



Journal Homepage: -www.journalijar.com
**INTERNATIONAL JOURNAL OF
 ADVANCED RESEARCH (IJAR)**

Article DOI:10.21474/IJAR01/ 9584
 DOI URL: <http://dx.doi.org/10.21474/IJAR01/9584>



RESEARCH ARTICLE

**COMPENSATION MANAGEMENT AND EMPLOYEE JOB SATISFACTION OF SELECTED
 INSURANCE COMPANIES IN LAGOS STATE, NIGERIA.**

Adefulu A. D.¹ and Adebowale I. S.²

1. Department of Business Administration and Marketing.
2. School of Management Sciences, Babcock University, Ilisan Remo, Ogun State, Nigeria.

Manuscript Info

Manuscript History

Received: 18 June 2019
 Final Accepted: 20 July 2019
 Published: August 2019

Key words:-

incentive, recognition, safety, salary
 increase, work-content, work dignity..

Abstract

Employee job satisfaction is worker's sense of achievement and success on the job. This has generally been perceived to be directly linked to compensation as well as to personal well-being. Different authors in literature have reported mixed approaches and outcomes about how compensation management affected employee job satisfaction. In Nigerian insurance industry, employee job satisfaction is perceived to be low probably due to inadequate compensation plan of the firms. The paper therefore investigated the effect of compensation management (Employee safety, incentives, work dignity, and salary increase) on employee job satisfaction (Recognition, performance related pay and working condition) of selected insurance companies in Lagos State, Nigeria. Survey research method was adopted. The population of study was 1527 made up of employees in 8 selected insurance companies from which sample of 560 were selected using stratified sampling technique. The paper used questionnaire as research instrument validated through face and contents validity tests with Cronbach's Alpha reliability coefficients ranged from 0.62 to 0.84 for various constructs of the paper. Data were analysed using both descriptive and inferential (simple regression) statistics. The results revealed that compensation management have positive significant effect on employee job satisfaction $\beta = 0.661$, $t(501) = 17.538$, $R^2 = 0.379$, $P (<0.05)$. The study concluded that compensation management is important determinant of the satisfaction employees derive from their job. Therefore, recommended that government should enact laws and regulations that could mediate between the employers and employees of insurance industry whenever there is issue of breach of contract. The management of insurance industry should have better compensation systems in place because it has a very positive impact on their employees 'satisfaction. Besides, such employees are less likely to leave the organisation.

Copy Right, IJAR, 2019,. All rights reserved.

Corresponding Author:-Adefulu A. D.

Address:-Department of Business Administration and Marketing.

Introduction:-

Employee job satisfaction represents one of the most complex areas facing today's managers when it comes to managing their employees. Employee job satisfaction received attention in the advanced countries and has equally been a subject of research. Unfortunately, in the continent of Africa, job satisfaction has not received the proper attention from neither scholars nor managers of various business organizations. Observations from literature showed lack of consensus on the effect of compensation management on employee job satisfaction.

Some studies indicated that compensation management has positive influence on job satisfaction (Bustamam, Teng, & Abdullah, 2014). On the contrary, other studies confirmed negative effect of compensation management on job satisfaction (Cingöz & Kaplan, 2015). The perceived low level of employee job satisfaction probably due to inadequate compensation plan of the firms resulted in different work related problems. Abayomi and Ziska (2014) disclosed some of the problems associated with job satisfaction. They mentioned that dissatisfied employees often experienced job stress, poor overall morale, and high employee turnover rates, and mistakes, lack of customer retention, decreased productivity, and smearing of business reputation. This paper intends to investigate effect of compensation management on job satisfaction of insurance employees in Nigeria. It is expected that introduction of compensation management would mitigate the trend. This is because compensation management has capacity to reinforce the performance of employee. Following the introduction, section two of the paper discussed the review of literature, section three unveiled the methodology of the paper and section four presented the analysis, results and discussion while the last section dwelt on the conclusion and recommendations.

Literature Review**Conceptual review**

The conceptual reviews cover synthesis of opinions and thoughts of diverse authors on the area of study.

Employee job satisfaction

There are many definitions available for job satisfaction Judge, Hulin and Dalai (2009) described job satisfactions as multidimensional psychological responses to one's job, with evaluative and emotional components. Judge et al. (2009) intentionally defined job satisfactions in the plural to include satisfaction with specific job aspects and not only overall job satisfaction (Judge et al., 2009). The plural job satisfaction concept makes the definition of Judge et al. (2009) unique. Overall job satisfaction can be defined as a holistic achievement of internal, external and individual job satisfaction. In addition, job satisfaction is any blend of mental, physiological, and natural circumstances that bring about a man honestly to say I am satisfied by my effort? Job satisfaction is characterised as it is the distinction between the measure of prizes workers get and the sum they trust they ought to get. Baah and Amoako (2011) stated that motivational factors regarding organisation such as work itself, achievement sensation, and sense of responsibility, recognition, career growth, advancement, and development opportunities help employees recognise their value and worth within organisation.

Drafke (2009) suggested that determinants of job satisfaction are characterised into three dimensions, namely internal, individual and external job satisfaction, each of which contains different job satisfaction variables. Internal variables are intrinsic in the work itself (Drafke, 2009) and include the physical work (Berger & Brownell, 2009) and workload (Chimanikire, Mutandwa, Gadzirayi, Muzondo & Mutandwa, 2007). Individual variables are mainly concerned with the individual and his or her family and friends (Drafke, 2009). External variables are related to the working environment, as well as to the work itself, and are easier to change or to separate from the work itself than internal variables (Drafke, 2009).

As concerns merit of job satisfaction, Aziri (2011) asserted that job dissatisfaction can show up in any given work circumstance. The job satisfaction stimulates employee relationship at work with supervisors/peer, acknowledgment of their work, career development; career growth, rewards, working conditions, and organisational environment (work policies) have significant impact on job satisfaction of the employees. Profitability reflects through financial parameters such as sales turnover, cost of sales, administration and distribution expenses. It leads to delivery of superior quality work from the employee. It results in healthy work and positive attitude. It serves as a perceptible measure of employee performance, which directors ultimately drive to achieve.

Conversely, job satisfaction can degenerate into labour turnover and/or turnover intentions if it is absent in the organisation. Barrows and Powers (2009) posited that the costs of not providing decent work to employees cannot be ignored. It could negatively impact on insurance employees' satisfaction, which could in turn lead to a poor

employee performance experience, low profit, customer dissatisfaction lack of employee productivity, organisational commitment and higher employee turnover rates.

Compensation Management

Idemobi, Onyeizugbe, and Akpunonu (2011) viewed compensation management as a tool to improve organisational performance. Their definition is weak because Adeniji and Osibanjo (2012) broaden it by adding that employees have expectation: after expending their time, efforts, energy and labour in helping the organisation achieve its goals, expect adequate compensation and reward in form of money and other entitlements to satisfy personal, economic psychological, social, self-actualisation, security and growth needs. Adeniji and Osinbajo's definition of compensation management, Bustamam, et al (2014); Shaw (2014); Terera and Ngirande (2014); Xavier (2014) presented more robust perspective of compensation management as what determined the hiring retention of employees to attain the organisational objectives. It is the basis of involvement of individuals to reinforce the performance of employees. Compensation is a crucial instrument for the attraction and retention of talented employees that are dedicated to their responsibilities within the firm. Direct compensation includes wages, salaries and bonuses or commission; while indirect compensation is paid as medical benefits, housing allowance, meal allowance, utility allowances, incentive bonus, shift-allowances, hospitalisation expenses, out of station allowance, vehicle loan benefits, annual leave allowances, car and basic allowances. Compensation could be financial compensation, non-financial compensation. Greene (2014) is more apt because compensation management is presented as a strategic instrument in the hand of management to contribute to the organisational effectiveness and can impact positively on the behaviour and productivity of employees. However, compensation management could instigate employer-employees or union dispute. It could also be a subject of fraud through fabrication or exaggeration of injuries.

In term of characteristics, Kreitner and Kinicki (2006) emphasised that compensation management is central to the functioning of any employee-employer relationship. A matter is closest to the heart of both the employee and the employer. Kreitner and Kinicki (2006) located some benefits of compensation. They observed that it is an important sub-system in human resource management. They submitted that no other issue is more essential to any employee than his or her financial remuneration. Other attributes of compensation management is that it relates to the welfare of the workers with special references to enhanced salaries, which have relationships to what is obtainable in the economy. Such relationships are often times expressed in terms of inputs and outputs of the workers in the economy. A broader perspective came from Kwok, Xiaowan, and Lin (2014) explained that lack of incentives characterise people perceived imbalance in their input-output ratio. On the other hand, Olaopa (2014) improved on earlier contributors' submission, adding that compensation is the reward employees receive in exchange for performing organisational tasks. Olaopa observed that when organisation put compensation program in use, it is significant in personnel management because of it has direct influence on employee behaviour and performance in the company.

Overriding advantage of compensation management to employee productivity is that it is the centre of human resource management practices and is fundamental to the employment relationship. Arrowsmith, Nicholaisen, Bechter, and Nonell, (2010) posited that compensation plays a critical role in attracting and retaining key employees to the organisation, in promoting ongoing job satisfaction and in motivating employees to achieve higher levels of performance. Although compensating workers have an effect on productivity, it also increases output in the organisation. Therefore, Mudor and Tooksoon (2011) gave account that employees need to feel that their jobs are of value and contributes significantly to the success of the organisation is important to the workers. If there is no provision for compensation, tension would be created which could result in high accident rate, job dissatisfaction, and frequent absenteeism, and low productivity, lack of commitment to organisational goals and objectives, and intention to quit.

Regarding disadvantages, however, as important as compensation management is, Bratton and Gold (2003) enumerated certain formidable obstacles in administering compensation strategy, which include the following: It is easier to believe that total reward strategy is a good thing than to put it into practice. The cost of some intangible rewards is not quantifiable, and hence it is difficult to make a business case. Developing total reward is time-consuming – it may take months to plan and Implement. Implementation and management require full support from the management team – they are not something done by HR to the business.

Theoretical review

Understanding the theories of Employee productivity is useful to owners of business in maximising business objectives. Therefore the Ability Motivation Opportunity theory – AMO was discussed because of their relevance for this paper.

Ability Motivation Opportunity theory - AMO

The AMO theory was credited to Bailey (1993); Olander and Thogersen (1995). They posited that employee discretionary effort needed three components: employee had to have the necessary productivity, they needed appropriate motivation and employers had to offer them the opportunity to participate. They proposed that in order to ensure employee optimal performance at work, three components must be present – ability, motivation, opportunity. Employees had to have the necessary skills, they need appropriate motivation and employers had to offer them the opportunity to contribute value to the organisation. Appelbaum, Bailey, Berg and Kalleberg (2000) explained that the ability, motivation and opportunity (AMO) framework has been largely accepted for clarifying the nexus between training and employee productivity. Some other articles published after 2000 Boselie, Dietz and Boon (2005); Ehrnrooth and Björkman (2012); Hutchinson (2013); Paauwe and Boselie (2005) explored the HRM-performance linkage using this theoretical framework (either explicitly or implicitly). The AMO theory illustrates that when employees are trained, they are likely to perform better, leading to higher firm productivity. Training as HRM practice play an influential role in motivating employee to exhibit favourable attitudes and behaviours, which are required to support and implement the competitive strategy of an opportunity for employees to involve in knowledge-sharing and problem-solving activities.

Assumptions of this theory say that the acronym, AMO stands for the three elements that enhance together employee performance: individual ability (A), motivation (M), and the opportunity to participate (O) – Bayo and Galdon (2010) observed that ability-enhancing mechanism is essential to employee performance. Boselie (2010) agreed with Bayo and Galdon (2010) assertion. Claudia (2015) asserted that motivation was instrumental to employee job satisfaction and productivity. Knies and Leisink (2014) and Munteanu (2014) observed that training given to employee would improve their productivity. According to the model, people perform well when they have the capabilities. The theory is comprised of basic concepts of psychology Kroon, VanDe-Voorde, and Timmers (2013) which are related to three systems that shape individual characteristics: ensuring that employees have the appropriate abilities, motivating employees to enhance discretionary behaviour, and empowering them toward organisational outcomes. Ability dimension is usually defined by the acronym KSA (knowledge, skills and abilities) Fu, Flood, Bosak, Morris and O'Regan (2013). Thus, Ability-enhancing practices aim to improve the three components. For instance, practices such as: employee recruitment techniques or formal training. Compensation is a motivation that deals with an employee desire to perform, which can be enhanced by extrinsic or intrinsic motivation. Examples of motivation-enhancing practices are incentives or career opportunities Munteanu (2014). The AMO model introduces as well the opportunity dimension, based on job design theories Hackman and Oldham (1980), or empowerment literature Gerhart (2005).

Supporters of the AMO theory, Boselie, Dietz, and Boon (2005) highlighted that under AMO theory, training boost employee ability to become high-performer, augmenting employee motivation and commitment by giving conditional rewards as well as conducting effective performance management and lastly providing an opportunity for employees to involve in knowledge-sharing and problem-solving activities. Choi and Yoon (2015) considered AMO theory as a work productivity theory, which played complementary roles in influencing behaviour of employees. Other authors, MacInnis and Jaworski (1989) confirmed that the origin of the model laid on the theoretical discourse between industrial psychologists, who assumed that performance was a function of training and selection (thus ability), and social psychologists, who believe that motivation was essential to ensuring performance.

Among the critics of AMO theory includes Courtney and Winch (2003); Slevin and Pinto (2004) faulted the functionality issues surrounding productivity and application of AMO theory. They observed it was relative. AMO theory's application is not universal. For instance, it is not relevant in construction industry and limited. They attributed its relevance to management concern that has not received much focus in construction industry related research. Relationship between the AMO theory and the study lies on ability-enhancing mechanism available for employee productivity. Training is tool for increasing the employee ability to perform as expected and achieve specific organisational goals.

Empirical review

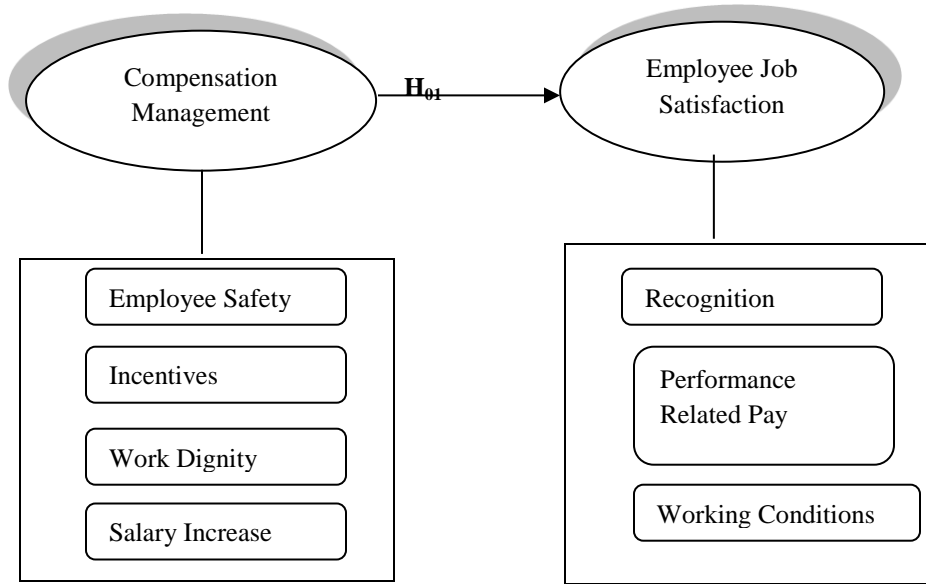
Kwok, Xiaowan, and Lin (2014) investigated compensation disparity between Locals and Expatriates in China: A multilevel analysis of the influence of norms. The study adopted Survey research design. The analyses of data would be done by applying a confirmatory factor analysis along with a structural equation model. The population of study was 716. Quantitative method was used with Simple random sampling and purposive sampling. Primary data collection was adopted, using Questionnaire. In another study, Jonathan and Bradley (2017) examined price transmission across labour compensation costs, consumer prices, and finished-goods prices. The article used Survey research design. A vector auto regression model was used. The population study was 550. Quantitative method was considered. Probabilistic sampling was adopted with the use of secondary data. In a related article, Xin and Huasheng (2013) investigated nonmonetary benefits, quality of work-life, and Executive Compensation: Case study design. It was a descriptive statistic and simple linear regression. The article was silent on the population of the study. Qualitative method with Convenience sampling was adopted. It used Secondary data and focused group as research instrument.

Findings of Kwok, et al. (2014) their investigation revealed the negative effects of low compensation parity on outcome variables, namely, evaluation of and knowledge sharing with expatriates, as well as job satisfaction and intention to quit, were fully mediated by distributive justice based on a comparison with expatriates. In Jonathan and Bradley (2017) study, finding revealed that there is increase raised concerns about possible long-term inflationary effects. There are two hypotheses about the causes of potential inflation: a demand-pull hypothesis, which suggests that inflation results from increases in aggregate demand, and a cost-push hypothesis, which posits that inflation stems from increases in labour compensation costs. The compensation has positive significance on the productivity. In Xin and Huasheng (2013) article, finding showed that compensation is premium for quality of life. It is both economically and statistically significant after controlling for conventional firm and CEO characteristics.

Methodology:-

The paper adopted a survey research design. The target population for this study was 1527 employees. The target respondents made up of top-level staff, middle level staff and lower-level employees working in the selected insurance firms. The sample size adopted for the study was determined by applying the Cochran formula. In order to compensate for the non-response and for wrong filling of questionnaires, the sample of 431 was increased by 129 or 30% of the total sample size became 560. Hence, the researcher administered the questionnaire on the sampled population to the employees in the selected insurance companies in Lagos State. The Sampling Technique adopted was stratified sampling technique. The study used primary source of data collection through a well - structured, tested and validated questionnaire as research instrument validated through face and contents validity tests with Cronbach's Alpha reliability coefficients ranged from 0.62 to 0.84 for various constructs of the paper. 560 copies of questionnaire were administered to the respondents of which 506 copies of the distributed questionnaire were duly filled, returned and was used for the analysis representing 90.5% response rate. The study used descriptive statistics method for the presenting and summarising bio-data statistical instrument used for the research analysis. It was inferential statistics, specifically simple regression analysis. Data obtained from the returned survey was analysed through Statistical Package for the Social Sciences – SPSS, version 23, which was the software tool for the data analysis. That involved organising the data into categories, coding, and sorting them to identify patterns and interpret the meaning of the responses. The package was considered appropriate due to its capability, versatility and flexibility in processing large quantity of data collected.

Research Model



Source: Adebowale & Adefulu Research Model, 2019

From the research model, H₀₁ (Hypothesis arrow) illustrated the effect of compensation management (Employee safety, incentives, work dignity, and salary increase) on employee job satisfaction (Recognition, performance related pay and working condition).

Result, Analysis and Discussion:-

Table 4.1.1- Descriptive Statistics on Compensation Management

Compensation Management (N = 506)	VH 6	H 5	MH 4	ML 3	L 2	VL 1	MISSING	Total	
	%	%	%	%	%	%	%	Mean	%
Equal pay for equal work	14.0	31.0	25.7	12.6	5.1	6.7	4.7	3.97	1.60
Salary increase	11.1	26.1	27.5	16.4	5.9	7.3	5.7	3.75	1.62
Work dignity	10.1	37.2	30.0	11.7	2.2	3.6	5.3	4.09	1.47
Pay-based Incentives	6.9	29.6	31.4	15.8	4.9	6.3	4.9	3.79	1.50
Employee safety	12.1	31.2	29.8	13.4	5.7	3.6	4.2	4.03	1.46
GRAND								3.93	1.34

Source: Adebowale & Adefulu Survey Data 2019

Table 4.1.1 presents the descriptive statistics of compensation management. The result revealed that a higher percentage of the participants (70.7%) indicated high on the frequency of equal pay for equal work attained with 14.0% showing very high, 31.0% showed high and 25.7% indicated moderately high. Likewise 12.6% of the respondents showed moderately low equal pay for equal work with 5.1% showing low, 6.7% showing very low and 4.7% of the respondents did not give their response to this statement. The mean score of 3.97 showed that a moderately high-level responses of the respondents converged towards agreeing with the fact that they attained a high level of equal pay for equal work, while the standard deviation of 1.60 showed that the responses of respondents converged around the mean.

In addition, the table also reveals that (64.7%) of the respondents indicated high on salary increase with 11.1% very high, 26.1% high and 27.5% moderately high while 16.4% showed moderately low, 5.9% showed low and 7.3% very low with only 5.7% missing thus the mean score of 3.97 implied moderately high degree of responses converged towards agreeing with the fact that there was improved salary increase while the standard deviation of 1.62 showed that the responses of the respondents converged around the mean. The table disclosed that (77.3%) agreed high on work dignity as 10.1% showed very high, 37.2% high, 30.0% moderately high, 11.7% indicated

moderately low, 2.2% low, 3.6% were of opinion that it was very low in their organisation and 3.6% of respondents did not participate this section of questionnaire. The average mean 4.09 implied moderately high degree of the participants converged towards agreeing with standard deviation of 1.47 revolving around the mean.

As regards pay-based incentives (67.9%) rated high on pay-based incentives as 6.9% rated very high, 29.6% high, 31.4% moderately high, 15.8% moderately low, 4.9% rated low, 6.3% rated very low and 4.9% declined comments on this section of questionnaire. The average (mean =3.79 showing that responses tilted towards admitting pay-based incentives with the standard deviation of 1.50. Similarly, 73.1% indicated high on employee safety as 12.1% showed very high, 31.2% high and 29.8% moderately high, on the other hand, only 13.4% indicated moderately low as 5.7% showed low, 3.6% very low and 4.2% missing. The mean score of 4.03 implied moderately high degree the respondents' responses converged towards agreeing while the standard deviation of 1.46 converges around the mean.

Table 4.1.2:-Descriptive Statistics on Employee Job Satisfaction

Employee Job Satisfaction (N = 506)	VH 6	H 5	MH 4	ML 3	L 2	VL 1	MISSING	Total	
	%	%	%	%	%	%	%	Mean	Standard Deviation
Upward mobility in every role	7.5	28.3	29.1	17.4	6.9	4.9	5.9	3.74	1.54
Performance-related pay	11.5	25.5	28.7	16.0	5.5	6.9	5.9	3.77	1.62
Work contents	8.3	30.2	33.0	11.7	5.1	4.9	6.7	3.83	1.57
Recognition	8.9	28.9	29.4	15.0	6.5	5.3	5.9	3.79	1.56
Working conditions	8.1	28.9	31.6	15.0	5.3	5.1	5.9	3.80	1.53
GRAND								3.79	1.44

Source: Adebowale & Adefulu Survey Data 2019

Table 4.1.2 presents the descriptive statistics of employee job satisfaction. The result shows that a higher percentage of the respondents (64.9 %) indicated high on the frequency of on the upward mobility in every role received with 7.5% showing very high, 28.3% showed high and 29.1% indicated moderately high. On the other hand, 17.4% of the respondents showed that they received a moderately low level of upward mobility in every role with 4.9% showing low, 3.8% showing 4.9% showing very low while 5.9% of the respondents did not give their response to this statement. The mean score of 3.74 showed moderately high degrees of the respondents converged towards agreeing with the fact that they receive a moderately high level of upward mobility in every role, while the standard deviation of 1.54 showed that the responses of respondents converged around the mean. The table also reveals that 65.7% of the respondents indicated high on performance-related pay with 11.5% very high, 25.5% high and 28.7% moderately high while 16.0% indicated moderately low on the level of performance-related pay received as 5.5% showed low, 2% showed very low respectively with only 5.9% missing; thus, the mean score of **3.77** implied moderately high degree of the respondents converged towards agreeing with the fact that there was performance-related pay while the standard deviation of 1.62 showed that the responses of the respondents converged around the mean.

Likewise, 71.5% indicated high on the relevance of work contents to career success as 8.3% showed very high, 30.2% high and 33.0% moderately high, on the other hand, only 11.7% indicated as moderately low, while 5.1% was rated low, 4.9% rated very low and 6.7% of the participants declined their opinion in this section of the questionnaire. The mean score of **3.83** implied moderately high degrees of responses converge towards agreeing while the standard deviation of 1.57 converges around the mean. Further, a total of 67.2% indicated high on the degree of recognition with 8.9% very high, 28.9% high and 29.4% moderately high, but 15.0% indicated moderately low with 6.5% rated low, 5.3% very low as 5.9% of the respondents were missing. The mean score of 3.79 implied moderately high degrees of the respondents converged around agreeing and the standard deviation of 1.56 showed that the responses of the respondent converged around the mean. Finally, 68.6% indicated high on working conditions as 8.1% showed very high, 28.9% high and 31.6% rated moderately high, on the other hand, only 15.0% indicated moderately low as 5.3% showed low, 5.1% rated very low and 5.9% missing. The mean score of 3.80

implied moderately high degree responses converge towards agreeing while the standard deviation of 1.53 converges around the mean.

The convergence of the results of Tables 4.1.1 and 4.1.2 showed that compensation management has the same rate of increase with the employee job satisfaction of the selected insurance companies in Lagos state, Nigeria. The findings reveal that there was a high level of provision for equal pay for equal work, salary increase, work dignity, pay-based incentives and employee safety would become motivational factors for the employees within the organisation to give rise to better achievement sensation, and sense of responsibility, recognition, career growth, advancement, and development opportunities help employees recognise their value and worth within organisation and reduce absenteeism, turnover among others. Therefore, one can safely conclude that there is the likelihood that compensation management would have a positive relationship with employee job satisfaction.

Test of Hypothesis

H₀₁: Compensation management has no significant effect on employee job satisfaction of selected insurance companies in Lagos State, Nigeria.

Table 4.1.3:-Simple Regression between compensation management and employee job satisfaction

Model One $y_2 = a_0 + \beta_2x_2 + e_i$		Unstandardised Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.190	.156		7.607	.000
	Compensation Mgt.	.661	.038	.616	17.538	.0001
a. Dependent Variable: Employee Job Satisfaction b. R= 0.616 R²= 0.379 F_(1, 504) = 307.575*						

Source: Adebowale & Adefulu Survey Data 2019

Table 4.1.3 shows the simple regression analysis results for the effect of compensation management that it has no significant effect on employee job satisfaction of selected insurance companies in Lagos State, Nigeria. The results reveals that compensation management $\beta = 0.661$, $t(501)=17.538$, $R^2 =0.379$, $P <0.05$) have positive significant effect on employee job satisfaction in selected insurance companies in Lagos State, Nigeria. The degree of freedom indicates that the overall regression model is a good fit. This implies that compensation management $F_{(1, 501)} = 307.575*$ R-value 0.616 indicates that compensation management has a positive moderate relationship with employee job satisfaction. The $R^2 = 0.379$ indicates that about 37.9% variation that occurs in employee job satisfaction in some selected insurance companies in Lagos State is accounted for by compensation management while the remaining 62.1% changes that occurs is accounted for by other variables not captured in the model such as: proactive work behaviour, problem-solving, and idea implementation. R^2 value 37.9% was lower than 62.1% of other values that were not captured in the model, Snijders and Bosker (2011) offered reasons that when a model with more predictors seemed larger than that of a model of fewer predictors. They provided two explanations for decreases in R^2 and/or negative R^2 in a larger model: (i) chance fluctuation (or sampling variance) that was most prominent when the sample size was small or (ii) misspecification of the model, when the new predictor was redundant in relation to one or more other predictors in the model. Hence, they concluded that was general limitation of using primary source data for regression analysis.

The simple regression model expressed thus:

$$y_2 = a_0 + \beta_2x_2 + e_i$$

$$EJS = 1.190 + 0.661COM + E_1 \dots\dots\dots \text{equation ii}$$

Where:

- EJS = Employee Job Satisfaction
- COM = Compensation Management

The regression model shows that when compensation management are at a constant zero, employee job satisfaction would be 1.190 implying that without compensation management, employees will still show a level of satisfaction from their job as shown by the constant value. The results of the simple regression analysis indicate that when compensation management is improved by one unit employee's job satisfaction will be positively affected by an increase of 0.661 unit. The result suggests that compensation management is important determinants of the

satisfaction employees derive from their job in the selected insurance companies in Lagos state, Nigeria. The result is also highly statistically significant ($F_{(1, 504)} = 307.575$, $P < 0.05$) Therefore, the null hypothesis (H_{02}) which states that Compensation management has no significant effect on employee job satisfaction of selected insurance companies in Lagos State, Nigeria, was rejected.

Discussion of Findings:-

Hypothesis tested showed that compensation management has positive and significant effect on employee job satisfaction in selected insurance companies in Lagos State, Nigeria. The finding is consistent with the findings of Olaopa (2014) who attributed compensation management to the welfare of the workers with special references to enhanced salaries, which have positive relationships to what is obtainable in the economy. Such relationships are often times expressed in terms of inputs and outputs of the workers in the economy.

Broader evidence came from Kwok, Xiaowan, and Lin (2014) who investigated whether lack of incentives characterise people perceived imbalance in their input-output ratio: Compensation disparity between Locals and Expatriates in China. Findings reveal a significant relationship ($r = .57$, $p \leq .001$) between compensation and job satisfaction. This finding supports this study hypothesis that compensation management affects job satisfaction positively with. Abayomi and Ziska (2014) investigated compensation management and employee job satisfaction: a case of Nigeria. The results of their study using hierarchical regression of compensation management produced a significant R^2 change ($R^2\Delta = .27$; $F_{(4, 155)} = 14.568$; $p < .001$) the HRM practices variables were computed. The HRM practice – compensation management was significant in predicting employee job satisfaction. Compensation management showed the strongest relationship to POS ($\beta = .23$; $t = 2.804$; $p \leq .01$).

Further, Nina and Jason (2014) researched employee compensation: The neglected area of HRM research. Their findings revealed that it is evident from the report that compensation matters to people. There is positive significance between benefits related to compensation incentive systems and job satisfaction. They identified a link between job satisfaction and employee salary levels, benefit packages and turnover and concluded that organisations that have better compensation systems cum policies in place because it has a very positive impact on their employees 'satisfaction. Besides, such employees are less likely to leave the organisation. They revealed that pay, benefit packages and security are greater motivators for employees.

In addition, Eriksson and Kristensen (2014) examined the effect of wages or fringes on employee satisfaction. Findings revealed that salary packages, benefits are of great value that creates job satisfaction factors. Compensation systems would affect employees' job satisfaction and thus influence intentions to quit but higher compensation level with benefit packages would give rise to higher job satisfaction and retention rates will also be higher. Moreover, this aligns with Manthei and Mohnen (2013) position about compensation processes. Significantly, compensation management is termed as management philosophies, strategies and arrangement in the shape of policies and strategies, guiding principles, structures and procedures, which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. This includes measuring job values, designing and maintaining pay structures, paying for performance and providing employee benefits. Compensation management is concerned with the formulation and implementation of strategies and policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organisation, which ultimately affects their job satisfaction thus leading to their commitment to organisational objectives.

Conclusion and Recommendations:-

Result from the test of hypothesis showed that compensation management has high level of positive significance in predicting job satisfaction. Therefore, provision for equal pay for equal work, salary increase, work dignity, pay-based incentives and employee safety would become motivational factors for the employees within the organisation to give rise to better achievement sensation, and sense of responsibility, recognition, career growth, advancement, and development opportunities help employees recognise their value and worth within organisation and reduce absenteeism, turnover among others. Therefore, one concludes that there is the likelihood that compensation management has a positive relationship with employee job satisfaction. Job satisfaction stood for one of the prevailing issues facing today's managers when it comes to managing their employees.

There is a considerable impact of the employees' perceptions for the nature of his work and the level of overall job satisfaction. Financial incentives have a great impact on the overall job satisfaction of employees. The paper recommends that employees in the insurance industry should be adequately motivated through adequate, fair and commensurate reward system in line with their acquired skills. The infrastructural facilities in the insurance industry should be upgraded to provide conducive work atmosphere for employees and safe workplace towards greater productivity in the industry. The results suggest that the concerned organisations should take proper steps to maximize the positive feelings as well as to minimize the negative feelings of the employees. Pay and promotional incentives should be increased for the employees of the general insurance companies, which should be sufficient to live a standard life, and the organisations should ensure the promotion of each employee when it became due.

References:-

1. Abayomi, O. A., & Ziska, F. (2014). Compensation management and employee job satisfaction: A case of Nigeria. *Journal of Social Science*, 41(3), 345 - 352.
2. Adeniji, A. A., & Osibanjo, A. O. (2012). *Human resource management: Theory and practice*. Lagos: Pumark Nigeria Limited.
3. Appelbaum, E., Bailey, T., Berg, P., & Kalleberg, A. L. (2000). *Manufacturing advantage: Why high-performance work systems pay off*. London: ILR Press.
4. Arrowsmith, J., Nicholaisen, H., Bechter, B., & Nonell, R. (2010). The management of variable pay in European banking. *International Journal of Human Resource Management*, 21, 2716 – 2740.
5. Aziri, B. (2011). A research into employees' job satisfaction in Macedonia. *Journal of Management Research and Practice*, 3(4), 77–86.
6. Baah, K., & Amoako, G. K. (2011). Application of Frederick Herzberg's two-factor theory in assessing and understanding employee motivation at work: A Ghanaian perspective. *European Journal of Business and Management*, 3(9), 1–8.
7. Bailey, T. (1993). *Discretionary effort and the organisation of work: Employee participation and work reform since Hawthorne: Teachers College and Conservation of Human Resources*. United States of America: Columbia University Press.
8. Barrows, C. W. & Powers, T. (2009). *Introduction to management in the hospitality industry*. 9th Edition. Hoboken, NJ: John Wiley & Sons, Inc.
9. Bayo, M. A., & Galdon-Sanchez, J. E. (2010). Multinational companies and high-performance work practices in the Spanish manufacturing industry. *International Journal of Human Resource Management*, 21(8), 1248 - 1271.
10. Berger, F., & Brownell, J. (2009). *Organisational behaviour for the insurance industry*. Upper Saddle River, NJ: Pearson Education, Inc.
11. Boselie, P. (2010). High performance work practices in the health care sector: A Dutch case study. *Journal of Manpower*, 31(1), 42 - 58.
12. Boselie, P., Dietz, G., & Boon, C. (2005). Commonalities and contradictions in HRM and performance research. *Human Resource Management Journal*, 15(3), 67 - 94.
13. Bratton, J., & Gold, J. (2003). *Human resource management: Theory and practice* (3rd Ed). New York: Palgrave Macmillan.
14. Bustamam, F. L., Teng, S. S., & Abdullah, F. Z. (2014). Reward management and job satisfaction among frontline employees in hotel industry in Malaysia. *Procedia–Social and Behavioural Sciences*, 14(4), 392 - 402.
15. Chimankire, P., Mutandwa, E., Gadzirayi, C.T., Muzondo, N. & Mutandwa, B. (2007). Factors affecting job satisfaction among academic professionals in tertiary institutions in Zimbabwe. *African Journal of Business Management*, 1(6), 166 - 175.
16. Choi, M., & Yoon, H. J. (2015). Training investment and organisational outcomes: A moderated mediation model of employee outcomes and strategic orientation of the HR function. *International Journal of Human Resource Management*, 1, 1 - 20.
17. Cingöz, A., & Kaplan, A. (2015). An examination of the mediating role of job satisfaction on the relationship between psychological empowerment and innovative behaviour. *International Review of Social Sciences*, 3(2), 231 – 281.
18. Claudia, A. C. (2015). Human resource management well-being at work relation: A case study. *Annals - Economy Series*, 4, 140 - 145.
19. Courtney, R. & Winch, G. (2003). Re-engineering construction: the role of research and implementation. *Building Research & Information Journal*, 31, 172 - 178.

20. Drafke, M. (2009). *The human side of organisations* (10th Edition). Upper Saddle River, NJ: Pearson Education, Inc.
21. Ehrnrooth, M., & Björkman, I. (2012). An Integrative hrm process theorization: Beyond Signalling effects and mutual gains. *Journal of Management Studies*, 49(6), 109 - 135.
22. Eriksson, T., & Kristensen, N. (2014). Wages or fringes? Some evidence on trade-offs and sorting. *Journal of Labour Economics*, 32(4), 899 - 928.
23. Fu, N., Flood, O., Bosak, J., Morris, T., & O'Regan, P. (2013). Exploring the performance effect of HPWS on professional service supply chain management. *Journal of supply chain management*, 18(3), 292 - 307.
24. Gerhart, B. (2005). Human resources and business performance: Findings unanswered questions and an alternative approach. *Journal of Management Science*, 16(2), 174-185.
25. Greene, R. J. (2014). The role of employee ownership in the total rewards strategy. *Journal of Compensation and Benefits*, 1(4), 863 - 919.
26. Hackman, J. R., & Oldham, G. R. (1980). *Work redesign*: Reading, United Kingdom: Addison- Wesley press.
27. Hutchinson, S. (2013). Evaluating performance management. *Journal of Chartered Institute of Personnel and Development*, 8(5), 210 - 226.
28. Idemobi, E. I., Onyeizugbe, C. U., & Akpunonu, E. O. (2011). Compensation management as tool for improving organisational performance in the public sectors: A study of the Civil Service of Anambra State of Nigeria. *Journal of Policy and Strategic Studies*, 1(1), 109-120.
29. Jonathan, D. C. & Bradley, A. (2017). Examining price transmission across labour compensation costs, consumer prices, and finished-goods prices. *Monthly Labour Review*, 1-24.
30. Judge, T. A., Hulin, C. L., & Dalai, R. S. (2009). Job satisfaction and job affect - in: Kozlowski, S.W.J. (Ed.). *Oxford handbook of industrial and organisational psychology*. New York, NY: Oxford University Press.
31. Knies, E., & Leisink, P. (2014). Linking people management and extra-role behaviour: Results of a longitudinal study. *Human Resource Management Journal*, 24(1), 57 - 76.
32. Kreitner, O. B., & Kinicki, G. K. (2006). *Organisational behaviour*. New York: McGraw Hill.
33. Kroon, B., VanDe-Voorde, K., & Timmers, J. (2013). High performance work practices in small firms: A resource-poverty and strategic decision-making perspective. *Small Business Economics*, 41(1), 71 - 91.
34. Kwok, L., Xiaowan, L., & Lin, L. (2014). Compensation disparity between Locals and Expatriates in China: A multilevel analysis of the influence of norms. *Management International Review*, 54(1), 107 - 128.
35. MacInnis, D. J., & Jaworski, B. J. (1989). Information processing from advertisements: Toward an integrative framework. *Journal of Marketing*, 53(4), 139 - 140.
36. Manthei, K. & Mohnen, A. (2013). The incentive impact of the fixed wage: A real effort experiment. *Zeitschrift für Personal forschung / German Journal of Research in Human Resource Management*, 27(4), 331 - 353.
37. Mudor, H., & Tooksoon, P. (2011). Conceptual framework on the relationship between human resource management practices, job satisfaction, and turnover. *Journal of Economics and Behavioural Studies*, 2, 41 - 49.
38. Munteanu, A. (2014). What high performance work practices means for human resource in an organisation? *Journals of the University of Petrosani, Economics*, 14(1), 243 - 250.
39. Nina, G. & Jason, D. S. (2014). Employee compensation: the neglected area of hrm research. *Human Resource Management Review*, 24(1), 1 - 4.
40. Olander, F. & Thøgersen, J. (1995). Understanding of consumer behaviour as a prerequisite for environmental protection. *Journal of Consumer Policy*, 18(4), 345 - 385.
41. Olaopa, K. (2014). Job satisfaction and organisational commitment: Are there differences between American and Nigerian managers employed in the US MNCs in Nigeria. *Journal of Academy of Business and Administrative Sciences*, 3(1), 345 - 357.
42. Shaw, J. D. (2014). Pay dispersion. *Journal of Organisational Psychology and Organisational Behaviour*, 4(2), 521 - 544.
43. Slevin, D. P., & Pinto, J. K. (2004). An overview of behavioural issues in project management. In: Morris, P. W. G. & Pinto, J. K. (Eds.). *The Wiley guide to managing projects*. Hoboken, New Jersey: John Wiley & Sons.
44. Terera, S. R., & Ngirande, H. (2014). The impact of rewards on job satisfaction and employee retention. *Mediterranean Journal of Social Sciences*, 5(1), 481 - 487.
45. Xavier, B. (2014). Shaping the future research agenda for compensation and benefits management: Some thoughts based on stakeholder inquiry. *Human Resource Management Journal*, 24, 31 - 40.
46. Xin, D., & Huasheng, G. (2013). Nonmonetary benefits, quality of life, and executive compensation. *The Journal of Financial and Quantitative Analysis*, 48(1), 197 - 218.