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IMPACTS OF WAGES ON ORGANIZATIONAL PERFORMANCES IN NIGERIA: AN EVALUATION

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ABSTRACT

The aim of this paper is to critically reexamine the relationship between organizations and their workers and how that relationship enhances employees' performance in Nigeria. It is the finding of the paper that today, under-performance of workers which has led to very little input into the scale of productivity of many organizations, is because of unhealthy relationship between employees and organizations. The problem thus becomes that as effect, while workers are downplayed, organizations where they work in, suffer very little or no input. This is unhealthy to any country's economic growth. It is in this respect that the paper argued that healthy relationship between employees and organization play vital roles in the maximization of the organizations' productivity hence the encouragement to economic boom in a country. The expectations here therefore include (1) a critical discussion on the subject, and (2) to suggest a practical way out that would bring about healthy relationship for employees' welfare and organizations' maximum productivity. The paper adopted empirical method of data collection and analysis.

Keywords: Impact, Wages, Organizational Performances, Workers, Employee, Nigeria

1.0 INTRODUCTION

One of the primary economic activities worldwide is business, through which almost all human needs are met (Akinwumi & Tunde, 2021). Business organizations play vital roles in providing goods and services, contributing significantly to quality of life. Notably, organizations address public relations by engaging people as workers, thereby fostering conducive work environments, offering compensation, and promoting job security (Ekere & Amah, 2014). Organizational performance is a multidimensional construct encompassing profitability, market share growth, financial returns, and responsiveness to competitive environments (Emeka, Amaka, & Ejim, 2015). It is commonly defined as the degree to which organizations achieve their desired outcomes, aligning with their objectives and annual targets. Furthermore, organizational performance has emerged as a predictive factor, capable of signaling future returns on invested capital (Obasan, 2012).

In today's globalized and deregulated financial markets, understanding the relationship between wages and organizational performance is critical, as it influences financial and corporate social responsibility objectives (Ismail, Abdul-Majid, & Adebayo, 2015). Although research has significantly advanced our understanding of this relationship, it is essential to address certain limitations. Many studies predominantly focus on single-country context leading to challenges in generalizing findings across the diverse cultural and regulatory frameworks in international settings (Agba, Agba, & Ushie, 2010). Furthermore, existing studies often overlook informal constraints impacting employee behavior within multicultural organizations (Muogbo, 2013).

Research is often constrained to specific formal sectors or uses perceptual rather than objective performance metrics, resulting in limited insights into performance dynamics across diverse organizational types (Okeke & Ikechukwu, 2019). Additionally, much of the research relies on straightforward measures of formal incentives, failing to capture the complexity of implicit incentives and control mechanisms at work in local businesses (Oladejo & Oluwaseun, 2014). While explicit performance measures are common, they do not necessarily provide a more accurate assessment of performance across various organizational settings (Onikoyi, Awolusi, & Ayodeji, 2015).

This study addresses these gaps by investigating the impact of wages on organizational performance in Nigeria, using a comprehensive model that integrates both internal and external human resource factors. This approach acknowledges the diverse activities and operational intricacies of local Nigerian businesses, aiming to provide a more holistic understanding of the role wages play in shaping organizational outcomes.

1.1 Background and Rationale of the Study

Organizational performance, closely linked to the survival of an organization, has attracted considerable research attention in strategic management (Okeke & Ikechukwu, 2019). However, one of the critical variables affecting organizational performances is worker wages which has received limited attention in this context (Akinwumi & Tunde, 2021). Existing studies on wages often emphasize external economic variables, such as inflation or union productivity, rather than the direct relationship between wages and organizational performance. This focus has resulted in findings that promote wage moderation, suggesting a complex paradox that policymakers aim to balance (Ekere & Amah, 2014).

The absence of robust wage-performance studies within organizational contexts may imply the widely held hypothesis that higher wages contribute positively to organizational performance across various cultural and institutional settings. Yet, this assumption requires further validation, as institutional beliefs and managerial practices regarding worker contributions and the allocation of surplus vary significantly across regions and sectors (Agba, Mboto, & Ushie, 2013). In certain frameworks, the belief that managers are the primary wealth creators and thus should primarily benefit from company profits could conflict with findings that higher wages enhance organizational performance (Obasan, 2012).Assuming that wages universally boost organizational performance disregards the importance of examining how this relationship may vary in different cultural and institutional settings. Such an assumption risks oversimplifying complex dynamics by overlooking specific organizational contexts. For credible conclusions in wage-performance research, it is crucial to examine these relationships within diverse, real-world environments, considering the unique cultural, social, and economic factors that may moderate wage-performance interactions (Muogbo, 2013).

Hence, this study, therefore, seeks to address this gap by investigating the impact of wages on organizational performance with a focus on Nigeria. This emphasis is particularly relevant given the competitive pressures in Nigeria, where organizational success increasingly relies on

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human resource effectiveness (Emeka, Amaka, & Ejim, 2015). Globally, organizations are restructuring to compete more effectively, underscoring the role of human resources in achieving strategic objectives (Ismail, Abdul-Majid, & Adebayo, 2015). Numerous studies in organizational development highlight employee productivity as a key determinant of organizational success or failure. Nevertheless, the challenge of achieving optimal employee performance remains a pressing issue for many organizations (Sule, Amuni, Obasan, & Banjo, 2015).

Organizations have thus increasingly turned to various forms of financial, physical, and psychological rewards to enhance employee morale and productivity (Onikoyi, Awolusi, & Ayodeji, 2015). The use of these rewards has proven to be an effective way of motivating employees, though the ideal reward mix often depends on the specific organizational context and environmental factors (Oladejo & Oluwaseun, 2014). Understanding what constitutes the most effective combination of rewards in relation to organizational surroundings is essential to developing strategies that optimize workforce potential.

2.0 LITERATURE REVIEW

Empirical studies on human resource management and economic performance, particularly concerning labour policy, confront several complex issues related to performance, motivation, and causality (Akinwumi & Tunde, 2021). Much of this research utilizes case studies to explore the intricate dynamics at play within organizational settings, providing a basis for understanding a range of challenges in labour-management relations. These studies serve as a valuable guide, helping to frame this nascent field by highlighting the varied ways human resources influence organizational outcomes and indicating future research directions (Obasan, 2012). However, a key theme in motivation literature addresses how employee incentives are structured, often categorizing compensation as either intrinsic or extrinsic, financial or non-financial (Sule et al., 2015).

Non-financial incentives like career development, training, mentoring, recognition of workers' roles, and participative decision-making are documented as enhancing both employee effort and productivity (Emeka, Amaka, & Ejim, 2015). These measures foster job satisfaction, create safer work environments, and promote intellectual growth, which collectively enhance workforce efficiency and well-being (Agba, Mboto, & Ushie, 2013). This literature review raises essential questions around wages and organizational performance, specifically regarding how wages affect productivity and whether observable differences in job roles can explain wage differentials. Some scholars contend that wage structures—whether through wage compression or dispersion—play a critical role in organizational outcomes by influencing employee motivation and cooperation levels within firms (Ismail et al., 2015). For instance, modest pay dispersion can foster teamwork and collaboration, while excessive wage dispersion may promote competition and risk-taking that undermine collective efforts (Muogbo, 2013).Additionally, there is an ongoing debate about whether wages merely compensate for job characteristics or act as broader incentives that encourage productivity by offsetting undesirable job attributes. Some studies suggest that wages function as compensating differentials, balancing risks associated with specific roles while also serving as integral parts of benefits packages (Okeke & Ikechukwu, 2019). This multifaceted role of wages contributes

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to the overall organizational reward system, aiming to align individual productivity with corporate goals.

Corporate performance is widely recognized as contingent on multiple interdependent factors, including governance, leadership, and human capital. However, the role of executive rewards remains controversial, as concerns grow regarding equity-based incentives and their potential impacts on organizational stability (Onikoyi, Awolusi, & Ayodeji, 2015). Certain forms of employee involvement, such as team-oriented work practices, contribute positively to productivity; nonetheless, there is significant debate on whether employees receive an equitable share of the resulting benefits (Agba et al., 2010).Thus, while the literature sheds light on numerous mechanisms through which wages and incentives impact performance, there remains ambiguity on several key issues. The relationship between wages, motivation, and performance remains complex, underscoring the need for further research that systematically examines wage structures and their impact on organizational outcomes across various contexts.

2.1 Conceptual Review

The role of pay as a key determinant of labour productivity has been widely recognized and debated (Emeka, Amaka, & Ejim, 2015). However, modern influences like technological advancement, globalization, and increased liberalization have shifted the focus of many organizations away from inclusive pay structures that support employee engagement (Obasan, 2012). In traditional organizational settings, pay decisions often prioritized operational or line roles, with comparatively less emphasis on administrative and managerial roles (Akinwumi & Tunde, 2021). This historical trend has led to segmented compensation structures, which may not fully incentivize productivity across all employee levels.

Existing literature underscores the link between employee compensation and performance outcomes, highlighting that firms can achieve enhanced financial and operational outcomes by aligning wage structures with employee efforts (Ismail, Abdul-Majid, & Adebayo, 2015). Competitive wage levels are a motivating factor, encouraging employees to contribute actively toward organizational objectives. Conversely, inadequate compensation can detract from performance, resulting in a negative impact on overall firm productivity (Okeke & Ikechukwu, 2019). Employees who perceive their compensation as inadequate or misaligned with their roles may exhibit reduced motivation, thus impairing organizational performance.

Beyond individual productivity, changes in wage structures can significantly influence broader aspects of organizational performance, including costs associated with absenteeism, turnover rates, and the retention of skilled workers. For example, competitive wages are essential to reducing turnover and attracting talent, as employees may leave for better-compensated opportunities elsewhere (Muogbo, 2013). This dynamic suggests that employee wages play a dual role: they not only directly affect individual output but also impact organizational stability by minimizing the risk of talent attrition (Sule et al., 2015).

The interplay between employee wages and organizational performance is also influenced by the existence of credible threats from employers to reduce labor costs, which can serve as a regulatory mechanism on employee expectations (Ekere & Amah, 2014). The presence of alternative employment opportunities and the employer’s urgency in retaining skilled workers can shape employees’ commitment levels. Financial and operational indicators are critical in

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this context, as they provide a measure of the organization's standing in relation to the external labour market and its ability to offer competitive compensation (Agba, Mboto, & Ushie, 2013).

Nonetheless, the conceptual framework suggests that wages are not merely an operational cost but a strategic tool that can significantly enhance productivity and competitive advantage. By leveraging effective wage structures, organizations can align employee motivation with broader performance goals, thus optimizing their standing both internally and within the external labour market.

2.2 Empirical Review

Uwazie's(2020) study on textile manufacturing companies in Enugu State, Nigeria, provides a detailed exploration of the relationship between wages and organizational performance. Employing a survey research design, Uwazie found that wage increases were associated with enhanced organizational outcomes, as higher wages facilitated skill acquisition, increased work effort, adherence to policies, and reduced wastage (Uwazie, 2020). This study underscores the role of financial incentives in promoting productivity within the Nigerian manufacturing sector, where wage structures are crucial to operational efficiency and employee motivation.

A similar study focused on the Indian banking industry to assess the impact of wages on performance within private and public sector banks. Findings indicated that wage increases did not significantly impact performance in private banks, suggesting that other operational or structural factors might influence productivity in this sector. However, maintaining wage levels comparable to those in public sector banks could benefit private banks by helping to reduce operating expenses (Singh & Kumar, 2018). This study illustrates that in certain sectors, wage parity rather than incremental increases may yield more favourable outcomes, especially when cost efficiency is prioritized.

In a separate analysis of the hotel industry, researchers applied an autoregressive conditional duration (ACD) model to examine the effect of wage levels on firm performance, focusing on the relationship between wages and visitor frequency. The study utilized both labour policy and firm performance data, exploring how wages influence the time intervals between consecutive visitor stays (Agrawal & Banerjee, 2019). Given that tourist demand in the hotel sector often follows seasonal patterns, the model leveraged this time-varying information to analyze demand fluctuations in response to wage adjustments. The findings suggest that well-structured wage policies may indirectly influence visitor demand patterns by affecting employee performance, which in turn affects service quality and visitor satisfaction.

These studies collectively provide evidence that while wage increases can enhance organizational performance by boosting employee motivation and reducing operational costs, the relationship between wages and performance varies by industry and region. Uwazie's findings highlight the direct productivity benefits of wage increases in Nigerian manufacturing, while the Indian banking and hotel studies reveal industry-specific nuances where wage parity and policy-driven adjustments may achieve cost-efficient outcomes without necessarily impacting direct productivity.

2.3 Theoretical Perspectives

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F. W. Taylor's scientific management theory underscored pay and remuneration as the primary motivators for workers, suggesting that employees respond predominantly to financial incentives (Akinwumi & Tunde, 2021). Taylor argued that workers lacked control over their work, meaning that pay should reflect the quantity and quality of output (Ismail, Abdul-Majid, & Adebayo, 2015). This model posits employees as rational economic actors who seek to maximize their earnings based on their contributions. From this perspective, if wages fall below market standards, employees are likely to seek opportunities elsewhere, increasing turnover and recruitment costs for the organization (Muogbo, 2013). Conversely, a reduction in wages would typically lead to fewer resignations and an influx of applicants, as more people seek the financial stability offered by the available positions (Obasan, 2012).

Expanding on Taylor's ideas, Maslow's hierarchy of needs and McGregor's theories of motivation offer a more nuanced view of employee incentives. Maslow, through his observations and theoretical framework, suggested that financial rewards, while important, occupy a lower tier in the hierarchy of needs. According to Maslow, once an individual's basic physiological needs are met, the drive for higher-order needs—such as social connections, esteem, and self-actualization—becomes the primary focus (Ekere& Amah, 2014). In this context, dissatisfaction with work is often tied to factors associated with status and recognition rather than financial incentives alone (Emeka, Amaka, & Ejim, 2015). Maslow's insights challenge the assumption that pay is the sole motivator, instead suggesting that a holistic approach to rewards that includes social and psychological benefits may yield greater long-term employee commitment.

Adding to this discourse, Groner conducted empirical research within a Scandinavian company and applied factor analysis to explore the impact of economic versus departmental variables on employee motivation. His findings indicated that economic variables accounted for over 30% of the variance in motivational outcomes, suggesting a significant, albeit not exclusive, role for financial incentives in employee performance (Onikoyi, Awolusi, & Ayodeji, 2015). Groner's work complements Maslow's theory, supporting the idea that while financial rewards are impactful, other factors related to departmental culture and non-monetary incentives also play an essential role.These theoretical perspectives converge on a broader understanding that while pay is a critical motivator, it is often part of a larger constellation of factors influencing employee engagement and performance. Recognizing the limitations of a purely financial approach to motivation, contemporary organizations are encouraged to consider diverse motivational strategies that align with both financial and non-financial employee needs (Agba, Mboto, & Ushie, 2013). This comprehensive approach better supports sustained organizational performance and employee satisfaction across various settings and cultural contexts.

3.0 METHODOLOGY

This study examines the wage-performance relationship within Nigerian public organizations by utilizing a strategy-structure framework. This approach integrates fundamental economic principles of price and wage optimization with human resource management (HRM) practices that influence wage-setting and the efficiency-distribution trade-off in microeconomics. The framework builds on empirical micro-level research regarding wage determinants and efficiency, augmented by contemporary data that captures HRM and financial practices typical of knowledge-based organizations. This perspective allows for an understanding of wages and

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performance rooted in a strategic view of the firm, where internal trade and specialized roles are essential for competitive advantage and organizational growth (Uwazie, 2020).

3.1 Research Design

A combination of quantitative methods, including structured surveys and face-to-face interviews, will underpins this study's research design. The survey research design is chosen for its strengths in generalizability, representativeness, and suitability for collecting data across varied participants. The area of study will be Madonna University, Nigeria, Okija campus. By comparing participant views with broader public perceptions, the survey offers insights into wage impacts on performance within Nigerian public organizations. These organizations, characterized by competitive, professional workforces facing pressures from labor market shifts, are ideal for investigating wage influences due to their reliance on knowledge-based skills and operational differentiation (Obasan, 2012).

3.2 Data Collection Methods

Data collection employs both primary and secondary sources. The primary data relies on a carefully constructed questionnaire, refined through a preliminary test with 10 organizations to ensure clarity and relevance. The questionnaire includes both close- and open-ended questions designed to gather comprehensive information aligned with Nigerian organizational structures and market wage conditions. To enhance the quality of responses, core interviewing techniques are utilized, facilitating a deeper understanding beyond conventional self-administered questionnaires.

The study will also incorporate secondary data sourced from books, journals, articles, newspapers, and periodicals. This diverse dataset enriches the analysis, helping to validate findings against organizational policies aimed at performance improvement. Additionally, this research takes into account the potential unavailability of specific organizational performance data due to confidentiality concerns. To mitigate these limitations, alternative publicly accessible data and periodicals are utilized to cross-reference and corroborate findings.

3.3 Validity of the Questionnaire

Ensuring the questionnaire's validity is critical. Questions are constructed to be clear, objective, and relevant to avoid potential biases that may distort responses. Given that respondent knowledge and professional experience can impact data quality, the study takes additional steps to minimize knowledge bias by simplifying the questions and ensuring they align closely with respondents' roles and experiences within their organizations. This approach supports the collection of data that accurately reflects the impact of wages on organizational performance, providing robust insights into the wage-performance relationship in the Nigerian public sector

4.0 DATA ANALYSIS TECHNIQUES

4.1 Econometric Testing of Hypothesis

To test the hypothesis on the impact of wages on organizational performance, the study employed panel data techniques, specifically panel ordinary least squares (OLS) and fixed

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effects methods. These techniques are commonly used in empirical analysis of panel data to account for variations across both cross-sectional and time-series dimensions. Prior to implementing these techniques, two preliminary analyses were conducted to ensure that key econometric assumptions were met, addressing potential issues such as autocorrelation and heteroscedasticity, which are known to influence the robustness of panel data estimates (Uwazie, 2020).

In the first preliminary analysis, tests such as the lag test, Breusch-Godfrey test for autocorrelation, and White test for heteroscedasticity were used to evaluate these biases. The findings revealed issues of autocorrelation and heteroscedasticity, necessitating the consideration of advanced econometric methods to mitigate these issues (Emeka, Amaka, & Ejim, 2015). Consequently, adjustments were made to account for these challenges in order to improve the accuracy of the econometric estimates.The second preliminary analysis addressed the assumptions of within-group correlation and the presence of individual effects, both of which are critical in panel data analysis. The Hausman specification test was utilized, and the results indicated that pooled OLS and random effects models would be unsuitable for the dataset, prompting the adoption of the fixed-effects model. This model was selected due to its ability to capture individual variations and maintain robust analytical rigor when examining the relationship between wages and organizational performance (Obasan, 2012).

4.2 Wages and Organizational Performance in Nigerian

In Nigeria, wages play a central role in public policy, reflecting both economic priorities and social considerations. As a society in transition, Nigeria faces unique challenges in establishing a wage and salary structure that supports societal productivity while addressing the economic needs of the workforce (Okeke & Ikechukwu, 2019). Wage demands have often sparked debates and led to industrial actions, underscoring the complex relationship between wages, labour dynamics, and public policy. The ongoing discussions among government officials, employer associations, and labour unions reflect diverse perspectives: while employers often view wages as a controlled input in production costs, labour unions advocate for fair wages as a reflection of workers' contributions to productivity (Sule et al., 2015).

Wages, salaries, and benefits constitute a significant share of compensation in Nigeria's labor market, representing the primary income source for most workers. Economists highlight that these compensation packages not only support immediate consumptive needs but also contribute to broader socio-economic stability. The labour market is thus shaped by both formal wage agreements and informal expectations surrounding fair compensation (Akinwumi& Tunde, 2021). In this context, wage adjustments impact various socio-economic dimensions, including worker morale, productivity, and labour force participation, making wage policy a powerful tool in shaping Nigeria's economic trajectory (Agba, Mboto, & Ushie, 2013).Nigeria's wage structure has often been described as an arena of competing priorities: employers aim to contain wage-related expenses, while workers strive for wages that reflect their efforts and support their livelihoods. This tension reflects broader questions of equity and the role of wages in economic participation and self-fulfilment. Consequently, wage policies remain a critical focus in discussions about Nigeria's labour market, where competitive and fair compensation is essential for economic growth and social cohesion.

4.3 The Nigerian Labour Market

The Nigerian labour market is notable for its historical contributions from West African migrants, especially those from Ghana and other neighbouring countries. These workers, coupled with foreign collaborations in various industries, have significantly shaped Nigeria's socio-economic landscape (Akinwumi & Tunde, 2021). The Nigerian government, along with private businesses, has been instrumental in promoting labor market stability, ensuring that workers in the formal sector receive benefits like fair wages, retirement benefits, and safety provisions. However, the unorganized labor sector, comprising casual workers, petty traders, and informal laborers, lacks access to such protections, which often impacts their productivity and job satisfaction (Agba, Mboto, & Ushie, 2013).

A pronounced issue in the Nigerian labour market is the widening wage gap. This disparity has fostered economic inequality, as the formal sector enjoys structured compensation and benefits, while the informal workforce contends with low wages and limited safeguards (Ekere & Amah, 2014). The wage structure has thus contributed to a pronounced poverty gap, challenging both organizational productivity and national socio-economic development. Additionally, the labor market saw a significant shift during the 1970s oil boom when a mass exodus of skilled workers affected the Nigerian public and private sectors (Obasan, 2012).

4.4 Trends in Wage Levels

High public-sector wages in Nigeria, compared to the private sector, have contributed to inefficiencies in organizational performance. The growing wage bill for public employees consumes substantial resources, potentially reducing funds for essential infrastructure and service improvements (Emeka, Amaka, & Ejim, 2015). This wage disparity is especially evident among higher education levels, where public-sector positions offer significantly better remuneration than their private-sector counterparts. Given the positive correlation between educational attainment and task efficiency, the appeal of higher wages in the public sector attracts top talent, leaving the private sector at a disadvantage in retaining skilled workers (Uwazie, 2020).

Survey data in Onikoyi, Awolusi, & Ayodeji (2015) studyreveal that private sector employees generally earn lower average monthly incomes than those in the public sector, a disparity that affects workforce distribution and service quality. This trend presents challenges to ongoing public-sector reforms aimed at enhancing service delivery, as foundational aspects like wage policy are often overlooked (Onikoyi, Awolusi, & Ayodeji, 2015). Without addressing these wage discrepancies, efforts to improve public-sector efficiency may struggle to yield the desired outcomes.

4.5 Factors Influencing Wage Determination

Numerous empirical studies have examined the factors that shape wage determination in Nigeria, with findings suggesting that wages are influenced by a range of both internal and external factors. Organizations frequently adjust wages based on the perceived effects on employee performance, balancing operational costs with the need to boost morale (Sule et al., 2015). Although some organizations achieve high performance with below-market wage rates, others require competitive wages to sustain productivity levels.

Beyond performance, wage levels are shaped by labour market conditions, including employee bargaining power and union influence. While some studies find a positive relationship between union strength and wage levels, other research suggests that union influence may reduce wage disparities (Okeke & Ikechukwu, 2019). Additional determinants such as education, marital status, company size, and supplementary benefits also play significant roles in determining employee compensation (Akinwumi & Tunde, 2021). Thus, wage policies in Nigeria are influenced by a complex array of factors that extend beyond simple market dynamics, reflecting the diverse needs and circumstances of the Nigerian workforce.

4.6 Organizational Performance Indicators

This study seeks to measure the impact of wages on organizational performance in Nigeria. It is in order to discuss the concrete aspects of performance that are the focus of inquiry. This helps in specifying the scope of the impact as well as provides guideposts for the measurement of performance. Performance in this context refers to the level of accomplishment of tasks that are expected of organizations. Organizations use performance indicators to evaluate and control their progress. What is of interest is the performance of workers in the context of the organization. Collective performance refers to the outcome of aggregate worker performance: the overall effectiveness of the workforce in realizing organizational objectives in given periods of time. The mission statements, job descriptions, and internal report cards involving comparative rankings of departments and workgroups express the collective expectations of success used by the system to validate decisions about a workgroup's value and future. A multidimensional concept, organizational performance is measured by different standards.

1. **Efficiency:** This is concerned with the amount of input needed to produce a given output, or the yield of outputs with a minimum expenditure of resources.
2. **Effectiveness:** This involves the extent to which organizational objectives are achieved.
3. **Flexibility:** This is the capacity to adapt to a dynamically changing environment. It implies a responsiveness to future events. The result is success from being able to anticipate, respond to, and profitably exploit change.
4. **Quality:** This is the extent to which service delivery meets organization and customer criteria.
5. **Innovation:** This is a product of the empowerment of workers to generate new processes, new ideas, and products. It tends to be more important in fast-changing or highly competitive environments. An increasing emphasis on the role of productivity in leading a particular nation to economic prosperity and on quality in preserving the nation's competitive posture has been accompanied by a shift towards identification of pay-performance links that enable employees—particularly hourly employees—to become partners rather than adversaries in pursuing the goals of industrial corporations.

5.0 DISCUSSION

The modal wage interval of N15,000-20,000 confirms the wage poorness of small enterprises in Nigeria. The modal wage interval was lower than the average wage of N24,064.60 revealed in this study. The low wage payments suggest poor remuneration for workers in small enterprises and may indicate that wages may have been used as a tool to address firms' performance. Wages and performance are two important concepts that are crucial to firms' welfare. Thus, a linkage between the two concepts is necessary. This involves examining the performance impacts on firm productivity, sales, gross profit, and shareholders' return.

Consequently, firm managers direct their efforts to designing human resource management systems that will improve organizational performance. The support for a positive linkage between monetary incentives, particularly wages, and environmental performance is supported by Principal-Agent Theory. According to the theory, aligning the financial interests of decision-makers with those of shareholders will minimize asymmetric information problems and motivate them to make decisions that will maximize the value of the company. Workers in small enterprises in Nigeria will be motivated to exert their efforts to improve their performance and effective organizational outcomes when they are assured of receiving higher wages.

5.1 Practical Implications

This study's implications cut across different sectors: government, managers, and employees of an organization. The study's results have several practical implications for different sectors in Nigeria. The research showed that the higher the employees' wages, the higher the organizational performance. The importance of incentive practices in the company's human resource management techniques was highlighted by the successful empirical investigation in the context of the Nigerian commercial banking sector. The research revealed in this study that the wages of employees are related to organizational performance. This result provides useful evidence for the association of wages with organizational performance specifically in the Nigerian context.

The Nigerian central bank in the banking sector is expected to follow the bank inspection activities and commercial banks. Congruent efforts to continuously use incentives at financial institutions to support the work of bank employees by managers and regulators to understand the workings of variable remuneration and its related risks and recognize the effect of incentive structures on staff are also important and should be studied. Optimists might argue that increasing wages is a silver bullet in developing the right set of incentives for improved behaviour across the industry. However, reducing the complexity of incentives and focusing on a few strong guiding elements may help prevent the excesses of recent history. A regulatory framework and best practices can aid positive and responsible decisions and behaviours from financial institutions.

Moreover, renewed attention should be placed on other less risky and more sustainable pay structures, including fixed wages and benefits. It is also advisable that the bank should ensure bank employees' loyalty, professional responsibility, and maintain or increase their income, capabilities, and long-term success. Furthermore, the research disclosed that the wages of the Nigerian banking industry are positively associated with the relocation of strategic and cost minimization activities. Finally, the paper suggested that the number of earnings, years of experience, and job position have certain differences in their reward to the Nigerian bank employees. These are some of the position recommendations that can be used to shape the available information for responsible regulation and good corporate governance practice.

5.2 Areas for Future Research

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This study considered wages in terms of the effect on the monetary conditions for worker productivity. It is pertinent to state that there are inherent desires of the workers which cannot be met with money and salaries. For example, framing the job in such a way that they interact with others since the job may be structured in ways that make social interaction a part of a person's environment. More respect and concern for the human being behind the job could be generated, and a higher regard in society at large for what the job is. These desires could be stronger or weaker depending on the nature of the economy or culture. The aspect of good health and safety measures at the workplace and workplace conditions are quite significant factors which require attention too in a developing economy.

Since the study focused mainly on wages, it would be necessary to consider aspects of extra compensation for other inputs or benefits, and in general the dissatisfiers which are within the salary or work condition system. The third area for future research would be to have more refined or specific measures for the variables considered in this study. For instance, the relationship between firm productivity and wages at the lower echelon of the firm Labour. Fourthly, it would be necessary to take into consideration other incentives within the salary context that may be derivable from such elements as the presentation of salaries or pay recognition to gauge the effect of the relationship of wages to organizational performance. Such measures as time domain analysis of the effects of wages on performance could also be experimented with. There are opportunities for additional research that could offer the insights managers and psychologists of working life have been seeking. A critical review of the models, the measures, and the research designs encountered in the research might serve as an important guide to future endeavours.

6.0 CONCLUSION

This study examined the impact of wages on organizational performance in small firm settings located in Nigeria. A high proportion of the firms are involved in the manufacture of furniture. Production involves a combination of labour-intensive and customization techniques. Firms respect privacy, confide in workers, and encourage interventions, identify difficulties workers are experiencing, and design assistance programs to enable them to cope at work, motivate, and inspire workers through briefing them on new developments to enhance their workers' performance. Most employers use the job classification scheme, are considering instituting standard compulsory rules, provide training on handling computers and mineral technology to augment present productivity capabilities, and wish to play leading roles in worker productivity improvement endeavours to enhance their workers' performance.

6.1 Recommendations

This study set out to examine the impact of the level of wages on the performance of organizations in Nigeria. The study shows that the wages of employees in an organization play an important role in the effective management and performance of corporate organizations, with some revelations such as a significant positive relationship between wages paid to employees and the performance of corporate organizations and employee productivity. The study also reveals that an increase in wages generally increases the rate of unemployment, which will later become a burden of cost to the organization, thus also suggesting and requiring some increase in company profits.

The only way to measure workers' worth is by wage, and an overview of adequate wage levels is a matter of necessity and a means of obtaining from workers the quality of work, quantity of output, and the level of performance required to make an organization survive and be profitable. We thereby suggest and recommend that the management of corporate companies should play a role in selecting the right employees, placing them in appropriate positions, supervising, and implementing rules that generally satisfy employee motivations. The human resource department of corporate companies should create motivational activities that revolve around wages and salary budgets that could motivate employees to perform their best, and the rate of those budgets should be based on regular job evaluations or performance appraisals. High morale does not just occur; good wages do not always produce morale, but payment for unfair wages will surely destroy it, and productivity is not by mistake, but a result of careful planning for high motivation and performance.

Theoretical studies point out that wages impact organizational performance through, among others, new demands that reward systems need to meet, such as deepening of performance management, employee involvement, and organizational learning; and symbolic nature because the strategic goals underlying reward policies are symbols of the values of top managers and owners. According to the current results, it is found that wage levels are related in the expected manner with job satisfaction and the willingness to work hard. However, the effects of wages are disenfranchised given that modern concepts and the rhetoric of the notion that wages are an important motivator are not confirmed. The mutual gains view holds that high wages are needed to create social norms of fairness and reciprocity; it suggests that nominal and real wage increases do matter. It is important to focus on wage levels as an instrument to increase the willingness to work hard and to invest in human capital. The use of performance-based wages should not impair these considerations and may offer a solution to employees who differ in their wage sensitivity.

Governments should focus on avoiding wage compression and offering room for individual wage growth. Regarding wage policy, one would advise some caution concerning the current discussion on the possibility of greater flexibility of wages, notably within firms. It is not at all clear that lower wages at the lower side of the wage distribution are a smart way to cajole workers to cooperate in restructuring processes. Expectations, loyalty to the firm, commitment to work, and the willingness to work hard; societal employee motivation should not be taken for granted, and companies should adopt a more thoughtful policy in how and in what way people motivate themselves and are motivated by the companies they are employed at. It is a move from the concept of 'employees as an asset' to 'employment as a first-class living relationship'.

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