

The Implication of Performance Management for Potential Wage Capping: A Study of Oil and Gas Servicing Companies in River State Nigeria: 2011-2016

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Article History

Received: 08.08.2018

Accepted: 19.08.2018

Published: 30.08.2018

DOI:

10.36347/sjebm.2018.v05i08.004



Abstract: The study focused on the implication of performance management for potential wage capping: a study of oil and gas servicing companies in River State Nigeria: 2011-2016, with reference to Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited. The specific objectives of the study were among others to; ascertain the impact of performance management and other variables on wage rate and examine the effects of performance management on employees' performance in Petro-Scope Energy and Phoenix Energy Nigeria Limited. The researchers made use of survey research design, primary and secondary data was used. The population of the study consists of the employees of both organisations. Multiple Regression analysis and Pearson Product Moment Correlation analysis was used to analyse the objectives. The major findings revealed a significant and positive relationship between Performance Management, Cost of Living Index, Level of Salary Payable within the Industry and Wage Rate in Petro-Scope Energy and Phoenix Energy Nigeria Limited. Also performance management have a strong positive effects on employees' performance in the organisations. The researchers concluded that performance management system would be inconclusive and ineffective if it does not have a corresponding impact on employees wage rate, and recommended that Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited should adopt performance management practices that are consistent with their organisational long-term policy which best fit their nature of work performed and the mission of their organisation. In doing this, it should maintain an alignment with employees reward system.

Keywords: Implication of Performance Management, Potential, Wage Capping, Oil and Gas Servicing Companies.

INTRODUCTION

The art and science of empowering employees to create maximum productivity, quality, opportunity and fulfillment through performance management are obligatory for organizations viability [1]. Thus, in management and human resource literature, performance management is seen as a formal procedure whereby work performance is measured and documented so that satisfactory performance and good behaviors are rewarded accordingly, and to improve the performance of employees who perform unsatisfactorily. Hence, the overall goal of performance management is to create a culture of high performance in which individuals and teams take responsibility for the continuous improvement of business processes and their skills and contribute in achieving the targets set by managers. In particular, performance management can be expressed as the approximation of individual objectives of employees with organizational objectives provided that employees

support the culture of the organization. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities, skills, behaviors, training, development, and reward for good performance [2].

Interestingly, employees are the resources and assets of an organization, thus, organizations need to figure out strategies for identifying, encouraging, measuring, evaluating, improving and rewarding employees' performance at work. In congruence with this position, performance management systems play an indispensable role in helping organizations to reach their goals of productivity [3]. Subjective performance management is a powerful informational tool for an organisation, as it allows employers to determine compensation and job assignments, and to provide feedback when objective measures are costly, inaccurate or unavailable [4]. In fact, human resource management practices could influence the behaviors of

individual employees through effective performance management system that integrates equity pay system, as pay represents by far, the most important and contentious element in the employment relationship.

Remarkably, pay is a key factor affecting employment relations. Employment relations are formed around the payment of labor, and it is the most conspicuous focus of labour's collective concern. The level and distribution of pay and benefits can have a considerable effect on the efficiency of any organization, and on the morale and productivity of the workforce. It is therefore vital that organizations develop pay systems that are appropriate for them, that provide value for money, and that reward workers fairly for the work they perform, which is the central thesis of effective performance management system.

Be it as it may, Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited are one of the leading energy and solution providers in Nigeria oil and gas industry. They have received accolades in human relations management practices and operate in compliance with international certification bodies requirements within the industry, and have as a policy; to maintain good working relationship, with core values that espouse quality, integrity, commitment, teamwork among others, which have positioned and repositioned these companies as one of the best performing companies within the industry, with rich culture of human resource management, of which performance management is one of its cardinal point. But amidst the saturated labour market in Nigeria, whether performance management practices impacts on wage determination within the oil and gas servicing companies compelled this study; "The Implication of Performance Management for Potential Wage Capping: A Study of Oil and Gas Servicing Companies in River State Nigeria: 2011-2016, with reference to Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited. The broad objective is to examine the implication of performance management for potential wage capping using in each case one oil and gas companies in River State, Nigeria. Beyond the above broad objective, the study sought to:

- Ascertain the impact of performance management and other variables on wage rate in Petro-Scope Energy and Phoenix Energy Nigeria Limited.
- Examine the effect of performance management on employees' performance in Petro-Scope Energy and Phoenix Energy Nigeria Limited.

REVIEW OF RELATED LITERATURE

Concept of Performance Management

Bacal [5] defines performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job

functions that employee are expected to do; how the employee's job contributes to the goals of the organisation; what doing the work well means in concrete terms; how employee and supervisor will work together to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them. Performance management involves managing employee efforts, based on measured performance outcomes [6]. Performance management is the total process of observing an employee's performance in relation to job requirements over a period of time; clarifying expectations; setting goals; providing on-the-job coaching; filing and retrieving information about performance and then making an appraisal on the basis of this information [7].

According to Fernandez [8], performance management is an integrated system which involves institutional design, work planning, assessments, and feedback designed with a view to maximising performance at the individual and team levels in motivating and developing staff. This is underscored by Torrington and Hall [9] who claimed that performance management is a framework in which performance can be directed, monitored and refined by human resources, and that the link can be audited. Beardwell and Holden [10] argued that performance management is an integrated and continuous process that develops, communicates and enables the future direction, core competences and values of the institution and helps to create a horizon of understanding. It is the process by which executives, managers, and supervisors work to align employee performance with the institution's goals.

The Concept of Wage

Wage is often used interchangeably with compensation management. In the narrow sense, wage is the price given to a worker for services rendered. However, in the broader sense, wages are compensation or remuneration given for overall services rendered apart from the basic wage. It includes allowances, benefits and other financial support like bonuses, workmen compensation, holiday pay, leave allowances, overtime, etc [11]. The International Labour Organisation ILO [12] describes compensation as payment system based on effort, performance and productivity. It refers to a salary or wage and all allowances and financial benefits payable to an employee either in cash or kind in return for services rendered [13]. Ojo [11] indicates that financial payment made at or near the time work is performed is called direct compensation. This includes wages, salaries, overtime, commissions and bonuses, etc.

The Relationship between Performance Management System and Employee Performance Developing and Planning--Mission and individual objectives

The first stage of performance management system is developing and planning. In this stage, business needs to set up mission and objectives, and then clarify the individual responsibility and duty [14]. A mission is an organisation's character, identity, and reason for existence. It can be divided into four inter-relating parts: purpose, strategy, behaviour standards and values. Purpose addresses why an organisation is in being; strategy considers the nature of the business; behaviour standards are the norms and rules of 'the way we do things around here'; values are the beliefs and moral principles that lie behind the behaviour standards, beliefs that have normally been formulated within the organisation by a founding dynasty or a dominant management team [14]. In order to maximise performance, organisations focus on the efforts of the organisation on explicit, challenging and realistic aims or objectives. A clear mission answer the question: what business should the company be in to and it should be the guide line for employees and managers behaviour and performance. Campbell and Yeung [14] refers to it as creating a sense of mission--that is, employee's personal commitment to the organisation's mission. There are two simple views on the purpose of the mission statement: one is that it is primarily for external public relations and the other is that it is to motivate staff within the company [15]. A simple explanation of motivation is the capability to change behaviour. Motivation is also a drive that holds one to act because human behaviour is directed toward some goal. Grant [16] established a study where motivation enforced the employee outcomes such as persistence, productivity and performance. Besides, motivated employees are found to be more self-driven and more autonomy-oriented than those who are less motivated [17, 16], which suggests that they will take more responsibility when offered developmental opportunities. On the other hand, motivated employees are also more engaged and involved with their jobs [18]; they may be more involved in the work of their colleagues, when compared with employees with low motivation.

The organisation still sets individual performance management targets which related both to operating-unit and wider organisational objectives [19]. According to Costello [20], performance management supports a company's or organisation's overall business goals by linking the work of each individual employee or manager to the overall mission of the work unit. Individual targets or responsibilities could be the mechanism to enable the performance of individuals within the organisation to be aligned with

the mission statement and the way of adjusting performance requirements to meet new challenges which may arise.

In the first stage, the most important thing of developing and planning performance is setting mission and objectives. Mission and objectives could motivate employees to act by the directions; therefore, motivated employees are more engaged and involved with their jobs. Moreover, motivated employees are found to be more self-driven and more autonomy-oriented which tend to enhance performance and subsequently productivity of employees.

Managing and Reviewing Performance

In this second stage, there are lots of activities that include observing and document efforts and accomplishments; provide feedback, coach and counsel employee regarding performance. In this stage, enhancing communication within the organisation, so that employees are not only aware of the objectives and the business plan but can contribute to their formulation. Besides, employee communication could be discussed in the narrowly defined context of mediated communication, for instance, the impact of internal newsletters or specialized internal communication tactics [21]. However, Cameron and McCollum [22] found that employees tended to prefer direct interpersonal communication to mediated communication when they need more information on ongoing issues of their corporations. According to Robertson [8], an effective communication climate is based on such topics: job, personal, operational and strategic issue. Moreover, Hargie and Tourish [23] concluded that top six topics were cited for 'information needed'--how problems that I report in my job are dealt with; how my job contributes to the organisation; how decisions that affect my job are reached; things that go wrong in my organisation; staff development opportunities, my performance in my job. According to Ainspan and Dell [24], favourable employee communication has been shown to increase job satisfaction and employee performance and finally result in organisational success [21].

On the other way, providing the quantitative and qualitative standards for judging individual and organisational performance are important elements in managing performance. As a result, individual employees would be aware of the standards which will encourage them and be the main objectives of them. Performance reviews can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop [25]. Performance feedback has significant potential to benefit employees in terms of individual and team performance. Taylor *et al.* [26] suggests that feedback is essential for organisational effectiveness and that a lack of feedback can lead to anxiety, inaccurate self-

evaluations, and a diversion of effort toward feedback gathering activities. Moreover, effective performance feedback has the potential to enhance employee engagement, motivation, and job satisfaction [27]. Performance feedback is a critical component of all performance management systems. It can be defined as information about an employee's past behaviours with respect to established standards of employee behaviours and results [28]. Effective performance feedback is timely, specific, behavioural in nature, and presented by a credible source. The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction [28]. Performance feedback is effective in changing employee work behaviour and enhances employee job satisfaction and performance [29]. On the other hand, it is necessary to analyse and understand the feedback which always ignores its complexities. Feedback may improve performance under some conditions. However, in other conditions, feedback may not impact performance or even prove detrimental to performance [30]. In line to this perspective, it further indicates that a number of factors, including characteristics of the feedback source and message, and timing issues such as the amount and frequency of feedback employees received attitudinal outcomes of feedback.

Coaching is an important tool in learning and development. Coaching means developing a person's skills and knowledge so that his or her job performance improves, leading to the achievement of organisational objectives [31]. Similarly, Apperbaum and Armstrong [32] pointed that the knowledge bases of coaching provide the company's employees with a new professional outlook that in the long term leads to a higher level of productivity. An individual's attitude towards an issue is actually the vision that he or she form around that entity. Positive attitude affects the productivity of the organisation, while skills refer to the employee's ability in undertaking the practical tasks. The employees feel more efficient and confident in performing their duties when they learn what materials that would be needed, how the materials must be collected and interpreted.

In the second stage, managing performance includes communication, collecting performance and coaching. Communication makes employees who are not only aware of the objectives and the business plan but can contribute to their formulation. Feedbacks contribute to evaluating the actual performance of employee with desired performance. Managers and employees could realise the advantages and disadvantages of their works. After the realisation of pros and cons of works, the coaching plays a role to improve acknowledge and skills of employees and finally impact the employee performance [32].

Rewarding Performance

Rewarding performance happens on the end of performance period. The main activities include evaluating employee's accomplishments and skills; discussing evaluation with employees [33]. It evaluates the effectiveness of the whole process and its contribution to overall organisational performance to allow changes and improvements to be made, and also provides the feedback to the organisation and to individual staff about their actual performance. The effectiveness of any organisation is dependent on the quality of its personnel. The right people must be originally selected into the organisation, motivated to work; and sound personnel promotion and training decisions must be made in filling non entry level. An effective personnel performance evaluation system is a crucial cornerstone in this process, as it provides the data needed for most of the required administrative decisions. This system plays a key role in motivating people to utilise their abilities in pursuing the organisation's goals [34].

After the evaluating and checking the feedback, managers or organisations should provide the pay-for-performance. Financial appraisal is a useful tool to incent employee's passion for their work. In this stage, managers still need to focus on developing staff to further improve performance, and their career progression, in the future. Rewards represent important mechanisms by which employee behaviours can be aligned with the interests of the organisation [35]. Particularly, pay-for-performance is a reward practice that links one's pay increase to one's performance, and could be used to direct, sustain, and motivate desirable behaviours, such as knowledge sharing [36], creativity [35], quality [37] and customer satisfaction [38]. Pay-for-performance establishes the behavioural criteria by which rewards are allocated and in doing so underpins the alignment of employee behaviour with organisational values and objectives. Therefore, if an employee achieves his or her performance objectives then the employee receives a pay increase. This simple and visible link between pay and performance recognises an employee for a specific level of accomplishment, therefore nurturing favourable work attitudes, such as satisfaction and commitment [39]. Thus, the effectiveness of pay-for-performance has a direct influence on high levels of service quality and desirable work attitudes.

In the last stage, rewarding performance consists of personnel development, final evaluation and rewarding activities. Financial appraisal is a useful tool to incent employee's passion for their work. Rewarding motivates the positive emotion of employees, such as satisfaction and commitment. Thus, the effectiveness of pay-for-performance has a

direct influence on high levels of productivity and desirable work attitudes[39].

Wage Determination Mechanism

Several factors affect the determination of an organisation's pay structure or the general level of wages. The pay structure indicates the relationship of wage rates to each other and the range of rate for all the jobs with an organisation; industry or labour market area. Also the wage rate is the amount of money an employer pays for a unit of time or for a unit of output problem [26]. The major factors that affect compensation which is also the criteria for settling or changing the wage levels are many. First is the labour market situation. Ideally, in a relatively competitive labour market, the interplay of supply and demand is the most important determinant of compensation. However, due to certain imperfections in the market caused by institutional, administrative, political and socio-cultural factors, the role of the price mechanism is minimal especially in a developing country like Nigeria. Nevertheless the interplay of supply and demand for skills exerts some influence on wage determination. Consequently periods of unemployment do not generally favour high pays, as employers have the opportunity to attract high caliber employees without necessarily offering the legal minimum wage which may be considered excessive. Again periods of shortage of skills in the labour market will expectedly witness high movements of wages, provided market forces are allowed to sufficiently allocate wages and employment.

Another one is the ability to pay. Affordability is a very well recognised factor in the wage determination process in Nigeria. Differences in the capacity of organisations affect negotiations in appropriate categorization of some sorts. A union may advocate an increase in pay based on huge profits recorded by the establishment and ability to pay. The financial condition of an establishment determines whether it can pay above the minimum rate, keep in line with comparable establishments or pay lower wages. Another factor is the cost of living index. This has been a singular factor upon which labour often asks and is granted increase in wages; the world over. Long [26] observes that in many countries, organisations have adopted a systematic procedure for adjusting wage rates. Some agreement clauses specify pre-set adjustment if the consumer price index exceeds a certain level while others simply allow the re-opening of negotiation. This is aimed at maintaining the workers purchasing power of money wages when agreements are operative. In Nigeria this factor has played a more prominent role in wage determination than any other factor especially in the public sector organisation.

In addition, there is the going rate factor. This refers to the wages and salaries paid for comparable

work by other institutions in the area or industry. French [40] asserts that competitive wages in an area constitutes an important factor in determining general wage levels. The wage level of an enterprise is affected by wages paid in comparable establishments. For instance, in the banking industry the National Union of Banks Insurance and Financial Institutions Employees (NUBIFIE) negotiates industry wide wage packages for bank employees. Regardless of this however, a trend emerges in which employers cluster around the industry average as the optional wage policy for profitability and liquidity reasons. Also, there is the productivity factor. Higher levels of productivity encourage employers to extend more wages. Wage increase should be supported with evidence of productivity. However, it is often difficult to measure productivity especially in activities involving administration and managerial responsibilities. Even where it is less difficult, improvement could emanate from several other factors. Consequently, increased labour productivity in the national economy or in different enterprises is used to determine pay increases not individual productivity.

Again there is government legislation factor. A worker is precluded from accepting and an employer from paying below the minimum wage. Several wages and salaries review commissions have been set up in Nigeria since 1934. Government is empowered to establish wage rates where wages are unreasonably low or where no adequate machinery exists for adjusting wages and conditions of service. Long [26] affirms that in Canada, government has influenced both public and private sector compensation and in June 1996 the United State of America congress increased the minimum wage from 4.25 to 5.15 dollars per hour. Another major factor in wage determination is the Labour Unions. This is the factor that is of major concern to this study. Labour unions influence wages, especially. Studies by Fajana [41], and [12], as well as Ojo [11] indicated that trade unions have been able to considerably increase wage levels in Nigeria. Basic wage is affected by the differences in the bargainers' ability. They have been known to negotiate wages on behalf of their members and this is an important determinant of wage levels in an organisation or industry.

The success however, depends on how skilled or skillful the union representatives are in the act of negotiation. When union representatives possess high skills added to commitment and loyalty, wages will be on the high side and vice versa. Ojo [13] opines that the earliest aims of trade unions were to protect workers from unscrupulous employers and to secure improvement in wages. The resulting influence of trade unions in an economy could be substantial. Trade unions serve positive outcomes to members and workers in nonunionised firms seeking comparability

often look for gains of trade unions as a basis for negotiation. Generally, however, the roles of trade unions to members include economic, social welfare, political, psychological benefits and opportunity to participate in managerial functions in the industry. Their objectives include improved terms of employment, and fair shares in national and wealth income.

Theoretical Review

Two underpinning theory deemed relevant for the understanding and operationalisation of this study: Equity Theory and Theory of Organisational Justice was reviewed.

Equity Theory

Adams' Equity Theory was developed by John Stacey Adams in 1963 [42]. The theory calls for a fair balance to be struck between an employee's inputs such as effort, loyalty, hard work, commitment, skill level, ability, adaptability, flexibility, tolerance, determination, enthusiasm and an employee's outputs such as training, salary, benefits, recognition, travel and development. According to the theory, finding this fair balance serves to ensure a strong and productive relationship which is achieved with the employee send, with the overall result being contented [42]. If an employee feels that their input at the work place is not equal at the work place, absenteeism will creep in and they perform below par [5].

Training is essential in improving performance of employees as well as supporting them; it also helps in identifying their competencies so that they can perform a task and evaluating how they perform [43, 44]. According to Susan [45], "relevance, efficiency, effectiveness, sustainability and impact measures, could be used to measure evaluation of the training programmes. This could possibly be done through designing a logical framework that shows the activities, predictable outputs, measurement and evaluation tasks, verification measures, the action centres, resource requirements and the time-frame" [45]. This theory emphasises the significance of the relationship between training of employees with performance at the work place. Specifically, managers should understand the success of the projects that can be influenced greatly by training employees on monitoring and evaluation.

Theory of Organisational Justice

Greenberg [5] was one of the first authors to apply organisational justice theory to performance evaluation. Organisational justice may be defined as the study of fairness at work [46]. Furthermore, Greenberg [39] explains that the term organisational justice implies that fairness is being considered in the organisation. According to the literature, human beings are specifically interested in three kinds of justice.

The first one is distributive justice, which deals not only with the perceived fairness of the outcomes or allocations that individuals in organisations receive [46], but also with "what the decisions are" at the end of the appraisal process, or the "content of fairness" [47]. Erdogan [48] contends that rates compare their efforts with the performance appraisal rating they receive and the fairness of the rating establishes distributive justice perceptions in performance appraisal. Some studies found that employees expect ratings above average in relation to others [36].

Subsequent to the previously mentioned is the second kind of justice, procedural justice, which refers to the fairness of the procedures used to decide outcomes and addresses fairness issues regarding the methods, mechanisms, and processes used to determine those outcomes [46]. Procedural justice is related to the means used to achieve the ends (how decisions are made), or the process of fairness [46].

Finally, the third kind of justice is interactional justice, which clearly establishes that people care about the fairness of the interpersonal treatment and communication that they receive [49, 10]. It is important to mention that interactional justice focuses on how formal agents of the organisation treat those who are subject to their authority, decisions and actions [50].

Equity Theory is adopted as the leading theory of this study. Equity Theory was adopted because of the tenets it espouse in performance management. If the oil and gas servicing companies under study; (Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited) adopts and implement the tenets of this theory; "a fair balance to be struck between an employee's inputs such as effort, loyalty, hard work, commitment, skill level, ability, adaptability, flexibility, tolerance, determination, enthusiasm and an employee's outputs such as training, salary, benefits, recognition, travel and development" which will serve to ensure a strong and productive relationship is achieved with the employees, with the overall result being satisfaction and motivation. Thus, if Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited operationalised this theory in their organisation, it will ensure that performance management serves as key variable in wage determination and help to improve the performance of their employees and ensure that their performance are always above average.

Empirical Review

Pamela [51], in the study; "Performance Management and Compensation as Drivers of Organisation Competitiveness: The Philippine

Perspective” opined that with the influx of foreign multi-national companies in the Philippines and the inevitably increasing competition as a result of globalisation, Filipino-owned small and medium enterprises (SMEs) are confronted with the challenge of changing paradigms of bureaucracy, centralisation, stability, static and rigid policies and procedures, and sheer complacency with traditional practices. The study was conducted to determine the extent of implementation of select performance management and compensation practices in Filipino-owned SMEs and its underlying relationships with organisational competitiveness. This study found that human resource management practices in performance management and compensation, particularly employee benefits were all found to be significant predictors of organisational competitiveness. This finding signify that Filipino – owned companies are giving more emphasis on employee benefits to support its thrust of achieving competitiveness, further suggesting that employees are more motivated to perform if employee benefits that allows flexibility and convenience are provided.

Nkwane [52]. In the study; “Staff Perceptions of the Implementation of a Performance Management and Development System: Father SmangalisuMkhatswa Case Study” stated that the advent of democracy in the Republic of South Africa has brought about fundamental changes in the spheres of governance. One of these changes is the implementation of the employee performance management and development system in the public service. One of the Constitutional imperatives of the country requires all government institutions to cultivate good human resource management and career development practices to maximise human potential. The Gauteng Department of Social Development and in particular, Father SmangalisuMkhatswa Centre, is also expected to implement the employee performance management and development system. The study seeks to examine to what extent performance management can enhance employee’s performance. To achieve this, a semi-structured interview was conducted with employees of Father Smangalisu Mkhatswa Centre. The findings indicated that managers use performance management as a tool to control and discipline subordinates, whilst subordinates use performance management as a means of getting extra money through performance bonuses. This could be the reason that performance assessment period is viewed as a period of high tension between supervisors and subordinates.

Fapohunda [53], in the study; “Comparative Analysis of Wage Determination in Unionised and Non-UnionisedOrganisations in Nigeria” posited that compensation is a major source of conflict and disagreement which sometimes results in dispute in organisation. The study examined wage determination

in unionised and non-unionisedorganisations. A survey of 155 workers both in unionised and non-unionisedorganisations was carried out. Four hypotheses were tested. The results indicated a significant relationship between the wage levels and unionisation. Also workers in non-unionisedorganisations do not necessarily earn less than those in unionisedorganisations. The level of wages was found to be related to the ability of union leaders to negotiate skillfully. However unionisation was found not to have a significant impact on general conditions of service. Companies now exploit the freedom of association and non-unionisation options to engage more in decentralised and individualised employment relations rather than the collectivism associated with trade unionism. It has also become clear that management as well as workers support this and that a new form of negotiation between them is developing in the workplace. The study recommends that decentralised and individualised employment relations must remain linked to the national and collective levels of bargaining and a new balance must be developed between the collectivism and individualism that is emerging.

Hendra and Rezki [54], in the study; “Wages and Employees Performance: The Quality of Work Life as Moderator” opined that wage factor and the quality of working life needs to get the attention of the management to be able to improve the employees performance. This research aims to know the effect of wages on employees’ performance is moderated by the quality of work life. Primary data in the form of a questionnaire was used. Sampling is done by stratified random sampling of 100 employees in a manufacturing company. Data analysis using linear regression and moderated regression analysis. The result showed a significant negative effect on the wages of employees ‘performance. Finding showed that negative effect of wages which are moderated by the quality of work life is caused by the effect of intrinsic motivation (quality of working life) is more powerful than extrinsic motivation (wages). Quality of work life is quasi moderators that weaken the wages variable. Further research is recommended to expand the research by adding independent variable that affects the performance of employees.

METHODOLOGY

The researchers made use of survey research design in carrying out the study. Survey research design has as its tools questionnaire and oral interview, which was adopted by the researchers in eliciting information from the respondents. Primary and secondary data was used, primary data was elicited through well-structured questionnaires of closed ended type designed in 5 point Likert (SA= Strongly Agreed, A= Agreed, N= Neutral, D= Disagreed and SD= Strongly Disagreed). The close ended questionnaire

was administrated to the staff and management personnel of Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited in Port Harcourt, Rivers State, and oral interview based on predetermined questions was also used in eliciting information from the respondents. Secondary data was obtained through; textbooks, journals, magazines, brochures, internet materials and other relevant documents. Population of the study consists of all the employees of the two organisations in Port Harcourt. Petro-Scope Energy Nigeria Limited has a total of eighty six (86) employees according to their human resource department as at April 2017 that the survey was carried out, while Phoenix Energy Nigeria Limited has a total of ninety two (92) employees according to their human resource department as at April 2017 that the survey was carried out. The total population of the study was one hundred and seventy eight (178) employees of both organisations. Based on the population of one hundred and seventy eight (178) employees, a normal confidence level of 95% and error tolerance of 5% was used to deduce the actual sample size of the study through Taro Yamane's formula. One hundred and twenty eight (128) respondents was computed as the sample size of the study. Percentage (%) was used to deduce the exact number that will be sampled from each of the organisations. It was deduced that sixty two

(62) employees will be sampled from Petro-Scope Energy Nigeria Limited, while sixty six (66) employees will be sampled from Phoenix Energy Nigeria Limited. Equal number of questionnaire was randomly distributed to this organisations' employees. Content validity was used to validate the research instrument, while Cronbach Alpha was used to test the reliability of the research instrument and the result obtained was 0.916, signifying a higher reliability of the research instrument. Data collected from field work was analysed using: Multiple Regression Analysis and Perason Product Moment Correlation. The first objective was analysed using Multiple Regression Analysis, the four function form, wage rate (dependent variable) was captured using Naira (amount paid to each employees at the end of every month) while the independent variables were: performance management, labour market situation, ability to pay, cost of living index, level of salary payable within the industry, government legislation and labour union influence. The second objective was analysed using Pearson Product analysis. One hundred and seven (107) questionnaires returned was found useful for the study, on which the data analysis was based.

RESULTS, FINDINGS, AND CONCLUSION

Table-1: Showing Multiple Regression Result on the impact of performance management and other variables on wage rate in Petro-Scope Energy and Phoenix Energy Nigeria Limited

Variables	Linear	Exponential	Semi Log	Double Log
Performance Management	173.081 (0.006)***	449.895 (0.014)**	0.875(0.045)**	0.349 (0.023)**
Cost of Living Index	153.231 (0.000)***	356.516 (0.000)***	0.891 (0.000)***	0.386 (0.000)***
Level of Salary Payable within the Industry	2.197 (0.000)***	56.419 (0.000)***	0.128 (0.000)***	0.005 (0.000)***
Government Legislation	-136.148 (0.005)***	-181.350 (0.008)***	-0.495 (0.003)***	-0.369 (0.002)***
Labour Union Influence	-12.899 (0.059)**	-31.460 (0.147)	-0.075 (0.150)	-0.31 (0.112)
Consistent	-198.211 (0.255)	-364.868 (0.035)**	4.356 (0.000)***	4.746 (0.000)
R ²	69.5	69.1	68.5	68.2
\bar{R}	67.9	67.6	67.0	66.6
F	45.941	45.222	44.020	43.274

Source: Field Survey 2017

*Keys: *** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level.

The Result in Table 1, showed the impact of performance management and other variables on wage rate in Petro-Scope Energy and Phoenix Energy Nigeria Limited. Using SemiLog as the lead equation, because Semi Log has the best good fit in the model among other equations. The result revealed that Performance Management with the coefficient regression of (0.875), is significant and positively related to Wage Rate at 5% level (Sig < .05) of significance. While, Cost of Living Index with the

coefficient regression of (0.891), Level of Salary Payable within the Industry with the coefficient regression of (0.128) are significant and positively related to Wage Rate at 1% level (Sig < .01) of significance.

The R- square which shows the proportion of variation in the dependent variable that can be explained by the independent variables revealed that 68% of the variation was explained by the model.

While the Adjusted R shows the proportion of variance in the dependent variable that can be explained by the independent variables, revealed that 67% of the variance was also explained by the model. The F-ratio (44.020) is significant at 1% level, showing that the dependent variable in the model can be explained by the independent variable.

Thus, from the result, there is a significant and positive relationship between Performance Management, Cost of Living Index, Level of Salary Payable within the Industry and Wage Rate in Petro-Scope Energy and Phoenix Energy Nigeria Limited. The result portrayed that an increase in employees' performance, cost of living index, and level of salary payable within the industry will lead to a proportionate increase in wage rate.

The result is in consonant with the findings of Douglas McGregor in Leonard and Hilgert [18] stated

that performance management system provide systematic judgements to support salary increases, promotions, transfers, layoffs, demotions and terminations. Likewise Ioana and Raluca [55] noted that performance management initiatives are implemented to determine the allocation of rewards in organisations. Also, Fapohunda *et al.*, [56] posited that wage determination involves an evaluation of the contributions of employees in order to distribute fairly direct and indirect, monetary and non-monetary rewards within an organisation's ability, pay and legal regulations. Also in agreement with the study is the position of Out *et al.*, [57], they opined that performance evaluation, cost of living, collective bargaining and the effort of labour unions, wages and salaries paid for comparable work by other institutions in the labour work or in the area or industry and productivity among others are the key variable in wage determination in Nigeria.

Table-2: Showing Pearson Product Moment Correlation analysis result on the effect of performance management on employees' performance in Petro-Scope Energy and Phoenix Energy Nigeria Limited

Variable	Correlation Coefficient	t- value
Employees Performance	0.969	0.972**
N	107	
P – Value	0.000	

Source: Field Survey 2017.

** Significant at the 0.01 level (2-tailed)

The correlation analysis result in Table 2, indicated that at $P > 0.01$ level of significance, performance management have a strong positive effects on employees' performance in Petro-Scope Energy and Phoenix Energy Nigeria Limited with correlation coefficient of ($r = 0.969$). Signifying that there is a positive correlation between performance management and employees' performance in both organisations. Signifying that sustaining effective and transparent performance management in both organisations will increase and enhance their employees' performance, which will transform into outstanding organisational performance, maintaining and improving their competitive advantage.

The findings is in agreement with the study of Kandula [58] who opined that performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource. In like manner, Gruman and [59] opined that performance management systems, along with other human resource management programmes, directly impact key organisational outcomes such as financial performance, productivity, product or service quality, customer satisfaction, and employee job satisfaction. Also, it is in tandem with the position of Fisher [60] who noted that performance management improved performance throughout the institution due to effective

communication; secondly, improved overview of the tasks performed by each staff member. Whilst, the benefits at employee level are firstly, to increase motivation, job satisfaction and sense of personal value.

CONCLUSION

Conclusively, it is imperative to note that performance management system would be inconclusive and ineffective if it does not have a corresponding impact on employees wage rate. Thus based on the major findings, the study concluded that effective performance management has positive impacts on wage capping as the study in Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited established.

RECOMMENDATIONS

Based on the major findings, the following recommendations were made: Petro-Scope Energy Nigeria Limited and Phoenix Energy Nigeria Limited should adopt performance management practices that are consistent with their organisational long term policy and that best fit their nature of the work performed and the mission of their organisation, but should maintain an alignment with employees reward system. This will help to create and facilitate a culture of high performance in which individuals and teams take responsibility for their continuous improvement of

business processes and their skills and contribute in achieving the targets set by the organisation, it will also breed a highly motivated work environment devoid of unethical and unprofessional practices.

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