

THE EFFECT OF PAY REFERENT GROUP ON JOB SATISFACTION OF TEACHERS IN NIGERIA: A CASE STUDY OF STAFF SCHOOL TEACHERS OF AUCHI POLYTECHNIC, AUCHI

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Abstract

This study looks at the effect of pay referent group on job satisfaction of teachers in Nigeria using Auchi Polytechnic Staff School as a Case Study. The study was carried out in Auchi Polytechnic among the teachers of the Polytechnic Staff Schools. The aim of the study was to find out if pay referent group can affect the satisfaction which people get from their job. The respondents included in this study, were randomly selected from the teachers in the Polytechnic Staff Schools. Questionnaire was used to obtain information from the respondents. The questionnaire was content validated and the test and retest method was used to determine the reliability of the questionnaire and the test and retest reliability of 0.81, shows that the questionnaire was reliable. In this study, perception of equity in pay in the comparison process with other referent group, can affect satisfaction which the workers get from the job and their commitment to the organization. Based on the findings of the study, such recommendations like striving for equity in pay in order to avoid misconception about the organizational reward policy and the need to explain the basis for pay differentials to the workers were made.

Introduction

Organisations exist in the society, in order to render certain specific services. For an organization to be able to actualize its objectives, people are employed as workers. The behaviour of people in the organization, can influence the attainment of its objectives. This was aptly noted by Bakke (1952:7), when he asserted as follows:

When we observe an organization, we are observing people organized and when we observe organizational activity, we are observing the behaviour of people, acting as agents of the organization. When, therefore, we refer to an organisation and its activities, we are referring to the agents of the organization and their behaviour. The substance of an organization is human behaviour, the structure of an organization is simply defined as human behaviour which is systematized and stabilized.

Katz and Kaln (1978) believe that organizations have three behavioural requirements, namely, people must be attracted not only to join the organization but also to remain in it; people must perform the task for which they are hired and must do it in a dependable manner; and, people must go beyond the dependable role performance and engage in some creative, spontaneous behaviour. An essential ingredient in the realization of the behavioural objectives of an organization, is its reward system, that is, the way organization rewards its employees for the effort they put in the accomplishment of its goals. The organizational reward system forms an important part of the psychological contract of the organization, that is, the set of expectation held by the individual specifying what the individual and the organization expect to give and receive from each other in the course of their working relationship (Schermerhorn, Hunt & Osborne, 1994). One important aspect of the organizational reward system, is the pay which a worker gets for his effort towards the attainment of the organizational objectives. The way a worker sees the pay he receives from the organization, can affect his satisfaction in the

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workplace. As Steers and Porter (1975) pointed out, satisfaction is a function of the perceived characteristics of a job in relation to an individual frame of reference. Thus, particular job can be satisfying or dissatisfying, depending on the conditions of comparable job, condition of other people of similar qualification and past experience of individual as well as numerous situational variable of the job. Hagewisch (1991) contends that pay is one of the most obvious and visible expression of employment relationship. It is the main issue in the exchange between employers and employees, expressing the connection between the labour market, the individual worker and the performance of the employing organizations. Vroom (1964) believes that money has positive valence because of its perceived instrumentality for obtaining other outcomes. In his expectancy theory of motivation, Vroom (1964) posits that a worker's satisfaction with his job, results from the instrumentality of the job for obtaining other outcomes and valence of those outcomes. On their part, Nebeker and Mitchell (1974) assert that an individual's attitude towards his job can be predicted from the degree to which the job or behaviour is seen as leading to various outcomes (expectancy) and the evaluation of these outcomes (Valence). Thus, people are satisfied with their job, if they think it leads to things that are highly valued and they work hard if they believe that efforts lead to things that are highly valued. Because of the instrumental role of money in the attainment of valued outcome in the society, the pay which a worker receives is a good predictor of his satisfaction in the workplace.

In the Nigerian environment, money plays prominent role in the behaviour of the worker and the satisfaction which he gets from the workplace. Popoola (1986) in his research, found that over 72% of the respondents in his sample, were mainly interested in their salaries and fringe benefits. Duku (1981) opines that most Nigerian workers (top executive inclusive), would prefer to get monthly salaries without working for it. Bamro's (1979) investigation of the attitude of workers in the Universal Textile Limited, Kano, found that 70% of the workers in his sample indicated that they were not satisfied with their work because of poor salary. The inclination of Nigerian workers towards financial remuneration has been aptly described by Anikpo (1984:27) in the following words:

The Nigerian worker is an oppressed and defeated individual. He is intimidated by the power of money. He sees money as the only salvation to his plight because the oppressor has money as his only weapon. If he can acquire money, he can fight back. His psychological needs for self esteem and power, are seen as products of the more materialistic money acquisition. Money is part and parcel of his immediate and ultimate needs.

The same view was shared by Duku (1984:14), when he asserted that:

Nigerian workers perceive work as an unpleasant endeavour. They work not because they really love what they are doing, but because they are motivated to work because of the monetary rewards that accompany the work. It is not uncommon therefore to find the Nigerian worker very indolent once not under close supervisor.

Researches and observations of the attitude of the Nigerian workers towards work, have shown that money has high valence among them. As a result of the value attached to money by the Nigerian worker, the perception of pay he receives in the organization can affect his behaviour. One of the factors that can affect workers' perception of pay as well as the value which he attaches to pay as a reward for his effort, is equity, that is, workers involving themselves in social comparison by comparing what they receive in the organization to what their colleagues receive. As Pigors and Myers (1973) observe, wage and salary differentials are a mark of social status in almost every organization. If they do not correspond with the relative significance of the job as employees view them, the employee's sense of justice is outraged.

In view of the thrust of the study, the following research questions are generated.

- a. Do the staff school teachers perceive equity in their pay in the Polytechnic?
- b. What are the factors that affect the choice of reference group in pay comparison?
- c. Does the perception of equity in pay affect satisfaction in the workplace?
- d. Does the perception of equity in pay affect labour turnover?

Theoretical Framework

The equity theory of motivation shall provide the theoretical orientation for this study. The notion of equity is associated with justice and fairness. That is, people at work compare themselves with others doing similar work in similar circumstance and judge whether they are fairly treated by comparison (Cole, 2002). The thrust of equity theory of motivation, was aptly put by Homan (1961:122), in the following words:

A man in exchange relation with another man, will expect that the reward of each man be proportional to his cost – the greater the reward, the greater the cost – that the net reward or profit of each man, be proportional to this his investment, the greater the investment, the greater the profit.

Equity theory combines the notion of cognitive dissonance, with those of social exchange, to discuss the issues of pay on behaviour. In the work setting according to Adams (1963, 1965), people hold certain beliefs about the outputs of their job and input they put in to get their goal satisfied. The input is workers investment or the things they value, which they believe they put into the job and the output is the reward or outcome for the workers efforts, that is, the result of the input which they put into the job. According to Adams (1965), a person weighs his or her outcome/input ratio with that of other persons or other group of persons whom he or she perceives as relevant for such a comparison purpose Equity exist when a person feels that his outcome/input ratio with that of another person's outcome/input ratio is equal, while inequity exist if the person's input/output ratio is not the same as that of another person of similar status. Adams (1965:272): thus defines inequity as follows:

Inequity exist for person whenever he perceives that the ratio of his outcome to input and the ratio of others outcome to others input are unequal, either (a) when he and others are in direct exchange or (b) when both are in exchange relation with a third party and the person compares himself to others.

In equity theory, the target relationship sought by individual is equally between their own reward by unit of input and their cognition of other rewards per unit of input. In the social comparison process, only some others are seen as salient and these are most likely to be in the same work group, workplace or firm (Brown et al, 1998). Blaw (1994) identifies five pay referent categories as follows:

- a. Social (family, friends and relations).
- b. Financial (that is, the extent to which one current income meets one current financial needs).
- c. Historical (that is, one current income in comparison to income receive in the past).
- d. Organisation (that is, pay comparison within the company).
- e. Market (that is, pay comparison outside the organization).

Hyman and Brough (1975), distinguish between two types of criteria which management/workers use to calculate equity in remuneration. These are internal criteria and external criteria. Internal criteria are described as the assessment of pay of an individual or group by reference to the contribution made or capacity required in respect of such factors on efforts, qualification and aptitude. External criteria are described as the assessment of pay by comparison with the income of other individuals or groups. Managing the equity dynamics, is important to organizations that strive

to maintain healthy psychological contract, that is, fairly balanced inducements and contribution among subordinates.

Methodology

This study was carried out among teachers of Auchi Polytechnic Staff Schools Auchi, Nigeria. There are two categories of staff schools in the polytechnic, namely, primary school staff school and secondary school staff school. The teachers of the staff schools have salary structure, that is different from that of the other workers in the polytechnic. The staff schools teachers salary structure is classified as "HAPPS" while that of other workers in the Polytechnic, is classified as "CONTISS". The salary steps in the "CONTISS" is higher than those in "HAPPS". Thus, a worker in "CONTISS" in the same level with his colleague in "HAPPS" earn higher despite the fact that they work in the same organization, this as pointed out is a result of the differences in the salary structure.

In the course of collecting data for the study, questionnaires were distributed to ninety (90) teachers in the staff school (both secondary and primary) who were randomly selected for the study. Of the questionnaires distributed, 85.8% were retrieved from the respondents. The questionnaire was content validated and the test and retest method, was used to determine the reliability of the questionnaire. The test and retest reliability coefficient of 0.81, shows the questionnaires was reliable.

The ages of the respondents rank between 25-55 years with the majority of the respondents between the age of 25 and 45 years. 41.3% of the respondents are male while 58.7% are females. 89.6% are married, 9.1% single (not married) and 1.3% are widowed. The distribution of the respondents according to religious affiliation shows that 70.1% are Christian, 26.4% Moslems and 3.6% are adherents of African traditional religion.

Results and Discussion

This study looks at the effect of pay referent group on the job satisfaction of teachers in the polytechnic staff schools. In this study, the referent groups, are workers in the polytechnic who have salary structures different from those of teachers in the staff schools.

In this study, 70.1% of the respondents believe that there is inequity in the pay they receive in relation to what their colleagues of similar status, within the polytechnic earn as salaries. Only 29.9% of the respondents perceive equity or fairness in their pay in relation to their colleagues in the polytechnic.

The perception of inequity as expressed by the majority of the respondents included in this study can be traced to their qualifications and the job they do in the organization. Many of the respondents believe that they are as qualified and even more qualified than their colleagues in the polytechnic who earn higher than them because of the differences in salary structures. Also, some of the respondents believe that they contribute meaningfully to the polytechnic and that they should be rewarded in the same way their colleagues of similar status in the polytechnic, are rewarded. As Jacques (1961) pointed out, individuals have an intuitive understanding of their capacity, the level of work and the propriety of their pay and when their capacity is properly utilised in the work and when their pay matches their level of work, they achieve psychological balance. When however, pay is less than or more than that justified by the level of work, individuals perceive inequity and react to it. The reaction to the perception of inequity can affect workers performance on their job.

83.5% of the respondents who perceive inequity in the pay they get in the polytechnic, expressed dissatisfaction with their jobs. That is, most of the respondents who feel that they were not well paid in comparison with their colleagues in the Polytechnic, expressed dissatisfaction with their job. However, 16.5% of the respondents who perceive inequity in pay, expressed satisfaction with

their job. The net result of this is that the perception of inequity in pay on the basis of comparison with a reference group, can adversely affect the satisfaction which teachers get from their jobs. According to Schermerhorn, et al (1994), job satisfaction is the degree to which an individual feels positively or negatively about his job. The impact of pay comparison on satisfaction was succinctly put by MacEachron (1975) in the following words:

Pay satisfaction is predicted when perceived amount that should be received equals the perceived amount of pay received, when pay outcomes are perceived as less than they should be, pay dissatisfaction results. When pay satisfaction exceeds what they should be, feeling of inequity or discomfort arise.

Thus, worker perception of equity, can affect the satisfaction which he gets from the job. Dissatisfaction can result if in the comparison process, the worker feels disadvantaged. That is, dissatisfaction in the workplace can arise, when a worker feels that he is not well rewarded in relation to his colleagues whom he compares himself with and such dissatisfaction can adversely affect his productivity in the organization.

Closely associated with the above, is that perception of equity in pay, can affect workers commitment to the organization and his willingness to remain in the organization. 68.4% of the respondents included in this study, expressed their desire to leave the Polytechnic for another job, if the opportunity arises. As one of the respondents puts it:

The fact that we have different salary structure which is lower than that of the other workers in the same Polytechnic, means that we are treated as second class citizens. I am praying for an opportunity to get job elsewhere, where I will be treated equally like other workers in the organization.

This effect of pay comparison on organizational commitments and labour turnover, has validated the views of Pigor and Myers (1973), that if the general level of wage and salary in organization is low, in relation to other comparable firms, organization will find it difficult to attract and retain personnel. Belcher (1974) believes that the comparison process is a crucial part of the employment exchange and has both behavioural and attitudinal consequences in that comparison determines whether the exchange will be made and continued and also its fairness.

Conclusion and Recommendations

An important part of the employment contract, is the reward which the worker receives for his effort. Pay to use the word of Vroom (1964) has positive valence. As Schermerhorn et al (1994) have pointed out, pay is especially a complex extrinsic reward, it can help an organization attract and retain highly capable workers, and it can help satisfy and motivate these workers to work hard to achieve high performance. Vroom (1964), in his instrumentality theory contends that a workers satisfaction with his job, results from the instrumentality of the job for obtaining other outcomes and the valence of such outcomes. Thus, the instrumental value of pay is that it enables the workers to obtain other outcomes in the society. The instrumental value of pay can be enhanced if workers perceive equity in its administration in the organization. In the comparison process, which is common among workers in organizations, perception of equity can affect the satisfaction which the workers get from the workplace.

Recommendation: Based on the analysis and findings of this study, the following recommendations are made.

Management of organization, should strive towards equity in the administrations of salaries. This is because perception of equity can affect the satisfaction which the workers get from the workplace and their general attitude towards the organization.

The basis of inequity in pay should be well communicated or explained to the workers in order to avoid misconception about the organizational pay or reward policy.

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