

## **Effect of Compensation Strategies on Employees' Retention in Nigeria Custom Services: A Study of South West Zone, Nigeria**

**Dibia, H. C., Dialoke, I (Ph.D), Otuekere, C.I & Ikor, E.I (Ph.D)**

Department of Industrial Relations and Personnel Management,

Michael Okpara University of Agriculture, Umudike

Corresponding author: ikoroike@gmail.com

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### **Abstract**

*The study specifically investigated the effect of compensation strategies on employee's retention in Nigeria customs service. Specifically the study determined the effect of Bonus Payment (Overtime payment) on Self-evaluation and examined the effect of Fringe Benefits (pay, medical insurance) on career advancement opportunity of Nigerian Customs Service South West Zone, Nigeria. A well-structured questionnaire was used to collect information from the target respondents who were Nigeria customs service. A total of 1,096 constituted the population of the study and Taro Yamane was employed to derive the sample size of 293 for the study. The three (3) hypotheses were formulated to guide the study. The study revealed that financial compensation (salary) has significant effect on self-evaluation of Nigeria Customs Service, work schedule and vacation on career advancement in Nigeria Customs Service and Employees. Based on the findings, the following recommendations were made; there is need for HR officers in Nigeria Customs Service to take a longer timeline to search for the more accurate skill that affects the link between the compensation system, employee competence, and employee retention. Paying a competitive salary is crucial for organisations wishing to recruit and retain top talent, but is also necessary to give employees work schedule and vacation as it has shown in the result, the effect of career advancement. Employees takes holiday, rest and refresh and ready to go back to work. This kind of practice can contribute to high level of productivity in an organization. Employees should be provided with the adequate health insurance service and facilities during their active working period. Hence, bills allowance, duty allowance among others to get their regular check-ups and that the organization should align employees' reward strategies with business strategy.*

**Keywords:** *Compensation strategies, bonus payment, fringe benefits, self-evaluation, career advancement*

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## INTRODUCTION

Employees are organizations' key resources and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Most times, when organizations make enormous efforts to attract handfuls of employees and sustain them in the organization, compensation plays a significant role in attracting and retaining good employees especially those who give outstanding performance or unique skill which is indispensable to the organization (Lawler, 2010). Compensation is therefore considered as the most important factor for attracting and retaining the talent employees. In past studies, Allen, Shore & Griffeth (2013) reported that employers have to differentiate themselves from others through their compensation strategy in order to attract and retain quality employees. An organization's ability to attract and retain staff is the two essential components of talent sustainability even though it has become increasingly more difficult for organizations to hire and retain qualified talent (Cotton & Tuttle, 2016). Compensation not only consists of financial (pay) but also non-financial (healthcare).

However, organisations and institutions all over the world need the services of other individuals to make it productive (Aggesti & Franklin, 2019). The success or failure of such organization and systems depend mainly on the ability, intelligence or the character of its workers that are found there. Human Resource Management (HRM) has never been as significant as it is today. Customs service wants to attract retain and motivate brains to meet objectives. Today, Human resource is regarded as one of every organisation's assets, so they need to be effective and more managed. One of the tools organisation use to attract, retain and motivate its people with Compensation strategy According to Aiman-Smith, Bauer & Cable, (2011) one essential of HRM is compensation. Payment, reward, advantage, opportunity are all meanings of compensation and in retaining key executives who can help a organisation achieve growth and prosperity, all these definitions must come into play.

Thus, organisations often do not realize their full growth potential because they have yet to develop an incentive program that motivates employees. Although "compensation" in the business world is often a euphemism for "more money, most executives would likely agree that it takes more than a hefty paycheck to keep them satisfied. As Taber & Alliger, (2015) once said, "what you are will show in what you do". These words ring loud and genuine within a organisation's structure and illustrate the importance of matching the skill sets and talents of key executives to their appropriate role within the organisation.

It is important to note that, Ideal compensation system will have the positive impact on the efficiency and results produced by employees. It also encourages the employee to perform better and achieve the objectives set (Armstrong, 2013). Bonus Payment (Overtime payment) as a form of compensation helps the organizations to carry out self-evaluation on employee and to report the same to the chief executive of the organization (Nigeria customs service). It is worthy to state that Fringe Benefits (pay, medical insurance) paid to employee help to build employee confidence with the organization and by so doing, making them more committed and trustworthy to the organization. It is therefore on the above premise that this research is carried out to determine and examine the effect of bonus payment (overtime payment) on self-evaluation and effect of fringe

benefits (pay, medical insurance) on career advancement opportunity of Nigeria Customs Service, South West Zone, Nigeria.

### **STATEMENT OF THE PROBLEM**

Referring to Amos & Weathington (2018) point of view, one of the biggest challenges for any organization is its ability to hire and retain staff. Both private and public sector organizations are experiencing these challenges. Identifying factors that influence staff attraction and retention and then developing strategies to attract quality talent and to increase employee retention is essential. According to the researchers' point of view, compensation is the main factor. However, Ling (2010) revealed that most of the researches that were conducted focused on financial compensation as wages, salary, bonuses, allowances, commissions which are used to keep, retain, and attract employees in a organization and the impact of non-financial compensation was not given due consideration.

From the literature, it has been found that only few organizations are aware about the aspects of non-financial compensation. There are only few researches conducted on non-financial compensation (Adeoti, & Isiaka, 2016; Bari, Arif & Shoaib, 2013; Nyaga, 2015; Tan, 2019). For this reason, some organizations are not able to apply the reward system which includes non-financial compensations as they do not have the awareness and knowledge of non-financial compensation and the impact it has on the organization (Yousaf, Latif, Aslam, & Saddiqui, 2014) in general and on employee attraction and retention in particular (Researchers' assumption). This clearly explains the need for researchers to conduct this study on the influence of not only financial compensation but also non-financial compensation on employee attraction and retention as a way of filling this research gap and come up with providing a solution to such earlier cited organizations challenges. It is on this background that, the study seeks to investigate effect of compensation strategies on employee retention in Nigeria customs services: a study of South West Zone, Nigeria.

### **REVIEW OF LITERATURES**

#### **Compensation Strategy**

A compensation strategy is a plan that discusses how much, and when, to pay employees in an organization. A compensation strategy communicates to employees the definition of the organization's position regarding pay, and typically includes a definition of external competitive market and internal equity objectives, definition of pay programs that will be utilized and why, and information about how plans will be administered. The compensation strategy is extremely important as the right compensation strategy helps to build the effective and competitive organization and the wrong setting of the compensation strategy, which does not fit with the needs of the organization and with the HR and Business Strategies, can destroy the organization within several years and the organization suffers from decreased performance and not utilizing the full potential of employees (Taber & Alliger, 2015).

The compensation strategy is derived from the HR Strategy and it defines the position of the organization on the job market, the level of the total cash, the main bonus principles in the organization and rules for the base salary setting. The compensation strategy is the strategy, which

is approved by the Board of the organization as the owner of the compensation strategy is always the top executive management of the organization. The compensation strategy has a huge impact on the costs of the organization and that is the main reason for the top management approval. The rest of managers are the users of the compensation strategy (Zingheim & Schuster, (2013).

An effective compensation strategy can help a company's hiring process become more efficient. These strategies typically combine a company's hiring budget with a compensation package in an attempt to recruit the right candidates. Understanding the components of a compensation strategy and how to create one can help you implement a package that benefits the needs of the business and its employees (Taber, & Alliger, 2015). Compensation is viewed from total rewards perspective as it encompasses psychological rewards, learning opportunities, and recognition in addition to monetary rewards in the forms of base pay and incentives (Taber, & Alliger, (2015).

### **Bonus Payment (Overtime payment)**

A bonus payment is usually made to employees in addition to their base salary as part of their wages or salary. While the base salary usually is a fixed amount per month, bonus payments more often than not vary depending on known criteria, such as the annual turnover, or the net number of additional customers acquired, or the current value of the stock of a public company. Thus bonus payments can act as incentives for managers attracting their attention and their personal interest towards what is seen as gainful for their companies' economic success (Lai-Wan, 2017). Bonuses are prone to being adjusted or even manipulated to the benefit of those employees who are responsible for reporting them, while they are already planning their leave with a golden handshake. Bonus is the extra payment or financial component which is received as a reward for doing one's job well.

### **Self-Evaluation**

Self-evaluation is a procedure to systematically observe, analyze and value your own professional action and its results in order to stabilize or improve it. This can take place on an individual or on an organizational level. To self-evaluate means that people explore and evaluate their own professional work. Self-evaluation is the way people view themselves. It is the continuous process of determining personal growth and progress, which can be raised or lowered by the behavior of a close other (a person that is psychologically close). People are more threatened by friends than strangers Ichniowski, Shaw & Prensushi, (2017) created the self-evaluation maintenance theory in 1988. In both the reflection and comparison processes, closeness and performance level are significant. If the closeness of another decreases, then a person is less likely to share the success and/or compare him/herself, which lessens the likelihood of decreasing self-evaluation.

Closeness and performance can either raise self-evaluation through reflection or lower self-evaluation through comparison. Relevance determines whether reflection or comparison will occur. There are many different dimensions that can be important to an individual's self-definition. A self-defining factor is any factor that is important to who a person is. For example, an ability or success in music may be important to one's self-definition, but at the same time, being good in math may not be as important (Dobre, 2013). Relevance assumes that a particular factor that is important to an individual is also important to another person. Relevance can be as simple as a

shared dimension which he/she considers important to who he/she is. If relevance is high, then one will engage in comparison, but if relevance is low, one will engage in reflection.

### **Relationship between Bonus Payments (Overtime Payment) on Self-Evaluation**

There is scanty literature review on the relationship between bonus payments on self-evaluation, it is the gap in which this research will fill. Most works done have been on relationship between compensation strategies on employee retention. Empirically, Eke, Dialoke & Ikoro (2021) examined the effects of compensation on employees' retention in organization. Compensation of employees has a serious positive and negative consequence to organizational attraction, retention and motivation of people to join the organization considering the competitive nature of most businesses with the same or similar products and goals. Many brewery industries such as Guinness Nigeria Plc and Nigerian Breweries Plc depends on a formidable compensation strategy to have competitive edge amidst her competitors in retaining their employees. Numerous compensation strategies relevant to employee's retention in breweries industries abounds, yet, differences exist in some indigenous approaches to employee's compensation and retention among brewery industries. This study therefore, aimed to evaluate the effect of compensation on employee's retention in Guinness Nigeria Plc and Nigeria breweries Plc in Abia State, Nigeria. Two (2) objectives were formulated in this study to provide guidance to the study. Descriptive research design was used to investigate the effects of compensation on employee retention in organization. Primary and secondary data were used for the study. A total of 1940 respondents consisting of 880 respondents from Guinness Nigeria Plc and 1060 respondents from Nigerian Breweries Plc was used for the study after retrieving the questionnaire. Data obtained were analyzed using descriptive statistics such as frequency counts, percentages and mean scores in line with the specific objectives, while independent sample z-test and ordinary least squares (OLS) simple regression analysis technique were employed in testing the hypotheses of the study. The study examined salary payment on employee retention and also examined job security on employee retentions. The study found out that to a high extent salary payment and job security affected

Furthermore, Uwimpuhwe, Mushabe & Kajugiro, (2018) examine the influence of compensation system on employee attraction and retention. This research was conducted towards employees of the Higher Education Council, National Commission for Fight against Genocide and COGE Bank located in Kigali City. The study emphasized on the perception of respondents on compensation system, employee attraction and retention to come up on the influence of compensation system on employee attraction and retention. Researchers used questionnaires as method of data collection and research instrument. A random sampling technique has been used to find the population sample size of 32 employees of the cited institutions. Statistical evidence revealed that there is a significant positive correlation of .582 showing that Compensation system has a moderate influence on employee attraction and retention. The null hypothesis of the study to be tested was "There is no relationship between compensation system and employee attraction and retention" and was rejected as p-value equals to .001 was less than alpha equal to .01(2-tailed) and alternative hypothesis "There is a relationship between compensation system and employee attraction and retention" was maintained. In this study, some recommendations were also drawn to organizations' managers and researchers proposed areas of further researches.



Tesser (2018) suggests that people may do things to reduce the decrease in self-evaluation from comparison. One can spend less time with that particular individual, thereby reducing closeness or one can change their important self-definition and take up a new hobby or focus on a different self-defining activity, which reduces relevance. The third way of avoiding a decrease in self-evaluation through the comparison process is to affect another's performance (e.g. by hiding a sibling's favorite shoes, or believe that his/her performance was based on luck) or one can improve their own skills by practicing more. This theory poses the question: under what conditions will someone get in the way of another's performance? The answer is that it depends on closeness of the individuals and the relevance of the activity. When the relevance is high, the comparison process is more important than the reflection process. When the relevance is high and the activity is high in self-defining importance, the other person poses a larger threat than when the relevance is low.

Lastly, Axel & Riphahn, (2004) studied Incentive Effects of Bonus Payments. Evidence from an international company. This study uses panel data describing about 6,500 employees in a large international company to study the incentive effects of performance related pay. The company uses two performance related remuneration mechanisms. One is an individual "surprise" bonus payment. The other is a more structured system, where part of the salary is determined by individual performance evaluations. We hypothesize that effort is higher in departments where (i) performance evaluation results are more spread out, (ii) person-specific performance evaluations are more flexible over time, (iii) surprise bonuses are used more frequently. These hypotheses are tested using days of absence and overtime work as effort indicators. The tests yield that hypotheses (ii) and (iii) are supported, and that (i) cannot be tested reliably due to possible simultaneity bias in our data. We investigate and confirm the robustness of these findings. They suggest that surprise bonus payments and flexibility in the evaluation of individual performances over time provide effective incentives for employee effort.

### **Fringe Benefits (pay, medical insurance)**

Fringe benefits are perks that employers give to their employees above and beyond any financial compensation. The most common benefits include life, disability, and health insurance, tuition reimbursement, and education assistance, as well as retirement benefits. Fringe benefits are a commonly used tool to reward employees for their performance or to lift up the work conditions (Frost, 2011). There are many different types of benefits, but the purpose of them is normally to motivate, compensate, and provide a more comfortable work or personal situation to the beneficiary (Frost, 2011). For employees, a fringe benefit is a great way to save more money since the company takes on some of their regular expenses, like in the case of insurance policies or cell phones. In some instances, these benefits are tax-exempt, like in the case of health insurance (Gering & Conner, 2012).

Fringe benefits are the additional benefits offered to an employee, above the stated salary for the performance of a specific service. One of the advantages of fringe benefits is that they are tax-exempt for the employer, provided that the set conditions are met. On the contrary, the recipients of fringe benefits are required to include the fair value refers to the actual value of an asset - a product, stock, or security - that is agreed upon by both the seller and the buyer. Examples of optional fringe benefits include free breakfast and lunch, gym membership, employee stock

options, transportation benefits, retirement planning services, childcare, education assistance among others (Sons, 2015).

### **Career Advancement Opportunities**

Career advancement is the process by which professionals across industries use their skill sets and determination to achieve new career goals and more challenging job opportunities. Some companies offer career advancement programs that allow existing employees to move up within the company (Ekere & Amah, 2014). Career Development or Career Development Planning refers to the process an individual may undergo to evolve their occupational status. It is the process of making decisions for long term learning, to align personal needs of physical or psychological fulfillment with career advancement opportunities. Career Development can also refer to the total encompassment of an individual's work-related experiences, leading up to the occupational role they may hold within an organization (Kawaguchi, 2012).

Career development is the series of activities or the on-going/lifelong process of developing one's career which includes defining new goals regularly and acquiring skills to achieve them. Career development usually refers to managing one's career in an intra-organizational or inter-organizational scenario. It involves training on new skills, moving to higher job responsibilities, making a career change within the same organization, moving to a different organization or starting one's own business. Career development is directly linked to the goals and objectives set by an individual. It starts with self-actualization and self-assessment of one's interests and capabilities. The interests are then matched with the available options (Cotton & Tuttle, 2016). The individual needs to train himself to acquire the skills needed for the option or career path chosen by him. Finally, after acquiring the desired competency, he has to perform to achieve the goals and targets set by him. Career development is directly linked to an individual's growth and satisfaction and hence should be managed by the individual and not left to the employer.

### **Relationship between Fringe Benefits (Pay, Medical Insurance) On Career Advancement Opportunity**

There is scanty literature review on the relationship between fringe benefits and career advancement opportunity, it is the gap in which this research will fill. Most works done have been on effect, impact of fringe benefits on employee job performance. Empirically, Ekwochi, Nwudugbo & Okoene, (2018) The Impact of Fringe Benefits on Employee's Job Performance in United Bank of Africa (UBA) Plc. This research work examined the impact of fringe benefits on employee job performance, A study of United Bank of Africa (UBA) Plc. The objectives of the study include to: ascertain the relationship between medical insurance and performance of workers of United Bank of Africa Plc, determine the extent overtime pay affects the performance of workers of United Bank of Africa Plc and examine the effect of annual leave on the performance of workers of United Bank of Africa Plc. The research method adopted was the survey research method. The sources of data used were the primary and secondary sources of data. The population of the study was while the sample size of 59 was determined by applying the rule governing population and sampling. The major instrument of data collection was the questionnaire. The data collected were presented in tables using frequencies and percentages and analysed using the five point likert system. The hypotheses were tested using the chi-square distribution formula. The

findings included that medical insurance has a positive relationship with performance of workers of United Bank of Africa Plc, overtime pay has a significant effect on the performance of workers of United Bank of Africa Plc and annual leave has a significant effect on the performance of workers of United Bank of Africa Plc. The researcher concluded that fringe benefits have a positive effect on employee job performance and it was recommended that management of the banking industry should consider medical insurance as it has a positive relationship with performance, management of the banking industry should always reward employees who have stayed beyond the closing time by giving them overtime pay and annual leave should be made a priority for workers to make them rejuvenate and perform better.

Clifford, Clifford, Charle, Mambula, & Progress (2019) study the impact of Fringe Benefits on Employee Performance. Fringe benefits in recent times had focused on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members. This is because, the success and the survival of any organization are determined by the way the workers are compensated. In spite of this, there is still some debate over fringe benefits on whether they facilitate in employee performance leading to organizational performance and do benefits impact on an organization's ability to attract, retain and motivate employees leading to productivity and improved organizations performance. The study thus examined the impact of fringe benefits on employee performance using NASCO Group in Jos as a study. The study adopted descriptive survey research design, while regression method of analysis was used in carrying out the empirical analysis. Findings from the study showed that health protection benefits have a positive and significant impact on employee performance in NASCO group. It showed that the more health protection benefits are provided for employees of NASCO group, the more they work hard at their jobs and their productivity increases. In addition, retirement benefits have a positive and significant influence on employee performance in NASCO group; and lastly, findings from the study revealed that recognition has a significant impact on employee performance in NASCO group. Based on these findings, the study recommends that there is the need for NASCO group to continue the provision of health protection benefits to its employees since it will help them create a sense of loyalty and encourage their productivity in the company. More so, management of NASCO group should review the current retirement package since a good retirement package will attract and retain employees in the public sector and also improve their productivity; and above all, managers of Nasco group need to improvise employee recognition programs for jobs well done, this will motivate employees thus enhancing employee productivity in the private sector.

### **Theoretical Framework**

This work is anchored on the Adams equity theory of motivation as was developed by the American psychologist John Stacey Adams in 1963; the theory is about the balance between the effort an employee puts into their work (input) and the result they get in return (output). Input includes hard work, skills and enthusiasm. Output can be things like salary, recognition, and responsibility.

The researcher decided to apply equity theory of motivation to the study because the researcher believed that a proper balance should be established between input and output to ensure that an employee feels satisfied and motivated in order to contribute to the organizational productivity.



The inputs that an employee contributes to relationship can be either assets-entitling him/her to rewards or liabilities-entitling him/her to costs. According to Walster, Traupmann & Walster, (1978) inputs typically includes any of the following; time, education, experience, effort, loyalty, hard work, commitment, flexibility, tolerance, determination, personal sacrifice and support from co-workers and colleagues whereas outputs can be seen as a positive and negative consequences that an individual perceives an employee has incurred as a consequence of his/her relationship with another. It include any of the following: Job security, salary, employee benefit, expenses, recognition, sense of achievement, praise and thanks. On this note also, the researcher strongly applied this theory also because of the following assumptions that applied to business; employees expect a fair return for what they contribute to their jobs, a concept referred to as the “equity norm” employees determine what their equitable return should be after comparing their input and outcomes with those of their co-workers. This concept is referred to as “social comparison” and lastly, employee who perceive themselves as being in an inequitable situation will seek to reduce the inequity either by distorting inputs and/or outcomes in their own minds “cognitive distortion” by directly altering inputs and/or outputs, or by leaving the organization (Carrell & Deffrich, 1978).

## **METHODOLOGY**

The study adopted survey design in which a structured questionnaire was used to elicit information from the target respondents who were staff of Nigeria Customs Service. The use of primary data was utilized while the population of the study comprised of 1,196 respondents randomly chosen from Lagos and Ogun State. The study adopted Boyley’s proportional procedure and Taro yamane’s method for setting the sample size into each stratum equal to the proportional to the sampling units in that stratum. However, a sample size of 299 which was utilized for the selected states. A 14-item researcher developed titled “effect of compensation strategies on employees’ retention in Nigeria Custom Services: A study of South West Zone, Nigeria” The variables of the study were measured using a 4-Point Likert Scale Descriptive Index of SA (Strongly Agree, 4); A (Agree, 3); D (Disagree, 2) and SD (Strongly Disagree, 1). Section A contained demographic information of the subjects while section B contained 10 self-report items in relation to the effect of effect of bonus payment on self-evaluation and effect of fringe benefits (payment insurance) on career advancement opportunity in Nigeria Customs Service. A criterion means of 2.5 was established to determine acceptance or rejection of the items. Any mean above 2.5 showed acceptance while that below 2.5 indicated rejection. The instrument was subjected to face-to-face validity by three (3) experts from the Department of Industrial Relations and Personnel Management, College of Management Sciences while the reliability was tested using Cronbach Alpha analysis and the reliability was 0.70%. Descriptive statistics such as mean and percentages were used to answer the research questions while the hypotheses were tested using simple linear regression analysis model.

## RESULTS AND DISCUSSION

### Questionnaire Administration

**Table 1: Questionnaire administration to respondents**

S/n	Nigeria Customs Service	Copies administered	%	Copies returned	%
1	Lagos State	175	21.4	58	21.0
2	Ogun State	124	20.7	56	20.3
	<b>Total</b>	<b>299</b>	<b>100</b>	<b>265</b>	<b>96.0</b>

**Source: Field Survey, 2024**

From Table 1 above, a total of 299 copies of questionnaire were administered to members of staff of Nigeria Customs Service the selected States to examine the effect of compensation strategies on employee retention in Nigeria customs services: a study of South West Zone, Nigeria. From the 299 administered copies, 265 copies of the questionnaire were completed and returned to the researcher, implying that 34 copies were lost in the process. In effect, 265 respondents constituted the sample size of the study which translates into 88.6% copies of the completed questionnaire.

### DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

#### Gender of the respondents

The distribution of respondents according to gender is presented in Table 2.

**Table 2: Distribution of respondents according to gender**

Gender	Frequency	Percentage
Male	160	60.4
Female	105	39.6
<b>Total</b>	<b>265</b>	<b>100</b>

**Source: Field Survey, 2024**

Table 4.2 revealed that, 60.4% of the respondents were males, while females accounted for 39.6% of the sample size. This implies that, majority of employees in Nigeria Customs Service in southwest States are men. This conforms to apriori expectations, as Nigeria Customs Service employees more of men in the Southeast, Nigeria. However, this finding agrees with the result of Ukata and Maicon (2017) who reported that men dominates large percentage of employee in the Nigeria Customs Service in the South western part of Nigeria.

### Age of the respondents

The distribution of respondents according to age is presented in Table 3

**Table 3: Distribution of respondents according to age**

Age (years)	Frequency	Percentage
20-26	23	8.7
27-32	45	17.0
33-above	197	74.3
<b>Total</b>	<b>265</b>	<b>100</b>

**Source: Field Survey, 2024**

As indicated in Table 3, 74.3% of the respondents were above 33 years of age. Followed by 17.0% of the respondents were between the ages of 27 - 32 years of age. The result further revealed that 8.7% of the respondents were between the age ranges of 20-26 years of age. In specific terms, age distribution is classified into four major age groups which are, the youthful dynamic age group, which is made up of those within ages 20 years to 30 years, the actively productive working class which consist of those within ages 31 years to 45 years, the declining productivity age class which is made up of those within ages 46 years to 60 years and the old age class which is made up of those above 60 years (Oni, 2016). From the above categorization, most of the respondents (27 and above 33 years) fall within the active working class, which implies that these age groups are up and doing, they can make rational decision that will enhance performance of their ministry in the study area as well as enrolling into one form of reward system or the other so as to boast performance.

### Academic qualification

The distribution of respondents according to academic qualification is presented in Table 4.

**Table 4: Distribution of respondents according to academic qualification**

Education	Frequency	Percentage
SSCE/NECO	5	1.9
OND/NCE	63	23.8
B.Sc./HND	167	63.0
M.Sc./MBA	23	8.7
Ph.D	7	2.6
<b>Total</b>	<b>265</b>	<b>100</b>

**Source: Field Survey, 2024**

The findings from Table 4 indicated that, 63.0% of the respondents have acquired B.Sc./HND educational certificate. These were followed by 23.8% and 8.7% of the respondents who are OND/NCE and M.Sc/MBA certificate holders. 2.6% of the respondents have acquired PhD certificates. However, the least were 1.9% of the respondent who had senior secondary school certificate. The educational qualification of the respondents appeared very impressive as majority of the respondents have not just formal education, but higher degrees. This could implies that,

majority of the respondents are enlightened, learned, informed and receptive to modern working facilities in the Nigeria Custom Service.

### Experience of the respondents

Distribution of respondents according to experience is presented in Table 5

**Table 5: Distribution of Respondents according to experience**

Experience	Frequency	Percentage
3 – 6years	8	3.0
4 – 10 years	40	12.1
11 - 12 years	91	34.3
13 years and above	126	47.6
<b>Total</b>	<b>265</b>	<b>100</b>

**Source: Field Survey, 2024**

Table 5 revealed that, 47.6% of the respondents have 13years and above working experience in the Nigeria Customs Service. Followed by 34.3% and 12.1% of the respondents who have 11 – 12 years and 4 – 10 years of working experience respectively. The least were 3.0% of the respondents who have 3 - 6years of working experience. This results revealed high exposure and accumulation of working experience in the Nigeria Customs Service as more than 80.0% of the respondents have more than 10years working experience. The selected respondents are eligible for this study, since they have experience and have better understanding of compensation strategies in the public sector in Nigeria.

### DATA PRESENTATION

#### Effect of bonuses payment (over paying) on self-evaluation of Nigeria Customs Service

**Table 6: Effect of bonuses payment (over paying) on self-evaluation of Nigeria Customs Service**

Bonuses payment (over paying)	SA	A	D	SD	Total	Mean
Bonus payment promotes self-evaluation of employees	104 39.2%	108 40.8%	26 9.8%	27 10.2%	265 100	3.09
Payment overtime add credit to the organization	98 37.0%	77 29.1%	57 21.5%	33 12.4%	265 100	2.90
Payment of overtime helps to position the organization as employees will be committed to their work	172 64.9%	84 31.7%	9 3.4%	- -	265 100	3.61
Bonus payment to employees promotes the structure of the organization.	126 47.5%	109 41.2%	10 3.8%	20 7.5%	265 100	3.28
Payment of Bonus to employees is sign that the organization is doing well	93 35.1%	116 43.8%	38 14.3%	18 6.8%	265 100	3.07

**Source:** Field Survey, 2021

Decision rule: mean value > 2.5 accepted, otherwise rejected

Table 6 examined the effect of bonuses payment (over paying) on self-evaluation of Nigeria Customs Service. From the result, 64.9% of the respondents strongly agreed that payment of overtime helps to position the organization as employees will be committed to their work. Followed by 47.5% who strongly agreed that bonus payment to employees promotes the structure of the organization. More so, 39.2% of the respondents strongly agreed that bonus payment promotes self-evaluation of employees. In the same vein, 43.8% and 40.8% of the respondents agreed that payment of bonus to employees is sign that the organization is doing well and it promotes self-evaluation of employees. The mean value revealed that, five out of five research variables have mean value above 2.5 decision rule, thus the researcher agreed that bonuses payment (over paying) significantly affect self-evaluation of Nigeria Customs Service.

**Effect of fringe benefits (payment insurance) on career advancement opportunity of Nigeria.**

**Table 7: Effect of fringe benefits (payment insurance) on career advancement opportunity of Nigeria**

Fringe benefits	SA	A	D	SD	Total	Mean
Fringe benefits payment enhances employees career opportunity	150 56.6%	110 41.5%	5 1.9%	- -	265 100	3.54
Fringe benefit like pay medicine insurance encourage employees turnover in organization.	80 30.2%	122 46.0%	40 15.1%	23 8.7%	265 100	2.97
Fringe benefit help to position the organization for competitive effectiveness.	183 69.1%	67 25.3%	15 5.6%	- -	265 100	3.63
Fringe benefits help to announce the organization to the world	111 41.9%	78 29.4%	40 15.1%	36 13.6%	265 100	2.99
Fringe benefit paid to employees help to position organization for challenges.	100 37.7%	130 49.1%	21 7.9%	14 5.3%	265 100	3.19

**Source:** Field Survey, 2021 Decision rule: mean value > 2.5 accepted, otherwise rejected  
Table 7 addressed the effect of fringe benefits (payment insurance) on career advancement opportunity of Nigeria. From the result, 69.1% and 56.6% of the respondents strongly agreed that, fringe benefit help to position the organization for competitive effectiveness and it enhances employee’s career opportunity. Followed by 41.9% of the respondents strongly agreed that fringe benefits help to announce the organization to the world. More so, 49.1% and 46.0% of the respondents agreed that fringe benefit paid to employees help to position organization for challenges and fringe benefit like pay medicine insurance encourage employees turnover in organization. However, the research variable surrogates result revealed that, five out-of-five research questions has a mean value above > 2.5 decision rule; and since the mean value > 2.5 decision rule, the researcher agreed that, fringe benefits (payment insurance) significantly affect career advancement opportunity of Nigeria.



## TEST OF HYPOTHESES

### Test of hypothesis 1

**H<sub>0</sub>:** Bonuses payment (over paying) has no significant effect on self-evaluation of Nigeria Customs Service

Analysis of Simple linear regression analysis result for hypothesis 1.

**Table 9:** Simple linear regression analysis result of Bonuses payment (over paying) on self-evaluation of Nigeria Customs Service

Variable	Parameters	Coefficient	Std error	Tcal – value
Constant	$\beta_0$	3.359	0.268	12.539***
Bonuses payment (X)	$\beta_1$	0.227	0.077	2.932***
R-Square ( $R^2$ )		0.143		
Adjusted R – Square ( $R^2$ )		0.138		
F – Statistics		8.598		
F – Probability		0.004		
Durbin-Watson stat		1.950		

Decision Rule: If  $F_{cal} > F_{tab}$  accept the alternate and reject Null hypothesis. Otherwise accept the null hypothesis.

(\*\*\* = 1%), (\*\* = 5%), and (\* = 10%) denotes significance of coefficient at level respectively

t-tab value = 1.972 df = 263  
Dependent Variable: self-evaluation, Predictors: (Constant), bonuses payment

**Source: Field Survey, 2021 (SPSS Version 20)**

Simple linear regression analysis was used to test hypothesis 1 and the result is as follows: the coefficient of bonuses payment (X) was statistically significant and positively related to self-evaluation of Nigeria Customs Service at 1% level. Implying that a unit increase in bonuses payment, holding other variables constant, will lead to increase in self-evaluation of Nigeria Customs Service by 0.227 unit. From the result, the t-calculated value of bonuses payment was 2.932; and the t-tabulated value of 1.972, since the t-calculated value is greater than t-tabulated value in absolute terms, the null hypothesis was rejected in favour of alternative, thus bonuses payment (over paying) has significant effect on self-evaluation of Nigeria Customs Service.

The coefficient of multiple determination ( $R^2$ ) was 0.143, which implies that 13.8% changes in the dependent variable was explained by changes in the independent variable, while 86.2% was unexplained by stochastic terms in the model. Thus, the independent variable (bonuses payment) can only explain 14.3 percent of changes in self-evaluation of Nigeria Customs Service, leaving 66.7% was unexplained. The  $R^2$  adjusted was 13.8% indicating a goodness of fit of the regression model adopted in this study which is statistically significant at 5% probability level. The Durbin-Watson statistical value of 1.950 was observed which falls within 1.8 to 2.5, implying that there is no evidence of autocorrelation in the data analysis. More so, the f-statistical (calculated) value of 8.598 was observed in the analysis which is greater than t-critical (t-table) value of 1.972; and f-probability value of 0.004 was observed from the analysis which is less than 0.05 (95% of freedom), indicating that estimated regression model adopted in this study is statistically

significant at 5% probability level. With this, the researcher rejected the null hypotheses and accept alternative hypothesis hence, bonuses payment (over paying) has significant effect on self-evaluation of Nigeria Customs Service, Southwest Nigeria.

### Test of hypothesis 2

**H0<sub>2</sub>:** Fringe benefits (payment insurance) has no significant effect on career advancement opportunity of Nigeria.

**Table 10: Simple linear regression analysis result of effect of fringe benefits (payment insurance) on career advancement opportunity of Nigeria.**

Variable	Parameters	Coefficient	Std error	Tcal – value
Constant	$\beta_0$	-0.995	0.312	-3.194 <sup>***</sup>
Fringe benefits (X)	$\beta_1$	0.916	0.058	15.907 <sup>***</sup>
R-Square (R <sup>2</sup> )		0.490		
Adjusted R – Square (R <sup>-2</sup> )		0.488		
F – Statistics		253.031		
F – Probability		0.000		
Durbin-Watson stat		2.026		

Decision Rule: If  $F_{cal} > F_{tab}$  accept the alternate and reject Null hypothesis. Otherwise accept the null hypothesis. \*\*\* (1%), \*\* (5%), and \* (10%) denotes significance of coefficient at level t-tab value = 1.972 df = 263a. Dependent Variable: career advancement, Predictors: (Constant), fringe benefit

### Source: SPSS Version 20 Computation

The estimated value of fringe benefits(X) was statistically significant and positively related to career advancement opportunity at 1% probability level. The result of the coefficient of fringe benefits (payment insurance) was 0.916, indicating that a unit increase in fringe benefits (payment insurance) will lead to 0.916 increase in career advancement opportunity. Statistically, the calculated value of fringe benefits (payment insurance) is 15.097 and tabulated value of 1.972, since the calculated value is greater than the tabular value in absolute terms, the null hypothesis was rejected in favour of alternative hypothesis thus, fringe benefits (payment insurance) has significant effect on career advancement opportunity in Nigerian Custom Service in the southwest, Nigeria.

The result of coefficient of multiple determination (R<sup>2</sup>) value was 0.490 which indicates that, 49.0% variation in the dependent variable was explained by changes in the independent variable, while 51.0% was unexplained by the stochastic variables in the model. In effect, 49.0% increase career advancement opportunity in Nigerian Custom Service in the southwest, Nigeria can be attributed to fringe benefits (payment insurance). The Durbin-Watson stat value was 2.026 which is close to 2.5, implying that there is no evidence of autocorrelation. F-stat value of 253.031 which is higher than 1.972; and F-prob value of 0.000 was observed from the analysis which is less than 0.05 (95% degree of freedom), indicating that, the estimated regression model adopted in this study was statistically significant at 5% significant level. With this, the researcher rejected the null hypothesis and accepted alternative hypothesis which states that, fringe benefits (payment

insurance) has significant effect on career advancement opportunity in Nigerian Custom Service in the southwest, Nigeria.

## **DISCUSSION OF FINDINGS**

The result showed that, 60.4% of the respondents were males, while females accounted for 39.6% of the sample size. 74.3% of the respondents were above 33 years of age. 63.0% of the respondents have acquired B.Sc./HND educational certificate. 47.6% of the respondents have 13 years and above working experience in the Nigeria Customs Service. Followed by 34.3% and 12.1% of the respondents who have 11 – 12 years and 4 – 10 years of working experience respectively.

The objective one result revealed that, 64.9% of the respondents strongly agreed that payment of overtime helps to position the organization as employees will be committed to their work. The empirical result revealed that bonuses payment (over paying) has significant effect on self-evaluation of Nigeria Customs Service, Southwest Nigeria. The result agreed with the findings of Adeleke (2015) who analyzed the impact of financial rewards on the employee performance and job satisfaction. According to the findings of the study, the most valued incentives by the employees are financial allowances, leaves, allowances for medical treatment and participation in decision making. The findings of Nwachukwu (2011) who conducted a study to examine the place of welfare programme on worker's productivity in an institution revealed that promotion of staff leads to welfare of workers and increase organizational performance. The findings of Al-Nsour (2012) who examined the effect of financial incentives in public sector productivity. The result shows that there is a significant relationship between non-financial incentives and organizational performance in accordance with the data obtained from this study.

The objective two results revealed that 69.1% and 56.6% of the respondents strongly agreed that, fringe benefit help to position the organization for competitive effectiveness and it enhances employee's career opportunity. Fringe benefits (payment insurance) has significant effect on career advancement opportunity in Nigerian Custom Service in the southwest, Nigeria. As indicated by Arnold and Feldman (2016), pay can have powerful effect in determining job satisfaction. Man has multiple needs and money provides the means to satisfy those needs.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

Compensation is a type of remuneration that can psychologically encourage the employee to focus and perform better with their jobs. The employee's turnover rate will decrease due to a lack of appropriate compensation plan. Most organizations achieve remarkable success in their operations not only because they operate in good working environments nor because they are capable of competing favorably with other organizations but because the management have attractive compensation plan to staff of the organization. Thus, this study examined the effect of compensation strategies on employee retention in Nigeria Customs Services: a study of South West Zone, Nigeria. In conclusion, compensation strategies significantly affect employee retention in Nigeria Customs Services in the southwest zone of Nigeria. Theoretically, the study explored the effect of compensation strategies on employee retention in Nigeria customs service a study of South West Zone, Nigeria. Though the scope of the study was limited to compensation strategies

and employee retention using Nigeria customs services as a focus point, it hopes to explore compensation strategies and employee retention in Nigeria. Empirically, the study will be of immense benefit to; students, government, employees and general public. The students, the research findings would constitute source of knowledge to students to augment their classroom teaching and learning activities in the area of compensation strategies and employee retention. The government will use the research findings for policy making especially in the area of design, formulating policy for compensation strategies and employee retention, as the legal framework that will be suggested in the research which will be very useful. Thus, for the employees, the research findings will help them to gain in-depth knowledge about the key components of compensation strategies and employee retention and its relevance for the organisation.

### **Recommendations**

Based on the findings of this study, the following were recommendations are suggested:

1. There is need for HR officers in Nigerian Custom Service should take a longer timeline to search for the more accurate skill that affects the link between the compensation system, employee competence, and the employee retention.
2. Paying a competitive salary is crucial for companies wishing to recruit and retain top talent, the organization should review existing compensation patterns and determining their effectiveness in meeting the organization's objectives,

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