ISSN: 2287 – 80X1
Volume 12, Number 2, 2024
Innovative Journal of Social Science, Arts and Management

EQUITY IN REMUNERATION AS A PRECURSOR TO SERVICE DELIVERY IN MANUFACTURING SECTOR IN RIVERS STATE

Gbafah Beauty Lemabari Ph.D
Department of Office and Information Management
Faculty of Administration and Management, Rivers State University, Nigeria

beautygbafah@ust.edu.ng

ABSTRACT

This study examined the relationship between equity in remuneration and service delivery in manufacturing sector in Rivers State. The study adopted the explanatory cross–sectional survey research design with a population of 332 information managers in 64 manufacturing firms in Rivers State. The sample size of the study was one hundred and eighty-one (181) respondents which were obtained using the Taro Yamene formula. Questionnaire developed on a 5-point rating scale was used to elicit data from respondents. Out of 181 copies of the questionnaire administered, a total of 172 copies were retrieved. Mean and standard deviation were used for the univariate analysis; Spearman Rank Coefficient was used for the bivariate analysis. SPSS version 23.0 was used. The analysis revealed that equity in remuneration has significant positive relationship with service delivery in manufacturing sector in Rivers State. The study recommended that management should ensure that organizational justice prevails in every situation and adopt a reward system which will in turn propel information managers in the path of competence and competitiveness.

Keywords: Job Individuation, Manager Performance, Innovativeness, Service Delivery.

INTRODUCTION

Service quality delivery refers to providing a customer with experience that meets up or exceeds customer expectations. Service quality delivery increases customer loyalty and satisfaction. It is an essential component of the overall customers' experience, and so it is vital to know how to measure your service quality (Brithany, 2020; Baridam, 2000; Plinke, 2015).

Lillydahl and Singell (1993) advocate the principle that workers should be compensated commensurately with their contribution to the value of a service or product. Lack of equity causes resentment and hostility. In practice, equity requires evaluating individual contributions considered just by all involved. The principle of equity also includes the concept of profit sharing. The worker should be assured contractually of a specified percentage of the profits divided among work groups, taking into account the contribution of each group toward increased productivity.

Equity of remuneration in an organization gives employees a sense of belonging in an organization, and also a sense of worth. It has to do with how commensurate the remuneration received by a worker, is to the effort he/she puts in at work (Mabey et al., 1998).

An element of equity is the concept of paying a worker not for a particular task, but on the basis for skills and knowledge developed with respect to other jobs in the establishment: paying him/her for what he/she knows and can do rather than for his/her specific job (in contrast to payment according to credentials). The principle of equity results in greater productivity on the part of the worker (Bapuji et al., 2020).

The equity principle also plays a dominant part, when a worker is appraising the value of the remuneration or material benefits outcome of his work activities, and its contributions to the

quality of work life. Hence Walton (1975) says that the typical impetus to work is to earn a living. Equity in remuneration means that all workers in a workplace have the right to receive equal remuneration for work of equal value. While the concept is straightforward, what equal pay actually entails and how it is applied in practice has proven to be difficult. Work of equal value can mean a job that is the same or similar, as well as a job that is not the same but is of equal value (Hart, 2020). This distinction is important because women's and men's work may involve different types of qualifications, skills, responsibilities, or working conditions, yet be of equal value, and, therefore, merit equal pay. A workplace where distributive justice exists ensures that there is equity in pay level amongst their employees. In other words, their employees are paid according to what is due for them; no employee is paid below what he/she deserves. Such a workplace is fairly transparent with their employee salary structure. Additionally, equity in remuneration can be expressed in terms reward system, fairness and profit sharing.

Research Hypothesis

H_{01}: There is no significant relationship between equity of workers' remuneration and service quality delivery in manufacturing sector in Rivers State.

Concept of Equity in Remuneration

Appleby (1994) described equity as existing when a person perceives his/her own outcome/input ratio to be equal to a referent's outcome/income ratio. Koontz and Weihrich (2005) positioned that an important factor in motivation is whether individuals perceive the reward structure as being fair. Hence, he has been credited greatly for the formulation of equity (or inequity) theory shown as follows:

$$\frac{\textit{Outcome by a person}}{\textit{Inputs by a person}} \qquad \frac{\textit{Outcome by ather person}}{\textit{Inputs by ather person}}$$

There should be a balance of the outcomes – inputs relationship for one person in comparison with that of another person. It is fundamental therefore, that the quality of working life is affected by how well this aim is achieved. The proponents of the Work Humanization perspective adopt the principle of equity to advocate for profits sharing as they argue that workers should contractually be entitled to a specified percentage of the profits accruing to the organization, which should be divided among work groups, on the basis of the contribution of each group toward increased productivity. Inyang (2008) maintained that equity theory is a social comparison. It assumes that people are motivated by the desire to be fairly or equitably treated in their work relationships with others and will attempt to reduce any unfairness or inequity in such work environment.

Reward System: Reward system is defined as the compensation which an employee receives from an organization for exchanging for the service offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behaviour by inducing pleasure (Ajila &Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significance importance.

Carraher *et al.* (2006) advocates that there should be an effective reward system for organization performance and reward should be related to their productivity. Thus, organizations must make policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction. Bishop (1987) suggested that pay is directly related with productivity and reward system depends upon the size of an organization. Armstrong and Murlis (2004) defines a reward system as the tools available and

used by employers in order to attract, retain, motivate and satisfy their employees. A reward system is a combination of financial rewards as well as employee benefit and these two elements combined together compose the total remuneration for the employee. The total reward system also embodies non-financial rewards which also includes performance management processes (Mccausland *et al.,* 2005).
A completely directed rewards systems have the capability to flourish inducements for quality structure and employees performance and also to fascinate efficient employees artistically for involving them in the organization; on the other hand; the inverse may lead to inefficient employees as well as unproductive performance and creates a highest amount of employee resignation.

Rewards can be extrinsic or intrinsic, tangible rewards are called extrinsic rewards and these rewards are used externally to the job or these types of tasks can be conducted by the personnel. External rewards can be in terms of salary/ pay, inducements, bonuses, promotions, job security, gratuities etc. Intrinsic rewards are intangible rewards or psychometric rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal. Rewards are basically of two types, financial and non-financial and through using these two types of rewards; personnel's conducts towards their works can be enriched in a positive way. Financial rewards means remuneration for enactment such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. A non-financial reward means nonmonetary/non cash and it is a social acceptance such as recognition, certificate, and genuine appreciation etc.

Fairness: Fairness in the workplace is the metric by which good judgement is used to determine the just treatment of employees in their workplace (Indeed Editorial Team, 2021). Managers base this fair treatment on employee behavior and the work environment. Fairness in the workplace extends to the way management treats their employees with respect and dignity. It also encompasses the relationships between peers in a workplace. In fair workplaces, managers treat professionals equal to their peer groups of a similar skill set, regardless of demographic status or relationship to other members of the organization.
Fairness in the workplace refers to an aspect of organizational justice with regards to both process and outcome impartiality (Cornel University, 2018). Some of the factors that support fair treatment in the workplace include mutual respect, strong interpersonal relationships and honest communication. Individuals who feel they're being treated unfairly in the workplace can have low morale, reduced productivity, and poor job satisfaction. It can also result in high turnover. On the other hand, individuals who feel they are treated well by their managers and organizations are often motivated to perform at higher levels. They have a greater sense of team spirit and overall job satisfaction. Individuals who feel valued and are treated fairly at work are better engaged and more productive.
The workplace environment has a large effect on the productivity of employees and their view of their employers. Happiness at work is a metric that can be hard to measure but is essential to the success of a company. Managers use their control over policy to ensure fairness in the workplace so employees feel productive and happy. In this article, we will discuss what fairness in the workplace is and why it is important as well as some tactics that you can employ in your own workplace to exhibit fairness.
Fairness in the workplace contributes to employees feeling safe and engaged in the work they produce. It creates a productive environment for employees in which the company compensates them fairly and management professionals equally appreciate each employee's hard work. Fair workplace environments also ensure management professionals choose appropriate disciplinary

action for employees when necessary. This environment often increases employees' personal investment in the company's success and reduces turnover. It is also essential that companies maintain fair practices with the employees in order to stay within the bounds of labor laws.
Management can exhibit fairness in the workplace by making sure that each employee has both what they deserve and what they reasonably need to be successful. A manager or employer should try to set policy and principles that provide both things to their employees.

Profit Sharing: Profit sharing is a type of pre-tax contribution plan for employees that gives workers a certain amount of a company's profits (Kappel, 2021). The profit-sharing payments depend on the: (i) Business's profitability (ii) Employee's regular wages and bonuses (iii) Amount set by the business. Profit sharing is an incentivized compensation plan that gives employees a certain percentage of a company's profits (JMG Insurance Agency, 2020). Employees receive an amount based on the business's earnings over a specified period of time, typically once per year. Profit sharing differs from employee bonuses, which are usually given when a company sees a profit. While there are both pros and cons to profit-sharing plans, profit sharing can be an excellent way for employers to reward employees for their great performance. With a profit-sharing plan (PSP), employees receive an amount based on the company's earnings over a specific period of time (e.g., a year) (Kappel, 2021). Generally, an employee receives a percentage or dollar amount of the business's profits either in cash or company stock. Many businesses offer profit sharing as a retirement benefit for employees. If an employer does not make a profit during the time period (e.g., year), they do not have to make contributions that year.
Profit-sharing plans can be a powerful tool for promoting financial security in retirement. Also known as a deferred profit-sharing plan (DPSP), these retirement savings accounts can be highly advantageous to both employees and employers. As the name suggests, profit sharing is a way for employers to contribute some of their profits to their employees. Read on to learn more about what profit sharing is and how does it work.
Typically, a business offers a PSP to help instill a sense of ownership in its employees. The goal of a small business profit-sharing plan is to reward employees for their contribution to the company's success and incentivize employees to keep reaching goals.

Service Quality Delivery
Different organizations have different service quality standards. Despite these variations, there is a popular and standard way to measure service quality. The five service quality dimensions are Tangibility, Reliability, Responsiveness, Assurance, and Empathy.
Tangibility: Tangibility is the appearance of physical facilities, equipment, personnel, and communication materials. Customers tend to expect clean and professional facilities and shops, employees who look groomed and neat, and well-written and designed materials such as menus, websites, and signs. Attention to appearance can indicate that your company takes customer comfort seriously. While appearance is not the most critical aspect of service. It does make a difference in how customers perceive your business, especially if your brand promises a premium or luxury experience (Brittany, 2020).
Reliability: Reliability is the ability to perform the promised service dependably and accurately. Doing what you say you're going to do when you say you're going to do it is essential to pleasing your customers. They want to rely on your business to deliver a working product or effective service, to get help when they need it, and for all of this to happen in a timely fashion Drucker, (1993). Responsiveness: Responsiveness is the willingness to help customers and provide prompt service. Responding aptly to customer needs and concerns is vital, especially in today's

fast-faced world. Responsiveness makes your customers know that you're listening to them and working actively to solve their problems (Weber, 1947; Almutairi, 2011).
Assurance: Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence, customers expect businesses to be the experts in the service they deliver. Communicating that expertise to customer helps reassure them that they can trust you, whether you accomplish this by displaying credentials and industry certification or customer testimonials. Assurance is important when customers have many options but are not sure who to trust when purchasing (Drucker, 1993).
Empathy: Empathy is the caring, individualized attention the firm provides to its customers, showing empathy to customer's mean ensuring your company showcases your care. Training employees on how to provide excellent and empathic service can help an organization exceed expectations. For further expression, competitiveness, competency and accessibility are the indicators of service quality delivery in this work.

Competitiveness: Competitiveness is a complex concept that had called the attention of academics and practitioners due to the importance of developing this construct for survival to changeable environments and high competition. There are different approaches for analyzing the competitiveness at the firm level; the industry – based perspective Porter (1980), and the Resource based view Barney (1991).
Organizational competitiveness can be influenced by several factors: internal and external factors. Internal factors form an interaction of variables with the objective of being competitive through obtaining superior performance and sustainable competitive advantages. The internal factors evidenced in literature comprehends the factor of integration of supply chain, development of human capital, quality management, knowledge, financial and organizational management, sustainability, information and communication which constitute the base of any organization success. The way a company interacts with every factor inside the organization, influence the development of competitive advantages and performance, in comparison with the main competitors of the sectors. Such factors become tools, paths, recourses and assets to be used strategically (Wagner, 2009; Andreeva & Kianto, 2012).

Competence: Competence can be viewed as the possession of series of desirable attributes including knowledge of appropriate sorts, communication, pattern recognition, etc. and attitudes of appropriate kinds. According to the Concise Dictionary competence (or competency) as the denotes the "ability to do" something or the "ability for a task". It is the quality of being competent or being properly qualified or capable (Hager & Gonczi, 2009).

Accessibility: Accessibility can be said to be the quality of being easy to obtain or use. It is an inclusive practice of ensuring. There are no barriers that prevent interaction with, or access to needed informational and services. It is used to describe the degree of ease with which it is possible to reach a certain location from other locations. In general terms it describe the degree to which a system is useable by a wide range of users as possible (Creens, 2013). It can also be viewed as the ability to access functionality and possible benefit of some system or entity. Indeed, accessibility of services and information resources is key and cardinal for any organizational competitiveness meeting up with target and advantage (Abdulsalami, 2013).

Abraham H. Maslow Hierarchy Theory.
The study was anchored on the motivation theory propounded by Abraham Maslow in 1954. The theory posits that the hierarchy of needs follow in an ascending order of

a) Physiological Needs: In an organizational context, physiological needs are the employees' concern for salary and basic working conditions. It is only when these basic needs are met in the organization that that the employee can be motivated to progress to higher level needs.
b) Safety or security needs: These are needs for safety and security and emotional injuries, threat from danger and deprivations. In the organizational context, the safety needs are job security, salary increase, safe working environment etc. To satisfy safety needs of employees the manager should provide safe working conditions, pension schemes, gratuity, grievance procedures.
c) Social needs (belongingness and love needs): This is the need for meaningful interaction – love acceptance by others, affectional relationship. These needs equated for peer acceptance, need for compatible work group, professional friendship and team spirit.
d) Esteem needs: They are two fold in nature.
    i) Self-esteem needs which include the needs for self-confidence, achievement, competence, self-respect, and knowledge and for independence and freedom.
    ii) Esteem of others – these are related to one's reputation needs for status, for recognition, for appreciation and respect from one's associates. The esteem needs are egoistic in nature.

    In the organization, esteem needs are: job title, recognition, challenging work and responsibility.
e) Self-Actualization needs: This represents the highest level of need in the need hierarchy. It is the need to realize one's potentials, or the desire to become what one wants to become, accomplishing things in life and reaching the peak of one's potentials. This need is seldom met by human beings.

In the organization it can be equated to one's desire to excel in one's job, promoting innovative ideas and achieving highest performance in managing a unit in the organization.
The theory offers that the organization or the manager should create the right work environment to enhance employee motivation (Inyang, 2008). The theory posits that each person has a hierarchy of five sets of needs that must be satisfied ranging from basic psychological needs, safety needs, social belonging, esteem needs, and finally self – actualization.
The basic assumptions of the theory are as follows:
i) Human beings have needs that are never completely satisfied.
ii) Human action is targeted at fulfilling the needs that are unsatisfied, at a given point in time.

This theory was concisely adopted as the theoretical support for this study because it is related to the variables (work humanization and information managers' performance). The theory predicts that as employees' personal needs are met, it influences their performance to getting higher needs satisfied. A person with an unfulfilled need could be persuaded to work to satisfy that need.

METHODOLOGY

The work adopted the cross-sectional explanatory survey research design. The population frame for this study was drawn from 64 manufacturing companies registered with Corporate Affairs Commission (C.A.C.) in Rivers State. The sample size for the study was determined using the Taro Yamane sample size derivation formula as put forward by Baridam, (2001). The study adopted the structured questionnaire as its main tool for the generation of data for the study. Mean and standard deviation were used for the univariate analysis while the bivariate analysis was done using Spearman rank order correlation in SPSS Version 22.0. The spearman rank

order (Rho) is considered to be the most appropriate for the study as it appropriately measures the degree of relationship between the two set of ranked observations.

RESULTS

Bivariate Analysis

Equity in Remuneration and Information Managers Performance

H_{05}: There is no significant relationship between equity in remuneration and service quality delivery in manufacturing sector in Rivers State.

Correlations between Equity in Remuneration and Service Delivery

			Equity in Remuneration		Service Quality Delivery	
Spearman's rho	Equity in Remuneration	Correlation Coefficient	1.000	0.738**	0.576**	0.601**
		Sig. (2-tailed)	.	.000	.000	.000
		N	172	172	172	172
	Service Quality Delivery	Correlation Coefficient	0.738**	1.000	0.755**	0.811**
		Sig. (2-tailed)	.000	.	.000	.000
		N	172	172	172	172
		Coefficient	0.576**	. 0.811**	1.000	0.747**
		Sig. (2-tailed)	.000	.000	.	.000
		N	172	172	172	172
		Correlation Coefficient	0.601**	0.658**	0.747**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	172	172	172	172

****. Correlation is Significant at the 0.01 level (2-tailed).**

Source: SPSS Output

Column three of table above shows r value of 0.576 at a significance level of 0.00 which is less than the chosen alpha level of 0.05 for the hypothesis relating equity in remuneration and service quality delivery. Since the significance value is less than the alpha level of 0.05, the null hypothesis (Ho_1) which states that there is no significant relationship between equity in remuneration and service quality delivery in manufacturing sector in Rivers State is rejected and the alternate hypothesis (Ha_1) is accepted. This implies that there is a moderate positive relationship between equity in remuneration and service quality delivery in manufacturing sector in Rivers State.

CONCLUSIONS

The study has shown that work humanization through job security, equity in remuneration and job individuation, positively and significantly correlate with information managers' performance. The findings of the study suggest that organizations, especially manufacturing firms that desire to enhance the performance of their information managers in terms of innovativeness, service quality This therefore implies that organizations that keenly seek for this improvement should go by the path of work humanization.

RECOMMENDATIONS

Base on the findings of the study, the following recommendations are made:

1. Management should ensure that organizational justice prevails in every situation, thereby giving everyone the feeling of fairness, and as well as encouragement of service quality delivery and innovativeness.
2. Information managers should enjoy equitable remuneration so as to encourage them to perform better in terms of innovativeness, service quality delivery and efficiency.
3. Information managers should carry out their duties with competence, so as to enhance service quality delivery and efficiency.
4. Information managers should at times be allowed autonomy in their duty post, as this is capable of boosting their confidence and competence as well.

REFERENCES

Abdulsalami, T. L. (2013). Information accessibility and use by dealers Nigerian Bottling Company Plc, Kaduna Plant. *Pelgia Research Scientific Journal, 5*(3), 13-21.

Ajala, E. M. (2015). The influence of organisational justice on employees' commitment in manufacturing firms in Oyo State, Nigeria: Implications for industrial social work. *African Journal of Social Work*, *5*(1), 61-69.

Andreeva, T. & Klanto, A. (2012). Does knowledge management really matter? Linking knowledge management practices competitiveness and economic performance. *Journal of Knowledge Management*, *16(*4), 617-636.

Appleby, R. C. (1994). *Modern business administration*. Pitman Publishing Company.

Baridam, D. M. (2001). *Research methods in administrative sciences*. Sherbrooke Associates.

Bapujii, H., Ertug, G. & Shaw, J. D. (2020). Organizations and societal economic inequality: A review and way forward. *Academy of management Annuals*, *14*, 60-91.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Cornel University (2018). *Fairness.* https://diversity.cornell.edu/belonging/fairness

Hager, P. & Goncz, A. (2009). What is competence? *Medical Teacher*, *18*(1), 15-18 DOI:10.3109/01421599609040255.

Inyang, B. J. (2008). *Organizational behavior*: *A managerial perspective (Revised Edition).* MERB Publishers.

Kappel, M. (2021). *What is profit sharing, and how can it benefit your business?* https://www.patriotsoftware.com/blog/payroll/what-is-profit-sharing/

Koontz, H. & Weihrich, H. (2005). *Essentials of management: An international perspective,* Tata McGraw-Hill Publishing Company.

Mabey, C. Salaman, G. & Storey, J. (1998). *Human resources strategy management*, Blackwell Publishers Ltd.

Maccviciute, E. & Wilson, F. D. (2002). The development of the information management research area. *Information Research*, 7(3), 37-48.

Plinke, W. (2015). *The core of marketing management*, In m. Kleinaltenkamp, W. Plinke, I. Wilkinson, & I. Geiger (eds). *Fundamentals of business: Business marketing. Mastering business markets*. Switzerland: Sprinter. http://www.springer.com/978-319-12462-9.

Porter, M. E. (1980). *Competitive strategy*: Techniques for analyzing industries and competitors, Press.

Walton, R. E. (1975). *Criteria for quality for working life*. Free Press

Weber, M. (1947). *The theory of social and economic organization*. The Free Press.