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Effect of Reward Package on Profitability of Listed Oil and Gas Firms in Nigeria

Ani Michael Kosoluchukwu [1]; Prof. Ifeoma Mary Okwo [2]; Prof. Oliver Inyiama [2]

[1 & 2] *Department of Accountancy,*

Enugu State University of Science and Technology,

Enugu State, Nigeria.

[1] *mikcoani@gmail.com*

Abstract

Research Purpose: In the dynamic landscape of Nigeria's oil and gas sector, this study investigates how reward packages influence the profitability of listed firms. With the industry's pivotal role in the nation's economy, understanding these dynamics is crucial for strategic decision-making.

Methodology: Employing an ex-post facto approach, the study spans 2011 to 2022. Descriptive statistics analyse data distribution, while panel least squares regressions test formulated hypotheses, ensuring robust analysis.

Findings: Salaries and wages, pension contributions, and gratuity affect the profitability of Nigerian oil and gas firms negatively but insignificantly. These findings underscore the need for a nuanced approach to reward policies to optimise performance.

Conclusion: The study concludes that the analysed components of reward packages do not significantly impact the profitability of listed oil and gas firms in Nigeria. However, strategic adjustments in reward policies may enhance overall performance and financial outcomes.

Recommendations: To improve profitability, Nigerian oil and gas firms should consider making salaries, wages, pension contributions, gratuity, and long service awards compulsory components of their reward policies. This strategic move aims to align incentives with performance, fostering maximum efficiency and sustainable growth.

Key words: *Salaries and Wages, Pension, Gratuity, Profitability.*

1.0 Introduction

Having the best strategy in place and appropriate organisational architecture is not a guarantee that an organisation will perform optimally (Chughtai, 2021). This can only be complimented when organisational members are motivated to perform at a high level. Reward management was developed on the basis of psychologists' behavioural research (Gerald and Dorothee, 2022). Psychologists started studying behaviour in the early 1900s; one of the first psychologists to study behaviour was Sigmund Freud and his work was called the Psychoanalytic Theory (Bayon, 2018).

Many other behavioural psychologists improved and added onto his work. With the improvements in the behavioural research and theories, psychologists started looking at how people reacted to rewards and what motivated them to do what they were doing. As a result, psychologists started creating motivational theories, which are very closely affiliated with reward management. Reward management deals with processes, policies and strategies which are required to guarantee that the contribution of employees to the business is recognized by all means. Objective of reward management is to reward employees fairly, equitably and consistently in correlation to the value of these individuals to the organisation. (Ahmad & Al-Borie, 2017).

During the 20th century, most workplace recognition programs were based on Skinner B,F. study of positive reinforcement. Skinner was a groundbreaking behavioural psychologist whose theories still influence our lives today. Skinner theorised that employers only reward employees that exhibited hard working behaviour every time they observed it in the office or within their business results, and that’s why pay incentive plans were popular during this time period. In addition, recognition awards were also heavily influenced by employee tenure. From jewellery to trophies and plaques, employees were rewarded but didn’t have much of a choice on what they received, and most of it was based on tenure with the company. Rewards also came in the form of promotions, as status in the office was very important to Baby Boomers at that time (Adeoye & Elegunde, 2014).

As rightly stated by Deeprose (2018), an effective reward system improves employee motivation and increases employee productivity which contributes to better enhanced organisational performance. Reward is the compensation which an employee receives from an organisation (mainly referring to enterprises) for his or her service. It not simply contains direct currencies and other forms which can convert to currencies, but also a comfortable office, favourable interpersonal relationship inside the organisation, having access to decision-making involvement, the challenge and sense of achievement, preferable growth opportunities and so forth these kinds of forms which are difficult to measure in various currencies.

Many authors have found that employees' job satisfaction is affected by both financial and nonfinancial rewards (Gerald and Dorothee, 2014). An ineffective reward management will affect employees' satisfaction and de-motivate them, hence affecting their performance outcome. Rewards is one of the important elements to motivate employees for contributing their best effort to generate innovative ideas that lead to better business functionality and further improve company performance both financially and non-financially. Therefore there is a need to examine the effect of the reward package on profitability of oil and gas Firms in Nigeria.

Statement of the Problem

The existence of rewards and its effective management is one of the various organisational strategies used to enhance employees and organisational performance.

However some organisations today see employees as an additional cost as well as liability to their operations, hence do not remunerate them appropriately, and where it is more appropriate, the compensation is not commensurate with the efforts and skills that workers put into the organisation's activities. Instead of paying attention to how employees will be compensated appropriately, some organisations concentrate more on other resources, such as materials, machines and money. A good number of public hospitals in south east Nigeria have poor or no reward management structure that often result in uncommitted employees.

As a result of a poor reward system, most organizations, specifically public hospitals, have suffered the consequences of poor performance, low staff morale and high employee turnover due to poor reward management programs . This is necessitated by the various strikes that occur occasionally owing to unequal remuneration packages compared to relevant others. It is in view of this that the study seeks to examine the effect of the reward package on profitability of oil and gas Firms in Nigeria.

Objectives of the study

The study examined the effect of reward packages on profitability of listed oil and gas Firms in Nigeria. The specific objectives are as follows:

1. To examine the effect of salaries and wages on profit for the year of listed oil and gas Firms in Nigeria.
2. To identify the effect of pension contribution on profit for the year of listed oil and gas Firms in Nigeria.
3. To ascertain the effect of gratuity and long service award on profit for the year of listed oil and gas Firms in Nigeria.

Research Questions

1. To what extent does salaries and wages affect Profit for the year of listed oil and gas Firms in Nigeria?
2. To what extent does pension contribution affect profit for the year of listed oil and gas Firms in Nigeria?
3. How does gratuity and long service award affect profit for the year of listed oil and gas Firms in Nigeria?

Statement of Hypotheses

The following null hypotheses were formulated for the study

1. Salaries and Wages do not have a positive and significant effect on profit for the year of listed oil and gas Firms in Nigeria.
2. Pension contributions do not have a positive and significant effect on profit for the year of listed oil and gas Firms in Nigeria.
3. Gratuity and long Service Award do not have positive and significant effect on profit for the year of listed oil and gas Firms in Nigeria.

Significance of the Study

This study would be of value to different stakeholders:

Oil and gas Firms in Nigeria: The contributions of this study are considered vital in providing insights to the various reward packages needed on profitability of oil and gas Firms in Nigeria. The study shall assist management of oil and gas understanding best reward practices that are applicable on contribution and implementation toward employee performance. Exploring the influence of reward packages in the companies will provide an insight to management to identify the best reward practices that will influence firm performance.

Policy makers: The study will be of benefit to policy makers who will gain insight from the study on how reward practises influence employees and profitability of oil and gas in Nigeria. This would provide new understanding on the impact of reward packages on firm profitability in oil and gas Firms in Nigeria.

Scholars and researchers: The study will be significant to scholars and researchers in gaining knowledge on how compensation practices impact on employee performance. The findings of the study will provide the foundation for further study.

Scope of the Study

This study covers the effect of reward packages on profitability of oil and gas Firms in Nigeria. The study used salaries and wages, pension contribution and gratuity and long service awards to measure reward packages while profit for the year is used to measure profitability of oil and gas Firms. The study also covers Forte Oil Nigeria Plc, Conoil Nigeria Plc, Eterna Oil Nigeria Plc and Total Oil Nigeria Plc. The study examined their annual financial reports covering a period of ten years from 2011 – 2022.

2.0 REVIEW OF RELATED LITERATURE

Conceptual Review of Reward Package

According to Baratton (2017) rewards means all forms of financial proceeds and substantial services and remuneration an employee receives as part of an employment relationship. "Reward is the repayment that arises from performing a job, rendering a service (Colin, 2015). According to Searle (2010), rewards can be categorised into two broad areas, namely extrinsic rewards and intrinsic rewards. Rewards can be defined as "all forms of financial return, tangible services, and benefits an employee receives as part of an employment relationship" (Bratton and Gold, 2018). According to Armstrong and Murlis (2017), Reward management refers to the strategies, policies and processes that are required to ensure that the contribution of people in an organisation is recognized by both non-financial and financial means. There are two categories of reward; financial rewards, tangible and they relate to pay as well as the benefits that an organisation provides to its employees and non-financial rewards; rewards which focus on motivating employees as well as enhancing job engagement and commitment. Reward management in an organisation is one of the most indispensable elements in motivating employees to contribute their best effort in order to generate innovative ideas that lead to better business operations. This implies that the aim of rewards management is to develop and operate rewards systems which lead to improved employee motivation and organisational commitment.

Salaries and Wages

Salary is the regular payment by an employer to an employee for employment that is expressed either monthly or annually, but is paid most commonly on a monthly basis, especially to white collar jobs, managers, directors and professionals (Cadran, 2014). A salary employee or salaried employee is paid a fixed amount of money each month. Their earnings are typically supplemented with paid vacations, public holidays, healthcare insurance and other benefits. Salaries are usually determined by comparing what other people in similar positions are paid in the same region and industry. Most large employers have levels of pay rates and salary ranges which are linked to hierarchy and time served. Wages and salaries are the remuneration paid or payable to employees for work performed on behalf of an employer or services provided (Caragan, 2015).

Pension contribution

Pension is a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments (Kim, 2015). A pension may be a "defined benefit plan" where a fixed sum is paid regularly to a person, or a "defined contribution plan" under which a fixed sum is invested and then becomes available at retirement age. Pensions should not be confused with severance pay; the former is usually paid in regular instalments for life after retirement, while the latter is typically paid as a fixed amount after involuntary termination of employment prior to retirement. The common use of the term pension is to describe the payments a person receives upon retirement, usually under predetermined legal or contractual terms (Tumwine, 2014).

Gratuity and long Service Award

Gratuity (also called a tip) is a sum of money customarily given by a client or customer to a service worker in addition to the basic price (Hatcher & Ross, 2011). Tipping is commonly given to certain service Firms workers for a service performed, as opposed to money offered for a product or as part of a purchase price. Depending on the country or location, it may or may not be customary to tip servers in bars and restaurants, taxi drivers (including ridesharing), hair stylists and so on. The exchange is typically irreversible, differentiating it from the reward mechanism of a placed order, which can be refunded. Tips and their amount are a matter of social custom and etiquette, and the custom varies between countries and settings. In some locations tipping is discouraged and considered insulting, while in some other locations tipping is expected from customers. The customary amount of a tip can be a specific range of monetary amounts or a certain percentage of the bill based on the perceived quality of the service given (Jensen, 2016).

Profitability

Mangkunegara (2005) defined Performance as a work quality and quantity achieved by an employee in performing their duties in accordance with their responsibilities. Rivai (2006) said that performance is a function of motivation and ability to complete the task or work of a person with a certain degree of willingness and level of ability. Performance is a real behaviour displayed by every person because a work performance is generated by employees in accordance with their role in the company. Sani and Maharani (2013) explained the performance measurement to see how far activity has been done by comparing the output or the results achieved. Some experts measure performance differently. Dharma (in Sani and Maharani, 2013) provides a benchmark for performance, namely: Quantity, ie the amount to be completed; Quality, ie the quality produced; Accuracy of Time, ie conformity with time set.

Conceptual Framework of Reward package and profitability

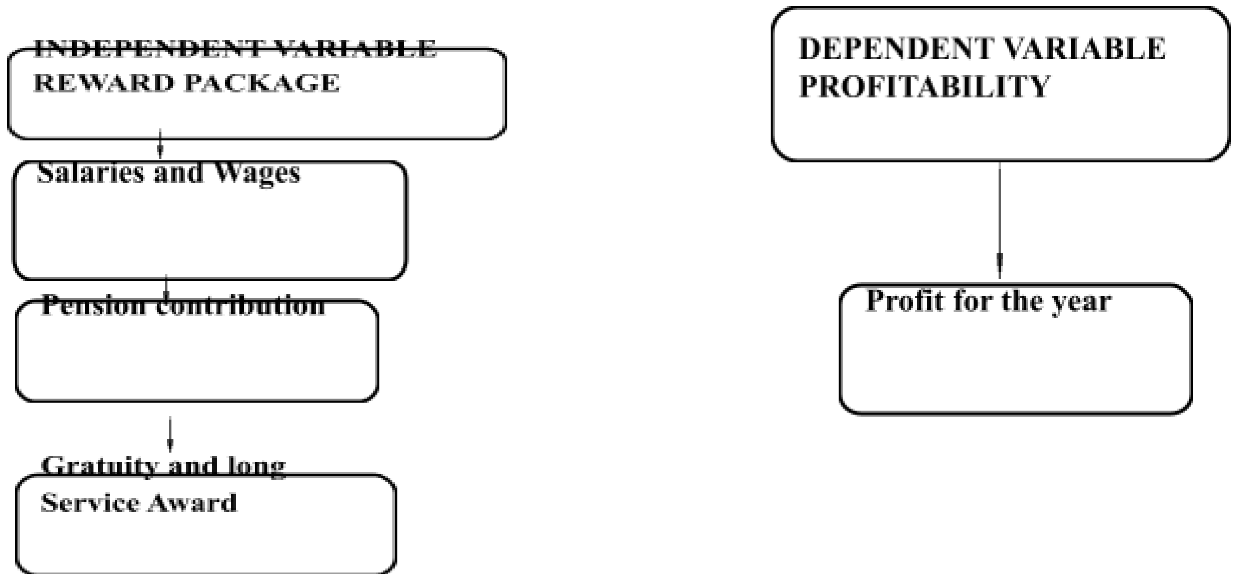

Diagram Showing Linkages between Variables

The diagram above is a conceptual framework which shows the relationship between reward package and profitability

Theoretical framework

Expectancy Theory

According to (Armstrong, 2010), in the expectancy theory, motivation is likely to be when there is a perceived and usable relationship between an outcome, with the outcome being seen as a means of rewarding needs. In other words, there must be a relationship between a certain reward and what has to be done to achieve it. This theory is very important in the context of this research. It is instrumental especially when designing performance-based employee wellbeing programs. This theory helps explain why an organisation's staff would feel confident that they can grow in the same organisation, hence remain there, or seek development elsewhere by exiting the organisation.

Expectancy theory reinforcement theory, (Vroom, 1964) examines the relationship between behaviours and rewards although its emphases are expected and not experienced rewards. Motivation is a two factor function; Expectancy, the perceived link between performance and effort, and valence, the outcomes value. Compensation systems vary according to their impact on these components of motivation. Instrumentality is determined by how it's affected by the pay systems: link between pay and behaviours, referred also as the pay literature line of sight. Pay outcomes valence should remain constant under different systems of pay. Expectancy perceptions dwell more with job training and job design than paying systems (Chhabra, 2001).

Empirical Review:

The study reviewed prior studies on the effect of compensation policy on employee's performance;

Effect of Salaries and Wages on Profit for the year of consumer goods firms in Nigeria.

Huguette & PYrick (2017) studied Wages and salaries as a motivational tool for enhancing organisational performance. A survey of selected Nigerian workplace. The total populations of this study were 440 employees from 3 tea companies and the sample size was 205 employees of Crescent University,Abeokuta. In this study researchers used questionnaires as data collection instruments. Pearson correlation was used for hypotheses. The compensation practices have an overall correlation with employee performance of 0.801 which is a strong and positive relationship between two variables. This means that approximately 80.1% variations of compensation practices were explained by the employee's performance at 5% level of significance. This means that the Wages and salaries have a big contribution on employee's performance in Crescent University, Abeokuta. Crescent University, therefore, embarked on effective compensation management policies that will protect and promote employees performance.

Christopher, Bulah (2016) examined the relationship between total compensation and employee performance at Mayfair Insurance Company Limited. The study will adopt descriptive research design. A sample size of 100 employees of the company was selected from 334 total employees using a stratified random method. Data was analysed using the Statistical Package for Social Sciences (SPSS) computer package. Conclusions have been based on findings that there is a positive significant relationship between Total compensation and employee performance at Mayfair Insurance Company Limited and recommendations with benefits, recognition and appreciation being key factors in compensation.

Effect of Pension Contribution on Profit for the year of consumer goods firms in Nigeria.

Ibekwe (2019) examined the effect of compensation management and employee performance in Nigeria organisation. The study aim at investigating the influence of performance based compensation, competency-based-compensation and equity based-compensation on employee performance. Relevant conceptual, theoretical and empirical literatures were reviewed. The study was anchored on Human Capital Theory and Expectancy Theory. The study adopt descriptive survey research design. In analysing the data for the null hypotheses, Z-test statistics was used to test the hypothesis at 0.05 level of significance. Equity based compensation has no negative significance effect on employee performance in Nigeria organisation. Competency based compensation has no negative significance effect on employee performance in Nigeria organisation. Performance based compensation has no negative significance effect on employee performance in Nigeria organisation. Therefore the study concluded that compensation management has a significant effect on employees.

Prayoga & Achmad (2017) assessed the effect of Pension Plan Changes on Retirement Security. The research population is 67 employees of PT. Telekomunikasi Indonesia. The data is collected by questionnaires and analysed by SmartPLS version 2.0M3 software. The results show that Pension contributions positively affect employee performance at PT. Telekomunikasi Indonesia. It can be concluded that Pension contribution at PT. Telekomunikasi Indonesia, has been classified as good and can improve employee satisfaction and employee performance.

Mohammed and Syed (2015) examined the impact of compensation on job performance and work-family conflict, in the Kingdom of Saudi Arabia and subsequently presented a model illustrating a relationship between them. The study is based on primary data collected from 400 employees working in Saudi Arabia. The researchers also do a comprehensive literature review of the past theories and research material available on the specified topic. The illustrated model indicates a relationship between compensation, job performance and work-family conflict by showing the impact of compensation, which is directly and indirectly linked to work-family conflict, through job performance of an employee in the Kingdom of Saudi Arabia. Z-test statistics were employed. According to this model, compensation to the employees enhances job performance and conflict free work-family environment.

Effect of Gratuity and Long Service Award on Profit for the year of consumer goods firms in Nigeria.

The study conducted by Richard (2022) on effect of reward system on employees performance within Malaysian manufacturing firms using descriptive survey method found that most of the manufacturing firms provide both monetary and non-monetary rewards; adoption of reward system is not influenced by age and size of the organisation. Pearson's correlations were used for research hypotheses. The study however, found a negative relationship to exist between extrinsic rewards and financial performance of organisations and intrinsic rewards are positively related to financial performance of organisations.

Axelsson & Bokedal (2021) did a study on the effect of rewards on employees' motivation at Volvo Car Corporation. The thesis was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Method of data analysis in this research used multiple linear regression models. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all. However, opportunities for growth are motivating for both generations. It was concluded that there exists generational differences. However, both generations considered salary as important and non-monetary rewards to be of great importance.

Bello (2014) examined the place of reward systems on employee's performance in Lagos state. The study empirically examines data collected from selected secondary schools in the state to draw a nexus between employee reward system and job performance. In an attempt to address the problems, descriptive research design was adopted through survey research. 200 questionnaires were randomly administered to ten (10) sampled public schools in the state. Three hypotheses were formulated and tested at 95 percent (%) confidence level using a statistical package for social science (SPSS). The findings revealed that there is a significant relationship between employee's performance and salary package, employee job allowances and performance and in-service training and employee's performance. The study therefore recommends adequate salary, allowances in terms of housing, health, hazard, transfer, involvement of teachers in decision making, establishment of teachers salary scale in line with other professions so as to promote job security.

Gap in Empirical Review

In reviewing the effect of reward packages on profitability, Huguette & Pyrick (2017) Studied Wages and salaries as a motivational tool for enhancing organisational performance. The study found out that there is a positive and high correlation between Wages and salaries and employee performance in Crescent University, Abeokuta. Christopher, Bulah (2016) examined the relationship between total compensation and employee performance at Mayfair Insurance Company Limited. The study found out that there is a positive significant relationship between Total compensation and employee performance. While Ibekwe (2019) Examined the effect of compensation management and employee performance in Nigeria organisation. It found out that Equity based compensation has a negative and non-significance effect on employee performance in Nigeria organisation. Dalvi and Ebrahimi (2013) studied the effects of reward on cooperation in the sales and marketing department. The results of their study showed that organisational rewards had a weak and non-significant effect on employees' motivation in the sales and marketing department. There has been a disagreement among previous studies done on the effect of Compensation Policy on Employee Performance where some studies showed positive and significant effect while other studies showed negative and non-significant effect, therefore this study has been proposed to resolve the conflict by examining the effect of effect of reward package on of oil and gas Firms in Nigeria

3.0 METHODOLOGY

Research design is the structure and strategy for investigating the causal effect among variables of the study. The study made use of *ex-post facto* research design. According to Kerlinger and Print (2006) in the context of social science research an *ex-post facto* investigation seeks to reveal possible relationships by observing an existing condition or state of affairs and searching back in time for plausible contributing factors.

The area of this study is the Nigerian economy with reference to three selected oil and gas Firms in Nigeria; Total Nig Plc, Forte Oil Plc and Eterna Oil Plc. All these are quoted in the Nigerian Exchange group.

The major source of data is the secondary source which is the data collected from the annual financial reports and accounts of Total Nig Plc, Forte Oil Plc and Eterna Oil Plc from the year 2011 to 2022.

The population of the study comprised of 10 listed oil and gas companies in Nigeria Exchange group (NEG) which include Total Nig., Eterna Oil Plc, Forter Oil Plc, Capital Oil Pl, Conoil Plc, Japual Oil and Maritime Services, MRs Oil Plc, OANDO Plc, Seplat Energy Plc and Rank Unity Petroleum Plc.

Determination of Sample Size

The sample size consists of three (3) listed oil and gas companies in the Nigerian Exchange Group. Judgmental sampling technique was employed, that is, non-probability sampling. The companies selected include Total Nig Plc, Forte Oil Plc and Eterna Oil Plc. These firms were selected based on the availability of data and easy access to the audited financial statement of these companies for the period under review.

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Model Specification

The model for this study is multiple linear regression methods. Specifically, panel least squares (OLS) regression models will be adopted. The reason why the researcher chose to use ordinary least squares rests on the fact that it poses a blue property which is the best linear unbiased estimator. The OLS procedure of estimate is chosen for this study because its computational procedures are simple and the estimates obtained from the procedures have optimal properties which include linearity and unbiasedness.

The following model is specific in an attempt to determine the effect of Compensation Policy on Employee Performance.

PY = f(SW, PC, GLS) .... (3.0)

Equation 3.0 reads profit after tax as a function of Salaries and Wages, Pension Contribution, Gratuity and Long Service Award. In order to capture the influence of the stochastic or random variable, the equation is explicitly transformed as:

$PY_t = \beta_0 + \beta_1 SW_t + \beta_2 PC_t + \beta_3 GLS_t + \varepsilon$ ....(3.1)

Where

PY = Profit for the year

SW = Salaries and Wages

PC = Pension Contribution

GLS = Gratuity and Long Service Award

β0 = Constant

β1, β2, β3, β4 = Regression Coefficients

ε = Error Term

t = Panel Data.

Method of Data Analysis

The extracted data were analysed utilising descriptive analytical techniques. Multiple regression techniques were employed in testing research hypotheses. The Statistical Package (Eview) version 9.0 was used to generate the outputs.

Data Analysis

Table 4.2: Descriptive Statistics – Industries Data Series of oil and gas firms studied

	PY	SW	PC	GLS	LTA
Mean	0.206499	0.542604	0.481199	0.085943	18.30753

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Median	0.020921	0.253898	0.349520	0.001420	19.06562
Maximum	2.566618	3.527928	1.780312	0.655351	20.04258
Minimum	0.000461	0.000281	9.48E-05	1.35E-06	15.61920
Std. Dev.	0.466029	0.808979	0.540425	0.176819	1.518393
Skewness	3.892147	2.215847	0.798334	2.138773	-0.573141
Kurtosis	19.59200	7.755822	2.482736	6.541631	1.625504
Jarque-Bera	503.8344	63.38662	4.225362	46.26083	4.804801
Probability	0.000000	0.000000	0.120913	0.000000	0.090500
Sum	7.433966	19.53374	17.32315	3.093938	659.0712
Sum Sq. Dev.	7.601416	22.90564	10.22207	1.094270	80.69315
Observations	36	36	36	36	36

Source: Eview Output, 9.0

The normality test adopted is the Jarque-Bera (JB) test of normality. The JB test of normality is a large sample test and is based on the OLS residuals. The test computes the skewness and kurtosis measures of the OLS residuals. From the above analysis all the probability of Jarque-Bera statistic is greater than 5% except Profit after Tax i.e 0.027562(PY), 0. 401662(SW), 0.471355(PC) and 0.005376(GLS) are greater than 0.05, therefore we conclude that all the variables except pension are not normally distributed.

Test of Hypotheses

Table 4.3: Regression Analysis

Dependent Variable: PY
Method: Panel Least Squares
Date: 12/08/23 Time: 18:56
Sample: 1 36
Periods included: 12
Cross-sections included: 3
Total panel (balanced) observations: 36

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SW	-0.085512	0.148626	-0.575352	0.5692
PC	-0.040750	0.210498	-0.193591	0.8478
GLS	-0.171337	0.658419	-0.260224	0.7964
LTA	-0.243081	0.072475	-3.353984	0.0021
C	4.737451	1.401250	3.380875	0.0020

R-squared	0.425257	Mean dependent var	0.206499
Adjusted R-squared	0.351097	S.D. dependent var	0.466029
S.E. of regression	0.375408	Akaike info criterion	1.006637
Sum squared resid	4.368857	Schwarz criterion	1.226571
Log likelihood	-13.11947	Hannan-Quinn criter.	1.083400
F-statistic	5.734297	Durbin-Watson stat	1.863619
Prob(F-statistic)	0.001420		

Source: Eview Output, 9.0

LPY = 4.737451- 0.085512(LSW) - 0.040750(LPC) - 0.171337(LGLS) _ -0.243081(LTA)+ μ_t

Based on Table 4.10, the interpretation of the results as regard the coefficient of various regressors' is stated as follows:

The value of the intercept which is 4.737451 shows that Profit for the year of the three selected firms will experience 4.737451% increase when all other variables are held constant.

The estimated coefficient -0.085512(LSW) shows that a unit change in Wages and salaries will cause -8% decrease in Profit for the year. The estimated coefficient -0.040750(LPC) shows that a unit change in Pension and Contributions will cause -4% decrease in Profit for the year. The estimate coefficients -0.171337(LGLS) shows that a unit change in Gratuity and Long Service Award will cause -17% decrease in Profit for the year.From the above table the coefficient of multiple determination also called R^2 has a value of 0.425257 which is also 43% change in dependent variable by independent variable. This 43% shows that the model has moderate goodness of fit. This also shows that all the variables have low outcome on the profit for the year of the selected firms in Nigeria.

From the same table the F-Statistics shows that all the variables were statistically significant which was represented by (5.734297) with p-value of 0.001420 which is less than 5% margin of significance.

4.2.1 Hypotheses result

Hypothesis One

H_1. Salaries and Wages have positive and significant effect on Profit for the year of oil and gas Firms in Nigeria.

From table 4.3 showed T-test result, it is obvious that Salaries and Wages have negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of SW(-0.575352) with p-value of 0.5692.

Hypothesis Two

H_2. Pension contribution has a positive and significant effect on Profit for the year of oil and gas Firms in Nigeria.

From table 4.3 showed T-test result, it is obvious that Pension contribution has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of LPC(-0.193591) with p-value of 0.8478.

Hypothesis Three

H_1. Gratuity and long Service Award has positive and significant effect on Profit for the year of oil and gas Firms in Nigeria.

From table 4.3 showed T-test result, it is obvious that Gratuity and long Service Award has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of LGLS(-0.260224) with p-value of 0.7964.

4.4 Discussion of Result

In interpreting hypothesis one; table 4.3 showed T-test result which shows that Salaries and Wages have negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of SW(-0.575352) with p-value of 0.5692. This result concord with the result of Isaac (2016) evaluated the influence of Salaries and Wages on performance of employees in the saving and credit institutions in Nairobi city county. The study concluded that regulated SACCOs adopted equity-based compensation programs such as salary variation which influence long-term employee's productivity. The study concluded that regulated SACCOs adopted competency based pay which increased the productivity of the SACCO to a very great extent. Christopher, Bulah (2016) examined the relationship between total compensation and employee performance at Mayfair Insurance Company Limited. Conclusions have been based on findings that there is a positive significant relationship between Total compensation and employee performance at Mayfair Insurance Company Limited and recommendations with benefits, recognition and appreciation being key factors in compensation.

In interpreting hypothesis two; table 4.3 showed T-test result, which shows that that Pension contribution has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of LPC(-0.193591) with p-value of 0.8478. This result does not agree with the result of Prayoga & Achmad (2017) assessing the effect of Pension Plan Changes on Retirement Security. The research population is 67 employees of PT. Telekomunikasi Indonesia. The results show that Pension contributions positively affect employee performance at PT. Telekomunikasi Indonesia. It can be concluded that Pension contribution at PT. Telekomunikasi Indonesia, has been classified as good and can improve employee satisfaction and employee performance.

In interpreting hypothesis three; table 4.3 showed T-test result, it is obvious that Gratuity and long Service Award has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of

LGLS(-0.260224) with p-value of 0.7964. This result disagreed with the result of Ochenge (2014) conducted a similar study that aimed to examine the relationship between rewards and employees performance as well as to identify the relationship between extrinsic and intrinsic rewards. The t-test showed that, there is a statistical significant relationship between extrinsic and intrinsic rewards on employees performance, that is a positive relationship between rewards and employees performance and a highly positive significant relationship between extrinsic and intrinsic rewards and due to this positive relationship, oil and gas Firms should keep using rewards if they to increase their performance.

4.0 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

This research has explored the effect of reward packages on profitability of oil and gas Firms in Nigeria from 2011–2022.

The following findings were made from the above analysis:

i. Salaries and Wages have negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of SW(-0.575352) with p-value of 0.5692. This finding implies that profitability of oil and gas Firms in Nigeria have been affected negatively as a result of expenses on wages and salaries.

ii. Pension contribution has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of LPC(-0.193591) with p-value of 0.8478. This finding implies that profitability of oil and gas Firms in Nigeria have been affected negatively as a result of expenses on Pension contribution.

iii. Gratuity and long Service Awards has negative and non-significant effect on Profit for the year of oil and gas Firms in Nigeria, this is shown with the T-test of LGLS(-0.260224) with p-value of 0.7964. This finding implies that profitability of oil and gas Firms in Nigeria have been affected negatively as a result of expenses on Gratuity and long Service Awards.

Conclusion

From the above analysis the researcher found out that proxies used for reward packages which are total salaries and wages, pension contribution, gratuity and long service awards; that salaries and wages have negative and non-significant effect on profit for the year of oil and gas Firms in Nigeria. Pension contribution has a negative and non-significant effect on profit for the year of oil and gas Firms in Nigeria. Gratuity and long Service awards have a negative and non-significant effect on profit for the year of oil and gas Firms in Nigeria. These findings imply that the profitability of the selected oil and gas firms have been affected negatively as a result of expenses on salaries and wages, pension contribution and gratuity and long service awards

Recommendations

Basing on the findings of the study, the following recommendations were made:
Oil and gas Firms in Nigeria should make Salaries and Wages on Profit, pension contribution, Gratuity and long Service Award compulsory reward policy since they are used more extensively in firms for ensuring maximum performance.

i. Firms should formulate competency-based reward policy, the only thing standing between the employees and greater wage is how much they contribute and how well they perform.
ii. Management of Oil and gas Firms in Nigeria should have Performance-based reward plans at every level of an organisation in order to motivate employees to perform better.

Contribution to Knowledge

These are the specific areas of contribution made by this study:

i. The study expanded the literature on reward packages and profitability. The use of recent literature in our reviews as well as the use of current data in our estimations extended the frontier in this area of study.
ii. The contributions of this study are considered vital in providing insights to the various reward packages needed on profitability of oil and gas Firms in Nigeria. The study shall assist management of oil and gas Firms in understanding the best reward practices that are applicable on contribution and implementation towards employee performance. Exploring the influence of reward packages in the companies will provide an insight to

management to identify the best reward practices that will influence firm performance.

Suggestion for Further Studies

The following areas are recommended for further studies.

i. Profit sharing and workplace productivity Growth in Nigeria.
ii. Role of team work on firm performance
iii. The productivity Effect of profit sharing , Employee Ownership, stock option and Team Incentive plans.

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