

**POLITICAL DYNAMICS OF WAGE ADMINISTRATION AND PUBLIC
SERVICE DELIVERY IN EDO STATE: A CASE STUDY OF THE INTERNAL
REVENUE SERVICE (EIRS)**

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BENIN CITY.**

OCTOBER, 2025

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**BEING A RESEARCH PRESENTED TO THE DEPARTMENT POLITICAL
SCIENCE, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF BENIN,
BENIN CITY. IN PARTIAL FUFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF BACHELOR OF SCIENCE (B.Sc.) DEGREE IN POLITICAL
SCIENCE.**

OCTOBER, 2025.

CERTIFICATION

This is to certify that this work was carried out and compiled by **EZEocha SUCCESS MICHEAL** with **MAT NO. SSC2105693** of the Department of Political Science, Faculty of Social Sciences, University of Benin, Benin City and confirmed to be adequate in scope for the award of Bachelor of Science (BSc).

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DATE

DEDICATION

This project is dedicated to God Almighty

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First and foremost, I give special gratitude to Almighty God for his mercy, favour, grace and love which continues to shine in my life. The journey that led to this chapter of my life would not have been possible without the help of God which built my tenacity to overcome the challenges I encountered during this chapter. I return all the glory to him may he forever be praised.

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ABSTRACT

For many Nigerian employees, salary and wages is a critical issue. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries is the most emphasized by the employee that it sort of takes a center stage in the scheme of things as far as reward for work is concerned. In the study methodology, the study adopts the survey research design, the population of study of this research is made up of the total number of Edo Internal Revenue Service (EIRS) staff which stands at an estimated population of 1358 workers made up of both junior and senior staff which includes both office staff and field workers. The sampling technique used for this study is the simple and probability sampling technique. Also, questionnaire was used as an instrument of data collection, while the techniques of data analysis was the simple percentage and chi square analytical method. The study found amongst others there are strong links between effective salary/wages administration and workers performance in EIRS. Furthermore, policy recommendations were adopted which include amongst others that, a well-structured reward system should be put in place in EIRS in order to enable employees to feel more valued and cherished in the organisation.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Organizations are basically systems combining and relating with the resources available to them such that specified goals can be achieved. Generally, every organization consists of both tangible and intangible elements: the environment, vision and mission, values, objectives, strategies, people and other resources. The concept of organization has been variously defined by scholars. Waldo (1966), defined organization as “the structure of authoritative and habitual personal interrelations in an administrative system”. Gurlick (1937) defines organization as a formal structure of authority through which work sub divided are arranged, defined and coordinated for the designated objective or goal. Organizations are created by individuals in order to achieve specific aims and objectives, in turn, the organization attracts individuals who wish to become members for the purpose of their own money, interest, status and symbols.

Sule (2012), opined that “no organization can survive in isolation. Organizations need to relate with people, bodies and other organizations in order to survive. Their continuous existence depends largely on the resources available to them. These resources which include human resources, capital resources, monetary resources and raw materials are necessary for the organization to break-even at worst. The human resource in the organization is the coordinator of all other resources. Thus, it is very significant that the

workforce is a stakeholder in every organization’’. This simply means that of the resources available to the organization, the human element has been identified as being the core.

According to Muo (2007), the human element in the organization enters into a contractual relationship with the organization to offer their human endowments in exchange for some rewards which in simple term can be referred to as Wages or Salaries. In law, one who engages in work or service not for reward is said to be engaged in a ‘gratuitous’ service. For there to be a valid contract between the two parties (employer and employee), Section 7 of the Nigeria Labor Code Act of 1946 states that “the wages of the workers (employees) must be paid in legal tender and it is illegal, null and void if made payable in any other manner”. To Beach (1980), the term ‘Wage’ is commonly used for those employees whose pay is calculated according to the number of hours worked. It is the payment made to manual workers and it is nearly always expressed as a rate pay hour (Graham,1990). In simple term, Wages refer to direct compensation received by an employee based on hourly or piece-rate. In the latter sense, wages are distinguished from salaries, which are generally paid to administrative, professional and managerial employees. Salaries are calculated on a monthly or annual basis. According to Graham (1990), a Salary is a fixed periodic payment to a non-manual employee. It is usually expressed in annual terms, implying a relatively permanent employment relationship normally paid at monthly intervals. Salaries can also be seen as Pay regardless of specific hours worked, which can be received weekly or monthly. In other words, Salaries is the accumulation of wages while wages is the unit of salary.

Essien (2002) draws a distinction between wage and salary. Based on his opinion, he stated that “in the past, important distinctions existed between wages and salary, but today, the words are used interchangeably, reflecting the convergence of method of paying skilled and unskilled employees that has happened over 40 years. Essien (2002) went further to define Salary as a fixed amount, paid monthly. Wages in contrast were variable weekly payments (usually made in cash) that fluctuated in value through overtime, bonuses, and piecework rates. Salaries were determined individually; wages through management/union collective bargaining”. Today, however, many salaried workers are unionized and paid according to union negotiated salary scales, with annual increment; while large numbers of wages earners now receive relatively stable time-based earnings. Payment of salary or wage to employees by the employer is therefore mandatory by law and not just for the fun of it. Therefore, salary administration means the method and process an organization uses for compensating their workers for service rendered. Salary administration is also a process of determining monetary reward for service rendered by the employees to an organization. Salary and wages administration is the group of activities involved in the development, implementation and maintenance of a pay system. It can also be called the ongoing process of managing a wage and salary structure. In a nutshell, salaries and wages administration is the establishment and implementation of sound policies and method of employee’s compensation. Thus, this study tends to evaluate the salary and wages administration in Edo Internal Revenue Service (EIRS).

1.2 STATEMENT OF THE PROBLEM

For many Nigerian employees, salary and wages is a critical issue. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries is the most emphasized by the employee that it sort of takes a center stage in the scheme of things as far as reward for work is concerned (Agburu, 2012). The reward of labor is wages, so for many workers, wages and salaries is the main thing that propels them to be productive. Therefore, companies that lack the ability to pay wages and salaries regularly are in danger of disintegration. Poor wage is a constant source of frustration and can result in decline in productivity. Wages should not only be adequate but they must also show some element of equity, this is particularly true from the point of view of employees. Anything short of a fair and equitable wage can quickly, attract the wrath of employees most especially in an economy such as that of Nigeria where the prices of commodities increase daily.

Thus, the need for a dynamic, intelligent and foresight salary and wages administration cannot be overemphasized in the organization. Organizations or companies that seek to attract and retain highly productive and efficient employee cannot shy away from the need to pay wage adequately. It is against this backdrop that this research work will look at the issue of salaries and wages administration as a predictor for enhancing employee performance as it relates to EIRS. The research study therefore, seeks to provide answers to the following questions which include: What is the rationale for salary and

wages? Does salary and wages boost the morale of employees? What are those factors that determine salary and wages and how does it affect workers performance?

1.3 OBJECTIVES OF THE STUDY

The objectives of the study include:

1. To provide theoretical explanations and empirical validations for the linkage between salaries and wages and workers performance.
2. To ascertain whether salaries and wages administration boosts the performance of the workers in EIRS.
3. To investigate the extent to which salaries and wages enhances productivity of workers.
4. To analyze how delayed payment of salaries and wages affects employees.
5. To identify factors that militates against salaries and wages of employee.

1.4 RESEARCH QUESTIONS

This research work seeks to find answers to the following questions.

1. To what extent has salary and wages affected the productivity of workers in an organization?
2. Does adequate salary and wages administration boost the performance of workers in EIRS?
3. To examine the relevance of salary and wages as it affect workers performance?
4. What can be done to enhance employee performance in the organization?

5. What are those factors that militate against adequate wage and salary?

1.5 RESEARCH HYPOTHESES

1: (H₀) - There is no significant relationship between salaries and wages of the organization and employees performance.

(H_R) - There is a significant relationship between salaries and wages of the organization and employees performance.

2: (H₀) - There is no significant relationship between salaries and wages and employees commitment to work.

(H_R) - There is a significant relationship between salaries and wages and employees commitment to work.

3: (H₀) - There is no significant relationship between salaries and wages and the enhancement of workers productivity.

(H_R) There is a significant relationship between salaries and wages and the enhancement of workers productivity.

4: (H₀) - There is no significant relationship between payment of salaries and wages and employees performance.

(H_R) - There is a significant relationship between payment of salaries and wages and employees performance.

1.6 SIGNIFICANCE OF THE STUDY

The rationale for this study is to expose the vital strength of salaries and wages on the employee in order to reduce labor turnover in EIRS. This study will be of utmost significance to management theorists, as salaries and wages is an important tool that can affect the morale and performance of workers in the working environment.

Furthermore, this study will enable the organization to understand why it is essential to administer salaries and wages that suits the employees' job, with a proper consideration of the economy and environment in which the organization operates.

Finally, this research work will contribute to knowledge and lay foundation for further research on the adequacy of salaries and wages of employees as a tool for enhancing their performance and consequently, resulting in the achievement of organizational goals.

1.7 SCOPE OF THE STUDY

The study is mainly concerned with wages and salaries administration as a predictor for enhancing employee's organizational performance in EIRS. The research will specifically concentrate on the wages and salaries administration applicable in EIRS, the determinants of salaries and wages in the organization. Investigation shall cut across all departments and units within the organization and will include both male and female employees. And lastly, the study shall dwell within the umbrella of motivation as it relates to wages and salaries as a predictor for enhancing employee's performance.

1.8 DEFINITION OF TERMS

SALARY: It is the responsibility of an organization is to make sure that its workers' salaries are paid as at when due. The organization has to be certain that salaries paid, can satisfy the basic psychological and safety needs of their employees, which when satisfied, one expects them to put in their best effort in order to achieve the organizational objectives. Therefore, salary refers to a fixed regular payment usually made every month or annually

to the employees of the organization concerned. According to Beach (1980), “salary applies to compensation that is uniform from one pay day to the next and does not depend on the number of hours worked”. Salaries are compensation paid based on an annual rate of pay, though it is usually paid monthly irrespective of the number of hours worked.

WAGES: It is the reward that individual receives from an organization in exchange of his labor. Wages are compensation paid on hourly, daily or weekly basis. According to Graham (1990), wages is the payment made to manual workers and it is nearly expressed as a rate pay per hour. It is usually paid to laborers, part time workers etc. workers are paid based on the number of hours worked and not actually on the amount of work done.

ADMINISTRATION: There is no universality in defining administration. Administration is inevitable because where policies or decisions are made, they must be applied. According to Adebayo (1981), administration is the organization and direction of resources both human and material for the accomplishment of specific goal.

PERFORMANCE: The term performance as a concept has been a victim of definitive pluralism in the sense that it has been defined by several scholars with different perspectives. While others see it as an activity such as singing, acting or playing undertaken by a person or group of persons to entertain an audience, others, viewing it from a different perspective, define it as the act of doing a job. According to Pilat and Wolfl (2004), performance can be defined as the accomplishment of a given task, measured against preset known standard of accuracy, completeness, cost and speed.

EMPLOYEE: Is an individual who works part-time or full-time under a contract of employment, whether oral or written, expressed or implied, and has recognized rights and duties. The Merriam Webster Dictionary also defines an employee as one employed by another usually for wages or salary and in a position below the executive level.

Note: Salaries or Wages as a concept would be used interchangeably and to would mean the same thing in this study.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Salaries and wages administration is a vital subsystem of personnel administration. Employees are employed in an organization to expend their time, effort, energies and expertise in order to contribute to the attainment of organizational goals. These employees in return, expect adequate wages and salaries for their contributions. Salaries and wages

will therefore enable employees to satisfy his/her need which includes; psychological needs, social needs and growth needs. In view of the above, the review of literature will focus on the following areas; The Concept of Salaries and Wages, Reasons for Salaries and Wages administration, Types of Wages, Issues involved in determining Salary and Wages administration, Characteristics of a good wage scheme, and the effect of inadequate wage on organizational development.

2.1 THE CONCEPT OF WAGES AND SALARY

Salaries occupy an important place in the life of employee. His or Her standard of living in the society, motivation, loyalty and productivity depends upon the wage he or she receives. The main reason why workers get involved in paid jobs is to earn a living. Wages for a particular employee depends upon various factors like his grade, position, qualification, place, inflation, type of organization etc. According to Shubin(1980), wages are the total earning a worker receives for the performance of service within a period of time. It is the stated sum per price, hour, day or any other unit. To Pigors and Myers (1984), wages are “regular payment for employee services at straight-time and at premium rate and in accordance with bonus and incentives plan. They include payments for time when the employee was available for work, for time allowed for personal preparation for work and clean up after work and for rest periods and special duties during scheduled work hours. They are payments for services which primarily benefit the employee”.

Akinwale (1999), describe salary as “the outcome of symbiotic relationship that exists between the employer and the employee. He explained that employers provide work

for the employee just as the employee's contribution enables the organization meet their objectives. Furthermore, he was of the view that wages and salaries are not charitable grants by the organization but a significant aspect of workers right in the productive process. Salaries is very important to the employee because it is the most significant reward which will enable them to have a good living standard and so payment of wages must be made promptly for job done. Reasonable salaries must be paid on time, that is, it must be paid as at when due and promptly as well (Chukwudi, Odogwu & Adedehinbo,2012). Kiebel(1983), was of the opinion that low performance seen in the organization was as a result of poor wage administration for which workers are paid without considering their needs which include feeding, housing, clothing, and other higher needs. As a result of the poor wages they earn, they are forced to eat low quality food which tends to reduce the productivity level. He asserted that workers are not happy on their jobs after the end of the month.

Writing on the significance of wage, Alugbuo (1981) wrote that the wages a worker receives from his or her organization is significant to him or her in three major ways: economic, psychological growth and motivation. The economic importance of wages is the most obvious because it serves as a way of obtaining the necessities and luxuries people need and want. Many workers do not have sources of income besides their pay; therefore employment in organization is the way to obtain the material necessities of life such as food, rent, clothes and other goods and services. In support, Beach (1980) in his writings believes that, wages are important for what they symbolize. For some wages symbolizes

security, for other it represents success. Adequate wage/salary improves employee performance. On the other hand, absence of adequate wages may cause discouragement, dissatisfaction and low morale at work. However, Herzberg in Ejimofor (1982) postulated that if people are paid a wage they perceive as fair, paying them more will not increase productivity or performance. However, this is incorrect in the Nigerian Context, because the acquisition of more wealth is a form of self-actualization for most Nigerian worker. For these people, wage can be used to satisfy the basic psychological and security needs. It can also help to satisfy some of the egoistic needs as it has become a status symbol indicating a culmination of other success in life. When pay is tied as a yardstick for performance, money is an important motivator. When it is not so tied, it does not motivate, satisfaction is low and absenteeism becomes high. Thus, a fair wage and salary policy, consistent internal wage and salary relationships, are vital to the achievement of individual and group effort in any organization.

In our culture, the role of money as prime motivator cannot be overemphasized. Writing on the importance of money in the Nigerian context, Anikpo (1980) argues that the Nigerian worker is intimidated and mesmerized by the money hegemony that his primary needs become money and only what money can buy. Okpara (1982) observed that no amount of money can be too much for a Nigerian worker. Thus, our system is based on the values and the behavioral pattern of the developed market economies and anchored in the industrial base of these countries. This is apparent in our consumption patterns which do not reflect the needs and absolute poverty of our developing economy. Under the

conditions of very scarce resources, the emulation of the socio-cultural system and especially the consumption pattern of the rich developed countries means first of all, that provision of basic food stuffs, health services, clothing, housing, drinking water, education and transportation system are neglected (Okpara,1982). He further stated that, the provision of these basic amenities would reduce the emphasis on adequate wage and money as a motivator. He observed that most workers are seen purchasing with their salary, basic necessities that has no provision for by the government. For example, water, transport etc are being paid for by workers from their salary. Looking at the country today, and its level of development, one would conclude that the Nigerian worker is still in the first level of human needs hierarchy, struggling to satisfy the basic needs- shelter, food, safety etc. Since money is the quickest means of satisfying these needs, almost every Nigerian worker is ruled by a rapacious and inordinate quest for money at all cost (Eze, 1985). Employers should therefore recognize those needs and structure a pay system that relates with the workers needs in order to improve their performance.

2.1.1 Types of Wages

According to Kester (2006), there are a number of descriptions for several conception of wage as it meets or fall short of meeting the demands of daily living and as wage expresses relative outcomes in lives' Endeavour. It includes;

1. **Minimum Wage:** Also called base wage is the least amount that could be paid within an economy to job- holders of different cadres. The amount so described,

often backed by legal enactment (decree or Act) is determined after reasonable adjustment for cost of living index, inflation and other social political and economic considerations. The amount is assumed to be capable of sustenance and maintenance of minimum standard of living. In Nigeria, it is controversial, just how much should constitute minimum wage, and thus NLC in 1999 argued in favor of an increase in the minimum wage from ₦7,500 to ₦20,000. Increasing inflation and consequently rising cost of living provided ready arguments in favor of higher minimum wage and so by 2011, in spite of the NLC asking for ₦52,000, both NLC and TUC finally agreed to Federal Government's offer of ₦18,000 minimum wage.

2. **Living wage:** A term popularized by labor, refers to earnings that is capable of providing for basic necessities of life like; food, shelter, clothing, Medicare, children education, and so forth. Workers earning a living wage are assumed to live above the poverty line, (earns more than \$1 U.S Dollar per day) and is well able to cope with economic vagary like inflation.
3. **Poverty wage:** Another term that labor will use to describe a situation in which workers take-home is incapable of meeting the cost of bare necessities of life. Workers earning this kind of wage lives below poverty line. That is, earns less than \$1 U.S dollar pay which at current exchange rate equals ₦155per day.
4. **Fair or Equitable wage:** As a term, it refers to perception of fairness or otherwise of wage earned by a worker taking consideration of his input on the job. Often employees are not as concerned with the absolute size of their pay as they are with

whether such pay is fairly or equitably determined. They always engage in value judgment of how their pay compare with relevant others, within and across industry with respect to tasks performed, qualifications, experienced etc. It is however difficult, both theoretically and practically especially as the criteria for doing this is difficult to derive. More so, management and employees' view of fairness is discrepant.

5. **Reservation wage:** This is a coinage of economists and it refers to a wage below which a worker will not accept a job, no matter how attractive the job attributes. This term rather seeks to underlie the fact that workers differ in expectation of what they should earn, especially on their first, as well as subsequent jobs and the fact that it is not only the market that determines what to earn. During full employment, workers' desires are strengthened in terms of expectation for higher pay, while during labor glut expectation of pay is moderated by length of time spent job searching. Reservation wage clearly may be above or below the market wage, depending on state of the economy and choices open to job seekers (Kester, 2006).

2.1.2 Reasons for Salaries and Wages.

According to Okoh (2005), regular payment of wages and salaries, high wages and salaries, money incentives, value attached to money is a tool for enhancing employee performance and so, in designing a new salary structure for an organization, or operating an existing structure, one must have some justification, rationale, a set of goals and

principles upon which it would work. He identified 4 major goals which any salary structure should fulfill and they are;

- a. To attract people to the organization: Salary structure is the first attraction that can entice applicants to seek for jobs in an organization. Thus, organizations must have competitive salary structure in order to attract qualified and competent personnel.
- b. To control pay costs: A well-structured salary structure enables management to control salaries paid to its workers and control labor cost generally.
- c. To satisfy employees, reduce labor turnover, grievances and friction over pay: Another major objective of salary is to keep employees contented, minimize quitting the organization and reduce employee agitations over inadequate and inequitable pay. Any pay structure should satisfy the basic needs of the receiver, and seen to be non-discriminatory. What it means here is that management should use pay as a “satisfier”. A satisfier affects feelings of well- being and contentment. If absent, workers will grouse, complain and reduce performance.
- d. To motivate employees to superior performance: Pay (wages) helps management to reward better performance. In other words, pay is seen as a motivator.

2.1.3 DETERMINANTS OF SALARIES

Obikeze and Anthony (2004), points out that salaries are the reward that individual receive from the organization in exchange for their labor and that every organization has its distinct salary system. According to Kamar (2005) there are two typical ways in which organization can administer its salaries. This includes; Adhoc increase in salaries which are given erratically, often at the demand of the employees rather than at the initiative of the company. In small organizations however, this system can produce an illogical and unfair salary structure which will cause discontent and jealousy. Salaries paid through this system are intended to be confidential. Another method is through the Incremental scale. Salaries in the incremental system is non confidential because all staff's job are evaluated and graded. Under this system, the salaries scheme permits the manager to allow for increment due to exceptional merit of the employee or withhold an increment due to unsatisfactory work or conduct of the employee.

Choosing a successful salary system however depends on consideration of salary levels, salary structure, individual pay determination and performance (Lawal, 2006). He further argued that there are some factors that affect salary levels in the organization. Some of these factors include the influence of trade union, prevailing salaries and wages in the industry, Government legislation, the labor market, the organization ability to pay, and the productivity level of the organization. In support, Lester (1964), in his study identified the determinants affecting wages as; the wages rates paid by other firms, union pressure, changes in the cost of living, shortage of qualified labor, employment unrest, the company's financial position and the profits of the company.

In Sumner Slichter (1947) view, the criteria for determining wages includes; the minimum necessities of workers, the changes in the cost of living, the maintenance of take-home pay in the face of reduction in hours, the changes in the productivity of labor, the ability of the employer to pay, the alleged effect of higher or lower wages upon consumer purchasing power and employment, the wages paid in other firms in the industry. Furthermore, Okoh (2005) advised management on issue of pay, the personnel manager should examine the following criteria thoroughly and they include;

1. **Prevailing wages:** According to him, organizations, particularly those in the same industry should try as much as possible to pay comparable rates which they consider fair enough so that they can be competitive and retain qualified staff from the labor market.
2. **Supply and Demand:** By this, he meant that wage is prevailing on the economic issue of demand and supply. Therefore, when supply of a particular type of labor is scarce, its price, i.e. its wage will rise and vice-versa in the labor market.
3. **Ability to pay:** Whether a particular labor or skill is scarce or plentiful, an organization will only hire if it has the capacity to pay such salary. On a holistic note, the ability of an organization or employer to pay particular rates affects the general level of pay in the organization. Pigor and Myers (1984) affirm that if the general level of wage in the organization is too low in relation to other

comparable firms, management will find it difficult to attract qualified employees.

4. **Cost of Living:** The cost-of-living index is a major determinant of wage rates. When the cost-of-living rises, the wages and salaries of employers ought to be adjusted accordingly. However, this is not the case in Nigeria. A rising cost of living is often a tool in the hands of trade unions agitating for better take-home-pay. A rising cost of living, if not reflected in wages erodes the purchasing powers of employees and may consequently affect their performance.
5. **Collective Bargaining Power:** Any organization with a well-organized labor union can negotiate with the union representatives for the workers. A strong union with bargaining power can always gain concessions for its members; this is subject however to the organizations' ability to pay and its level of productivity.
6. **Government legislation:** For some years now, the government has been intervening actively in pay issues in Nigeria. In some cases, they have legislated to achieve certain ends, by introducing a statutory income policy to keep wage level levels within defined limits (National Minimum Wage) or by passing legislation to protect particular group of employees especially those covered by wage councils. The other influence of wage rate by government is the reliance on fiscal measures. For example, taxation, interest rates, exchanges rates and so on.

7. **Technological organizational Change:** Within organizations, there are relatively stable conditions, both internal and external environments in relation to another. Importantly, the internal relating appropriately with the external environment and is able to implement its pay and salary policy without problems. However, an organization undergoing modern changes, which results from market pressure or technological changes will have to alter their payment structure to reflect the current demands. In fact, payment structure has to change more constantly than the rate at which equipments are changed considering what Ahiauzu (1999) said “what we see as tools, machines, production methods and techniques, which constitute hard and soft technologies are merely manifestation of what had earlier existed in minds of men, in form of ideas, that had become crystallized from human thoughts”. This goes to show that human as a resource is very vital to the organization and as such should be looked after more than equipments and machineries.

2.1.4 THEORIES ON WAGES

Dunn and Rachel (1971) describe theories on wages as “generalizations that attempts to explain the entire range of questions about the relationship between a man, his work and the reward he receives for the work”. They explained wages theories using the concept of labor supply and demand, long and short run, and micro and macro-economic analysis. The major wage theories include the following:

- a) The Subsistence theory of Wages
- b) The Wage-fund theory of Wages
- c) The Residual Claimant theory of Wages
- d) The Marginal Productivity theory of Wages
- e) The Bargaining theory of Wages
- f) The Surplus value theory of wages

The Subsistence theory of wages: This theory also known as “Iron Law of Wages” was developed by David Ricardo (1772-1823). This theory states that “the laborers are paid to enable them to subsist and perpetuate the race without increase or diminution”. The theory was based on the assumption that if workers were paid more than subsistence wage, their numbers would increase as they would procreate more; and this would bring down the rate of wages. if the wages fall below subsistence level, the number of workers would decrease – as many would die of hunger, malnutrition, disease, cold, etc and many would not marry, when that happened the wage rates would go up. In economics, the subsistence theory of wages states that wages in the long run will tend to the minimum value needed to keep workers alive. The justification for the theory is that when wages are higher, more workers will be produced, and when wages are lower, some workers will die, in each case bringing supply back to subsistence – level equilibrium.

Wage Fund Theory: This theory was developed by Adam Smith (1723-1790). His basic assumption was that wages are paid out of a pre-determined fund of wealth which lays

surplus with wealthy persons – as a result of savings. This fund could be utilized for employing laborers for work. If the fund was large, wages would be high; if it was small wages would be reduced to the subsistence level. The demand for labor and the wages that could be paid them were determined by the size of the fund.

The Surplus Value Theory: This theory owes its development to Karl Marx (1818-1883). According to this theory, labor was article of commerce, which could be purchased on payment of subsistence price. The price of any product was determined by the labor time needed for producing it. The laborer is paid in proportion to the time spent on work, but much less, and the surplus goes over, to be utilized for paying other expenses.

Residual Claimant Theory: This theory was propounded by Francis A. Walker (1840-1897). According to him, there are four factors of production, viz., land, labor, capital and entrepreneurship. Wages represent the amount of value created in the production, which remains after payment has been made for all these factors of production. In other words, labor is the residual claimant.

Marginal Productivity Theory: This theory was developed by John Bates Clark (1847-1938) and Philip Henry Wicksteed (1844-1927). According to this theory, wages are based upon an entrepreneur's estimate of the value that will probably be produced by the last or marginal worker. In other words, it assumes that wages depend upon the demand for, and supply of labor. Consequently, workers are paid what they are economically worth. The result is that as long as each additional worker contributes more to the total value than the

cost in wages, it pays the employer to continue hiring; where this becomes uneconomic, the employer may resort to superior technology.

The bargaining theory of Wages: This theory was propounded by John Davidson. Under this theory, wages are determined by the relative bargaining power of workers, or trade unions and of employers. When a trade union is involved, basic wages, fringe benefits, job differentials and individual differences tend to be determined by the relative strength of the organization and the trade union.

2.1.5 SALARY AND WAGES ADMINISTRATION

Salaries and wages administration deals with techniques and procedures for designing and maintaining salary structure, rewarding staff, and exercising wage control. Its basic aim is to attract, retain and motivate employees by developing and maintaining competitive and equitable wage structure. According to Dagget and Habu (2004), “Salary administration is the method and process that an organization uses for compensating its workers”. They argued that workers cannot obtain financial job satisfaction unless the organization achieves its goal. It is concerned with the design and maintenance of wage structure, the operation of wage progression systems, the provision of employee benefits, other allowances, and the development of a total remuneration policy. Freeman (1994) observed that every good salary structure is aimed at attaining, retaining and motivating high quality employees in an organization. It is also aimed at rewarding organization members for high performance and high productivity by making sure the payment method

is one the organization can shoulder comfortably. Beach (1980) provided seven principles by which organizations could structure their wage and salary system. These principles include;

- 1 The enterprise should have a clear-cut plan to determine differential pay levels in terms of divergent job requirement involving varied skill, effort, responsibility and working conditions.
- 2 An attempt should be made to keep the general level of wages and salaries of the enterprise in line with that obtained in the labor market.
- 3 Adequate care should be taken to distinguish people from the jobs.
- 4 Irrespective of individual considerations, care should be taken to ensure equal pay for equal work, depending upon the flexibility of job.
- 5 There should be a plan to adapt equitable measures for recognizing individual differences in ability and contribution.
- 6 An attempt should be made to provide some procedure for handling wage grievances.
- 7 Adequate care should be taken to inform the employee and their union, if any, about the procedures followed in determining wage rates.

Supporting Beach (1980), David Belcher (1962) advised that prior to embarking on policy regarding wages and salaries, the organization should bear in mind the following 17 assumption and they are that;

- 1 Pay is an incentive of job performance.
- 2 Pay in the form of money has more incentive value than pay in the form of benefits.
- 3 Employee satisfaction with pay is an evidence of its incentive value.
- 4 Consistent treatment of employees in the matter of pay is a prerequisite to obtaining incentive value from pay.
- 5 Incentive value is lost when workers are not paid.
- 6 Employees react negatively to pay inequalities.
- 7 Pay inequalities are similarly defined by all types and levels of employees.
- 8 Employees regard internal pay inequalities more serious than external inequalities.
- 9 Employees only react to gross external inequalities.
- 10 Employees comparison of pay are made first in terms of job, and secondly in terms of performance on job.
- 11 Employees compare their pay with that of people in similar jobs.
- 12 Employee's comparison of pay is uninfluenced by levels of aspiration and pay history.
- 13 Managers make pay comparison that are essentially similar to those of rank-and-file employees.
- 14 Professional employees make external rather than internal comparisons.
- 15 Employees accept the concept of hierarchy of jobs and pay.
- 16 Employees' determinants of the job hierarchy are similar to management determinants.

17 Employees agree with management on what they are paid for and weigh the factors.

According to Mohammed (2005), the function of salaries administration varies from organization to another. The main functional responsibility of salaries and wages administration is to attract capable, competent and qualified employee into the organization, to motivate workers for greater and effective performance, to ensure the continued dedication, commitment and retention of workers in an organization. The administrative assumption of salary administration is that it would be responsible to the need of employees by virtues of their proximity knowledge, and also employee's condition by reacting quickly to their needs and demands. The Economic assumption of salary administration is that, the salary administration would become more efficient if increase in salary and wages by virtue of their supportive ability can jack their priority in terms of the different service that the employer need. In the view of Nwachukwu (2000) and Ogunbameru (2004), wages and salary administration refers to the development, implementation and on-going maintenance of a base pay system. The central objective or purpose of wage and salary administration is to provide pay that is both competitive and equitable (Atchison, 2003). In relation to Nigeria, Salary administration refers to those processes, strategies, plans and schemes that give rise to pay policies. These policies set the overall direction of pay within the organization. A vivid example of such policies is the National Minimum wage in Nigeria for which the minimum wages to be paid to the employee is slated at ₦18,000.

2.1.6 OBJECTIVES OF SALARY ADMINISTRATION.

The main objective of salary administration is to establish and maintain an equitable salary system. This is so because, only a properly developed pay system enables an employer to attract, obtain, retain and motivate people of required caliber and qualification (Beach, 1980). The objectives of salary administration can be seen in a more orderly manner from the point of view of the organization, its individual employees and collectively. They are outlined and discussed subsequently below;

Organizational Objectives: The pay system should be duly aligned with the organizational need and should also be flexible enough to modification in response to change. Accordingly, the objectives of the wages system should be to;

1. Enable an organization to have the quantity and quality of staff it requires.
2. Retain the employees in the organization.
3. Motivate employees for good performance and for further improvement in performance.
4. Maintain equity and fairness in compensation for similar jobs.
5. Achieve flexibility in the system to accommodate organizational changes as at when these take place.
6. Make the system cost effective.

Individual objectives: From the individual employee's point of view, the wage system should have the following objectives;

1. Ensure a fair compensation.
2. Provides compensation according to employee's worth.
3. Avoids the chances of favoritism from creeping in when wage rates are assigned.
4. Enhances employee morale and motivation.

Collective objectives: The objective of wage system collectively includes;

1. Compensation in ahead of inflation.
2. Matching with market rates.
3. Increase in compensation reflecting increase in the prosperity of the company.
4. Compensation system free from management discretion.

Furthermore Beach (1980) summarized the objectives of wage and salary administration as;

1. To acquire qualified and competent personnel.
2. To retain the present employees.
3. To secure internal and external equity.
4. To ensure desired behavior.
5. To keep labor and administrative costs.
6. To control pay-rolls.
7. To satisfy people, reduce the incidence of turnover, grievances, and frictions stemming from inadequate wages, as perceived by the employees.

8. To motivate people to perform better.
9. To maintain a good public image.

2.1.7 ADVANTAGE OF THE WAGE AND SALARY STRUCTURE

1. It affects the workers earning and standard of living.
2. It eases the recruitment and maintenance of an effective labor force.
3. It develops employee morale and increases work efficiency.
4. It represents cost and competitive advantage in the industry.
5. It helps in preparing budgetary allocations and ease computation of salary adjustment and aids in the short term and long range plans.
6. It establishes an equitable salary range for various jobs.
7. It eliminates pay distortions and inequalities in employee's compensation.

2.1.8 CHARACTERISTICS OF A GOOD SALARY SCHEME

Salaries must maintain equity, competitiveness, and matching employee's expectations, reinforcing positive employee behavior and eliminating any discrepancies. Other purposes of salaries scheme include devising a system that is most efficient, organization of management and employee interest as well as maintaining good industrial relations and harmony. If all these are achieved in an organization, definitely, the employee will be seriously motivated and put in more effort into their work (Agburu, 2012). Therefore, what constitutes a good wage scheme have been identified by Nwachukwu (2000) and Ngu (2005) as one which;

- 1 Enough to enable workers meet their basic needs and improve efficiency.
- 2 The wage rates are same with that which prevails in the local market and in the industry. The main purpose here is that it will ensure the company remains competitive.
- 3 The benefit should relate to the effort put, be fair and just both to the worker and the employer.
- 4 The work content must be measured accurately.
- 5 Ensure worker over a period of time a fair share in the fruits of economic progress.
- 6 High to call forth a significant supply of manpower.
- 7 Payment should be made as soon as possible after the completion of the work;
- 8 The worker should be paid in direct proportion to his individual effort rather than in group.
- 9 The scheme should be able to give room for easy supervision and production control.

2.1.9 EFFECT OF INADEQUATE WAGE ON THE ORGANIZATION'S DEVELOPMENT.

Agburu (2012) declares that “salaries and wages should not only be adequate but they must also show some element of equity; this is, particularly, true from the view point of employees. Anything short of a fair and equitable wage or reward can quickly attract the wrath of employees in such economy. For many employees, salaries and wages are critical

issues. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries are the most emphasized by the employees, thus, they sort of take the center stage in the scheme of things as far as rewards for work is concerned". To this end, therefore, inadequate pay or wage will bring about inadequate performance and all these put together will attract:

- i. **Low Performance:** Performance can be said to be the measurable output per an individual personnel at work. When such worker is well motivated and adequately rewarded, there is much tendency for such worker to increase his/her output on the job which is a positive indicator for the growth and development of the organization. But when such employee lack adequate financial reward, the output of such employee must reduce no matter the condition of work.
- ii. **Absenteeism:** Absenteeism occurs when an employee is expected to be at work and is avoidably absent. Such is the kind of attitude displayed by employees that are not satisfied one way or the other with their work or organization. Before a total absent, such employee would have being coming late and if possible, closing before the stipulated closing time. This attitude reduces the production of the organization and invariably affects the growth and development of the organization.
- iii. **Labor Turnover:** Sule (2012), describe labor turnover as "the rate at which employer gains or losses employees". A simple way to describe this is "how long employees tends to stay' or the traffic rate through the revolving door of

employment’’. Also, he went further to say that one of the cause of high labor turnover is that “employees are not happy with the work and or pay”.

- iv. **Sabotage:** Sabotage is said to be the act of doing deliberate damage to equipment, transport, machines, etc. or to protest about something or the act of deliberately spoiling something in order to prevent it from being successful or useful. When this happen, it suggests that there is no more cordial/mutual relationship, loyalty and dedication again from such employee. Sabotage might come in form of either economic or image sabotage. Example includes pilfering of any sort, image laundering, bribery and corruption etc.

2.2 THEORETICAL FRAMEWORK

According to Obasi (1999), a theoretical framework is a device or scheme for adopting or applying the assumption of a research work. It is a way of describing, analyzing, interpreting and predicting phenomena. It involves linking problem under investigation to assumptions, postulations and principles of a theory. Therefore, it provides the overall background of the research. The theoretical framework to be applied in this study is the **EQUITY THEORY** advanced by John Stacey Adams (1963). The equity Theory is built three primary assumptions namely;

1. Employees expect a fair return for what they contribute to their jobs, a concept referred to as the “equity norm”.

2. Employees determine what their equitable return should be after comparing their inputs and outcome with their co-workers. This concept is referred to as “social comparism”.
3. Employees 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 (Carrel and Dittrich, 1978).

The equity theory is of the belief that employees become de-motivated, both in relation to their job and their employer, if they feel as though their inputs are greater than the outputs. It suggests that employee perception of what they contribute to the organization, what they get in return, and how their return-contribution ratio compares to others outside the organization, determines how fair they perceive their employment relationship to be.

Adams (1963) therefore, calls for a fair balance to be struck between an employee’s inputs (hard work, skill level and so on) and an employee’s outputs (Salary, Benefits, etc.). To him, finding this fair balance serves to ensure a strong and productive is achieved with the employee, with the overall result being a contented and motivated employee. Spector (2008) went further to say that anger is induced by underpayment inequity and guilt is induced with overpayment equity, so the payment of a fair is the main concern for employees. Thus, the issue of equity remains important to him or her. In any position, an employee wants to feel that their contributions and work performance is commensurate

with his pay. If an employee feels underpaid, then it will result in the employee feeling hostile towards the organization, which may result in the employee underperforming.

This framework has been chosen for this study because it covers critical issues that could lead to a comprehensive understanding of the relationship between wages and salary and employee performance in the organization. Hence, the study which focuses on wages and salary administration as a predictor of employee performance will eventually use this theory in explaining how wages and salary affects employee's performance and in overall, organizational productivity in EIRS.

CHAPTER THREE

RESEARCH METHODOLOGY

The term methodology is a system of explicit rules and procedures on which research is based and against which claims of knowledge are evaluated (Ojo, 2003). The methodology of this study will include; the research design, area of study, population of study, sampling technique, sample size, sources of data collection, instrument of data collection, techniques of data analysis.

3.1 Research Design

This study shall adopt the survey research design. According to Tonwe et al (2007), survey research has become popular in modern times as a scientific method of discovering the impact and inter- relationships of social and psychological variables from given population. Survey research design can be descriptive or historical (Obasi, 1999). It is historical when it evaluates and explains past events with a purpose of gaining a deeper understanding of the present and attempting a reliable prediction of the future. It is descriptive when it unravels the major element and characteristics of any phenomenon. The adoption of the survey research design in this study will make the study explorative as well as descriptive in nature.

3.2 Population of Study

According to Schutt (1999), research population is the sum total of all the elements of units of analysis in which a study is interested in. In other words, it encompasses all the

study group or cases that bears similar characteristics to the subject understudied (Nachmais and Nachmais, 1976). The population of this study shall include the total number of EIRS staff which stands at an estimated population of 1358 workers made up of both junior and senior staff which includes both office staff and field workers. (source: EIRS Directory, 2018).

3.3 Sampling Technique

This research work will adopt the probability sampling as its sampling technique for which the selection of the sample to be under-studied would be on the basis of chance. This chance selection will ensure that every member of the population has an equal chance of being selected or represented in the sample.

3.4 Sampling Size

In arriving at the sample size, the simple random sampling method will be adopted in this study. The reason for using the simple random sampling method is to ensure that every member of the population has an equal chance of being selected. The basis of selection would be done through the use of a table of random numbers and so the sample size for this research will comprise of a total of 250 employees selected from various departments present in the organization such as the Human Resource department, Administrative department, Account & Finance, Audit department, Legal Department, and Operations department.

3.5 Sources of Data

Basically, there are two major sources of data collection that will be utilized in this study. They are: *Primary Sources*: This entails gathering information through the administration of questionnaires which will be structure in line with the relevant objectives of the study, while the *Secondary Sources* involves the use of data from sources such as published books, journals, Newspapers, magazines, as well as internet sources.

3.6 Instrument of Data Collection

The research instrument for the collection of data for this study is the use of a questionnaire. The questionnaire will be structured in two sections i.e. section A and B. Section A will dwell on the socio-demographic profile of the surveyed as Age, Educational qualification, Occupational distribution and Religion. Section B will cover issues that relate to the objectives of the study. The questions will be structured along the close-ended response pattern, where respondents will be given options to choose from.

3.7 Techniques of Data Analysis

The method of data analysis to be used for the purpose of this study is the simple percentage (%) and chi-square (X^2). The simple percentage which is a descriptive statistical tool of analysis shall be used in the preliminary analysis. The simple percentage would be used to analyze the data collected through the questionnaire while the chi-square as an inferential statistical tool shall be employed in the testing of the hypothesis generated from the study. The use of chi-square is due to its flexibility and easy application. The formula for the computation of the simple percentage is given below:

$$\% = \frac{PC}{N} \times \frac{100}{1}$$

Where PC (F) = Percentage Compliance

N = Total numbers of respondents

100 = Common base of simple percentage

While the formula for computing Chi-square is thus:

$$X^2 = \frac{(F_o - F_e)^2}{F_e}$$

Where;

X² = Chi-Square

F_o = Observed frequency

F_e = Expected frequency

(Ogbeide, Uyi-Ekpen, 2011).

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 FREQUENCY DISTRIBUTION OF RESEARCH VARIABLES

SECTION A: INDEPENDENT VARIABLES

The tables in section A of this study present the socio – economic (bio - data) characteristics of respondents. The other tables of section B present the responses of the research subjects as regards the questions which border on the subject matter of the study. And in the administrative process of the instrument of data collection, 250 questionnaires were distributed and 241 were retrieved. Thus, our working sample size is now 241 respondents.

TABLE 1.0: Sex Distribution of Respondents (n = 241)

GENDER DISTRIBUTION	RESPONDENT	% RESPONDENT
MALE	153	63.5
FEMALE	88	36.5
TOTAL	241	100

Source: Field Survey; 2025.

Table 1.0 above shows that 63.5% of the respondents are males while 36.5% are females. That is to say that, from the above analyses more females participated in the study than males.

TABLE 1.1: Age Distribution of Respondents (n = 241)

AGE DISTRIBUTION	RESPONDENTS	% RESPONDENT
18 – 35	61	25.3
36 – 53	127	52.7
54 – Above	53	22.0
TOTAL	241	100

Source: Field Survey; 2025.

Also, from the above age distribution respondents, it was discovered that 25.3% of the respondents were 18 - 35 years of age, 52.7% were 36 – 53 years of age, while 22.0% were 54 – above years of age. That is to say, age 36 – 53 were more active in this study, followed by participants in the age bracket 18 – 35. And lastly, respondents in the age bracket 54 – above.

TABLE 1.2: Marital Distribution of Respondents (n = 241)

MARITAL DISTRIBUTION	RESPONDENTS	% RESPONDENT
SINGLE	42	17.4
MARRIED	182	75.5
SEPARATED	17	7.1
TOTAL	241	100

Source: Field Survey; 2025.

Table 1.2 above shows that 17.4% of the respondents are single, 75.5% of the respondents are married while 7.1% of the respondents are separated. Therefore, the analyses indicate that more married respondents took part in the study.

TABLE 1.3: Grade Level Distribution of Respondents (n = 241)

RELIGIOUS DISTRIBUTION	RESPONDENTS	% RESPONDENT
CHRISTIANITY	186	77.2
ISLAM	27	11.2
TRADITIONAL	20	8.3
OTHERS	8	3.3
TOTAL	241	100

Source: Field Survey; 2025.

Table 1.3 above shows that 77.2% of the respondents are Christians, 11.2% are Muslims, 8.3% of the respondents are Traditionalists. While 3.3% are into other forms of religion. Thus, according to the research study, it shows that Christians participated more in the study.

TABLE 1.4: Educational Distribution of Respondents (n = 241)

EDUCATIONAL DISTRIBUTION	RESPONDENT	% RESPONDENTS
SCHOOL CERT	34	14.1
BACHELOR	109	45.2
POSTGRADUATE	81	33.6
OTHERS	17	7.1
TOTAL	241	100

Source: Field Survey; 2025.

Also, analyses from table 1.4 shows that 14.1% of the respondents are school certificate holders, 45.2% of the respondents' had BSc certificate portfolio, 33.6% had postgraduate certification, while 7.1% had “other” certification. Therefore, the above analyses indicate that majority of the respondents are BSc holders.

TABLE 1.5: Grade Level Distribution of Respondents (n = 241)

GRADE LEVEL	RESPONDENTS	% RESPONDENT
JUNIOR STAFF	178	73.9
SENIOR STAFF	63	26.1
TOTAL	241	100

Source: Field Survey; 2025.

Table 1.5 above shows that 73.9% of the respondents are junior staff, while 26.1% of the respondents are senior staff. Thus, according to the research study, it shows that junior staff participated more in the study.

ANALYSING IN PERCENTAGE EACH QUESTION IN SECTION B OF THE QUESTIONNAIRE IN RELATION TO RESPONDENTS' PERCEPTION OF THE SUBJECT MATTER.

SECTION B

Item 1

Wages and salaries are paid frequently in Edo Internal Revenue Service (EIRS).

Table. 1.6

Response	Respondents	% Respondents
Yes	171	71.0
No	23	9.5
Don't Know	47	19.5
Total	241	100

Source: Field Survey; 2025.

As seen in table 1.6; 171 respondents representing 71.0% of the research sampled respondents agreed that their salaries/wages are paid frequently, 23 respondents representing 9.5% of the total respondents do not agree to the aforementioned assertion. While 47 respondents representing 19.5% respondents were uncertain about the above item 1 question.

Item 2

Salaries of workers at EIRS meet their needs.

Table. 1.7

Response	Respondents	% Respondents
Yes	31	12.8
No	152	63.1
Don't Know	58	24.1
Total	241	100

Source: Field Survey; 2025.

As seen in table 1.7; 31 respondents representing 12.8% of the research sampled respondents agreed that their salaries/wages meet their needs, 152 respondents representing 63.1% of the total respondents do not agree to the aforementioned assertion. While 58 respondents representing 24.1% respondents were uncertain about the above item 2 question.

Item 3

Salaries of employees at EIRS are reviewed yearly.

Table. 1.8

Response	Respondents	% Respondents
Yes	18	7.5
No	193	80.1
Don't Know	30	12.4
Total	241	100

Source: Field Survey; 2025.

As seen in table 1.8; 18 respondents representing 7.5% of the research sampled respondents agreed that their salaries are reviewed yearly, 193 respondents representing 80.1% of the total respondents do not agree to the fact that, their salaries are reviewed yearly. While 30 respondents representing 12.4% respondents were uncertain about the above item 3 question.

Item 4

Morales of workers at EIRS increases due to rise in salary.

Table. 1.9

Response	Respondents	% Respondents
Yes	199	82.6
No	12	5.0
Don't Know	30	12.4
Total	241	100

Source: Field Survey; 2025.

As observed in table 1.9; 199 respondents representing 82.6% of the research sampled respondents were of the view that, salary/wage increase boost their morale for work, 12 respondents representing 5.0% of the total respondents do not agree to the fact that, salary/wage increase boost their morale for work. While 30 respondents representing 12.4% respondents were uncertain about the above item 4 question.

Item 5

Employees at EIRS borrow money before their next salary.

Table. 1.10

Response	Respondents	% Respondents
Yes	127	52.7
No	43	17.8
Don't Know	71	29.5
Total	241	100

Source: Field Survey; 2025.

Table 1.10 shows that, 127 respondents representing 52.7% of the research sampled respondents were of the view that, they borrow money before their next salary, 43 respondents also representing 17.8% of the total respondents do not agree to the aforementioned fact. While 71 respondents representing 29.5% respondents were in a neutral position about the above item 5.

Item 6

Salaries and wages of EIRS employees reflects the economic realities of time.

Table. 1.11

Response	Respondents	% Respondents
Yes	24	10.0
No	164	68.0
Don't Know	53	22.0
Total	241	100

Source: Field Survey; 2025

As seen in the above table 1.11 it was discovered that, 24 respondents representing 10.0% of the total sampled respondents were of the view that, their salaries reflect the economic realities of time, 164 respondents also representing 68.0% of the total respondents do not agree to the aforementioned fact. While 53 respondents representing 22.0% respondents were in a neutral stand about the above item six.

Item 7

Poor wages and salary administration can lead to theft among EIRS employees.

Table. 1.12

Response	Respondents	% Respondents
Yes	194	80.5

No	17	7.1
Don't Know	30	12.4
Total	241	100

Source: Field Survey; 2025.

As noticed in table 1.12, 194 respondents representing 80.5% of the total sampled respondents were of the view that, poor wage administration can lead to theft in their organisation, 17 respondents also representing 7.1% of the total respondents sharply disagreed to the fact that, poor wage administration can lead to theft in their organisation. While 30 respondents representing 12.4% respondents were in a neutral stand about the above item 7.

Item 8

Management at EIRS discussed salary administration with employees.

Table. 1.13

Response	Respondents	% Respondents
Yes	46	19.1
No	177	73.4
Neutral	18	7.5
Total	241	100

Source: Field Survey; 2025.

It was also observed from table 1.13 that, 46 respondents representing 19.1% of the total sampled respondents were of the view that, management discusses salary with them before it is administered, 177 respondents also representing 73.4% of the

total respondents fervently disagreed to the fact that, management discusses salary with them before it is administered. While 18 respondents representing 7.5% respondents were in a neutral stand about the above item eight (8).

Item 9

Attitude towards work are affected by salaries and wages administration in EIRS.

Table. 1.14

Response	Respondents	% Respondents
Yes	188	78.0
No	22	9.1
Don't Know	31	12.9
Total	241	100

Source: Field Survey; 2025.

In looking at table 1.14, it was discovered that 188 respondents representing 78.0% of the total sampled respondents were of the view that, their salaries affect their attitude towards work, 22 respondents also representing 9.1% of the total respondents seriously disagreed to the fact that, their salaries affect their attitude towards work. While 31 respondents representing 12.9% respondents were in a neutral stand about the above item nine (9).

Item 10

Good salary will help improve workers resumption time and reduce absenteeism.

Table. 1.15

Response	Respondents	% Respondents
Yes	193	80.1

No	12	5.0
Don't Know	36	14.9
Total	241	100

Source: Field Survey; 2025.

As noticed in table 1.15, 193 respondents representing 80.1% of the total sampled respondents were of the view that, good salary will help improve workers resumption time and reduce absenteeism, 12 respondents also representing 5.0% of the total respondents strongly disagreed to the fact that, good salary will help improve workers resumption time and reduce absenteeism. While 36 respondents representing 14.9% respondents were in a neutral stand about the above item ten (10).

Item 11

Good salary administration improves workers performance in EIRS.

Table. 1.16

Response	Respondents	% Respondents
Yes	189	78.4
No	11	4.6
Don't Know	41	17.0
Total	241	100

Source: Field Survey; 2025.

In looking at table 1.16, it was discovered that 189 respondents representing 78.4% of the total sampled respondents were of the view that, good salary administration improves worker’s performance, 11 respondents also representing 4.6% of the total respondents seriously disagreed to the fact that, good salary administration improves worker’s performance. While 41 respondents representing 17.0% respondents were in a neutral stand about the above item eleven (11).

Item 12

EIRS pay system ensure fairness and equity to individual employees.

Table. 1.19

Response	Respondents	% Respondents
Yes	49	20.3
No	174	72.2
Don’t Know	18	7.5
Total	241	100

Source: Field Survey; 2025.

As seen in table 1.19; 49 respondents representing 20.3% of the research sampled respondents agreed that, the company pay system ensures fairness and equity to individual employee, 174 respondents representing 72.2% of the total respondents do not agree to the aforementioned assertion. While 18 respondents representing 7.5% respondents were uncertain about the above item twelve (12).

Item 13

Employees salary at EIRS is enough to motivate them for better performance.

Table. 1.20

Response	Respondents	% Respondents
Yes	21	8.7
No	153	63.5
Don't Know	67	27.8
Total	241	100

Source: Field Survey; 2025.

Table 1.20 shows that, 21 respondents representing 8.7% of the research sampled respondents were of the view that, the salary they earn is enough to motivate them to perform better, 153 respondents also representing 63.5% of the total respondents do not agree to the aforementioned fact. While 67 respondents representing 27.8% respondents were in a neutral position about the above item thirteen (13).

Item 14

Employees output is commensurate with their wages at EIRS.

Table. 1.21

Response	Respondents	% Respondents
Yes	44	18.3
No	137	56.8
Don't Know	60	24.9
Total	241	100

Source: Field Survey; 2025.

The above table 1.21 shows that, 44 respondents representing 18.3% of the research sampled respondents were of the view that, their output is commensurate with their wage, 137 respondents also representing 56.8% of the total respondents do not agree to the fact that, their output is commensurate with their wage. While 60 respondents representing 24.9% respondents were in a neutral position about the above-mentioned assertion.

Item 15

Proper salary structure will reduce work place infraction.

Table. 1.22

Response	Respondents	% Respondents
Yes	185	76.8
No	23	9.5
Don't Know	33	13.7
Total	241	100

Source: Field Survey; 2025.

As observed from the above table 1.22, 185 respondents representing 76.8% of the sampled respondents were of the view that, proper salary structure will reduce workplace infractions, 23 respondents also representing 9.5% of the total respondents do not agree to the fact that, proper salary structure will reduce workplace infractions. While 33 respondents representing 13.7% respondents were in a neutral stand about the above item fifteen (15).

Item 16

Employees are satisfied with the way and manner EIRS handles wages and salaries matters.

Table. 1.23

Response	Respondents	% Respondents
Yes	22	9.1
No	181	75.1
Don't Know	38	15.8
Total	241	100

Source: Field Survey; 2025.

As noticed in table 1.23, 22 respondents representing 9.1% of the total sampled respondents were of the view that, employees are satisfied with the way and manner EIRS handles wages and salaries matters, 181 respondents also representing 75.1% of the total respondents sharply disagreed to the fact that,

employees are satisfied with the way and manner EIRS handles wages and salaries matters. While 38 respondents representing 15.8% respondents were in a neutral stand about the above item sixteen (16).

HYPOTHESES TESTING

Hypothesis 1

In testing for hypothesis one, item 9 of the research questionnaire was utilized in determining the level of relationship between the two variables under study.

Item 9

Attitude towards work are affected by salaries and wages administration in EIRS.

Response	Male	Female	Total
Yes	147	41	188
No	16	6	22
Neutral	25	6	31
Total	153	88	241

STATEMENT OF HYPOTHESIS

H₀¹ – There is no significant relationship between salaries and wages of the organization and employees performance.

H_R^1 - There is a significant relationship between salaries and wages of the organization and employees performance.

Computation of X^2

Cell	f^0	f^e	$f^0 - f^e$	$(f^0 - f^e)^2$	$\frac{(f^0 - f^e)^2}{f^e}$
A	147	119.4	27.6	761.8	6.4
B	41	68.6	-27.6	761.8	11.1
C	16	14.0	2.0	4.0	0.3
D	6	8.0	-2.0	4.0	0.5
E	25	19.7	5.3	28.1	1.4
F	6	11.3	-5.3	28.1	2.5

$$X^2 = 22.2$$

Degree of freedom (X^2)

$$Df = (r-1)(c-1)$$

$$= (3-1)(2-1)$$

$$Df = 2$$

RESEARCH DECISION

$$\text{Calculated } X^2 = 22.2$$

$$\text{Critical } X^2 = 13.82$$

$$\alpha = 0.001$$

RESEARCH RESULT

Calculated $X^2 > \text{Critical } X^2 @ \alpha = 0.001$

. . Data are statistically significant @ 0.001 sampling error. Thus, an association exists between the variables. This means that we reject H_0 and accept H_R

DEGREE OF ASSOCIATION

Now that a relationship between the variables has been established, we calculate the degree of association using Gamma (Υ)

GAMMA (Υ)

$$\Upsilon = \frac{PD - ND}{PD + ND}$$

$$\Upsilon = \frac{1860 - 1831}{1860 + 1831}$$

$$\Upsilon = \frac{29}{3691}$$

$$\Upsilon = 0.01$$

Interpretation

There is a negligible positive relationship between salaries and wages of the organization and employees performance in EIRS. That is to say, male respondents are more likely to response to the fact that, salary affect their attitude towards work.

Hypothesis 2

In testing hypothesis two (2), item 10 shall be adopted as required.

Item 10

Good salary will help improve workers resumption time and reduce absenteeism.

Response	Male	Female	Total
Yes	133	60	193
No	5	7	12
Neutral	15	21	36
Total	153	88	241

STATEMENT OF HYPOTHESIS

H_0^2 – There is no significant relationship between salaries and wages and employees commitment to work.

H_R^2 - There is a significant relationship between salaries and wages and employees commitment to work.

Computation of Chi Square

Computation of X^2

Cell	f^0	f^e	$f^0 - f^e$	$(f^0 - f^e)^2$	$\frac{(f^0 - f^e)^2}{f^e}$
------	-------	-------	-------------	-----------------	-----------------------------

A	133	122.5	10.5	110.3	0.9
B	60	70.5	-10.5	110.3	1.6
C	5	7.6	-2.6	6.8	0.9
D	7	4.4	2.6	6.8	1.5
E	15	22.9	-7.9	62.4	2.7
F	21	13.1	7.9	62.4	4.8

$X^2 = 12.4$

Degree of freedom (X²)

Df = (r-1) (c-1)
= (3-1) (2-1)
Df = 2

RESEARCH DECISION

Calculated X²= 12.4
Critical X²= 9.21
α = 0.01

RESEARCH RESULT

Calculated X² > Critical X² @ α = 0.01

∴ Data are statistically significant @ 0.01 sampling error. Thus, an association exists between the variables. This means that we reject H₀ and accept H_R

DEGREE OF ASSOCIATION

Now that a relationship between the variables has been established, we calculate the degree of association using Gamma (γ)

GAMMA (γ)

$$\gamma = \frac{PD - ND}{PD + ND}$$

$$\gamma = \frac{3829 - 1305}{\dots}$$

$$3829 + 1305$$

$$Y = \frac{2524}{5134}$$

$$5134$$

$$Y = 0.49$$

Interpretation

There is a large positive relationship between salaries and wages and employees commitment to work in EIRS. That is to say, male respondents are more likely to response positively to the fact that, good salary will help improve workers resumption time and reduce absenteeism thereby increasing commitment to work.

HYPOTHESIS 3

In testing hypothesis three (3), item 11 shall be adopted as required.

Item 11

Good salary administration improves workers performance in EIRS.

Response	Male	Female	Total
Yes	127	62	189
No	4	7	11
Neutral	22	19	41

Total	153	88	241
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STATEMENT OF HYPOTHESIS

H_0^3 – There is no significant relationship between salaries and wages and the enhancement of workers productivity.

H_R^3 - There is a significant relationship between salaries and wages and the enhancement of workers productivity.

Computation of Chi Square

Computation of X^2

Cell	f^0	f^e	$f^0 - f^e$	$(f^0 - f^e)^2$	$\frac{(f^0 - f^e)^2}{f^e}$
A	127	120.0	7.0	49.0	0.4
B	62	69.0	-7.0	49.0	0.7
C	4	7.0	-3.0	9.0	1.3
D	7	4.0	3.0	9.0	2.3
E	22	26.0	-4.0	16.0	0.6
F	19	15.0	4.0	16.0	1.1

$$X^2 = 6.4$$

Degree of freedom (X^2)

$$Df = (r-1) (c-1)$$

$$= (3-1)(2-1)$$

$$Df = 2$$

RESEARCH DECISION

$$\text{Calculated } X^2 = 6.4$$

$$\text{Critical } X^2 = 5.99$$

$$\alpha = 0.05$$

RESEARCH RESULT

$$\text{Calculated } X^2 > \text{Critical } X^2 @ \alpha = 0.05$$

∴ Data are statistically significant @ 0.05 sampling error. Thus, an association exists between the variables. This means that we reject H_0 and accept H_R

DEGREE OF ASSOCIATION

Now that a relationship between the variables has been established, we calculate the degree of association using Gamma (γ)

GAMMA (γ)

$$\gamma = \frac{PD - ND}{PD + ND}$$

$$\gamma = \frac{3378 - 1766}{3378 + 1766}$$

$$\gamma = \frac{1612}{5144}$$

$$\gamma = 0.31$$

Interpretation

There is a medium positive relationship between salaries and wages and the enhancement of workers productivity. That is to say, male respondents are more

likely to respond positively to the fact that, good salary administration improves workers' performance.

HYPOTHESIS 4

In testing hypothesis four (4), item 13 shall be adopted as required.

Item 13

Employees salary at EIRS is enough to motivate them for better performance.

Response	Male	Female	Total
Yes	8	13	21
No	119	34	153
Neutral	26	41	67
Total	153	88	241

STATEMENT OF HYPOTHESIS

H_0^4 – There is no significant relationship between payment of salaries and wages and employees performance.

H_R^4 - There is no significant relationship between payment of salaries and wages and employees performance.

Computation of Chi Square

Computation of X^2

Cell	f^o	f^e	$f^o - f^e$	$(f^o - f^e)^2$	$\frac{(f^o - f^e)^2}{f^e}$
A	8	13.3	-5.3	28.1	2.1
B	13	7.7	5.3	28.1	3.6
C	119	97.1	21.9	479.6	4.9
D	34	55.9	-21.9	479.6	8.6
E	26	42.5	-16.5	272.3	6.4
F	41	24.5	16.5	272.3	11.1

$$X^2 = 36.7$$

Degree of freedom (X^2)

$$Df = (r-1)(c-1)$$

$$= (3-1)(2-1)$$

$$Df = 2$$

RESEARCH DECISION

$$\text{Calculated } X^2 = 36.7$$

$$\text{Critical } X^2 = 13.82$$

$$\alpha = 0.001$$

RESEARCH RESULT

$$\text{Calculated } X^2 > \text{Critical } X^2 @ \alpha = 0.001$$

∴ Data are statistically significant @ 0.001 sampling error. Thus, an association exists between the variables. This means that we reject H_0 and accept H_R

DEGREE OF ASSOCIATION

Now that a relationship between the variables has been established, we calculate the degree of association using Gamma (γ)

GAMMA (γ)

$$\gamma = \frac{PD-ND}{PD+ND}$$

$$\gamma = \frac{5479 - 2769}{5479 + 2769}$$

$$\gamma = \frac{2710}{8248}$$

$$\gamma = 0.32$$

Interpretation

There is a medium positive relationship between payment of salaries and wages and employees performance. That is to say, male respondents are more likely to response positively to the fact that, the salary they earn is enough to motivate them to perform better.

DISCUSSION OF FINDINGS

For many Nigerian employees, salary and wages is a critical issue. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial

rewards, wages and salaries is the most emphasized by the employee that it sorts of takes a center stage in the scheme of things as far as reward for work is concerned (Agburu, 2012).

The study found that there are strong links between effective salary/wages administration and workers performance in EIRS. Thus, in analyzing our findings from this research work, it was discovered that majority of the sampled respondents agreed that, their salaries/wages are paid frequently. And this support was represented by 71.0% of the total sampled population, 9.5% of the sampled population disagreed. While 19.5% of the sampled population were in the neutral position as regard the aforementioned assertion. Also, it was observed by the researcher that, workers' salaries/wages at EIRS do not meet their needs. Indeed, looking at the recent economic reality in the country one will no doubt agree with the above – mentioned statement. Thus, from the survey carried out in EIRS, it was discovered that, 63.1% of the sampled respondents agreed that, their salaries/wages do not meet their needs, 12.8% disagreed, while 24.1% were neither “here nor there” as regard the statement under review.

Again, the study discovered that majority of the sampled population were in agreement that their salaries are not reviewed yearly. And this was seen as 80.1% of the sampled population agreed that, in terms of reviewing of salaries

at EIRS, their salaries are not reviewed yearly. Furthermore, 7.5% of the total sampled population were of the view that, their salaries are reviewed yearly, while the remaining 12.4% were in a neutral position (see table 1.8).

Another part of the findings of this study was that, majority of the sampled respondents were in near complete voice that, their salary increase boost their morale. This proposition was adequately supported by workers at EIRS in the period of this research survey with 82.6% support, 5.0% disagreement and the rest percentage number were unresponsive of the above statement (see table 1.9). And according to the researcher, increase in salary is one of the factors that increases workers ability and performance towards work.

Again, the research study also discovered that, the salary structure at EIRS do not reflect the economic realities of time. The above assertion was supported by the large number of respondents who gave their full voice to validating the above assertion and this was represented by 68.0% support. While 10.0% were in sharp disagreement with the aforementioned assertion. And also, 22.0% of the remaining sampled respondents were indecisive on the matter (see table 1.9). It was also notice that, due to the poor state of salary administration in EIRS a lot of workers are not putting in their best in term of capability and capacity.

It was also discovered in this study that; majority of workers at EIRS agreed that, poor wage administration can lead to theft in their organisation. This position was substantially supported by a large percentage respondent of patients representing 80.5% of the total sampled population as against 7.1% and 12.4% who were neither “here nor there” (see table 1.12). According to the research finding, cases of fraudulent activities by workers are being treated and reviewed by the disciplinary department at the organization on daily bases owing to the issue of poor wage administration.

The research also discovered that, majority of the sampled respondents were of the view that, management do not discuss salary with them before it is administered. This fact was strongly supported by large majority of the sampled respondent who were with one voice in upholding the above-mentioned fact that the manager at EIRS do not discuss salary with them before it is administered (see table 1.13). Furthermore, the research study discovered that, their salary affects their attitude towards work. And this fact was rightly supported by majority of the sampled respondents which possesses the value of 78.0% who were in support of the aforementioned assertion, 9.1% was disagreed and 12.9% respondents were on a neutral ground. And in the view of the researcher, proper and efficient salary administration seriously affects the attitude of workers at EIRS towards work.

Again, the study discovered that majority of the sampled population were on the view that good salary will help improve workers resumption time and reduce absenteeism (see table 1.15).

Also, the research discovered that, good salary administration improves worker's performance. And this statement was firmly supported by 78.4% majority respondents as against 4.6% respondents who were not in support of the above assertion. While 17.0% were in a neutral stand. And according to personal interview of some sampled respondents, the researcher observed that, a good salary administration will definitely improve workers performance. Again, the study also discovered that, the company (EIRS) pay system does not ensure fairness and equity to individual employee. And this assertion was rightly supported by 72.2% of the research sampled respondents as against 20.3% and 7.5% respondents who were neither here nor there. In respect to the aforementioned assertion, it was noticed by the researcher that, EIRS would have experience greater output and profit if their salary structure is fair and equitable.

The study also discovered that, majority of workers at EIRS were with one voice that, the salary they earn is not enough to motivate them to perform better. And in looking at the responses of the various sampled respondents, it was observed that, 63.5% of the research sampled respondents firmly support the assertion that,

the salary they earn is enough to motivate them to perform better, 8.7% sampled respondents disagreed while 27.8% were indecisive as regard the above – mentioned matter (see table 1.20). And lastly, the research study observed that the sampled respondent strongly opined that, they are not satisfied with the way EIRS handles wages and salaries matters. And the above fact was strongly supported by large majority of the sampled respondents who gave their full support to aforementioned statement (see table 1.23).

CHAPTER FIVE

SUMMARY CONCLUSION AND POLICY RECOMMENDATIONS.

5.1 *Summary*

The study sought to evaluate the “Salaries and Wages Administration: An Empirical study of Employees Job Performance in Edo Internal Revenue Service”. The objectives were to provide theoretical explanations and empirical validations for the linkage between salaries and wages and workers performance, to ascertain whether salaries and wages administration boosts the performance of the workers in EIRS, to investigate the extent to which salaries and wages enhances productivity of workers, to analyze how delayed payment of salaries and wages affects employees, and identify factors that militates against salaries and wages of employee. The research design that was employed in this study is survey research design. The population of this study shall include the total number of EIRS staff which stands at an estimated population of 1358 workers made up of both junior and senior staff which includes office staff and field workers. The study used both primary and secondary data. Primary data was collected using structured questionnaires. Collected raw data was cleaned and edited for completeness and consistency. Data was analysed by use of the simple percentage and chi square.

The study found amongst others that there are strong links between effective salary/wages administration and workers performance in EIRS. Again, the study discovered that majority of the sampled respondents agreed that, their salaries/wages are paid frequently. Another part of the findings of this study was that, workers' salaries/wages at EIRS do not meet their needs. Again, the research discovered that, majority of the sampled population were in agreement that their salaries are not reviewed yearly. More so, it was observed that, majority of the sampled respondents were in near complete voice that, their salary increase boosts their morale. It was also discovered in this study that, the salary structure at EIRS do not reflect the economic realities of time. Furthermore, the research study also discovered that, majority of workers at EIRS agreed that, poor wage administration can lead to theft in their organisation. Again, the research study observed that management do not discuss salary with them before it is administered. The study also found out amongst others that, the salary they earn is not enough to motivate them to perform better.

5.2 Conclusion

The study concludes that amongst others that there are strong links between effective salary/wages administration and workers performance in EIRS. The study also concludes that, workers' salaries/wages at EIRS do not meet their needs. Also,

in terms of conclusion, the study concludes that, majority of the sampled population were in agreement that their salaries are not reviewed yearly. Furthermore, the research concludes that, their salary increase boosts their morale. And lastly amongst others the study concludes that, majority of workers at EIRS agreed that, poor wage administration can lead to theft in their organisation.

5.3 *Policy Recommendations*

Reward systems are arguably central to employee performance. This assertion is premised on the understanding that reward systems have the potency of engendering higher levels of performance in organizations through the stimulation and direction of employees along the path of goal accomplishment. And, in so far as employees are the only resource that can deliberately frustrate the accomplishment of organizational goals, the total environment of work should be adequately rewarding. In fact, employees are the most critical of all organizational resources and their capacity to function and meet the expected standards is a function of both their inward potentials and the outward environment in which they operate.

In this light, it is instructive to assert that well rewarded employees are much likely to feel valued and cherished by their organizations. To actualize the facilitating role of pay reward system management in the increasingly sustainable

levels of employee performance in EIRS, there is a need for the recognition and acceptance of adequate pay reward system that relates existing pay to the dynamic trend of economic realities. Moreover, the enduring climate and culture of lackadaisical attitude to work and poor performance should be dismantled and altered through a process of re-orientation that will be engineered by top management of EIRS. Once a regime of genuine commitment from both government and top management is in place and discernable, other employees are largely likely to give more than a token support to the new environment of work.

Essentially too, the genuine adoption and holistic application of a multi-dimensional approach that will embody a fair, moderate, dynamic pay reward system that should be reflective of the prevailing societal costs of living, the dismantling of the culture of poor performance and a merit-based employee entry practice.

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Benin City.

Dear Sir/ Madam,

REQUEST FOR YOUR COOPERATION IN COMPLETING THIS QUESTIONNAIRE

I am an undergraduate Student of the above-mentioned Department and University. As part of the programme, I am presently conducting a research on the topic “Salaries and Wages Administration: An Empirical Study of Employees Job Performance in EIRS. This questionnaire is therefore designed to collect the relevant data for the study. Your response to the questions will not be used for any other purpose other than the one stated above.

Furthermore, you are kindly requested to respond as sincerely as possible to all questions as stated in the questionnaire. Please, tick (✓) in the space provided in the most appropriate column on each of the item.

Thank you for your cooperation.

SECTION A: BIODATA

Please, kindly tick the box that best fit the information given below:

1. Gender: Male Female
2. Age: 18 – 35 years 36 – 53 54 and above
3. Marital Status: Single Married Divorced
4. Religious Affiliation: Christianity Islam Traditional Others
5. Educational qualification: Primary Secondary OND HND
 First Degree Masters Degree Others
6. Grade Level: Junior Staff Senior Staff

SECTION B

Please tick the space that best fit your view.

S/N	STATEMENT	YES	NO	DON'T KNOW
1	Wages and salaries are paid frequently in Edo Internal Revenue Service (EIRS)			
2	Salaries of workers at EIRS meet their needs			
3	Salaries of employees at EIRS are reviewed yearly			
4	Morales of workers at EIRS increases due to rise in salary			
5	Employees at EIRS borrow money before their next salary.			
6	Salaries and wages of EIRS employees reflects the economic realities of time.			
7	Poor wages and salary administration can lead to theft among EIRS employees.			
8	Management at EIRS discussed salary administration with employees.			

9	Attitude towards work are affected by salaries and wages administration in EIRS.			
10	Good salary will help improve workers resumption time and reduce absenteeism.			
11	Good salary administration improves workers performance in EIRS.			
12	EIRS pay system ensure fairness and equity to individual employees.			
13	Employees salary at EIRS is enough to motivate them for better performance.			
14	Employees output is commensurate with their wages at EIRS.			
15	Proper salary structure will reduce work place infraction.			
16	Employees are satisfied with the way and manner EIRS handles wages and salaries matters.			