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INCENTIVE COMPENSATION AND ORGANIZATIONAL PERFORMANCE (A STUDY OF SELECTED OIL COMPANIES IN SOUTH-SOUTH, NIGERIA)

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ABSTRACT

The study examined Incentive *Compensation and Organizational Performance (A study of selected oil companies in South-South, Nigeria). The study sought to determine how Individual incentive pay plan compensation affects organizational productivity, ascertain how piece-rate system of compensation affects organizational productivity, investigate how sales commission of compensation affects organizational productivity, and determine how nonmonetary incentive of compensation affects organizational productivity. The field survey design method was adopted. The population comprises all staff of the selected oil companies' employees, totally 978 with sample size of 600. Instrument for data collection was questionnaire, mean score rating were used to analyze the research questions and their associated hypotheses were tested with Pearson Product Moment Correlation Coefficient Analysis. The findings shows that significant relationship exist between individual incentive pay plan of compensation and organizational Productivity, between piece-rate system of compensation and organizational productivity, between sales commission of compensation and organizational productivity and between nonmonetary incentive compensation and organizational productivity. The study concludes that the organization management emphases their employees compensation on performance based rewards which ensures that employees are rewarded based on performance on a real-time basis. The following recommendations were made, that management of the oil companies should put in place individual incentive pay plan of compensation, piece-rate system of compensation, sales commission compensation and nonmonetary incentive compensation policy that will improve the organizational productivity, etc.*

Key Words: Incentive, Compensation, Organization, Performance, Productivity

INTRODUCTION

In the study by Matt (2014), clarified that incentive compensation systems are forms of performance based rewards which use Individual incentive pay plan, piece-rate system, sales commission and nonmonetary incentives in compensating their employees. Individual Incentive pay plans reward individual performance on a real-time basis. That is, they are used in cases where performance can be objectively assessed, in terms of number of units of output or similar measures, rather than on a subjective assessment of performance by a superior. Piece-rate system of compensation involves the organization paying an employee a certain amount of money for every unit he or she produces. This system of compensation rewards employees for every dozen units of product that he or she completed successfully. Piece-rate incentive plan fails to account for factors such as minimum wage levels and they rely heavily on the assumptions that performance is under an employee's complete control. Sales commission is the most common form of individual incentive compensation that is used to pay salespeople. For example, sales representatives for consumer products firms and retail sales agents are compensated under this type of commission system. In general, the person might receive a percentage of the total volume of attained sales as his or her commission for a period of time, (Michie and Shechan-Quinn, 2001, and Deb, 2006). In the study of Maloa (2001), nonmonetary compensation is used

to reward employees most commonly in the form of prizes and awards. In some organizations nonmonetary compensation may designate for a particular team or group in a plant or subunit of the organization that achieves the highest level of productivity increase, the highest level of reported customer satisfaction, or a similar index of performance.

In this study the dimensions of incentive compensation includes individual incentive pay plan, piece-rate system of compensation, sales commission of compensation and nonmonetary incentive compensation while measures of organizational performance includes organizational productivity. Productivity as a measure of organizational performance in this study, (www.businessdictionary.com - retrieved 25th August, 2018) states that productivity is a measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Also, productivity is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period. More so, Maloa (2001), describes productivity as various measures of the efficiency of production. A productivity measure is expressed as the ratio of output to inputs used in a production processes, i.e output per unit of input. Productivity is a crucial factor in production performance of firms and nations (https://en.m. Wikipedia.org - retrieved 25th August, 2018).

In line with Pot (2011), ascertained that employees given individual incentive pay of compensation improves the organizational productivity outcome which aims to identify the contextual, organizational and managerial conditions under which organizations increase productivity as well improve organizational performance. Also, piece-rate incentive compensation administered to employees adequately increases the amount of goods and services they produce in a given time, enables them improve in their ability to produce more goods and services for a given number per hours of work, results to its people, business processes, different functional unit and suppliers coming together to meet the needs and wants of customers in order to increase the productivity and performance of the organization, otherwise, it decreases the performance level of the organization. And sales commission compensation adequately provided to employees enables them increase in the organizational productivity in forms of net profit, revenue and other financial income which establishes increase in productivity that leads to growth of the organization from small, medium and large scale business with a myriad to benefits such as a greater efficiencies from increased power, greater ability to withstand market fluctuations, increased survival rate, greater profits and increased prestige for organizational members (Pot, 2011). More so, nonmonetary incentive compensation adequately given to employees enables them improve on the implementation of effective change within the organization; integration of individual productivity into organizational productivity; congruence of technology, people, and organizations; and integration of the enterprise as argued by Dyer and Nobeoka (2012).

Statement of the Problem

The Incentive compensation and organizational performance has recognized the importance of inadequate management and satisfaction of employees which seem to be the cause of reduction of the overall output of the organization and in turn affects its performance.

Findings shows that there are various studies carried out by past researchers, this researcher after going through some of this studies discovered that works on Incentive Compensation and Organizational Performance was not able to identify enough research based on the relationship between Individual incentive pay plan and organizational productivity or Piece-rate system and Organizational Productivity or Sales Commission or Nonmonetary incentive and organizational Productivity in the Selected Oil Companies in South-South, Nigeria.

For example, Aktar, Sachu and Ali (2012) worked on the impact of intrinsic rewards (recognition, learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh.

Ong and Teh (2012) worked on reward system and performance within Malaysian commercial banks in which its dimensions include monetary and non-monetary rewards, extrinsic rewards and financial performance.
Muhammad (2014) worked on the impact of compensation of employees on organization commitment on the performance of the Republic of Saudi Arabia. The study looked into compensation in the form of incentives and salaries that will enhance motivation of employees in the public institutions in the Republic of Saudi Arabia.
Arabia. Kwenin, Muathe and Nzulwa (2013) worked on the impact of direct and indirect financial compensation in the performance of employees in customer service companies in the Republic of Ghana. That reward dimensions are pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. Based on the evidence that none of the past researchers researched on the independent and dependent variables with their associated dimensions and measures being used in this present study thereby creating a research gap and necessitating this research.

Objectives of the Study

The main purpose of the study is to examine Incentive Compensation and Organizational Performance in selected Oil Companies in South-South, Nigeria. The specific objectives are as follows:

1. to examine how individual incentive pay plan of compensation affects organizational productivity
2. to determine how piece-rate system of compensation affects organizational productivity.
3. to ascertain how sales commission of compensation affects organizational productivity.
4. to investigate how nonmonetary incentive compensation affects organizational productivity.

Research Questions

Answers will be found for the following research questions in order to achieve the objectives of this study.

1. How does individual incentive pay plan of compensation affect organizational productivity?
2. How does piece-rate system of compensation affect organizational Productivity?
3. How does Sales Commission of compensation affect organizational productivity?
4. How does nonmonetary incentive compensation affect organizational productivity?

Hypotheses

The following null hypotheses were derived from the above research questions.

H_{01} Significant relationship does not exist between individual incentive pay plan of compensation and organizational productivity.

H_{02} Significant relationship does not exist between piece-rate system of compensation and organizational productivity.

H_{03} Significant relationship does not exist between sales commission of compensation and organizational productivity.

H_{04} Significant relationship does not exist between nonmonetary incentive compensation and organizational productivity.

Significance of the Study

The result of this study will be of immense importance to the selected oil company's management, employees, other organizations, students and researchers as the study will be exposed to the various incentive compensation strategies that can be awarded to employees that enhance organizational performance. The employees and organizations will benefit from this

study as they will be encouraged to be committed to the achievement of their organizational productivity as their compensation is attached to the organizational performance. Students and researchers will learn about ways of compensating employees with incentive compensation based on the variables and dimensions used in this study in order to achieve organizational productivity, also, it will serve as a secondary source of data for students and researchers who may wish to conduct research in related area. It will also expand the frontiers of knowledge on the subject of incentive compensation and organizational performance.

Scope of the Study

The scope of the study are Geographical scope, content scope and unit scope.

In the Geographical Scope the researcher concentrated on Oil Companies in South –South, geopolitical zones of Nigeria, involving four states such as: Akwa Ibom State, Cross River State, Bayelsa State, and Rivers State. The four oil companies were selected for the study, the selection from each (four) State was based on the accessible oil companies to the researcher in that State. In Akwa Ibom State, Stylus Oil & Gas International Limited, Nigeria. In Cross River State, EPOXY Oil & Gas Companies, Nigeria. In Bayelsa State, Nigerian Agip Oil Company Limited (NAOC), Nigeria. In Rivers State, Shell Petroleum Development Company Nigeria Limited (SPDC), these four Oil Companies were selected for the Geographical Scope of this study. The content scope concentrated on the Individual incentive pay plan of compensation and organizational productivity; Piece-rate system of compensation and organizational productivity; sales commission of compensation and organizational productivity and Nonmonetary incentive compensation and organizational productivity. The Unit scope covered the staff of the four selected oil companies in South-South, Nigeria. This is because they are the category of employees that will be mandated to provide the necessary information on Employees Compensation and its effect on organizational performance.

LITERATURE REVIEW

Conceptual Framework

Independent Variable **Dependent Variable**

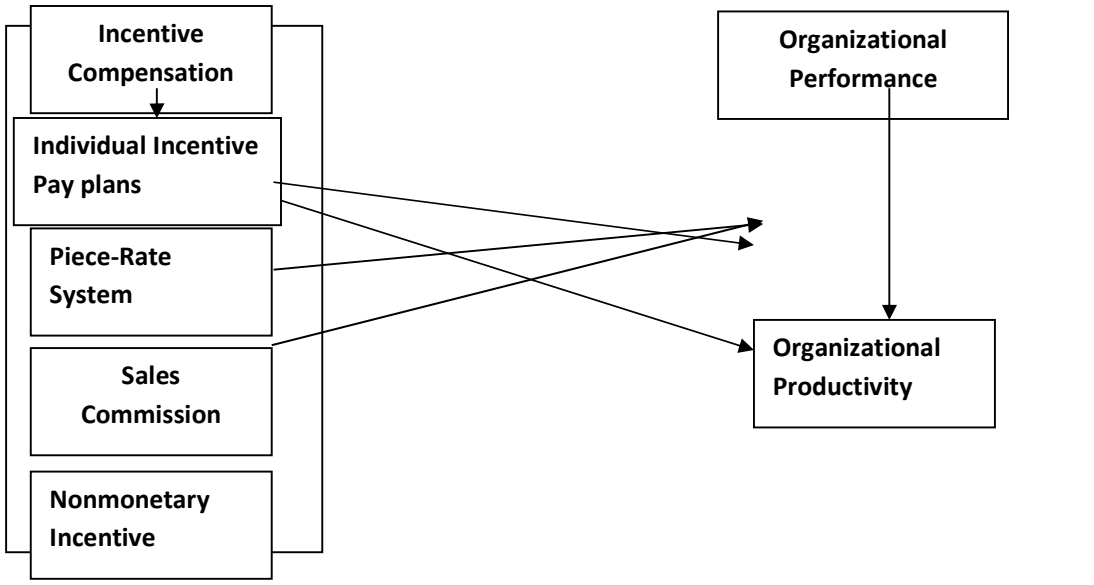

Fig. 2. 1: Operational Framework showing independent and dependent variables of Incentive Compensation and Organizational Performance.
Source: Researcher's Conceptualization (2019).

Concept of Incentive Compensation

Schemerhorn and Osborn (2004), opined that incentive compensation systems are among the oldest forms of performance-based rewards. Some companies used individual piece-rate incentive plans and under a piece-rate incentive plan, the organization pays an employee a certain amount of money for every unit he or she produces. Take for instance, an employee might be paid N20.00 for every dozen units of product that he/she completed successfully. But such simplistic systems fail to account for factors such as minimum wage levels, and they rely heavily on the assumptions that performance is under an individual's complete control and that the individual employee does a single task continuously throughout his or her work time. Thus, most organizations that try to use incentive compensation systems today use more sophisticated methods such as:

Individual Incentive Pay Plans

Michie and Shechan-Quinn (2001), states that individual incentive pay plans reward individual performance on a real-time basis. That is, rather than increasing a person's base salary at the end of the year, an individual instead receives some level of salary increase or financial reward in conjunction with demonstrated outstanding performance in close proximity to when that performance occurred. Therefore, individual incentive systems are most likely to be used in cases where performance can be objectively assessed, in terms of number of units of output or similar measures, rather than on a subjective assessment of performance by a superior.

Piece-Rate System

Schemerhorn and Osborn (2004),they explained that some variations on a piece-rate system are still fairly popular. Although many of these systems still resemble the early plans in most ways, a well-known piece-rate system in some organizations illustrates how an organization can adapt the traditional model to achieve better results. Some organization's employees were paid individual incentive payments based on their performance. However, the amount of money shared (or the incentive pool) was based on the company's profitability. A well-organized system allowed employees to make suggestions for increasing productivity. Deb (2006), suggested that the pool for incentive payments was determined by profitability and an employee's share of this pool was a function of his or her base pay and rated performance based on the piece-rate system.

Sales Commission

Michie and Shechan-Quinn (2001), opined that most common form of individual incentive is the sales commission that is paid to salespeople. For example, sales representatives for consumer products firms and retail sales agents may be compensated under this type of commission system. In general, the person might receive a percentage of the total volume of attained sales as his or her commission for a period of time. Some sales jobs are based entirely on commission, while others use a combination of base minimum salary with additional commission as an incentive. It is noticed that these plans put a considerable amount of the salespersons' earnings at risk. Although organizations often have drawing accounts to allow the salesperson to live during learn periods (the person then "owes" this money to the organization), if he or she does not perform well, he or she will not be paid much. The portion of salary based on commission is simply not guaranteed and is paid only if the employee's sales reach some target level.

Nonmonetary Incentives

Slabert and Swanepoel (1998), indicates that organizations may use a nonmonetary incentive such as additional time off or a special perk might be a useful incentive. A company might establish a sales contest in which the sales group that attains the highest level of sales increase

over a specified period of time receives an extra week of paid vacation, perhaps even at an arranged place such as a tropical resort or a ski lodge. It may also take the form of additional time off or a tangible award such as a trophy or a plague. In any event, however, the reward is given to the entire team and serves as recognition of exemplary performance by the entire team.

Benefits of incentives system

Colella, Denisi, and Varma (1997), opined that incentives are typically a one-shot reward and do not accumulate by becoming part of the individual's base salary and an individual whose outstanding performance entitles him or her to a financial incentive gets the incentive only one based on that level of performance. If the individual's performance begins to erode later on, then, the individual may receive a lesser incentive or perhaps no incentive in the future. As a consequence, the employee's base salary remains the same or is perhaps increased at a relatively moderate pace; he or she receives one-time incentive rewards as recognition for exemplary performance. Because of these plans, by their very nature, focus on one-time events, it is much easier for the organization to change the focus of the incentive plan. Denisi and Griffin (2005) argued that organization can set up an incentive plan for selling one product during one quarter, but then shift the incentive to a different product the next quarter, as the situation requires. Some organizations routinely reduce sales incentives for products that are selling well and increase sales incentives for products that are selling below expectations or are about to be discontinued.

ORGANIZATIONAL PRODUCTIVITY

Kohli (2012)**,** said productivity measure is expressed as the ratio of output to inputs used in a production process, i.e. output per unit of input and that productivity is a crucial factor in production performance of organizations and nations. Loggerenberg and Cucchiaro (1982), asserts that increasing national productivity can raise living standards because more real income improves people's ability to purchase goods and services, enjoy leisure, improve housing and education and contribute to social and environmental programmes and that productivity growth also helps businesses to be more profitable. There are many different definitions of productivity and the choice among them depends on the purpose of the productivity measurement and/or data availability (Hulten, 2000).

Kendrick (1984), argued that productivity, in economics, measures output per unit of input, such as labor, capital or any other resource and is typically calculated for the economy as a whole, as a ratio of Gross Domestic Product (GDP) to hours worked. Labor productivity may be further broken down by sector to examine trends in labor growth, wage levels and technological improvement. Corporate profits and shareholder returns are directly linked to productivity growth (Jorgenson, Ho and Samuels, 2014). Freeman (2008), in addition, indicates that at the corporate level, where productivity is a measure of the efficiency of a company's production process, it is calculated by measuring the number of units produced relative to employee labor hours or by measuring a company's net sales relative to employee labor hours

Genesca and Grifell (1992), argued that productivity can be seen as the rate of output per unit of labor, capital or equipment (input) and can be measured in different ways. Further explained that we can measure the productivity of a factory according to how long it takes to produce a specific good. In the services sector, on the other hand, where units of goods do not exist, it is harder to measure. Some service companies base their measurement on how much revenue each worker generates and then divide that amount by their salary.

Roberts (2004), indicates that productivity is one of the main concerns of business management and engineering. Many companies have formal programs for continuously improving productivity, such as a production assurance program. Whether they have a formal program or not, companies are constantly looking for ways to improve quality, reduce downtime and inputs of labor, materials, energy and purchased services (Bechler, 1984). Often simple changes to

operating methods or processes increase productivity, but the biggest gains are normally from adopting new technologies, which may require capital expenditures for new equipment, computers or software. Conner (2000), states that modern productivity science owes much to formal investigations that are associated with scientific management. Although from an individual management perspective, employees may be doing their jobs well and with high levels of individual productivity, from an organizational perspective their productivity may in fact be zero or effectively negative if they are dedicated to redundant or value destroying activities. In office buildings and service-centred companies, productivity is larger influenced and affected by operational byproducts - meetings. The past few years have seen a positive uptick in the number of software solutions focused on improving office productivity. In truth, proper planning and procedures are more likely to help than anything else (Gould, 2006).

Partial Productivity

Genesca and Grifell (1992), indicates that productivity measures that use one class of inputs or factors, but not multiple factors, are called partial productivities. That in practice, measurement in production means measures of partial productivity and these components is indicative of productivity development and approximates the efficiency with which inputs are used in an economy to produce goods and services. However, productivity is only measured partially – or approximately when measurements are defective because they do not measure everything, but it is possible to interpret correctly the results of partial productivity and to benefit from them in practical situations. At the company level, typical partial productivity measures are such things as worker hours, materials or energy used per unit of production (Craig and Harris,1973).

Labour Productivity

OECD (2012), indicates that in macroeconomics, a common partial productivity measure is labour productivity. That Labour productivity is a revealing indicator of several economic indicators as it offers a dynamic measure of economic growth, competitiveness, and living standards within an economy. It is the measure of labour productivity (and all that this measure takes into account) which helps explain the principal economic foundations that are necessary for both economic growth and social development. In general labour productivity is equal to the ratio between a measure of output volume (gross domestic product or gross value added) and a measure of input use (the total number of hours worked or total employment) (Freeman, (2008). OECD (2008), states that the output measure is typically net output, more specifically the value added by the process under consideration, i.e. the value of outputs minus the value of intermediate inputs. This is done in order to avoid double-counting when an output of one firm is used as an input by another in the same measurement. In macroeconomics the most well-known and used measure of value-added is the Gross Domestic Product or GDP. Increases in it are widely used as a measure of the economic growth of nations and industries. GDP is the income available for paying capital costs, labor compensation, taxes and profits (OECD 2008). Some economists instead use Gross Value Added (GVA); there is normally a strong correlation between GDP and GVA. (Freeman 2008)

He further explained that the measure of input use reflects the time, effort and skills of the workforce. Denominator of the ratio of labour productivity, the input measure is the most important factor that influences the measure of labour productivity. Labour input is measured either by the total number of hours worked of all persons employed or total employment (head count). Freeman (2008), asserts that there are both advantages and disadvantages associated with the different input measures that are used in the calculation of labour productivity. It is generally accepted that the total number of hours worked is the most appropriate measure of labour input because a simple headcount of employed persons can hide changes in average hours worked and has difficulties accounting for variations in work such as a part-time contract, leave of absence, overtime, or shifts in normal hours. However, the quality of hours-worked

estimates is not always clear. In particular, statistical establishment and household surveys are difficult to use because of their varying quality of hours-worked estimates and their varying degree of international comparability (Craig, and Harris (1973). And that GDP per capita is a rough measure of average living standards or economic well-being and is one of the core indicators of economic performance. (OECD 2008) opined that GDP is, for this purpose, only a very rough measure. Maximizing GDP, in principle, also allows maximizing capital usage. For this reason GDP is systematically biased in favour of capital intensive production at the expense of knowledge and labour-intensive production. The use of capital in the GDP-measure is considered to be as valuable as the production's ability to pay taxes, profits and labor compensation. The bias of the GDP is actually the difference between the GDP and the producer income. (Saari, 2011).

Freeman (2008), states that another labour productivity measure, output per worker, is often seen as a proper measure of labour productivity, as here: "Productivity is not everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." This measure (output per worker) is, however, more problematic than the GDP or even invalid because this measure allows maximizing all supplied inputs, i.e. materials, services, energy and capital at the expense of producer income.

Multi-Factor Productivity

Schreyer (2005), explained that when multiple inputs are considered, the measure is called multi-factor productivity or MFP and that Multi-factor productivity is typically estimated using growth accounting. If the inputs specifically are labor and capital, and the outputs are value added intermediate outputs, the measure is called total factor productivity or TFP. And that TFP measures the residual growth that cannot be explained by the rate of change in the services of labour and capital. MFP replaced the term TFP used in the earlier literature, and both terms continue in use (usually interchangeably) (Hulten 2009). Schreyer (2005), in his views relates that TFP is often interpreted as a rough average measure of productivity, more specifically the contribution to economic growth made by factors such as technical and organizational innovation. While OECD (2008) clarified that the most famous description is that of Solow's (1957): using the phrase 'technical change' as a shorthand expression for any kind of shift in the production function. Thus slowdowns, speed ups, improvements in the education of the labor force and all sorts of things will appear as 'technical change' ". The original MFP model (Solow 1957) involves several assumptions: that there is a stable functional relation between inputs and output at the economy-wide level of aggregation, that this function has neoclassical smoothness and curvature properties, that inputs are paid the value of their marginal product, that the function exhibits constant returns to scale, and that technical change, that In practice, TFP is "a measure of our ignorance", as Abramovitz (1956) put it, precisely because it is a residual. This ignorance covers many components, some wanted (like the effects of technical and organizational innovation), others unwanted (measurement error, omitted variables, aggregation bias, and model misspecification) (Hulten 2000).

Total Productivity

Saari (2006), states that when all outputs and inputs are included in the productivity measure it is called total productivity and valid measurement of total productivity necessitates considering all production inputs. Also, that If omits an input in productivity (or income accounting) this means that the omitted input can be used unlimitedly in production without any impact on accounting results. Because total productivity includes all production inputs it is used as an integrated variable when we want to explain income formation of production process (Kohli, 2012). In the same vein, Saari (2006), considered the phenomenon of productivity, measurement of productivity, distribution of productivity gains, and how to measure such gains.

He suggested that the measurement of productivity should be developed so that it "will indicate increases or decreases in the productivity of the company and also the distribution of the 'fruits of production' among all parties at interest". According to Saari (2006), the price system is a mechanism through which productivity gains are distributed, and besides the business enterprise, receiving parties may consist of its customers, staff and the suppliers of production inputs.

Approaches To Improving Organizational Productivity:
Lipton (2003), opined that the capacity for collaboration has always been important for productivity. In the early days of the corporate network, email and video conferencing provided productivity gains and lowered costs. Newer mobile collaboration tools make it much easier for geographically dispersed employees to work together. Tablets, smartphones and laptops let users connect with colleagues anywhere, at any time (Roberts, 2004). According to Gould, (2006), opined that use of these devices makes employees more productive. Because employees are working on devices that they own and are used to, they are likely to use them more often. The devices are mobile by definition, so whether an employee is taking notes in a meeting, reviewing documents during a commute or preparing the next day's agenda while watching television, he can accomplish more in a way that does not impact his personal time as significantly as it would if he had to work from a desktop computer (Timothy, 1996).
OECD (2008), said however, that constant connectivity and the rise of social networking have made it easier and more tempting for employees to waste time on the job. To prevent online time-wasting (sometimes called cyberslacking), some organizations monitor employees or limit the sites they can access from the corporate network. Hulten (2000), also include that Email processing consumes a significant portion of many employees' time, estimated to be about 30 percent of a lot of knowledge workers' jobs -- more if email is not efficiently handled. Effective email management practices can lessen email's negative impact on productivity. Such practices include limiting the number of email processing sessions each day and limiting the amount of time spent per session. Some organizations also limit the hours during which email is accessible on the corporate network. Saari, (2011), were of the opinion that email management is just one approach to limiting the number of interruptions an employee encounters in the run of a day. At the University of California at Irvine, researcher Gloria Mark found that, on average, workers are interrupted every 3 minutes and that it takes 23 minutes after even a very brief interruption to return to the original task.

THEORETICAL REVIEW

The theories that are relevant to forming the basis of this study are The Herzberg's Two-Factor Theory.

Herzberg's Two Factor Theory

Herzberg's two-factor theory (also known as Herzberg's motivation-hygiene theory and dual-factor theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. It was developed by psychologist Frederick Herzberg, who theorized that job satisfaction and job dissatisfaction act independently of each other (Herzberg, Mausner, and Snyderman, 1959)

Fundamentals

Attitudes and their connection with industrial mental health are related to Abraham Maslow's theory of motivation. His findings have had a considerable theoretical, as well as a practical, influence on attitudes toward administration (Herzberg, Mausner, and Snyderman, 1959; Herzberg, 1966). According to Herzberg, individuals are not content with the satisfaction of lower-order needs at work; for example, those needs associated with minimum salary levels or

safe and pleasant working conditions. Rather, individuals look for the gratification of higher-level psychological needs having to do with achievement, recognition, responsibility, advancement, and the nature of the work itself. This appears to parallel Maslow's theory of a need hierarchy. However, Herzberg added a new dimension to this theory by proposing a two-factor model of motivation, based on the notion that the presence of one set of job characteristics or incentives leads to worker satisfaction at work, while another and separate set of job characteristics leads to dissatisfaction at work. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena. This theory suggests that to improve job attitudes and productivity, administrators must recognize and attend to both sets of characteristics and not assume that an increase in satisfaction leads to decrease in dissatisfaction.

The two-factor theory developed from data collected by Herzberg from interviews with 203 engineers and accountants in the Pittsburgh area, chosen because of their professions' growing importance in the business world. Regarding the collection process:

> " *Briefly, we asked our respondents to describe periods in their lives when they were exceedingly happy and unhappy with their jobs. Each respondent gave as many "sequences of events" as he could that met certain criteria— including a marked change in feeling, a beginning, and an end, and contained some substantive description other than feelings and interpretations...*
> *The proposed hypothesis appears verified. The factors on the right that led to satisfaction (achievement, intrinsic interest in the work, responsibility, and advancement) are mostly unipolar; that is, they contribute very little to job dissatisfaction. Conversely, the dis-satisfiers (company policy and administrative practices, supervision, interpersonal relationships, working conditions, and salary) contribute very little to job satisfaction."*— Herzberg, 1964

From analyzing these interviews, he found that job characteristics related to what an individual does — that is, to the nature of the work one performs — apparently have the capacity to gratify such needs as achievement, competency, status, personal worth, and self-realization, thus making him happy and satisfied. However, the absence of such gratifying job characteristics does not appear to lead to unhappiness and dissatisfaction. Instead, dissatisfaction results from unfavorable assessments of such job-related factors as company policies, supervision, technical problems, salary, interpersonal relations on the job, and working conditions. Thus, if management wishes to increase satisfaction on the job, it should be concerned with the nature of the work itself — the opportunities it presents for gaining status, assuming responsibility, and for achieving self-realization. If, on the other hand, management wishes to reduce dissatisfaction, then it must focus on the job environment — policies, procedures, supervision, and working conditions (Herzberg, Mausner, and Snyderman, 1959). If management is equally concerned with both, then managers must give attention to both sets of job factors.

Herzberg distinguished the Two-factor theory by identifying between motivators and hygiene factors:

Motivators: Motivators (e.g. challenging work, recognition for one's achievement, responsibility, opportunity to do something meaningful, involvement in decision making, sense of importance to an organization) that give positive satisfaction, arising from intrinsic conditions of the job itself, such as recognition, achievement, or personal growth (Hackman, Richard, and Greg, 1976).

Hygiene Factors: Hygiene factors (e.g. status, job security, salary, fringe benefits, work conditions, good pay, paid insurance, vacations) that do not give positive satisfaction or lead to higher motivation, though dissatisfaction results from their absence. The term "hygiene" is used in the sense that these are maintenance factors. These are extrinsic to the work itself, and include aspects such as company policies, supervisory practices, or wages/salary (Hackman,

Richard, and Greg, 1976; Herzberg, 1968). Herzberg often referred to hygiene factors as "KITA" factors, which is an acronym for "kick in the ass", the process of providing incentives or threat of punishment to make someone do something.
According to the Two-Factor Theory, there are four possible combinations (Schultz, and Schultz, 2010):

High Hygiene + High Motivation: The ideal situation where employees are highly motivated and have few complaints.
High Hygiene + Low Motivation: Employees have few complaints but are not highly motivated. The job is viewed as a paycheck.
Low Hygiene + High Motivation: Employees are motivated but have a lot of complaints. A situation where the job is exciting and challenging but salaries and work conditions are not up to par.
Low Hygiene + Low Motivation: This is the worst situation where employees are not motivated and have many complaints.
Unlike Maslow, who offered little data to support his ideas, Herzberg and others have presented considerable empirical evidence to confirm the motivation-hygiene theory, although their work has been criticized on methodological grounds.

EMPIRICAL REVIEW

Quresh, Zaman and Shah (2013) conducted a study on direct relationship between extrinsic rewards, intrinsic rewards and the employees" performance among cement companies in Pakistan. The study collected data using formulated questionnaires which was used to gather data from over 100 employees. The data was then analyzed by use of SPSS. The analysis method was based on regression and descriptive statistics. The study found that recognition techniques (approaches) used in cement factories are good for the maximum performance of employees. The study also established that wages and bonuses promote employee performance in the cement factories in Pakistan. This research examined the relationship between extrinsic rewards, intrinsic rewards, financial rewards and social recognition rewards and organization performance, while the current study specifically examines the effect of recognition, salary and benefits on employee performance.
Aktar, Sachu and Ali (2012) examined the impact of intrinsic rewards (recognition, learning opportunities, challenging work and career advancement, and extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh. The study utilized mixed research design. The target population was 72 management team in all the 12 commercial banks in Bangladesh. The authors developed structured and unstructured questionnaires together with interview guides which were used to collect data from the selected respondents. The authors used correlation and chi square to analyze data. The study found that each factor within both extrinsic and intrinsic reward was a highly significant factor which affects employees" performance.
Another study was conducted by Ong and Teh (2012) on reward system and performance within Malaysian commercial banks. The targeted banks were 12 in number with a total average of 720 employees. The study employed quantitative research design. The sample size was 10 employees per bank which resulted to a sample size of 120. The authors gathered data by means of focus discussion as well as closed ended questionnaires. The data was then analyzed by means of strata in the form of tables. The study thus found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization. The study however, found a negative relationship to exist between extrinsic rewards and financial performance of organizations and intrinsic rewards are positively related to financial performance of organizations. The proposed study

however, includes financial and non-financial indicators as the dependent variables to bridge the gap.

Muhammad (2014) studied the impact of compensation of employee performance on organization commitment on the performance of employee in the Republic of Saudi Arabia. The study targeted 45 public institutions in the country with an average of 265 employees. The study preferred the utilization of positivism research design. The data was collected by use of formulated questionnaires which were constructed in relation to the research objectives. The collected data was cleaned, coded and entered into software known as SPSS. Using SPSS as a statically tool they concluded that compensation in the form of incentives, salaries will perform an important part to enhance motivation of employee in the public institutions in the Republic of Saudi Arabia. Kwenin, Muathe and Nzulwa (2013) investigated the impact of direct and indirect financial compensation in the performance of employees in customer service companies in the Republic of Ghana. The researchers used descriptive research design. The target population was the 223 employees of the 23 listed customer service companies in the country. The authors analyzed data descriptively as per the data collected by use of structured questionnaires. The study found that reward dimensions have significant effect on employees' performance. In particular, they found that pay, performance bonus, recognition and praise are the tools that management can use to motivate employees in order for them to perform effectively and efficiently. Thus, workers reward package matters a lot and should be a concern of both the employers and employees.

GAP IN LITERATURE

The gap in literature is evidence from different studies carried out in the related area of this study but not exactly in this research study. Such as in the study of Quresh, Zaman and Shah (2013) they conducted a study on direct relationship between extrinsic rewards, intrinsic rewards and the employees" performance among cement companies in Pakistan. The study found that recognition techniques (approaches) used in cement factories are good for the maximum performance of employees. The study also established that wages and bonuses promote employee performance in the cement factories in Pakistan. This research examined the relationship between extrinsic rewards, intrinsic rewards, financial rewards and social recognition rewards and organization performance,

Another study conducted by Ong and Teh (2012) on reward system and performance within Malaysian commercial banks.. The study found that most of the commercial banks provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organization. The study also found a negative relationship to exist between extrinsic rewards and financial performance of organizations and intrinsic rewards are positively related to financial performance of organizations.

While the current study specifically examines the roles that adequate incentive compensation of employees play to increase performance of the organization. And its Independent Variable Dimensions and Dependent Variable Measures will verify how incentive compensation awarded to employees would be tied to value of their contributions to the organization, how individual incentive pay plans of compensation awarded to employees would increase the organizational productivity, how piece-rate system of compensation adequately given to employees would increase organizational productivity, how sales commission of compensation adequately given to employees would increase organizational productivity, how nonmonetary incentive appropriately administered to employees would lead to high increase to organizational productivity.

METHODOLOGY

The field survey design method was adopted in this study. The population of the study consists of **978** employees. The Taro Yamene formula was used to determine the actual sample size of **600.** Out of this number, **137** were administered to Stylus Oil & Gas International Limited

Company, **130** were administered to EPOXY Oil Gas Companies, **160** were administered to Nigerian Agip Oil Company (**NAOC), 173** were administered to Shell Petroleum Development Company **(SPCD).**The research instrument used for this study was the questionnaire. The questionnaire was tagged: **"Questionnaire on Incentive Compensation and Organizational Performance**". The questionnaire contains 4 items in each question, which elicited information on Incentive compensation and organizational performance. These items were rated in a 5-point Likert Scale of Strongly Agree, Agree, Undecided, Disagree and Strongly Disagree weighted 5,4,3,2,1, respectively for positive statements and 1,2,3,4,5, respectively for negative statements. The content of the instruments was validated by the study Supervisor, 3 Professors in the Area of Management and 5 other Ph.D holders in the same management discipline.

Data collected were used to answer the research questions and test the hypotheses that guided the study. The researcher employed mean scores in analysis of the responses collected to answer the research questions while Pearson product moment correlation Coefficient analysis was employed at 0.05 significant level to test the null hypotheses. This choice is made by the fact that the hypotheses measure relationship between variables. The Pearson product moment correlation Coefficient test was used to verify if significant relationship exist between incentive compensation and organizational performance. The criterion mean of 3.0 and above was accepted and below 3.0 was rejected and registered as negative and formulated hypotheses were tested using Statistical Package for Social Sciences (SPSS Version 20).

Data Presentation and Analysis

Research Question One: *Individual incentive pay plan of compensation affects organizational Productivity?*

Table 4.1: Response of respondents on how individual incentive pay plan of compensation affects organizational Productivity.

Items	N	Respondent's Options					Total	$\bar{x}$
		SA =5	A = 4	U = 3	D = 2	SD = 1		
Individual incentive pay plan of compensation	**2000**						**7,519 / 2000**	**3.76**
My organization adopts incentive compensation	500	180(5) 900	177(4) 708	22(3) 66	77(2) 157	44(1) 44	1,872 /500	3.74
My organization compensate their employees with individual incentive pay plans	500	200(5) 1,000	166(4) 664	23(3) 69	56(2) 112	55(1) 55	1,900 /500	3.8
My organization reward employees based on individual performance on a real-time basis	500	194(5) 970	155(4) 620	19(3) 57	71(2) 142	61(1) 61	1,850 /500	3.7
My organization adopts individual incentive systems that performance are objectively assessed in terms of number of units of output or similar measures rather than on a subjective assessment of performance	500	202(5) 1,010	153 (4) 612	32(3) 96	66(2) 132	47 (1) 47	1,897 /500	3.8
ORGANISATIONAL PRODUTIVITY	**3000**						**11023 / 3000**	**3.68**

My organization measures productivity as the efficiency of a person, machine, factory, system etc in converting inputs into useful outputs.	500	186(5) 930	143 (4) 572	31 (3) 93	86(2) 170	54 (1) 54	1819 / 500	3.64
My organization's productivity is based on the amount of goods/services that an employee produces in a given amount of time.	500	199(5) 995	165 (4) 660	26 (3) 78	62 (2) 124	48 (1) 48	1905 / 500	3.81
One of my organization's main concerns is to improve the performance of the organizational employees as well the organization.	500	161(5) 805	184 (4) 736	21 (3) 63	80 (2) 160	54 (1) 54	1818 / 500	3.64
My organizations seek ways of improving quality, reduce downtime and inputs of labour materials, energy and purchased services.	500	177(5) 885	166 (4) 664	20 (3) 60	75 (2) 150	62 (1) 62	1821 / 500	3.65
My organization determines productivity by speed of delivery and effective management.	500	160(5) 910	182 (4) 728	17 (3) 51	86 (2) 132	55 (1) 55	1876 / 500	3.76
In my organization, useful and current IT devices like tablets, smartphones and laptops are provided to staff in line with their duties in order to increase productivity.	500	143(5) 715	195 (4) 780	30 (3) 90	67(2) 134	65 (1) 65	1784 / 500	3.57
Grand Mean	**5000**						**18542 / 5000**	**3.70**

Source: Field Survey, 2019.

Table 4.1 shows unanimously agreement among the categories of respondents. All responses were above the criterion mean of 3.0 on the items of Individual incentive pay plan of compensation, with a total mean of 3.76 for all its four items. Again, all items of organizational productivity responses were above the criterion mean of 3.0, with a total mean of 3.68 for all the six items. Therefore, a **grand mean of 3.70** for both incentive compensation and organizational productivity which is above the criterion mean of 3.0 was an indication of positive responses. Hence, Individual incentive pay plan of compensation affects organizational productivity in the selected oil companies.

Research Question two: *Piece-rate system of compensation affects organizational Productivity?*

Table 4.2: Response of respondents on how piece-rate system of compensation affects organizational Productivity.

Items	N	Respondent's Options					Total	$\overline{x}$
		SA =5	A = 4	U = 3	D = 2	SD = 1		
Piece-rate system of compensation	**2000**						**7,519 / 2000**	**3.65**
My organization adopts piece-rate system of compensating their employees	500	169(5) 845	170(4) 680	25(3) 75	85(2) 170	51(1) 51	1,821 /500	3.64
My organization compensate their employees with piece-rate system based on their performance	500	174(5) 870	164(4) 656	29(3) 87	73(2) 146	60(1) 60	1,819 /500	3.64
My organization compensate employees with piece-rate system based on the company's profitability	500	173(5) 865	188(4) 752	7(3) 21	75(2) 150	65(1) 65	1,853 /500	3.71
My organization share of the company's profitability is a function of employee's base pay and rated performance based on the piece-rate system	500	185(5) 925	139(4) 556	27(3) 81	87(2) 174	62(1) 62	1,798 /500	3.59
ORGANISATIONAL PRODUTIVITY	**3000**						**11023 / 3000**	**3.68**
My organization measures productivity as the efficiency of a person, machine, factory, system etc in converting inputs into useful outputs.	500	186(5) 930	143 (4) 572	31 (3) 93	86(2) 170	54 (1) 54	1819 / 500	3.64
My organization's productivity is based on the amount of goods/services that an employee produces in a given amount of time.	500	199(5) 995	165 (4) 660	26 (3) 78	62 (2) 124	48 (1) 48	1905 / 500	3.81
One of my organization's main concerns is to improve the performance of the organizational employees as well the organization.	500	161(5) 805	184 (4) 736	21 (3) 63	80 (2) 160	54 (1) 54	1818 / 500	3.64
My organizations seek ways of improving quality, reduce downtime and inputs of labour materials, energy and purchased services.	500	177(5) 885	166 (4) 664	20 (3) 60	75 (2) 150	62 (1) 62	1821 / 500	3.65
My organization determines productivity by speed of delivery and effective management.	500	160(5) 910	182 (4) 728	17 (3) 51	86 (2) 132	55 (1) 55	1876 / 500	3.76

In my organization, useful and current IT devices like tablets, smartphones and laptops are provided to staff in line with their duties in order to increase productivity.	500	143(5) 715	195 (4) 780	30 (3) 90	67(2) 134	65 (1) 65	1784 / 500	3.57
Grand Mean	**5000**						**18542 / 5000**	**3.71**

Source: Field Survey, 2019.

Table 4.2 shows unanimously agreement among the categories of respondents. All responses were above the criterion mean of 3.0 on the items of Piece-rate system of compensation, with a total mean of 3.65 for all its four items. Again, all items of organizational productivity responses were above the criterion mean of 3.0, with a total mean of 3.68 for all the six items. Therefore, a **grand mean of 3.71** for both Piece-rate system of compensation and organizational productivity which is above the criterion mean of 3.0 was an indication of positive responses. Hence, Piece-rate system of compensation affects organizational productivity in the selected oil companies.

Research Question Three: *Sales Commission of Compensation affects organizational Productivity?*

Table 4.3: Response of respondents on how sales commission of compensation affects organizational Productivity.

Items	N	Respondent's Options					Total	$\bar{x}$
		SA =5	A = 4	U = 3	D = 2	SD = 1		
Sales Commission of compensation	**2000**						**7,320 / 2000**	**3.66**
My organization adopts sales commission of compensation	500	187(5) 935	165(4) 600	17(3) 51	88(2) 176	43(1) 43	1,865 /500	3.73
My organization compensate sales people with sales commission	500	183(5) 915	149(4) 596	30(3) 90	90(2) 180	48(1) 48	1,829 /500	3.66
My organization compensate sales representatives for consumer products firms and retail sales agents with sales commission	500	174(5) 870	168(4) 672	29(3) 87	79(2) 158	50(1) 50	1,837 /500	3.67
My organization compensate salary based on commission is simply not guaranteed and is paid only if the employee's sales reach some target level	500	165(5) 825	163(4) 652	25(3) 75	90(2) 180	57(1) 57	1,789 /500	3.58
ORGANISATIONAL PRODUTIVITY	**3000**						**11023 / 3000**	**3.68**
My organization measures productivity as the efficiency of a person, machine, factory, system etc in converting inputs into useful outputs.	500	186(5) 930	143 (4) 572	31 (3) 93	86(2) 170	54 (1) 54	1819 / 500	3.64

My organization's productivity is based on the amount of goods/services that an employee produces in a given amount of time.	500	199(5) 995	165 (4) 660	26 (3) 78	62 (2) 124	48 (1) 48	1905 / 500	3.81
One of my organization's main concerns is to improve the performance of the organizational employees as well the organization.	500	161(5) 805	184 (4) 736	21 (3) 63	80 (2) 160	54 (1) 54	1818 / 500	3.64
My organizations seek ways of improving quality, reduce downtime and inputs of labour materials, energy and purchased services.	500	177(5) 885	166 (4) 664	20 (3) 60	75 (2) 150	62 (1) 62	1821 / 500	3.65
My organization determines productivity by speed of delivery and effective management.	500	160(5) 910	182 (4) 728	17 (3) 51	86 (2) 132	55 (1) 55	1876 / 500	3.76
In my organization, useful and current IT devices like tablets, smartphones and laptops are provided to staff in line with their duties in order to increase productivity.	500	143(5) 715	195 (4) 780	30 (3) 90	67(2) 134	65 (1) 65	1784 / 500	3.57
Grand Mean	**5000**						**18542 / 5000**	**3.67**

Source: Field Survey, 2019..

Table 4.3 shows unanimously agreement among the categories of respondents. All responses were above the criterion mean of 3.0 on the items of sales commission of compensation, with a total mean of 3.66 for all its four items. Again, all items of organizational productivity responses were above the criterion mean of 3.0, with a total mean of 3.68 for all the six items. Therefore, a **grand mean of 3.67** for both sales commission of compensation and organizational productivity which is above the criterion mean of 3.0 was an indication of positive responses. Hence, sales commission of compensation affects organizational productivity in the selected oil companies.

Research Question Four: *Nonmonetary Incentive Compensation affects organizational Productivity?*

Table 4.4: Response of respondents on how nonmonetary incentive compensation affects organizational Productivity.

Items	N	Respondent's Options					Total	$\bar{x}$
		SA =5	A = 4	U = 3	D = 2	SD = 1		
Nonmonetary Incentive compensation	**2000**						**7,330 / 2000**	**3.67**
My organization adopts nonmonetary incentive compensation	500	175(5) 875	175(4) 700	15(3) 45	83(2) 164	52(1) 52	1,836 /500	3.67

My organization compensate employees with additional time off or a special perk as nonmonetary incentive compensation	500	170(5) 850	161(4) 644	14(3) 42	83(2) 166	72(1) 72	1,774 /500	3.55
My organization compensate employees that attains the highest level of performance over a specified period of time with extra week of paid vacation	500	191(5) 955	175(4) 700	8(3) 24	77(2) 154	49(1) 49	1,882 /500	3.76
My organization compensate employees that attains targeted level of organizational goal by arranging place such as a tropical resort or a ski lodge as a compensation	500	175(5) 875	171(4) 684	28(3) 84	69(2) 138	57(1) 57	1,838 /500	3.68
ORGANISATIONAL PRODUTIVITY	**3000**						**11023 / 3000**	**3.68**
My organization measures productivity as the efficiency of a person, machine, factory, system etc in converting inputs into useful outputs.	500	186(5) 930	143 (4) 572	31 (3) 93	86(2) 170	54 (1) 54	1819 / 500	3.64
My organization's productivity is based on the amount of goods/services that an employee produces in a given amount of time.	500	199(5) 995	165 (4) 660	26 (3) 78	62 (2) 124	48 (1) 48	1905 / 500	3.81
One of my organization's main concerns is to improve the performance of the organizational employees as well the organization.	500	161(5) 805	184 (4) 736	21 (3) 63	80 (2) 160	54 (1) 54	1818 / 500	3.64
My organizations seek ways of improving quality, reduce downtime and inputs of labour materials, energy and purchased services.	500	177(5) 885	166 (4) 664	20 (3) 60	75 (2) 150	62 (1) 62	1821 / 500	3.65
My organization determines productivity by speed of delivery and effective management.	500	160(5) 910	182 (4) 728	17 (3) 51	86 (2) 132	55 (1) 55	1876 / 500	3.76
In my organization, useful and current IT devices like tablets, smartphones and laptops are provided to staff in line with their duties in order to increase productivity.	500	143(5) 715	195 (4) 780	30 (3) 90	67(2) 134	65 (1) 65	1784 / 500	3.57
Grand Mean	**5000**						**18542 / 5000**	**3.68**

Source: Field Survey, 2019..

Table 4. **4** shows unanimously agreement among the categories of respondents. All responses were above the criterion mean of 3.0 on the items of nonmonetary incentive compensation, with a total mean of 3.67 for all its four items. Again, all items of organizational productivity responses were above the criterion mean of 3.0, with a total mean of 3.68 for all the six items. Therefore, a **grand mean of 3.68** for both nonmonetary incentive compensation and organizational productivity which is above the criterion mean of 3.0 was an indication of positive responses. Hence, nonmonetary incentive compensation affects organizational productivity in the selected oil companies.

Pearson Product Moment Correlation (PPMC) Bivariate Analysis

To ascertain the magnitude and direction of the relationship between incentive compensation and organizational performance and their dimensions and measures, the researcher adopted Everitt and Dunn (2016) decision scale.

Table 4.6: Range of Relationship and Descriptive Level of Association

Range of r values	Descriptive level of association of r
±0.80 – 1.00	Very strong
±0.60 – 0.79	Strong
±0.40 – 0.59	Moderate
±0.20 – 0.39	Weak
±0.00 – 0.19	Very weak

Hypothesis One

There is no significant relationship between individual incentive pay plan compensation and organizational productivity.

Table 4.7: Correlation analysis showing the relationship between individual incentive pay plan compensation and organizational productivity

Correlations

		Individual Incentive Pay plan Compensation	Organizational Productivity
Incentive Pay plan Compensation	Pearson Correlation	1	.539*
	Sig. (2-tailed)		.021
	N	500	500
Organizational Productivity	Pearson Correlation	.539*	1
	Sig. (2-tailed)	.021	
	N	500	500

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output Data 2019.

Table 4.7. showed a correlation coefficient of 0.539* significant at 0.021 < 0.05 level of significance. The correlation coefficient is positively high from the categorization in table 4.7; thus, indicating a strong relationship between individual incentives pay plan compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in individual incentive pay plan compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between individual incentive pay plan compensation and organizational productivity in oil companies.

Hypothesis Two

There is no significant relationship between piece-rate system compensation and organizational Productivity.

Table 4.8: Correlation analysis showing the relationship between piece-rate system compensation and organizational productivity.

Correlations

		Piece-rate System Compensation	Organizational Productivity
Piece-rate System Compensation	Pearson Correlation	1	.758*
	Sig. (2-tailed)		.034
	N	500	500
Organizational Productivity	Pearson Correlation	.758*	1
	Sig. (2-tailed)	.034	
	N	500	500

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output Data 2019.

Table 4.8. showed a correlation coefficient of 0.758* significant at 0.034< 0.05 level of significance. The correlation coefficient is positively high from the categorization in table 4.8; thus, indicating a strong relationship between piece-rate system Compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in piece-rate system compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between piece-rate system compensation and organizational productivity in oil companies.

Hypothesis Three

There is no significant relationship between sales commission of compensation and organizational productivity.

Table 4.9: Correlation analysis showing the relationship between sales commission of compensation and organizational productivity.

Correlations

		Sales Commission Compensation	Organizational Productivity
Sales Commission Compensation	Pearson Correlation	1	.642*
	Sig. (2-tailed)		.042
	N	500	500
Organizational Productivity	Pearson Correlation	.642*	1
	Sig. (2-tailed)	.042	
	N	500	500

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output Data 2019.

Table 4.9. showed a correlation coefficient of 0.642* significant at 0.042< 0.05 level of significance. The correlation coefficient is positively high from the categorization in table 4.9; thus, indicating a strong relationship between sales commission compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in sales

commission compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between sales commission compensation and organizational productivity in oil companies.

Hypothesis Four

There is no significant relationship between nonmonetary incentive compensation and organizational productivity

Table 4.10: Correlation analysis showing the relationship between nonmonetary incentive compensation and organizational productivity.

Correlations

		Nonmonetary Incentive Compensation	Organizational Productivity
Nonmonetary Incentive Compensation	Pearson Correlation	1	-.567*
	Sig. (2-tailed)		0.762
	N	500	500
Organizational Productivity	Pearson Correlation	-.567*	1
	Sig. (2-tailed)	0.762	
	N	500	500

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output Data 2019.

Table 4.10. showed a correlation coefficient of -0.567* significant at 0.762< 0.05 level of significance. The correlation coefficient is negatively low from the categorization in table 4.10; thus, indicating a strong relationship between nonmonetary incentive compensation and organizational productivity. The observed negative correlation coefficient indicates that an increase in nonmonetary incentive compensation is associated with a decrease in organizational productivity. Accordingly, the researcher concludes that there is no significant relationship between nonmonetary incentive compensation and organizational productivity in oil companies.

Findings

The findings of this study were derived from the answers to the research questions and testing of the hypothesis:

The results showed in table 4.2 shows that all responses were above the criterion mean of 3.0 on the items of Individual incentive pay plan of compensation (mean of 3.76 for all its four items) and organizational productivity (mean of 3.68 for all the six items). Therefore, a **grand mean of 3.70** for both individual incentive pay plan compensation and organizational productivity which shows indication of positive responses. Hence, Individual incentive pay plan of compensation affects organizational productivity in the selected oil companies.

Also findings from the hypothesis 1 in table 4.7. showed a correlation coefficient of 0.539* significant at 0.021 < 0.05 level of significance. The correlation coefficient is positively high from the categorization, indicating a strong relationship between individual incentive pay plan compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in individual incentive pay plan compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between individual incentive pay plan compensation and organizational productivity in oil companies. The results showed in table 4.3 shows that all responses were above the criterion mean of 3.0 on the items of Piece-rate system of compensation (mean of 3.65 for all its four items) and organizational productivity (mean of 3.68 for all the six items).

Therefore, a **grand mean of 3.71** for both piece-rate systems of compensation and organizational productivity which shows indication of positive responses. Hence, Piece-rate system of compensation affects organizational productivity in the selected oil companies. Also findings from the hypothesis 2 in table 4.8. showed a correlation coefficient of 0.758* significant at 0.034< 0.05 level of significance. The correlation coefficient is positively high from the categorization, indicating a strong relationship between Piece-Rate System of Compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in Piece-Rate System of Compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between Piece-Rate System Compensation and organizational productivity in the selected oil companies. The results showed in table 4.4 shows that all responses were above the criterion mean of 3.0 on the items of sales commission of compensation (mean of 3.66 for all its four items) and organizational productivity (mean of 3.68 for all the six items). Therefore, a **grand mean of 3.67** for both sales commission of compensation and organizational productivity which shows an indication of positive responses. Hence, sales commission of compensation affects organizational productivity in the selected oil companies. Also findings from the hypothesis 3 in table 4.9. showed a correlation coefficient of 0.642* significant at 0.042< 0.05 level of significance. The correlation coefficient is positively high from the categorization, indicating a strong relationship between sales commission of compensation and organizational productivity. The observed positive correlation coefficient indicates that an increase in sales commission of compensation is associated with an increase in organizational productivity. Accordingly, the researcher concludes that there is a significant relationship between sales commission of compensation and organizational productivity in the selected oil companies. The results showed in table 4.4 shows that all responses were above the criterion mean of 3.0 on the items of nonmonetary incentive compensation (mean of 3.67 for all its four items) and organizational productivity (mean of 3.68 for all the six items). Therefore, a **grand mean of 3.68** for both nonmonetary incentive compensation and organizational productivity which is an indication of positive responses. Hence, nonmonetary incentive compensation affects organizational productivity in the selected oil companies. Also findings from the hypothesis 4 in table 4.10. showed a correlation coefficient of -0.567* significant at 0.762< 0.05 level of significance. The correlation coefficient is negatively low from the categorization, indicating a strong relationship between nonmonetary incentive compensation and organizational productivity. The observed negative correlation coefficient indicates that an increase in nonmonetary incentive compensation is associated with a decrease in organizational productivity. Accordingly, the researcher concludes that there is no significant relationship between nonmonetary incentive compensation and organizational productivity in oil companies.

CONCLUSION

Based on the findings of this study, it is therefore concluded that the management of oil companies should endeavour to compensate their employees on performance based rewards which uses individual incentive pay plan that ensures that employees are rewarded based on performance on a real-time basis where performance are objectively assessed, in terms of number of units of output or similar measures, rather than on a subjective assessment of performance by a superior that enhances the productivity level of the organization. Also piece-rate system of compensation should be adopted that enables the organization pay their employees a certain amount of money for every unit he or she produces which in turn increases the productivity of the organization. Furthermore, that sales commission method of compensation used in compensating salespeople, such as sales representatives for consumer products and retail sales agents should be considered most when they meet percentage of the total volume of attained sales and targeted level of sales as argued by (Michie and Shechan-Quinn, 2001, and Deb, 2006). Finally, the organizations should diverse a means of

compensating their employees with nonmonetary incentive in terms of additional time off, special perk, giving them extra week of paid vacation or arrange tropical resort or a ski lodge when they attain the highest level of the organization goals which in turn increases the organizational productivity.

RECOMMENDATIONS

Based on the research findings, the following recommendations and suggestions were made to the management of the selected oil companies. They should -

1. Put in place individual incentive pay plan of compensation policy that will improve the organizational productivity.
2. Create policy on piece-rate system of compensation, sales commission compensation and nonmonetary incentive compensation that will enhance the organizational productivity.
3. Organize informative awareness campaign that would enable employees see reasons and appreciate why incentive compensation management system is necessary both for the individuals as well as the organization as a cooperate entity.
4. Create links between incentive compensation management, performance, standard of a job, organizational goals that determines the difference between success and failure of the organization.
5. Put in place factors that are not monetary inclined that will enhance the performance of employees positively, such as: employee's sense of belonging, job safety, leadership, control and decision making.
6. Create method of job evaluation of their organizations that identifies number of compensable factors, such as responsibilities, skills, physical effort, mental effort and working conditions.
7. Create opportunity for union members to influence what the organization pays its employees, that is, to be intermediary between the management and employees in bargaining for their rights.

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