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Effect of Compensation on Employee Job Performance of Deposit Money Banks in Kano State, Nigeria

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Abstract

This study examines the effect of compensation (measured by financial and non-financial compensation) on employees' job performance at Deposit Money Banks (DMBs) in Kano State, Nigeria. The study adopted a survey research design. The population used for the study comprised 1382 out of which a sample size of 372 (including the attrition rate) was determined using Yamane's (1967) sample sizes determination formula and a convenient sampling technique was used to select the respondents. The study utilized an adapted questionnaire as the instrument for data collection. The data collected for the study were analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software. The study found that financial compensation has a positive and significant effect on employee job performance, while non-financial compensation has a positive but insignificant effect on employee job performance of DMBs in Kano State, Nigeria. The study concludes that compensation influences employees' job performance at Deposit Money Banks (DMBs) in Kano State, Nigeria. It is therefore recommended that the management of DMBs in Kano State, Nigeria should continue to maintain their financial compensation practice to their employees by way of making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll to gain employees' commitment to their jobs. The management of DMBs in Kano State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfare etc to their employees to motivate them to stay and be committed to their jobs.

Keywords: Compensation, Financial Compensation, Non-financial, Employees Performance, Deposit Money Banks.

1. Introduction

It is hotly contested that the key role of human resource management is to put policies into place that improve employees' performance on the job. Employees anticipate both financial and non-financial compensation for their services and efforts. In the absence of fair compensation, opportunities for training and growth, and recognition, people become disgruntled and underperform. The lack of financial and non-financial rewards typically results in discontent, which in turn causes significant employee turnover and subpar performance. The benefits that employee foresee for themselves and their families motivates the employees to give their best. The Rewards are categorized into two group’s financial and non-financial rewards. Financial rewards are also called extrinsic rewards and non-financial rewards are called intrinsic rewards. The financial rewards include pay, bonuses, allowances, insurance, incentives, promotions and job security, whereas the non-financial rewards include. Appreciation, meeting new challenges, caring attitude from the employer, appreciation and recognition motivates the employee (Nasiruet al.2022).

Over the years employee performance in the banking sector in Nigeria has become a subject of concern as they remain key to the management of the banks and other stakeholders, this leads the banks to always be in search of and adopt the best compensation practices to motivate the employees to always work actively to meet up with their expectations by performing at the highest level in such a way that offers a competitive advantage to the bank and protect the interest of the investors and customer. Yet employee performance in most deposit money banks in Nigeria is still below expectation and becomes worrisome to the management of deposit money banks.

In Nigeria, majority of employees who change from one job to another move as a result of finding better pay (Raza and Hanif, 2017). The authors indicate that more than seven out of ten people in Nigeria that are more than 70% of employees who are interested in changing their employer normally gave the reason of low income in their present job that makes them seek for new employment environment. Several authors such as Ali and Raza (2015) are of the opinion that employees only stay in an organization to give their best when they believe the remuneration process is commensurate to their input. This has constituted a high rate of employees leaving their employers, moving sometimes away from their city or the country just to find greener pastures. Evidently, in the country, many organizations still grapple with issues relating to proper compensation of employees in order to increase their performance standards.

Furthermore, the current state of affairs in the nation in general and the banking sector as relating to workforce compensation make it necessary to temper this optimism with caution. Whenever the workers are asked for another pay rise, the question often asked is “What do workers want from their employers?” Can there be anend to the glamour of increases in the minimum wage? Why do workers work and what induces them to give input at their best?

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Money only plays the role of a common denominator of all things. In Nigeria, various compensation packages are used and these involve monetary (extrinsic) and non-monetary (intrinsic) compensation. For example, in the context of monetary reward salary increase is sought to be highly essential for employee satisfaction.

There is increasingly a need for the organization to be in a position of understanding the appropriate compensation system that motivates their employees for higher organisational performance. What appropriate compensation should form the employment package is currently challenging organisational performance. The general problem inherent in the organizational set-up, particularly, in the banking sector; is overtime at work, irregular promotional structure and lack of recognition of workers' achievements. All these tend to dampen workers' morale and consequently affect their productivity (Ndidiamaka et al., 2022). This call for an investigation has created the mindset of this study to examine the effect of compensation on employee performance of deposit money banks in Nigeria. Therefore the main objective of this study is to examine the effect of compensation on employee performance in Kano State, Nigeria. To achieve this objective, the study was guided by the following specific objectives:

Objective 1: Access the effect of financial compensation on employee performance in Kano State, Nigeria; and

Objective 2: Determine the effect of non-financial compensation on employee performance in Kano State, Nigeria. The study formulated the following hypotheses in line with the objectives:

1.2 Literature Review

Compensation

According to Afriyie, et al. (2020), compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses. Afriyie, et al. (2018) viewed compensation as an outcome in the exchange among employees and themselves as an entitlement for being an employee of the organization or as a reward for a job well done. It does not necessarily mean that anyone who gets paid has done the job well. Employees may not live up to expectations but can still get paid because of the Trade Union Congress (TUC) laws and regulations (Qureshi& Sajjad, 2015). Camuffo, et al. (2019), affirmed that an employee is compensated based on his/her skills, knowledge, experience, and education.

If organizations cannot pay applicants enough, then they cannot recruit or retain the critical skills or knowledge needed to operate efficiently and more. Compensation is also the second most investigated topic in human resource management (Noe, et al., 2017). 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. Compensation is one of many Human Resource (HR) tools that organizations use to manage their employees and for an organization to receive its money's worth and motivate and retain skilled employees, it needs to ensure that its compensation system is not an island by itself (Afriyie, et al., 2020). But also, an organization needs to link compensation to its overall goals and strategies; significantly, its compensation system aligns with its HR strategy. This means that the compensation scheme in an organization is an HR strategy that is meant to motivate workers to deliver (Al-Haziazi, 2020).

Gomez-Mejia(2016) opines that employee compensation includes two dimensions namely; pay (financial) and fringe benefits (non-financial) compensation. Financial Pay or cash pay entails the direct pay given to employers for their work achievement, these include salary, overtime pay, shift allowances, uniform allowances and pay contingent on performance such as merit awards, incentive pay, bonuses, and gain sharing, whereas the fringe benefit (non-financial) compensation include: social security, health benefits, pension plans, paid time off, tuition reimbursement, foreign service premiums and so on (Gomez-Mejia,2016). On the whole, the compensation system is aimat improving and ensuring the attainment of organizational objectives and enhancing individual performance. Similarly, Compensation includes all financial payments, bonuses, and non-financial benefits the organization provides to employees to attract qualified human resources and to maintain what is available in the organization. Compensations are one of the most important factors affecting the motivation of Individuals to grow, develop and sustain learning, stimulate productivity, and strive to improve the overall performance of the Organization (Kwon et al., 2017). Strategically, compensation is a key element of the organization's ability to attract and retain its most valuable source of sustainable competitive advantage the human capital (Keelan, 2015). However, this study adopts the definition of compensation offered by Gomez-Mejia,(2016) because it is more comprehensive.

Financial Compensation

Financial compensation is also known as compensation that is concerned with monetary terms which comprise financial rewards and financial incentives. According to Armstrong (2013), financial rewards provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill while financial incentives aimed at motivating people in achieving their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities (Armstrong, 2013).

Compensation is described as something acceptable in place of a person's effort to organize their services (Hameed et al., 2014). Financial Compensation refers to all forms of wages or compensation that apply to and emerge from their work and has two components (Peterson & Luthans, 2016). There is a direct payment in the form of salaries, wages, incentives, commissions, and bonuses, and there is an also indirect payment in the form of financial benefits such as insurance and vacation money (Akhter, et al., 2016). Financial compensation consists of direct financial benefit which is a form of cash payments received directly in the form of salary/wages, economic benefits, bonuses, and commissions. Salary is the remuneration paid periodically to the individuals to stay and have a final guarantee, while wages are the remuneration paid to workers by referring to the agreement agreed upon payment. Indirect financial compensation is the entire award excluding financial direct compensation. Forms of indirect compensation programs include employment insurance, social assistance, payment of medical expenses, and others (Idris et al., 2017).

A wage is a payment made to a worker on a job done within a specific period. It is always expressed as a rate per hour. Wage and salary are the main components of compensation and these are necessary irrespective of the type of organization. Wage is referred to as remuneration to workers particularly hourly-rated payment (Kelech et al., 2016). He further argues that salary is a fixed periodical payment to a non-manual employee. It is usually expressed in annual terms, implying a relatively permanent employment relationship though normally paid at monthly intervals. Wages and salaries are paid based ona fixed period and are normally not associated with the productivity of an employee at a particular time (Onuorah et al., 2019).

Financial incentives benefit offered to employees by organizations to encourage behaviour or actions which otherwise would not take place. A financial incentive motivates actions that otherwise might not occur without the monetary benefit (Thapa, 2020). Financial incentives are designed to motivate employees to improve their performance, increase effort and output, and by producing better results expressed in such terms as objectives for profit, productivity, sales turnover, cost reduction, quality customer service, and on-time delivery. This financial compensation provides extra money for achievement in terms of contribution or output (Mardiyanti, 2018).

The emphasis in financial incentives is on equity, in the sense of paying people according to their just deserts. Monetary incentives are used by employers of labours to retain their best brains and as well compensate them for a job well done and excellence of job performance through monetary form (Idris et al., 2017). The financial incentive can come in many forms: basic salary, compensation, insurance, profit sharing, retirement plans, employee stock, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance bonuses, piecework, safety incentives, suggestion Awards, etc. The financial incentive is used to describe incentive-payment plans which tie incentives directly or indirectly to productivity standards (Sabatini et al., 2021).

Non-Financial Compensation

According to Peterson and Luthans (2016), non-financial compensation consists of the satisfaction obtained by a person from the work itself, or from the psychological and/or physical environment in which the person works. Mardiyanti (2018) sees non-financial compensation as a form of compensation given to employees other than in forms other than money. Yousaf et al. (2014) opined that non-financial compensation includes; health insurance, a pension plan, and a good working environment. According to Sabatini et al. (2021), non-financial incentives are to reward employees for excellent job performance through opportunities. It usually comes in form of more enabling authority, awards, participation in management, promotion, holidays, a better working environment, written recognition, gifts, formal dinners, informal parties, plaques, etc. (Sabatini et al., 2021).

Non-financial compensation is a type of employee benefit that holds no inherent monetary value. There are many types of non-financial compensation that employers can choose to provide

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employees ranging from ones that provide convenience to ones that ensure overall health and wellness. Non-financial compensation is any employee compensation that doesn't involve cash. Many companies find creative ways to offer employees benefits that make them feel valued and appreciated. Often, this form of compensation can be a great method for establishing trust and loyalty between an employer and an employee (Samuel, et al., 2019). According to Samuel et al. (2019), non-financial compensation includes developmental opportunities, recognition, and flexible schedules.

Developmental opportunities: Employers can choose to provide developmental opportunities to employees. This can be a useful form of non-financial compensation as it benefits both an employer and an employee. When an employer offers opportunities for employees to develop their skills so they can continue to advance within the company, an employer also benefits from possessing more motivated and skilled employees. Such opportunities may include paid education or certification, developmental classes with experts, or informative conferences and retreats (Samuel, et al., 2019).

Recognition: Many employees prefer to be recognized by their employers for the hard work they complete. Employers can show gratitude for their employees in several ways, including providing free meals to staff for particular efforts, verbalizing appreciation to employees for their hard work, and celebrating achievement. Recognizing employees lets them know that the work they do is valuable to their employer. By doing this, employers may experience an increase in employee engagement, improved efficiency, and greater rates of retention (Samuel, et al., 2019).

Flexible schedules: Many employees seek flexible schedules when searching for new roles in an attempt to prioritize a healthy work-life balance when choosing an employer. Some employers allow their employees to set their schedules if it doesn't compromise the quality of their work. For example, someone with children or those who care for an elderly parent might appreciate a flexible schedule because they can take those who depend on them to appointments or complete necessary errands during the day when most businesses are open (Samuel, et al., 2019).

Employee Job Performance

According to Mardiyanti (2018), an employee's job Performance is the work that can be accomplished by a person or group of persons under the authority and responsibilities of each to achieve legally relevant organizational goals, not against the law and under moral and ethical. Hameed et al. (2014) stated that employees' job performance is a result of work both quality and quantity achieved by employees in performing their duties under the responsibilities given to them. Afriyie et al. (2020) stated that an employee's job performance is a working result achieved by someone in doing assignments that are given to him/her which is based on ability, experience, willingness, and time. From some of the opinions above, it can be concluded that employees' performance is both quality and quantity achieved working result by employees doing assignments that are given to them.

According to Garba (2022), employee performance contains quality and quantity of results driven by individual or group struggle completion. In other meaning job performance can be described as the ability of individuals to achieve their respective work aims, then meet their expectations, achieve benchmarks or accomplish their organizational goals, (Alabi, et al.,2022). Employee performance embodies the whole belief of the employee about their conduct and contributions to the accomplishment of the organization and compensation practices, performance evaluation, and promotional practices are determinants of employee performance, (Riatmaja&Wibawanto, 2022).

1.3 Empirical Review

Financial Compensation and Employee Job Performance

Garba (2022) assessed the effects of compensation on employee performance with particular reference to the Ministry of Environment Sokoto. The study was descriptive and based on quantitative techniques to obtain primary data for the study. The primary data was obtained using a well-structured questionnaire model based on five Likert scale. Krejcie& Morgan's table was used to arrive at the required sample size of the study. Thus, out of 227 staff working in the Ministry a sample of 140 was chosen as the representative of the entire population. The data collected were descriptively analyzed while inferential analysis was used using multiple regression analysis. The study found that financial compensation has a positive and significant effect on employee performance in the Ministry of Environment Sokoto State Nigeria.

Thapa (2020)examined the effect of financial and nonfinancial compensation on employee job satisfaction with their education, and working department. To produce a numeric analysis and testing hypothesis, the researchers used ANOVA Test to measure education level, job position, and, working departments with employees' job satisfaction. The Ordinary Least Square (OLS) Method was used to measure the effect of financial and non-financial compensation on employees' job satisfaction. The analysis was performed through SPSS 26. The testing included 150 respondents of assistant, officer and, managerial level from administration, operation and, credit departments of commercial banks from Maharajgung to BalajuRingroad Kathmandu. The study found that both financial and nonfinancial compensation had a significant effect on employee job satisfaction. The finding also shows that job satisfaction significantly depends on their current education, job position, and, working department too. Similarly, the impact of financial compensation on job satisfaction was higher than that of non-financial compensation on employees' job satisfaction.

Non-Financial Compensation and Employee Job Performance

Riatmaja and Wibawanto (2022) determine the effect of compensation on the performance of employees of startup companies in Yogyakarta with motivation as an intervening variable; to determine the effect of financial compensation on employee performance, to determine the effect of non-financial compensation on employee performance. This research was conducted by taking startup employees in Yogyakarta randomly as many as 73 employees. The study used Multiple Linear Regression Analysis models and path analysis. The study found that there is a significant influence between non-financial compensation and employee performance; there is a significant influence between financial compensation and non-financial compensation on employee performance with motivation as an intervening variable.

Alabi et al. (2022) examined the relationship between non-monetary rewards and employee performance in money deposit banks in Lagos State, Nigeria. This study adopted a cross-sectional design. The study's population comprised five (5) deposit money banks licensed by the Central Bank of Nigeria. The study employed convenience sampling technique to select five financial institutions in the state and a simple random sampling technique was used to select respondents for the study. Based on Yamane's formula, the sample size was 352 employees and data collection is through a structured questionnaire. The formulated hypotheses were tested with Pearson Correlation. The findings reveal that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions at a 0.05 level of significance.

Despite the high rate of competition in the market today, a great number of large organizations may not have accepted the importance of offering competitive compensation and accordingly to improve on employee performance. Al-Jahni (1998) states compensations have great potential for improving employee work performance and increasing production efficiency through encouraging individuals or groups to act in a desired and productive way while Kamoche (1997) found that the problem lies not in the lack of skills, but the lack of strong incentives to use these skills optimally, incentives are used not only as an essential tool in an attempt to build and enhance human capacities, but also serve as a core part of the ongoing process (Morgan & Baser 2017).

This call for a review of the compensation offered by the management and improves them in order to improve employee efficiency. A less supportive perspective of the compensation offered has been highlighted as a main cause for poor performance. For Instance, Bornstein (2017) states that infrequent compensation/reward review will yield to, poor performance, employee's turnover, less innovation and employee demotivation. According to Ali and Ahmed (2019) with considerable industry evidence, many organizations and their management still do not regard compensation as an influence to the employee's job performance. Overall, there has been minimal recognition and understanding of the power of offering incentives whether financial or non-financial towards an organization achieving its goals and objectives and most important on the employee job performance. This study tend to fill the gap and explore the variables of compensation on Employee Job Performance of Deposit Money Banks in Kano State, Nigeria

1.4 Theoretical Anchor

Theory: Vroom`s Expectancy Theory

Vroom`s Expectancy Theory was propounded by Victor H. Vroom in 1964. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual making this simple (Victor, 1964). Expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and shall result in the realization of a personal goal in form of some reward for future events (Dunn, 2009). The theory focuses on three things efforts and performance relationship, the performance and reward relationship, rewards and personal goal relationship (Salaman et al, 2005)

Lunenburg (2011) asserts that people are motivated to work to achieve a goal if they believe that that goal is worthy and there is the probability that what they do will help them in achieving their goals. Vroom`s theory is based on three major variables: Valance, expectancy, and instrumentality. Valance is the strength of an individual`s preference (or value, incentive, attitude, and expected utility) for a particular output. Expectancy is the probability that a particular effort will lead to a particular first-level outcome while instrumentality is the degree to which a first-level outcome will lead to a desired second-level outcome.
Berger (2009) emphasized the mental process that takes place within an individual regarding change. This theory puts much focus on the interest of the self in connection with the expected behaviours, rewards as well as organizational set goals. This theory distinguishes effort from general performance as well as its outcome. It perceives behaviour as a result of the subconscious choice that aims at maximizing pleasure and detesting pain. Expectancy is introduced, which is increasing Effort that will lead to increased results, Instrumentality which is estimating the probability of an individual achievement on their task that will lead to different outcomes of work and finally Valence which is the strength of an employee's preference for a specific type of reward(Ball) (Baker, 2011). This theory focuses on vital aspects of management which include; performance, reward, effort and finally personal goals. It provides a sort of quantitative formula for finding out the motivation of employees (Greenberg, 2011). Hellriegel and Slocum (2011) affirmed that for performances to be enhanced, managers ought to come up with systems where reward and performance work together. They also sought to make sure that reward offered is deserved by the one receiving it. Managers should engage employees in training to improve the capabilities of their employees and also the belief that hard work yields good performance (Ball). Hence fit into this study.

2. Research Methodology

The objective of this study is to examine the effect of compensation on employee performance in Kano State, Nigeria. The study adopted a survey research design. The study covered 8 deposit money banks in Kano, Kano State Nigeria. The deposit money banks covered are; Access Bank Plc, First Bank of Nigeria Limited, First City Monument Bank Limited, Guaranty Trust Bank Plc, United Bank for Africa (UBA), Zenith Bank Plc, Fidelity Bank Plc, and Ja'iz Bank Plc. The population of this study comprised thousand three hundred and eighty-two (1,382) employees of the eight selected banks. The justification for choosing the above banks is based on their staff strength. And the justification for focusing on the employee is based on their experience with the research variables. The sample size of 310 was determined using Yamane's (1967) sample sizes determination formula. Yamane's (1967) sample sizes determination formula is given as $n = \frac{N}{1+N(e)2}$ Where: 'n' is the sample size; 'N' is the finite population size; 1 is constant; and 'e' is the level of precision. However, a twenty (20%) cent attrition rate was added to the sample size determined as suggested by Singh and Masuku (2014). Therefore the sample size used for this study was 372 and a convenience sampling technique was used to select the respondents for the study. The study utilized a questionnaire as the instrument for data collection. The questionnaire used was adapted from the works of Adapted from Samuel, et al. (2019) and Williams and Anderson (1991) and Alsafadi and Altahat (2021). The reliability of the instrument used was accessed using Cronbach alpha. A Cronbach alpha value of greater than 0.7 is appropriate (Hair, et al., 2014). Out of 372 copies of the questionnaire administered, 257 copies (69% of the total questionnaire administered) were useful for the analysis. The data was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software (Hair, et al., 2017). The validity and reliability of the measures were first all ascertained before testing the hypothesized relationships using algorism and bootstrapping techniques (Hair, et al., 2014). The model for the PLS-SEM is shown below:

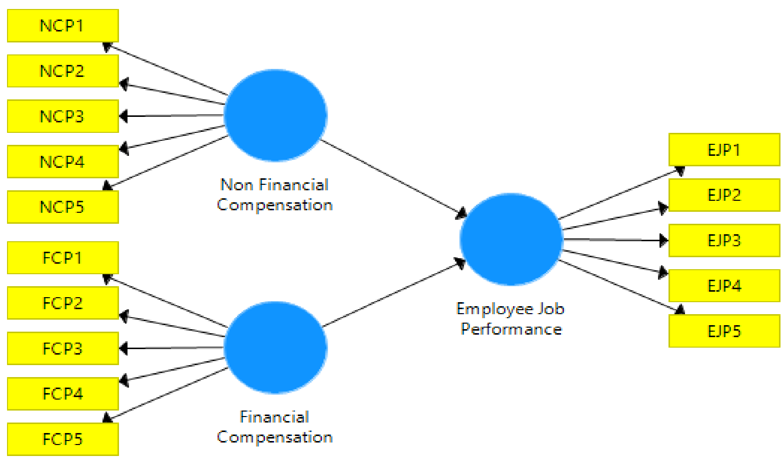

Fig. 1: Model Specification
Source: SmartPLS Output, 2023

2.1 Measurement of Variables

Independent variable**:** Compensation measured by financial compensation and Non-financial compensation. The scale of financial compensation and Non-financial compensation was adapted from the work of Samuel, et al., 2019

Dependent variable: Employee Job Performance. The scale of employee job performance was adapted from the works of Williams and Anderson (1991) and Alsafadi and Altahat (2021).

3. Result and Discussion

Table 1 Descriptive Statistics of Dependent and Independent Variables

	Mean	Standard Deviation
Financial Compensation	0.968	0.011
Non-Financial Compensation	0.022	0.018
Employee Job Performance	0.428	0.043

Source: Author's computation Smart PLS Output, 2023

Table 1 above is a descriptive statistic of dependent and independent variables. The table shows the behaviour of dependent and independent variables and provided the statistical description of the variables as expressed in the data collected in terms of the mean and standard deviation. The mean values of the variables with their respective standard deviation values for the variables used are all below 1, also the interval between the mean values and the standard deviation values in all the respective cases is not width, this shows the normality and evenly distribution of the data for the variables. Although the normality of data is the issue of concern when applying the ordinary least square (OLS) regression, however, while applying the PLS-SEM, this assumption is overridden and not an issue that could prevent any further analysis or produce a form of bias in the result, (Hair, et al., 2019).

3.1 Discriminate Validity

The discriminate validity was assessed using the Heterotrait-monotrait ratio as presented in the table below

Table: 2 Heterotrait-Monotrait Ratio (HTMT)

	Employee Job Performance	Financial Compensation	Non-financial compensation
Employee Job Performance			
Financial Compensation	0.025		
Non-financial compensation	0.405	0.400	

Source: SmartPLS Output, 2023

The table above shows the results of the Heterotrait-Monotrait (HTMT) ratio for the variables used in this research which was used to assess the discriminate validity. From the table, the result in all the respective cases shows that values are less than 0.9. That is, the result revealed that there is no problem of discriminate validity in all respective cases this is in line with the suggestion of Henseler, et al. (2015). Discriminate validity problems are present only when HTMT values are greater than 0.90 for structural models (Henseler, et al., 2015).

3.2 Measurement Model Evaluation

The convergent validity was used to evaluate the measurement model using convergent validity. Convergent validity is determined by examining the factor loadings, composite reliability, and average variance extracted (AVE) (Gholami, et al, 2013). All the questionnaire items used in this study have achieved acceptable factor loadings of above 0.6 except questionnaire item number one of financial compensation which recorded low factor loading, as a result, questionnaire item number one of financial compensation was deleted from the analysis; composite reliability (CR) of all the constructs were all above 0.7 and Average variance extracted (AVE) were all above 0.5 as recommended by Hair et al. (2019). The above is depicted in Fig. 2 and Table 3 below:

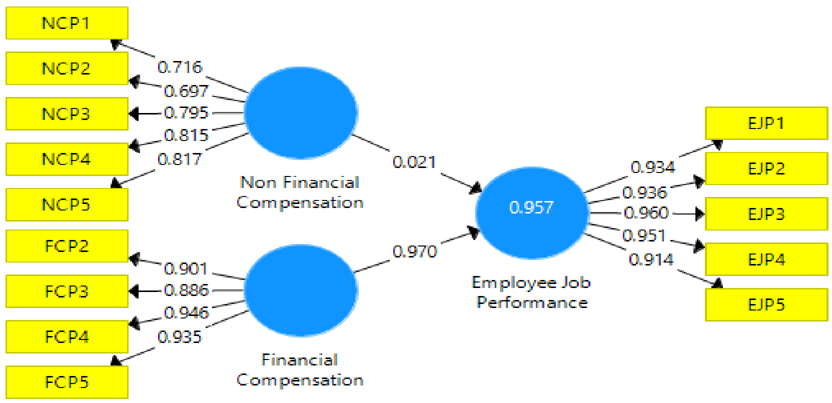

Fig. 2: Measurement model of the study constructs and indicators.
Source: SmartPLS Output, 2023

Table 3: Convergent Validity

Variables	Indicators	Loadings	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Compensation	FCP2	0.901	0.937	0.955	0.841
	FCP3	0.886			
	FCP4	0.946			
	FCP5	0.935			
Non-Financial Compensation	NCP1	0.716	0.830	0.878	0.592
	NCP2	0.697			
	NCP3	0.795			
	NCP4	0.815			
	NCP5	0.817			
Employee Job Performance	EJP1	0.934	0.966	0.974	0.882
	EJP2	0.936			
	EJP3	0.960			
	EJP4	0.951			
	EJP5	0.914			

Source: Smart PLS Output, 2023

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3.3 Collinearity Test

A collinearity test was conducted to ensure the absence of multicollinearity which could lead to bias in the results. This was assessed through the variance inflation factors (VIF). As a rule, VIF values shouldn't exceed 5 to indicate the absence of multicollinearity, (Hair, et al., 2019). The result of the collinearity test is shown in the table below*:*

Table 4: Collinearity Statistics (Variance Inflation Factor (VIF)

Variables	VIF
Financial Compensation	1.160
Non-Financial Compensation	1.163

Source: Smart PLS Output, 2023

From Table 3 above, the Variance Inflation Factor (VIF) values of 1.160 and 1.163 for all the respective variables show that the explanatory variables are not highly correlated. This result, therefore, shows the absence of multicollinearity among the independent variables used since multicollinearity exists only when the VIF Value is above 5. And this case, all the VIF values are below 5 indicating the absence of critical collinearity issues among the indicators of form atively measured constructs, (Hair, et al., 2019; Ringle et al., 2019).

Table 5: Model Goodness of Fit (GoF) Summary

	Saturated Model	Estimated Model
SRMR	0.072	0.072
d_ULS	0.702	0.702
d_G	2.394	2.394
Chi-Square	2,371.160	2,371.160
NFI	0.648	0.648

Source: SmartPLS Output, 2023

The 5 table above shows the result of the model goodness of fit. Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as suggested by Hair, et al., (2017). This study used the standardised root mean square residuals (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu and Bentler's (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.072 which is less than 0.08, therefore indicating the fitness of the model of this study as suggested by Hu and Bentler (1998); Ringle, et al. (2019).

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Structural Model and Hypotheses Testing

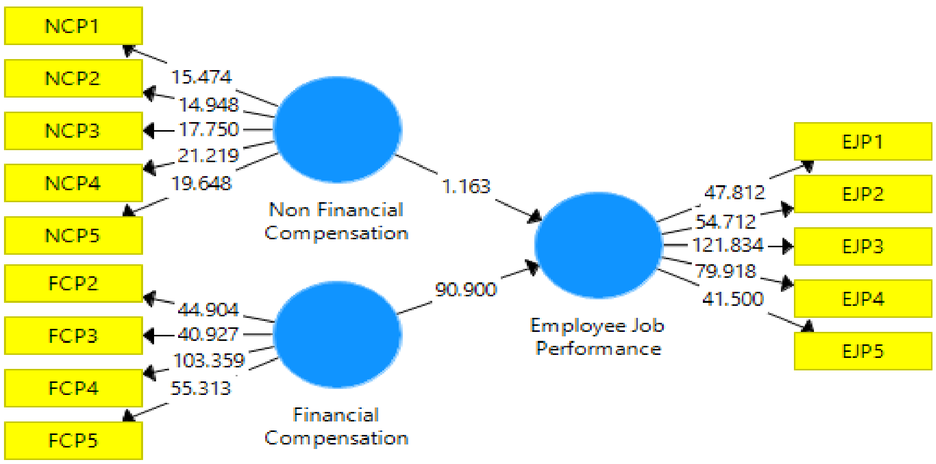

Fig. 3: Structural Model and HypothesesTesting
Source: SmartPLS Output, 2023

Table 6: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationship	Beta (β)	Standard Error	T Statistics	P value	Decision	R^2	Adj. R^2
HO1	FCP->EJP	0.970	0.011	90.900	0.000	Rejected	0.657	0.656
HO2	NCP->EJP	0.021	0.018	1.163	0.246	Accepted		

Source: SmartPLS Output, 2023

Figure 3 and Table 6 above depicted the result of the hypotheses tested. The standard beta and the corresponding t-values and p-values were used in assessing the structural model in this study. This was done through the bootstrapping procedure. The bootstrapping result from the Smart PLS concerning financial compensation reveals that the path coefficient of financial compensation and employee job performance (FCP->EJP) is positive and statistically significant with a strong beta (β) value of 0.970 (97%), high t-value of 90.900 and the p-value of 0.000 (β-value = 0.970, t-value = 90.900 & p-value = 0.000). This result has provided sufficient ground for rejecting the null hypothesis which states that financial compensation has no significant effect on the employee job performance of DMBs in Kano State, Nigeria. Therefore this null hypothesis is hereby rejected. In addition, the result has proved that the relationship between financial compensation and employee job performance is positive and significant at 0.05 significant levels.

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The hypothesis tested concerning the non-financial compensation and employee job performance (NCP->EJP), the bootstrapping result from the Smart PLS reveals that the path coefficient of non-financial compensation and employee job performance is positive but insignificant with a weak beta (β) value of 0.021 (2%), t-value of 1.163 and p-value of 0.246 (β-value = 0.021, t-value = 1.163& p-value = 0.246). This result has provided evidence for accepting this null hypothesis which states that non-financial compensation has no significant effect on employee job performance of DMBs in Kano State, Nigeria. Therefore the null hypothesis is accepted. In addition, this result shows that the relationship between non-financial compensation and employee job performance is positive but insignificant at 0.05 significant levels.

Discussion of Findings

The Partial Least Square Structural Equation Modeling (PLS-SEM) analysis used to establish the direction of the relation between the variables showed that there is a significant correlation between the compensation and employee productivity in Deposit money banks, Kano state.

Furthermore, the R^2 value shows the predictive relevance of the model. The R^2 value shows the variance in the dependent variable as explained by the independent variables. The result shows an R^2 value of 0.657 (66%) accounted by the predictive variables on the criterion variable of the model. That is, the coefficient of determination (R^2) of 0.657 indicates that about 66% of the variation in employee job performance of DMBs in Kano State, Nigeria can be explained by the combined effects of financial compensation and non-financial compensation, while the remaining 44% variation in employee job performance of DMBs in Kano State, Nigeria, can be explained by other factors not considered in this study.

From the analysis above, the study found that financial compensation has a positive and significant effect on employee job performance of DMBs in Kano State, Nigeria. This implies that the financial compensation practice adopted by DMBs in Kano State, Nigeria, increases their employee's job performance significantly. This finding is in line with the finding of Garba (2022)who in his study found that financial compensation has a positive and significant effect on employee job performance.

The study also found that non-financial compensation has a positive but insignificant effect on employee job performance of DMBs in Kano State, Nigeria. This implies that non-financial compensation offered to the employees of DMBs in Kano State, Nigeria is positive but not significant. This may be because DMBs in Kano State, Nigeria placed more attention on financial compensation than non-financial compensation of their employees. This finding agrees with the finding of Alabi et al. (2022) who in their study found that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions.

4. Conclusion

This study examined the effect of compensation (measured by financial and non-financial compensation) on employees' job performance at Deposit Money Banks (DMBs) in Kano State, Nigeria.

Financial compensation

There exist fixed and constant monthly salaries with flexible dates though some months are fixed during payment. It is not very substantive to conclude that the salary being offered is not sufficient to motivate and retain employees since a considerable number termed the salary as sufficient. There is also no conclusive position on the salaries and remuneration reflecting the skills, competence and work output offered by employees.

Non-financial compensation

Non-financial compensation like flexible work schedule and job sharing are necessary. Also working environment like seating, lighting, noise, recognition and promotion are relevant in determining employee productivity. Employee recognition through giving of shopping vouchers, praise dinners and trophies to employees does not necessary ensure employee productivity

5. Recommendations

From the findings of this study, it is concluded that compensation influences employees' job performance at Deposit Money Banks (DMBs) in Kano State, Nigeria.
Based on the findings and conclusion drawn from this study, the study recommends that:

i. The management of DMBs in Kano State, Nigeria should continue to maintain their financial compensation practice to their employees by way of making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll to gain employees' commitment to their jobs.

ii. The management of DMBs in Kano State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfare etc to their employees to motivate them to stay and be committed to their jobs.

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