The Influence of Compensation Management on Employee's Leadership Role in Insurance Sector: Nigeria Experience

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Abstract

The huge success of an organisation and its ability to survive competitive pressure from its competitors in a globalised economy depends on the leadership role of the employees. Leadership is the ability to persuade others to ensure the attainment of defined goals/objectives of the organisation with enthusiasm. The current study focuses on the influence of compensation management on employee’s leadership role in insurance sector with evidence from Nigeria. The study used quantitative (questionnaire) approach to gather information from the participants. In all, 250 questionnaires were administered to the employees of an insurance company, 213 returned and 212 (84.4%) were found usable. Ethically, participation in the survey was voluntary and confidentiality of response was of paramount esteem. The study affirmed that there is a positive relationship amongst the variables though the association was not strong which is $r=0.481$ (48.1%). That is, there is a correlation between compensation management and employee’s leadership role in the insurance industry in Nigeria. The outcome of the study also reveals that compensation management do have influence on employee’s leadership roles, as well that leadership do motivate employees to perform effectively. Implications of the study for managers in the perspective of HR practices have been enumerated and recommendations offered. Suggestions for future studies are also made.

Keywords: Compensation management, Employees, Insurance industry, Leadership role, Nigeria.

1. Introduction

Employees are pivotal to the achievement of organisational goal and enhancing the competitive advantage of the organisation in the global world and within the industry where the business firm is operating. Hence the leadership role of the employee's in achieving this cannot be underestimated and to this done adequate measure must be put in place by the organisation through well managed compensation structure. Therefore, compensation management as one of the fundamental functions of human resource department is meant to attract, retain, developed employees toward attaining organisational effectiveness, efficiency and competitive advantage in the globalised world (Adeoye, 2001; Tsai, 2005; Adeoye, Elegunde, Tijani & Oyedele, 2012).

Compensation management is a veritable instrument that affects the decision of job applicants and employees within the organisation. It has aided the firms to achieve their competitive edge over their competitors in the industry (Heneman & Judge, 2000; Ivancevich, 2004; Hyondong, 2006). Furthermore, a lot of monetary resources are invested on crafting, organising as well as administering organisational remuneration arrangement. Despite its vital contribution toward the success and development of the firm, scholars and even practitioners have lamented that there is a slow pace in the advancement of compensation research (Heneman & Judge, 2000; Kersley & Forth, 2005). In most recent times, the plan release cum adoption of reward management, have gone through a major shift that are dramatic in nature. This has reflected the motivational aspect in the employees’ leadership roles and performance (Heneman & Judge, 2000; Purcell et al., 2003).

In the context of organisational effectiveness, leadership roles cannot be underestimated and the critical existence of an organisation is largely anchored on the leadership that exists within the sphere of the firm. It is reiterated that the wire link between the vision, strategic direction and change of the organisation is leadership. Leadership has been in existence for as long as people on earth have co-existed and it is present in all the cultures (Rukmani et al., 2010; Fibuch, 2011). Bontis and Serenko (2009) and Ilies et al., (2006) viewed leadership from the managerial perspective and opined that managerial leadership is the grace to be able to encourage, arouse, mentally excite, propagate, anchor, visibly coordinates the organisational goals, and show good examples to subordinates. Articulate leaders must be ready to give feedbacks about the different aspects of the subordinates’ effort that may have positive result on self-efficacy, job
satisfaction, and commitments of employees with focus on areas of improvement (Shea and Howell, 1999; Jawahar, 2006; Bontis & Serenko, 2009).

Objective of the study
To ascertain the influence of compensation management on employees’ leadership role.

Prepositions
P1: Does compensation management influence employees’ leadership role.

2. Literature Review

For organisations, the main objective of CM is to tilt the behavioural pattern of the employee’s in a particular way and embedded in them some leadership acumen that will make the organisational goals achievable. Though, the dream of any organisation is to stimulate employee’s retention with the organisation, and then articulate employees’ effort with adequate reward administration toward the importance of organisational goal (Bommer, Rich and Rubin, 2005; Wright, Moynihan and Pandey, 2011; Wang, Tsui and Xin, 2011).

2.1 Compensation Management

The issue of compensation management is one of the important functional areas of human resources. Compensation administration, involves salaries and wages which are singular factors that are crucial in motivating employees to achieve set up goals. As such therefore, wages are part of the major factors in the economic and social life of those that work in the private sector of any society. In developed societies, the total wages of manual workers average 40 per cent or more of the whole national income. Wage earners form a percentage of the labour force (Robinson, 1990). Salaries are the money paid to the employees on monthly basis with other benefits attached to guarantee the employment. Salaries are also the reward for work and enhance recruitment, retain and motivate the employees (Robinson, 1990; Yusuf, 1984).

Adeoye et al., (2012) view compensation management inform of salaries and wages that are of paramount interest to both the workers, employers and state who the major players in industrial relations, of which they may jointly have vested interest in increasing the total quality of goods and services produced, from which wages, profits and revenues are obtained. Similarly, Harrison and Liska (2008) contend that remuneration is the connecting rod of employment contract between the employer and supplier of labour which is basically the main objective which motivates people to work. This embraces all kinds of rewards; both intrinsic and extrinsic are offered as a result of being employed by the organisation. Brown (2003) views compensation as a return in exchange between the employer and employees themselves and as an entitlement or gratification for being engaged by the organisation, or as remuneration for a well-executed job. Employees’ remuneration depends not only on the jobs they are holding but also on the function of individual performance, group or team work, or whole organisation as well as differences in employee qualities such as years of experience, seniority, educational qualifications, geographical location, bargaining strength and skills (Gehert & Milkovich, 1992: 417).

Idemobi, Onyeizugbe and Akpunonu (2011) view “compensation management as a tool for improving organisational performance” in the public sector of a state in Nigeria. They contend that there is no significant relationship between financial compensation of public staff and their performance and that the compensation earned is not measurable with the staff effort. They stress that reformed programmes of the government have no corresponding and significant effect on the financial compensation policies and practices in the public sector in Nigeria due to improper compensation management. Werner and Ward (2004) argue that for the continuous existence of an organisation, rewards have been accepted as a major motivational factor that gingers employees’ to put in their best as well as an essential tool and cost for organisations. The perceptions about the construct reward system; its influence on organisation’s structure, system, strategies, and employees has been an area of concern for research. Werner and Ward (2004) focused on recent compensation research which is characteristically eclectic. The objectives of compensation are attracting, equitable, balanced, security, cost effective, incentive-providing, retention and competitive position (Nickels et al., 1999; Ivancevich, 2004)

Types of Compensation

There are various forms of compensation and nearly all these forms of compensation can be categorised into four broad types (Muchinsky et al.; 1998: 226). The four broad types are:

(a) Wages and Salary: Wages are what is paid to employees who are not permanently employed and typically pertains to hourly rates of pay (the more hours worked, the greater the pay), while salary is what is paid to people that are permanently employed and this is at a fixed weekly, monthly, or annual rate of pay.
(b) Incentive Plans: This is an additional compensation which is above and beyond the employees wage or salary provided. It may be long term or short term in nature.
(c) Employee Benefit Programmes: Time off with pay, pension scheme, tuition reimbursement, recreation activities, cafeteria services are all examples of employee benefit programmes.
(d) Additional Privileges: Employees in organisations may have other privileges such as the usage of company vehicles/cars, club membership or travelling allowance. These privileges may be a substantial part of compensation, especially for the executives. DeCenzo and Robbins (2007) and Khan et al., (2011) explored compensation/reward management and they submitted that rewards are of three major types which are as follows:
   (a) Intrinsic and Extrinsic Rewards: Intrinsic rewards are self-generated rewards which are anchored on self-contentment arising from the job itself and this often referred to as intangible rewards such as being part of a team, ego as a result of achieving a goal and self-importance and satisfaction arising from one’s own work/effort. While extrinsic rewards are emoluments provided by the superiors such as salary increment, bonus, sales commission etc. and this is also referred to as the tangible rewards.
   (b) Financial and Non-financial Rewards: Financial rewards are the rewards received by employees in monetary forms and this assists the employees to boost the financial and social status. But non-financial rewards is made up of inexpensive rewards to heighten the employees morale like long service award, best employee of the year etc.
   (c) Performance-based and membership-based Rewards: Firms equally offer rewards to its employees based on their membership in that organisation or on the basis of accomplishing high performance.

2.2 Leadership

The critical survival of an organisation is largely anchored on the leadership that exists within the sphere of the firm. It is the wire link between the vision, strategic direction and change of the organisation. Leadership has been in existence for as long as people on earth have co-existed and it is present in all the cultures (Rukmani et al., 2010; Fibuch, 2011). Leadership because of its relevance in organisations has been looked into by various authors and it has been defined as the process by which a manager made an attempt to influence a task related activity on his/her subordinates (Eze, 2010; Thom-Otuya & Tamuno, 2011). Iguisi (2009) viewed leadership as interpersonal activities in which the efforts of groups or individuals are being coordinated, stimulated, and controlled as well as being directed by someone who is of a higher authority. In a nutshell, leadership can be said to be a relationship that one person uses to influence or tilt the attitude or actions of other people.

In the same vein, Kaiser, Hogan and Craig (2008) carried out a study on leadership and the fate of organisations and submit that the attitude of leaders do have an influence on the performance of an organisation. In trying to give a working definition of leadership, it means providing a solution to the problem of collective or team effort, that is, problem of getting people together and combining their efforts to achieve, stimulate accomplishment and survival of the organisation (Hogan & Kaiser, 2005; Kaiser et al., 2008). Three implications of the above view was noted by Kaiser et al., (2008) that
   ➢ Leadership entails having an influence on individuals to willingly contribute their quota to the good of the group;
   ➢ Leadership also involves organising and supervising the group to accomplish its aims
   ➢ Goals vary from organisation to organisation in the sense that most organisations are competing for limited scarce resources” which is an umbrella for having a proper understanding of group performance.

2.2.1 Types of Leadership

There are various types of leadership styles that has been identified in the literatures but since late 1980’s, much of the leadership research focus has been on nature, characteristics and certain effects of charismatic or transactional and transformational leadership style (Bass, 1985; Tichy & Devanna, 1986; Ardicvilli, 2001; Walumbwa and Ojode, 2003; Rukmani et al., 2010; Obiwuru et al., 2011).

2.2.1.1 Autocratic Leader

This style of leadership gives commands and expects total compliance. It is dogmatic and positive in nature. It also leads
by the ability to withhold or give rewards and punishment, does things without consultation with the subordinates on a proposed action or plan and discourages participation from the followers (Weihrich and Koontz, 1993; Obisi, 2003; El Masry, Kattara and El Demerdash, 2004; Durowoju et al., 2011).

2.2.1.2 Democratic Leader

This is also known as participative leader who consults with his colleagues and subordinates on a proposed action or actions to be executed by encouraging them to have a say in what he wants to carry out. A democratic leader is the listening type that pays attention to the views of his colleagues, group and his associates by also cherishing, loves and gives them the liberty and freedom. The democratic leader believes that the opinion of the majority counts and that through his colleagues and subordinates greatness can be attained. Thus, he believes strongly in delegating authority (Weihrich and Koontz, 1993; Obisi, 2003: 183-187; Durowoju et al., 2011).

2.2.1.3 Laissez-Faire Leader

This is also referred to as Free-rein leader who portrays a nonchalant or care free attitude toward taking an action concerning anything he wants to do. He depends mostly on the subordinates in setting his own goals and the processes of achieving the goals. Subordinates on this leadership style are left exclusively on their own to make decisions on how well to execute their job responsibilities. In this situation, the standard for performance will be set by the leader and gives the employees the free hand to look for a way of achieving the standard he (the leader) has set. For this to be efficient and effective likewise the standard must be well known to the employees and there must be motivational factors on ground to enable the attainment of the set-up standards (Ardichvilli, 2001; Ferrell et al., 2008; Durowoju et al., 2011).

2.2.1.4 Transactional Leader

This is basically found on an exchange process through which the leader made available rewards for the subordinates in return for their effort to accomplish the set-up goals of the department as well as that of the organisational performance. Here, the manager decides and give a definite goal for their subordinates, gives line of action to carry-out the tasks and gives room for feedback and assessment. It was founded that transactional leadership use to have a favourable influence on the attitude and behavioural responses of employees (Ardichvilli, 2001; Rukmani et al., 2010; Obiwuru et al., 2011; Durowoju et al., 2011; Thom-Otuya & Tamuno, 2011). Wang et al., (2011) stressed that transactional leadership is having an exchange relationship that connects the exchange partners’ own self-interests. Wang et al., (2011) expanding on the work of Yukl (2002) argued that the transactional leadership pays attention on relationship with employees which captures being supportive of and helpful to subordinates, developing trust and confidence in employees, creating a friendly atmosphere, getting acquainted with the problems of their subordinates, giving applause for a subordinate’s ideas, and acknowledging the contributions and accomplishments of the subordinates. Transactional leadership has assisted organisations in achieving their aims and objectives in an efficient and effective manner by connecting job effort with valued rewards and by ascertaining that employees are having access to the resources needed to bring the job to fruition (Bass & Avolio, 1993; Zhu et al., 2005).

2.2.1.5 Transformational Leader

Transformational leadership is alternatively referred to as “charismatic” or “visionary” leader (Wang et al., 2011). The transformational leader pays attention on things like planning, articulating the vision or goals for the firm, following-up the subordinate activities or performance, and making available the necessary support gadgets, equipment and technical assistance as may be required for the accomplishment of firm goals (Wang et al., 2011). Thom-Otuya & Tamuno (2011) contend that transforming leader is the type that elevates, mobilsises, inspires, exalts, uplifts, exhorts and evangelise. They said further that transforming leadership shows dynamism by creating a rapport with the followers who will fill elevated by it, hence nurturing new cadres of leaders. Hall, Johnson, Wysocki and Kepner (2008) from their study found that the strength of transformational leadership lies in having an effective influence on all the categories of people within the organisation and building strongly on the needs and values of the associates. On the weaknesses of transformational leadership, Hall et al. (2008) emphasised strongly that leadership is being treated virtually as a personality trait than as a behaviour that be learned, hence, the tendency of power abuse emerges. Ardichvilli (2001) was of the view that transformational leader do not pay attention only to the current needs of
employee’s but are also particular about the futuristic needs. He concluded that transformational leadership is not a replacement for transactional leadership but serves as complementary. This is supported through the works of (Avolio et al., 1988; Bass, 1990).

It has been asserted that transformational leadership crafts strategic vision; communicate that vision through framing and use of metaphor, modelling the vision to reality by “walking the talk” and putting in conscientious action as well as building commitment and dedication towards accomplishing the vision (McShane and Von Glinow, 2000; Zhu et al., 2005). Studies conducted empirically have shown that transformational leadership will lead to high levels of cohesion, commitment, trust, motivation, and performance in an organisational environment. Some of the previous empirical research and meta-analyses have shown that there is a positive relationship between individual performance, organisational performance and transformational leadership. It is also reported that there is a positive influence of transformational leadership on followers performance as well as outcomes of the firm (MacKenzie, Podsakoff and Rich, 2000; Jung and Sosik, 2002; Walumbwa, 2002; Avolio, Zhu, Koh and Puja, 2003; Zhu et al., 2005).

2.3 Leadership and Motivation

Leaders and managers have an important role to play when it comes to employee’s motivation within an organisational set-up. Gangwar, Padmaja and Bhar (2013) submitted that leaders and managers inclusive can determine the employee’s motivation. They were able to establish this through the scientific analysis of empirical data that in private sector enterprises that the combination of autocratic leadership style and task-orientation behaviour leads to motivation. In public sector enterprises, paternalistic leadership style with people-orientation yields higher level of employee’s motivation.

Chaudhry and Javed (2012) used banking sector of Pakistan in their study of impact of transactional and laissez-faire leadership style on motivation concluded that transformational leader has a positive and strong association on motivation of workers within the bank.

Similarly, Al-Khasawneh and Futa (2013) used students from three public universities in the northern region of Jordan. The result of their study revealed that academic staffs working at the surveyed universities adopted democratic style of leadership to motivate the students to modify their behaviours. Chaudhry, Javed and Sabir (2012) conducted a study using all the employees of all private and public banking sector of Pakistan. The result shows that independent variables of transformational and transactional leadership have a strong and positive association on motivation. This reveals that the leadership and management within the banking sector of Pakistan plays a strong role in motivating the bank employees.

3. Methods

The data for this study were collected from employees of an insurance company operating in south-west Nigeria. The collection of data from a single organisation was prompted by Byron’s (2005) suggestion that lack of homogeneity in study samples can make data interpretation problematic.

Questionnaires were hand delivered to the HR section from where they were distributed to employees. Participation in the study was boosted by management’s commitment to the exercise. Confidentiality was ensured as the employees did not state their names on the completed questionnaire. Two hundred and fifty questionnaires were distributed; of the 213 returned, 212 were usable, yielding a response rate of 84.4%.

In terms of gender, 122 (57.5%) of the respondents are male and 90 (42.5%) are female. A hundred and twenty (56.6%) are married. The average age is 31-40 years. Turning to educational qualifications, 63.7% of the respondents had a first degree, while 23.6% and 8.9% had a postgraduate degree and professional qualification, respectively. Table 1 shows that 76.4% of the respondents had 1-9 years’ work experience.
Table 1: Demographic information

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>122</td>
<td>57.5%</td>
</tr>
<tr>
<td>Female</td>
<td>90</td>
<td>42.5%</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>75</td>
<td>35.4%</td>
</tr>
<tr>
<td>Married</td>
<td>120</td>
<td>56.6%</td>
</tr>
<tr>
<td>Divorced</td>
<td>7</td>
<td>3.3%</td>
</tr>
<tr>
<td>Widow</td>
<td>5</td>
<td>2.4%</td>
</tr>
<tr>
<td>Separated</td>
<td>3</td>
<td>1.4%</td>
</tr>
<tr>
<td>Missing Item</td>
<td>1</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-40</td>
<td>151</td>
<td>71.2%</td>
</tr>
<tr>
<td>40-51</td>
<td>45</td>
<td>21.2%</td>
</tr>
<tr>
<td>51-above</td>
<td>15</td>
<td>7.1%</td>
</tr>
<tr>
<td>Missing Item</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Certificate</td>
<td>8</td>
<td>3.8%</td>
</tr>
<tr>
<td>Undergraduate Degree</td>
<td>135</td>
<td>63.7%</td>
</tr>
<tr>
<td>Post-graduate Degree</td>
<td>50</td>
<td>23.6%</td>
</tr>
<tr>
<td>Professional &amp; Other Qualifications</td>
<td>19</td>
<td>8.9%</td>
</tr>
<tr>
<td><strong>Experience</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5years</td>
<td>110</td>
<td>51.9%</td>
</tr>
<tr>
<td>6-9years</td>
<td>52</td>
<td>24.5%</td>
</tr>
<tr>
<td>10years-above</td>
<td>49</td>
<td>23.1%</td>
</tr>
<tr>
<td>Missing Item</td>
<td>1</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Field Survey

3.1 Measures

There are two measures for this study. One was self-developed and the other was adapted from a published scale.

3.1.1 Compensation management

Compensation management was measured using a self-developed scale called the Compensation Management Questionnaire Scale (CMQS) on a six-item measure requesting the participants to respond to a seven-point response scale. The items include "my salary is commensurate to the work I do", "my salary is above those paid by similar companies in the industry" etc. Responses to this item were measured on a 7-point scale, where 7 = strongly agree and to 1 = strongly disagree. The Cronbach’s α of this scale was 0.87 which shows internal consistency reliability.

3.1.2 Leadership role

Leadership role was measured using the Multi-factors Leadership Questionnaire-Form 5X (MLQ-Form 5X) on a six-item measure, also asking the participants to respond to a seven-point response scale. The items are "I make others feel good and happy to be around me", "I explain with few simple words about what we should and could do", etc. The responses to this item were measured on a 7-point scale where 7 = strongly agree and 1 = strongly disagree. Cronbach’s α coefficient of the adapted scale was 0.80 which shows internal consistency reliability for this study.

4. Methodology

4.1 Data collection

250 questionnaires were distributed to the employees of an insurance firm in Nigeria through the Human Resources Department to all the company’s branches, including the headquarters. 213 were returned, of which 212 were useable, representing a return rate of 84.8%. The questionnaire was divided into two sections: a section on demographic information set out in table 1 and a second section covering CMQS and MLQ (Form-5X) adapted from the work of Bass and Avolio (1995) with modification.
4.2 Data analysis

The data collected were analysed using the Statistical Package for the Social Sciences (SPSS) version 21. Descriptive statistics were employed to describe the participants’ demographic profiles and Pearson Product Moment Correlation was engaged to test the research proposition.

5. Results

5.1 Compensation Management

Compensation management is a crucial component of managing employees in order to achieve effectiveness and efficiency. It is used to motivate and retain employees and ultimately enhances the overall effectiveness of an organisation. An organisation designs its compensation structure in line with its vision, mission and strategies. Compensation management is beneficial to both parties in the employment relationship. Employers benefit from a reduced absenteeism rate. If an employee finds his/her work rewarding and is satisfied with his/her current pay and benefits, there is far less need to absent him/herself from the job. Secondly, compensation motivates employees to work harder because they are aware that when they achieve a certain goal/target, they will be rewarded or receive an increment. Thirdly, it promotes job satisfaction, reducing employees' intention to quit. Compensation benefits employees by building self-confidence and self-esteem/self-efficacy. Employee’s remuneration also aid the achievements of leadership roles played by employee’s within an organisation because the higher the position, the higher the pay package that goes with that office or position the employee occupies. Reward schemes, etc. are a way of recognising employees’ efforts and they feel that they are valued by the organisation. When an organisation gives different assurances to employees, it put many of their fears to rest.

Table 2: Compensation Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>SDA</th>
<th>DA</th>
<th>DAS</th>
<th>N</th>
<th>AS</th>
<th>A</th>
<th>SA</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>My salary is commensurate to the work I do.</td>
<td>28(13.3)</td>
<td>41(19.5)</td>
<td>24(11.4)</td>
<td>21(10.0)</td>
<td>35(16.7)</td>
<td>35(16.7)</td>
<td>26(12.4)</td>
<td>3.97</td>
<td>2.02</td>
</tr>
<tr>
<td>My salary is above those paid by similar companies</td>
<td>42(20.0)</td>
<td>53(25.2)</td>
<td>28(13.3)</td>
<td>36(17.2)</td>
<td>30(14.3)</td>
<td>17(8.1)</td>
<td>4(1.9)</td>
<td>3.12</td>
<td>1.68</td>
</tr>
<tr>
<td>My salary is enough to compensate me for my job.</td>
<td>32(15.2)</td>
<td>48(22.9)</td>
<td>30(14.3)</td>
<td>26(12.4)</td>
<td>37(17.6)</td>
<td>30(14.3)</td>
<td>7(3.3)</td>
<td>3.50</td>
<td>1.80</td>
</tr>
<tr>
<td>I received other payments apart from the salary.</td>
<td>83(39.7)</td>
<td>45(21.5)</td>
<td>20(9.6)</td>
<td>13(6.2)</td>
<td>20(9.6)</td>
<td>16(7.5)</td>
<td>12(5.7)</td>
<td>2.80</td>
<td>2.35</td>
</tr>
<tr>
<td>My salary is competitive, reasonable and is reviewed.</td>
<td>36(17.1)</td>
<td>54(25.6)</td>
<td>28(13.3)</td>
<td>42(19.9)</td>
<td>18(8.5)</td>
<td>24(11.4)</td>
<td>9(4.2)</td>
<td>3.28</td>
<td>1.77</td>
</tr>
<tr>
<td>My company pays salary and emoluments that are sufficient to motivate employees</td>
<td>43(20.4)</td>
<td>50(23.7)</td>
<td>30(14.2)</td>
<td>38(18.0)</td>
<td>25(11.8)</td>
<td>15(7.1)</td>
<td>10(4.7)</td>
<td>3.18</td>
<td>1.76</td>
</tr>
</tbody>
</table>

Source: Field Survey.

Table 2 above shows that, a total of 93 (44.2%) disagreed with item 1 while 96 (45.8%) supported that their salary is commensurate with the work they do. In total, 123 (58.5%) of the respondents disagreed with the statement that their salary is above what is being paid in similar companies while 51 (24.3%) agreed. From item 3, 110 (52.4%) completely opposed the idea that their salary is enough to compensate them for their job and a total of 74 (35.2%) supported it. Likewise, a total of 148 (70.8%) respondents disagreed that they received other payments apart from their salary while 48 (22.8%) are in agreement. My salary is competitive, reasonable and is reviewed was opposed by 118 (56.0%) and agreed to by 51 (24.2%) and lastly, a total of 123 (58.3%) respondents disagreed that their company pays salary and emoluments that are sufficient to motivate them while 50 (23.6%) of them agreed. This indicates that majority of the respondents are not satisfied with the compensation offered by the insurance company. From the mean and standard deviations, it was revealed that the perception of the participant’s compensation management in the insurance industry in Nigeria was low.

5.2 Leadership Role

The critical survival of an organisation is largely anchored on the leadership that exists within the sphere of the firm. Leadership serves as the bond between the vision, strategic direction and change of the organisation. Leadership has
been in existence for as long as people on earth have co-existed and it is present in all cultures (Rukmani, Ramesh & Jayakrishnan, 2010; Fibuch, 2011). In the competitive business world of today, for an organisation to have competitive advantage over her competitors, she must have a dynamic and formidable leadership within the organisation.

Table 3: Leadership Roles

<table>
<thead>
<tr>
<th>Statement</th>
<th>SAD</th>
<th>DA</th>
<th>DAS</th>
<th>N</th>
<th>AS</th>
<th>A</th>
<th>SA</th>
<th>MEAN</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I make others feel good and happy to be around me.</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>51</td>
<td>82</td>
<td>63</td>
<td>5.86</td>
<td>1.09</td>
</tr>
<tr>
<td>I explain with few simple words about what we should and could do.</td>
<td>1</td>
<td>7</td>
<td>13</td>
<td>17</td>
<td>59</td>
<td>75</td>
<td>39</td>
<td>5.40</td>
<td>1.28</td>
</tr>
<tr>
<td>I recognised and rewards when others accomplished their goals/objectives.</td>
<td>11</td>
<td>7</td>
<td>7</td>
<td>12</td>
<td>66</td>
<td>68</td>
<td>40</td>
<td>5.27</td>
<td>1.53</td>
</tr>
<tr>
<td>I make others to perceive and think about old problems in new ways.</td>
<td>5</td>
<td>11</td>
<td>2</td>
<td>34</td>
<td>37</td>
<td>92</td>
<td>30</td>
<td>5.29</td>
<td>1.41</td>
</tr>
<tr>
<td>I pay serious personal attention to others who seem rejected.</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>35</td>
<td>55</td>
<td>64</td>
<td>41</td>
<td>5.30</td>
<td>1.37</td>
</tr>
<tr>
<td>I am okay when agreed upon standards are accomplished by others.</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>17</td>
<td>49</td>
<td>90</td>
<td>41</td>
<td>5.50</td>
<td>1.27</td>
</tr>
</tbody>
</table>

Source: Field Survey

Table 3 above revealed that, a total of 7 (3.3%) of the respondents disagreed with item 1 while 196 (92.9%) supported the item. In total, 21 (10%) of the participants disagreed with the statement that I explained with few simple words about what we should and could do while 173 (82%) were in agreement. A total of 25 (11.8%) respondents disagreed that I recognised and rewards when others accomplished their goals/objectives while 174 (82.5%) agreed in totality with the statement. 18 (8.5%) of the respondents disagreed that I make others to perceive and think about old problems in new ways and 159 (75.3%) agreed completely with the statement. Also, a total of 16 (7.6%) of the respondents disagreed with that I pay serious personal attention to others who seem rejected while 160 (75.8%) agreed. Lastly, a total of 14 (6.7%) disagreed with the statement that I am okay when agreed upon standards are accomplished by others while 180 (85.3%) of them were in agreement with the statement. This indicates that majority of the respondents are satisfied with their leadership role in the insurance company. From the mean and standard deviations, it was revealed that the perception of the participant's on their leadership role in the insurance industry in Nigeria was above average.

Table 4: Pearson correlation between compensation management and leadership role of employees

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. D</th>
<th>R</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Management</td>
<td>208</td>
<td>3.9904</td>
<td>2.00962</td>
<td>.481</td>
<td>.000</td>
</tr>
<tr>
<td>Leadership</td>
<td>208</td>
<td>5.8558</td>
<td>1.08942</td>
<td>.481</td>
<td>.000</td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.05 level. p<0.05 that is, the relationship that exists between compensation management and employees leadership roles is significant.

Source: Field Survey.

From Table 4 above, the correlation between compensation management and the leadership role of the employees is .481 which is significant at 0.05 level (r=.481, p <0.05).This implies that there is a significant relationship between compensation management and the leadership role of the employees in A&G Insurance Plc in Nigeria. The p-value of 0.000 is lower than .05 with correlation coefficient R=0.481. This reveals that the correlation coefficient is 0.481 or 48.1%, which gives sufficient evidence of the linear relationship between the variables. This means that there is a positive significant relationship between compensation management and the employees’ leadership roles in A&G Insurance Plc in Nigeria. This indicates that there is a relationship between compensation management and leadership role of employees. The association between compensation management and employees leadership role in insurance industry in Nigeria is a weak one.
6. Conclusion

The aim of this study was to assess the influence of compensation management on employee's leadership role in the insurance industry in Nigeria, as well as its effects on organisational performance and that of the individual employees. The outcome of this study reveals that the employees are satisfied and motivated by their leadership roles in the insurance industry in Nigeria which is complimented by the remuneration that goes with the position they are holding in their organisation. This finding is in line with earlier studies by Durowoju, et al., (2011), Wang, et al., (2011), and Ogbonna and Harris (2000).

Durowoju, et al. (2011) reported that there is a clear cut relationship between some leadership styles and organizational performance which is through democratic, visionary, charismatic and transformational leadership styles that are positively related to the firm’s performance most especially financial performance and employee’s satisfaction.

Also, Wang et al., (2011) concluded that there was a direct link between the CEO’s task-focused behaviours and the firm’s performance. It was also argued that the CEO’s relationship-focused behaviours are significantly related to the employee’s attitudes and these attitudes lead to an improvement in the performance of the firm. This also shows that when employees’ are satisfied, it brings about positive increase in the firm’s performance. Also, Ogbonna and Harris (2000) carried out a study on leadership style, organisational culture and performance with empirical evidence from UK companies. However, the study reveals that there is a relationship between leadership style and performance which is moderated by the form of organisational culture that is in existence in the firm. The Pearson product moment correlation coefficient of 0.481 (48.1%) depicts a weak relationship between compensation management and leadership role of employees in insurance industry in Nigeria. The overall effect of these findings is that, there organisational commitment may be lacking, the leadership trait of the employees may not be exploited by not giving them the room to initiate good ideas that can make the organisation to enjoy competitive advantage.

7. Recommendations

The following recommendations are offered as a result of the outcomes of this study:

- Insurance companies should encourage more interpersonal relationships and employees.
- Insurance companies should allow the employees to play their leadership role to adequately recognise and reward others when they accomplished their goals/objectives.
- In order for the employee’s to play their leadership role effectively and efficiently, the management of insurance companies should remunerate them adequately with the position they are holding. All these recommendations will enhance the performance of the employee’s which will translate to overall organisational performance.

8. Suggestion for Further Studies

It is recommended that future studies should be comparative in nature, which is, comparing the effect of compensation management on employee’s leadership role using more companies such as banking industry with insurance industry, combining two or more insurance companies together.

References


Hyondong, K. (2006). Strategic impacts of compensation system on organisational outcomes: an empirical study of the conceptualisations of fit and flexibility in the compensation design. Unpublished doctoral dissertation, the Graduate School of the Ohio State University, USA.


