired best behaviour for organizational effectiveness and productivity. Consequently, upon these findings, the study recommend that pay scheme programs be firmly supported to be consistent, transparent, fair and equitable to match industry index and viability to extract the desired employees' best behaviour for effective performance and organizational productivity.

Keywords: Pay Scheme, Work Attitude, Job Satisfaction, Job Commitment, Job Involvement.

INTRODUCTION

Employer's attitude is considered critical to the workers disposition towards work and overall performance; the lack of it has affected many organization's mission and goals attainment including the oil and gas multinational companies in Nigeria. Falaja (2009).

In time past, working and looking forward to retirement gratuities, pension pay and other benefits were the prime motivations for employees' satisfaction, commitment (attachment) and involvement to the various organizations; especially within the public workforce and by extension, the Nigeria oil and gas sector. All these expectations have been elusive. Most oil and gas multinational companies thereafter took advantage of the ugly development, not only to profiteer but also to enslave the workers in the saturated Nigeria labour market situation. This brought about several exploitative work arrangements such as contract staffing, casualization or outsourcing characterized by a loose or non-committal employer obligation to employees and staff of organizations.

This precarious situation have contributed to the increasing rate of conflict, union activities, agitations, loss of industrial peace and harmony and consequently malicious damages which have marred the operations and performance of most oil and gas multinational companies, especially within Rivers, Delta, Bayelsa states and the Niger Delta regions in general.

These identified problem has generally affected worker's motivation and resulted in loss of satisfaction, commitment and involvement in organization. It is the opinion of the researcher that

employee compensation programs is the sure way to bring back employees' satisfaction, commitment and involvement to work in organization. Kuria (2012) supported that employee welfare programs help significantly in enhancing the self-confidence and intellectual capacity of employees to improve motivation making the employee to be challenged to take on more challenging tasks and responsibilities.

Munyoki (2010) also posited that welfare programs are essential to all employees. Job satisfaction is the reflection of a good treatment considered as an indicator of emotional well-being or psychological health (Spector, 2011). The dimensions of employee compensation are therefore imperatives for job satisfaction, work commitment and job involvement in organization. This study therefore investigates the correlation of employee compensation and work attitude in oil and gas multinational companies in Nigeria and to proffer recommendations and suggest solutions.

Research Hypotheses

Based on the research questions the following null hypotheses were put forward:

HO₁: There is no significant relationship between pay scheme and job satisfaction in oil and gas multinational companies in Nigeria.

HO₂: There is no significant relationship between pay scheme and job commitment in oil and gas multinational companies in Nigeria.

HO₃: There is no significant relationship between pay scheme and job involvement in oil and gas multinational companies in Nigeria.

Concept of Employee Compensation

The term compensation suggests the reason why we work. The compensation we receive from our work brings meaning to our lives and give us opportunity to interact with interesting people and create friendship. Compensation can influence employees in different ways, and in turn, influence organization success. Pay scheme, benefit scheme and welfare scheme are part of employee compensation. Compensation is one of the most powerful tools organizations have to influence their employees. If compensation is managed well, it can play a major role in organizations successfully executing their strategies through their employees. Compensation may be viewed by different people from their different perspectives, for instance, society, stockholder, manager and employees but for the purpose and convenience of this study, compensation will be viewed and refer to as a form of financial reward, tangible services and benefits employees receive as part of employment relationship.

The state of wellbeing implies wholesomeness of the human being. It is a desirable state of existence involving the mental, physical, moral and emotional factor of the human person. Adequate levels of earnings, safe and humane conditions of work and access to some minimum take home pay, medical, healthcare, safety and security benefits are the major qualitative dimensions of employment which enhance quality of life of workers and elicit their performance and productivity (Manju and Mishra, 2007).

Institutional mechanisms exist for ensuring that these are provided for workers in the organized sectors of the economy. These are being strengthened or expanded to the extent possible. However, workers within today's dispensation are to be studied periodically, whether they are satisfied with the compensation provided by their organization, as compensation are directly dependent on the economy in which the organization exist. Steps are therefore required to be taken on a larger scale more regularly than before to improve the quality of work life of the workers, including women employees (Mishra *et al*, 2007).

Welfare generally means the effort to make life worth living for workmen. Mwiti (2007) describes it as anything done for the comfort, improvement, intellectual or social wellbeing, of the employees over and above salaries and wages paid which is not a necessity of the industry. Hence, employee welfare include anything that is done for the comfort and improvement of employees which is provided over and above salaries and wages. Employee compensation helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration.

Employee compensation packages measures needs which may not be in monetary terms only but in any kind or forms ranging from both monetary to non-monetary. Employee compensation program also include monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against diseases, accident and unemployment for the workers and their families. Employee compensation programs entails all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to salaries and wages. It implies the setting up of minimum desirable standards and the provision of facilities like medicals, healthcare, food, clothing, housing, financial assistance, recreations, education, consumer cooperative stores, travel facility, etc.

Mwiti (2007) points out that naturally, welfare services may not directly relate to an employee's job role but the presence or absence of the services is noticeable through employee performance, work attitude, high or low morale and labour turnover. Workers are usually and constantly in check and transferring their services to organizations with better compensation programs and working conditions. It is argued that, employee compensation or services can be used to secure the labour force by providing proper human conditions of work and living standard through minimizing the hazardous effect on the life of the workers and their family members (Manzini and Gwandure, 2011).

Concept of Job Satisfaction

Job satisfaction is defined as the extent to which people like (that is are contented) or dislike (dissatisfaction) with their jobs (Spector, 1997). This definition suggests that job satisfaction is a general or global affective reaction that individuals hold about their job. While researchers most often measure global job satisfaction, there is also interest in measuring different "facets" or "dimensions" of satisfaction. Examination of these facets conditions is often useful for more careful factors. Traditional job satisfaction facets include: co-workers, pay, job conditions, supervision, nature of the work and benefits. Job satisfaction describes how contented an individual feels with his or her job. The happier people are within their job, the more satisfied they are said to be.

Job satisfaction can be defined as a psychological state of how an individual feels towards his work, in other words, it is people's feelings and attitude about a variety of intrinsic and extrinsic elements about their jobs and the organizations where they perform their jobs. The elements of job satisfaction are related to pay, promotion, benefits, nature of the job, supervision, and relationship with colleagues Stephen, Timothy and Neharika (2019). Employees' job satisfaction is considered as all-around modules of an organization's human resource strategies. If job satisfaction is absent in an employee, it is believed that it will create disgruntled employees who definitely will be unable to perform at the best of their capabilities (Muhammad et al, 2009) in Hee, Ong, Ping, Kowang, and Fei, 2019). Simatwa (2011), postulated that job satisfaction means a function which is positively related to the degree to which one's personal needs are fulfilled in the job situation.

Kuria (2011) assert that satisfied employees are the most effective and highly productive when their job offers them security from economic strains, recognition of their effort, clean policy for grievance, opportunity to contribute ideas and suggestions, participation in decision making and managing of affairs that concern them, clean definitions of duties, responsibilities and opportunities

for promotion, fringe benefits, sound payment structure, incentive plans and profit sharing activities, health and safety measures, social security, compensation, communication, communication systems and finally, atmosphere of mutual trust and respect. Job satisfaction means pleasurable and emotional state of feeling that results from performance of work (Simatwa, 2011).

A number of researchers are of the opinion that job satisfaction is strongly related to opportunities for promotion (Pergamit and Veum, 1999; Peterson *et al*, 2003). This view is supported in a study conducted by Ellickson and Logsdon (2002), with the municipal government workers where satisfaction with promotional opportunities was found to be positively and significantly related to job satisfaction. Kreitner and Kinicki (2001), however, state that the positive relationship between promotion and job satisfaction is dependent on perceived equity by employees. A note of caution is necessary here as top achievers promoted too quickly can result in dissatisfaction amongst loyal, intelligent but less creative senior workers. The human resources department, at most times, is constantly asked the question "does the job position entails opportunity for advancement (promotion).

Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; the methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work position. Job satisfaction has been defined as a pleasurable and emotional state resulting from self-appraisal of one's job; an affective reaction to one's job; and an attitude towards one's job. Saari and Judge. (2004). Weiss (2002) has argued that job satisfaction is an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are affective (emotional), belief and intentional behaviours. This definition suggests that individuals form attitude towards their jobs by taking into account their feelings, their beliefs, and their intentional behaviours. Job satisfaction can also be seen within the broader context of a range of issues which affect an individual's experience at work, or their quality of work life.

Concept of Social Exchange Theory

Social exchange process begins when an organizational actor or perpetrator, usually a supervisor, manager or co-worker, treat a target individual in a positive or negative fashion (Eisenberger, Lynch and Aselage, 2005; Rusbult, Farrell, Rogers, and Mainous, 1988; McLean Parks, 1997).

For clarity, in this study perspectives, actions on the part of the organization are referred to as initiating actions. Positive initiating actions may include activities such as providing employee compensation or organizational support (Riggle, Edmondson and Hansen, 2009; Cropanzano and Rupp, 2008). Negative initiating actions might involve abusive supervision (Tepper, Carr, Breaux, Geider, Hu, and Hua, 2009); incivility (Anderson and Pearson, 1999; Pearson, Anderson, and Porath, 2005), or bullying (Lewis, 1999 and 2014; Ryaner and Keashly, 2005). In response to the initiating action, the target, often an employee; a subordinate or co-worker, may then choose to reciprocate to his treatment with good or bad attitude of his or her own (Eisenberger, Cotterell and Marvel, 1987; Gergen, 1969; Gouldner, 1960). Collectively, these behaviours can be referred to as reciprocating responses. Social exchange theory predicts that, in reaction to positive initiating actions, targets will tend to reply in kind by engaging in more positive reciprocating responses or fewer negative reciprocating responses.

Speaking loosely, these responses can be broadly organized into two types – relational responses and behavioural responses. Notably, one type often causes the other. Speaking very generally, a series of successful reciprocal exchanges may transform an economic exchange relationship into a high-quality social exchange relationship. In this way, people may become affectively committed

to the organization (Meyer, Stanley, Herscovitch and Topolnytsky, 2002), more trusting (Konovsky and Pugh, 1994). Presumably, a negative social exchange relationship would be less likely to develop, e.g., low commitment (Schyns and Schilling, 2013). It is also possible that the resulting exchange could be economic, as individuals are less apt to find close and open-ended associations with those who hurt them. In either case, the quality of the relationship would be low, as mutually beneficial interchanges are less likely to be engendered when people are transacting in harm.

Exchange theorists have shown that individuals invest in relationships and expect to receive gains in return (Chadwich-Jones, 1976). Rather than merely investing monetary currency, however, investments may include time, energy, love, face-work, and countless other life currencies. Theorists who take this perspectives tend to assume that individuals are motivated by a desire to improve their own situations while also minimizing the amount of effort to do so (Dunbar, 2015). In comparing relationships to an exchange, scholars have hoped to understand what factors influence and why a relationship begins, how long it will last, and when it will end (Rusbult, Martz, and Agnew, 1998).

Research Design

This study adopted the cross-sectional survey design. As a cross-sectional survey data that is suited for it was collected through questionnaire, time-specific using an administrative contacts in all the selected companies.

Population

The population for this study was five (5) major oil and gas multinational companies in Nigeria. Questionnaire were sent to 375 employees of these companies for completion. Of the 375 questionnaire sent out, 316 were returned through the administrative contacts

Population of Major Oil and Gas Multinational Companies for the Study

COMPANY NAMES	POPULATION
Chevron	3,100
Mobil	1,900
NAOC	1,164
Shell Petroleum	4,500
Total E & P	468
TOTAL	11,132

Source: Company record and Official Company Register

Population and sample distribution

OIL COMPANIES	POPULATION SIZE	SAMPLE SIZE
CHEVRON	3,100	104
MOBILE	1,900	64
NAOC	1,164	39
SHELL	4,500	152
TOTAL	468	16

Total	11,132	375
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Source: Research data 2019

Method of Data Analysis

The analysis of the data generated for this study utilized both descriptive statistics and inferential statistical techniques. These techniques are applied as follows:

Descriptive statistical data analysis technique: The descriptive statistical tools for this study comprise of the simple statistical tools such as the frequency distribution for assessing the demographic characteristics of the study, as well as the mean and standard deviation for assessing the distribution for the univariate analysis on the variables. This is based on the scaling formats for the variables at this level as descriptive statistical analysis is aimed at simply describing the features and evidence of the variables.

Inferential data analysis: The inferential tools for this study comprise of the Spearman's rank order correlation and the partial correlation coefficient. The Spearman is used in testing the bivariate hypothetical statements of the study, the partial correlation is used to determine the extent to which the organizational factors; organizational size and organizational technology significantly moderate the relationship between employee compensation and work attitude. The aim of the inferential analysis is to ascertain the nature of correlation between the variables, as well as the significance of the indirect relationship between the variables. Tests for hypotheses was carried out at a 95% confidence interval, indicating a 0.05 level of significance as the benchmark for assessing the significance of relationships between the variables.

The choice of the Spearman and partial correlation are based on the extent to which both tools are considered as adaptive and applicable on both linear and monotonic types of relationships between the variables. Furthermore, both tools are often preferred due to their non-parametric attributes and non-assumptions about the distribution of the data in terms of skewness, kurtosis and homogeneity of variance or normality.

Results

Pay Scheme and work attitude

The results of the tests for correlation between the variables; pay scheme and job satisfaction ($\rho = 0.504$ and $P = 0.000$); pay scheme and job commitment ($\rho = 0.559$) and $P = 0.000$) and pay scheme and job involvement ($\rho = 0.494$) and $P = 0.000$). The results indicate that pay scheme has a strong influence on work attitude and significantly enhances its measures. On this note, all previous hypothetical statements are rejected as the result indicate as follows:

- (i) There is a significant relationship between pay scheme and job satisfaction in oil and gas multinational companies in Nigeria.
- (ii) There is a significant relationship between pay scheme and job commitment in oil and gas multinational companies in Nigeria.
- (iii) There is a significant relationship between pay scheme and job involvement in oil and gas multinational companies in Nigeria.

Table 4.6: Tests for Hypotheses (HO₁ – HO₃)

		Pay	Satis	Commit	Involve	
Spearman's rho	Pay	Correlation Coefficient	1.000	.504	.559**	.494**
		Sig. (2-tailed)	.	.000	.000	.000
		N	316	316	316	316
	Satis	Correlation Coefficient	.494**	.390	4.15	1.000
		Sig. (2-tailed)	.000	.000	.000	.000
		N	316	316	316	316

Commit	Correlation Coefficient	.504**	1.000	.801	.390**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	316	316	316	316
Involve	Correlation Coefficient	.559**	.801	1.000	.415**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	316	316	316	316

Source: SPSS result, 2019

This section is concerned with analysis of data using bivariate methods aimed at determining correlations or significant associations using the relevant and appropriate statistical tools. Data analysis in this section; using the Spearman rank order correlation coefficient; tests for the significance associations between all previously stated null hypothetical assumptions in hypotheses; $H_{O1} - H_{O9}$. Analysis is conducted at a 95% confidence interval with a 0.05 level of significance as criterion for the significance of probability values (P). The study adopts the probability ($P < 0.05$) co-efficient as the rejection criterion for the null hypotheses and the ($P > 0.05$) co-efficient for the acceptance of the null hypotheses.

CONCLUSIONS

The results from the analysis of the study reveals that pay scheme is significantly correlated with work attitude and as such impacts on its measures such as job satisfaction, job commitment and job involvement. This assertion is based on the empirical evidence obtained from the analysis of the data generated for the study and the supporting theoretical contents, literatures, publications and other relevant materials, hence this study concludes as follows:

Pay scheme is a significant predictor of work attitude within the context of oil and gas multinational companies in Nigeria. As such, organizational practices that reflect and/or emphasize on employee compensation, further contributes towards enhancing the tendency for employees to be more satisfied, committed and involved in their jobs and role expectations in the identified oil and gas multinational companies in Nigeria.

RECOMMENDATIONS

The following recommendations are aimed at enhancing these observed relationships between the variables within the context of the identified oil and gas multinational companies in Nigeria. Pay scheme should be strengthened, transparent and designed to match the industry index in a manner that employees can perceive fairness and equity in their treatment in comparison with their colleagues on the same job and equivalent skill set. People join organization because of pay. Pay being one of the most visible reward in the whole recruitment process. Therefore pay scheme should be seen to be fair to exhibit distributive justice. Employee should have a way of knowing that his pay is fair in relation to his job and performance.

- (i) There should equity in the administration of pay. Pay in organization should be seen to be justiciable and fair in relative to organization's index and viability. Employee's perception of fairness should be right. Pay should not be seen to be discriminately on the basis of colour, race, tribe, gender, and other unfair or discriminately criteria. Employees with the same qualifications, skill set doing similar jobs should earn equal pay.
- (ii) Employer must set up environmental monitoring on compensation within the industry so as to know when it is necessary to make changes in employee compensation programs within the context of the oil and gas industry. If the employees' belief in the benefits scheme and have trust in the type of management style, it will impact on their

psyche to spend their work life with the organization thereby reducing incidents of turnover of reliable manpower.

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