

Compensation Management and Employee Engagement of Insurance Firms in Portharcourt

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Abstract

Original Research Article

This study examined the relationship between compensation management and employee engagement in insurance firms in Port Harcourt. Compensation management was conceptualized along two dimensions—monetary and non-monetary rewards while employee engagement was assessed through vigor and dedication. The study was grounded in Vroom’s Expectancy Theory, which asserts that employee motivation is shaped by anticipated rewards and outcomes. The population comprised 200 employees from selected insurance firms in Rivers State, Nigeria. Using the Taro Yamane formula, a sample size of 133 was derived; however, 130 valid questionnaires were analyzed due to attrition. Data were collected using a structured questionnaire and analyzed using Spearman’s rank-order correlation to determine the relationships between the study variables. The findings indicated that compensation management significantly influences employee engagement, with both monetary and non-monetary rewards contributing positively. Notably, non-monetary compensation demonstrated a stronger effect on engagement than monetary rewards. These results underscore the importance of comprehensive compensation strategies in fostering employee vigor and dedication. Based on the findings, the study recommends that organizations regularly benchmark salaries against industry standards and adjust them in response to inflation and job demands. Firms should also implement transparent and objective criteria for salary increases, bonuses, and incentives. In addition, organizations should prioritize meaningful recognition by promptly and specifically acknowledging employee contributions. Furthermore, investment in career development through training, mentorship, and clearly defined advancement pathways is essential. Supporting lateral career growth and skill development, beyond traditional promotions, can further enhance employee commitment by reinforcing their long-term prospects within the organization.

Keywords: Compensation, Employee engagement, Organizations Management.

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Background of the Study

Employee engagement has attracted substantial attention from scholars, practitioners, and consultants in contemporary organizations (Saks, 2006). Over time, it has become a central concept in organizational behaviour and management, serving as a key component of employee survey instruments

used to generate management and social data (Bailey, Madden, Alfes, & Fletcher, 2017). The growing interest in employee engagement is largely driven by its significant implications for workplace relationships and overall organizational performance. In the past decade, academic research has increasingly emphasized engagement as a critical



determinant of organizational effectiveness, competitiveness, and improved financial performance (Macey & Schneider, 2008; Saks & Gruman, 2014).

Employee engagement plays a vital role in enhancing employee productivity and involvement. Highly engaged employees tend to make more meaningful contributions to their organizations, demonstrating improved task performance and increased organizational citizenship behaviour. These outcomes ultimately provide organizations with a competitive advantage (Rich et al., 2010). Supporting this view, Harter, Schmidt, and Hayes (2002), through a meta-analysis of 36 organizations, established that employee engagement is positively associated with key organizational outcomes such as customer satisfaction, service quality, profitability, employee retention, and trust. Consequently, employee engagement is widely regarded as a crucial driver of organizational success, leading to improved business outcomes and higher levels of productivity (Gruman & Saks, 2011; Alvi & Abbasi, 2012).

Furthermore, employee engagement is often conceptualized as the positive opposite of burnout, characterized by energy, involvement, and efficacy (Maslach, Schaufeli, & Leiter, 2001). Rather than being a temporary emotional state, engagement is viewed as a more stable and pervasive affective-cognitive condition that is not limited to a specific task or event (Schaufeli et al., 2002). It encompasses three core dimensions: vigour, dedication, and absorption. Vigour reflects high levels of energy, resilience, and persistence in the face of challenges; dedication refers to a strong sense of significance, enthusiasm, and inspiration; while absorption denotes being deeply immersed and fully concentrated in one's work (Schaufeli et al., 2002; Gan & Gan, 2014).

Compensation strategies have also been identified as a critical factor influencing employee behaviour within organizations (Hartman et al., 1999). Empirical evidence suggests a strong link between employees' perceptions of fairness in compensation and their performance (Earley & Lind, 1987). Several studies have explored the impact of rewards and compensation on workplace outcomes. For instance, Ray (2012) found that employee attitudes,

which significantly affect organizational performance, are largely shaped by how employees are treated, including recognition, workload, and appreciation. Similarly, Roberts (2005) established that reward and recognition systems positively influence employee motivation and satisfaction, which in turn enhance performance. Despite these contributions, many existing studies have focused broadly on reward systems without providing in-depth analysis of specific compensation dimensions such as base pay and performance-based incentives, particularly in relation to employee engagement.

In the Nigerian context, and specifically within insurance firms in Port Harcourt, Rivers State, there remains a paucity of empirical studies examining how compensation strategies influence employee engagement. This gap is significant given the evolving nature of the Nigerian economy, especially since the liberalization and reforms initiated in the early 2000s, which have intensified competition across service sectors (Budhwar & Varma, 2011). These changes have prompted organizations to re-evaluate their human resource policies and practices, particularly those related to compensation and employee management. Against this backdrop, this study extends existing literature by empirically examining the relationship between compensation strategies specifically base pay and performance-based incentives and employee engagement in insurance firms in Port Harcourt.

Statement of the Problem

Employee engagement has emerged as a crucial determinant of organizational success, productivity, and sustainability across both public and private sectors. Engaged employees exhibit higher levels of commitment, enthusiasm, and emotional attachment to their work, which in turn enhances organizational performance and reduces turnover intentions (Bakker & Albrecht, 2018). Engagement is often reflected in employees' attitudes, focus, and retention levels. Conversely, poor engagement has been linked to a range of organizational challenges, including low productivity, ineffective communication, absenteeism, and work negligence (Fraser, 2008; The Conference Board, 2006). Organizations that fail to secure the full engagement

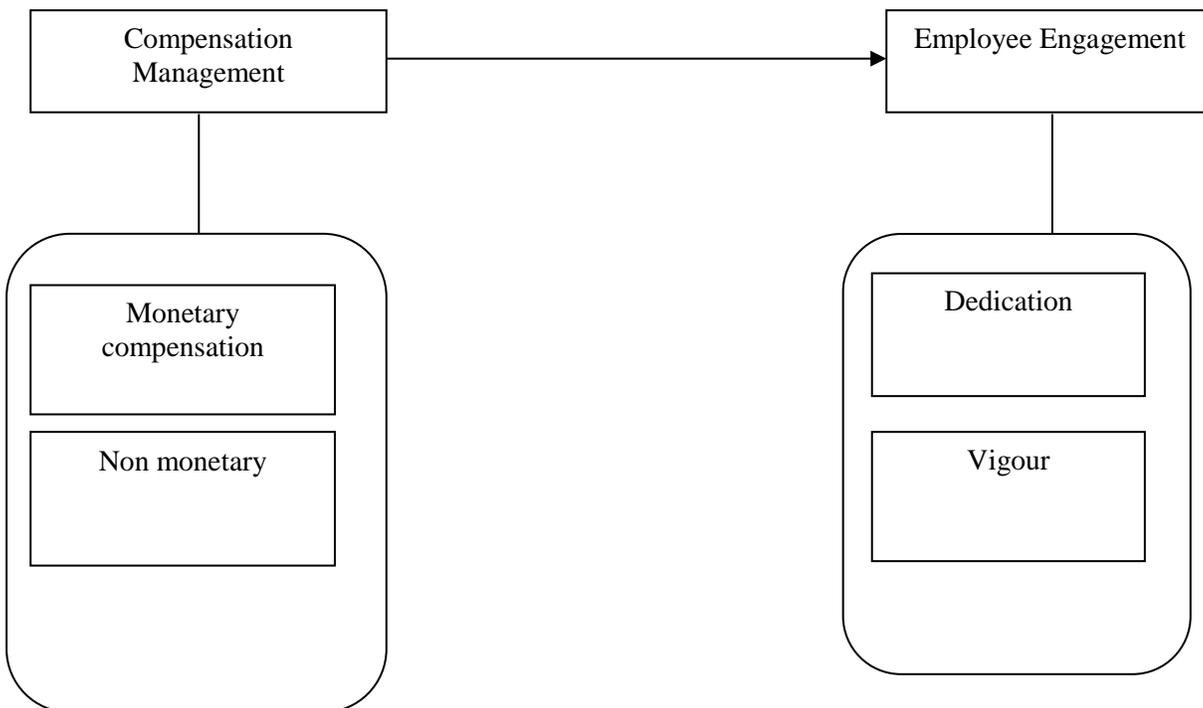
and dedication of their workforce are prone to underperformance, high employee turnover, and increased incidences of insubordination (Baumruk, 2006).

In Rivers State, however, employee engagement levels remain suboptimal in many organizations despite various human resource initiatives. One key factor influencing this trend is the nature and effectiveness of compensation strategies implemented by employers. Empirical studies indicate that while some organizations provide competitive base pay, they often overlook intrinsic motivational factors such as recognition, career development opportunities, and participatory decision-making elements that significantly enhance engagement (Kuvaas et al., 2017). The prevalence of transactional reward systems that prioritize pay-for-performance without addressing employees' psychological needs may constrain intrinsic motivation and affective commitment (Deci & Ryan, 2015). Moreover, inconsistencies in pay structures, perceived inequities in compensation distribution,

and lack of transparency in performance-based incentives can foster disengagement and dissatisfaction among employees (Agwu, 2020).

Although a growing body of research highlights the link between compensation and engagement globally, context-specific studies in Nigeria and Rivers State in particular remain limited. Socio-economic factors, organizational culture, and labor relations in the region differ significantly from Western contexts, making direct extrapolation of findings problematic. Most existing studies in Nigeria have focused predominantly on compensation's relationship with job satisfaction or turnover intention, leaving a gap in understanding the direct and indirect effects of compensation strategies on employee engagement (Eze, 2019). Additionally, there is limited empirical evidence on which specific compensation components monetary versus non-monetary most strongly influence engagement within the unique socio-industrial environment of Rivers State.

Conceptual framework of compensation management and employee engagement



Objectives of the Study

The aim of this study is to investigate the relationship between compensation management and employee engagement in Insurance firms in Rivers State. Specifically, the objectives of the study are as follows:

1. Examine the relationship between monetary compensation and dedication in insurance firms in Rivers state
2. Examine the relationship between monetary compensation and vigour in insurance firms in Rivers state
3. Examine the relationship between non-monetary compensation and employee dedication in insurance firms in Rivers state
4. Examine the relationship between non-monetary and employee vigor in insurance firms in Rivers state

Research Hypotheses

HO₁: There is no significant relationship between monetary compensation and dedication in insurance firms in Rivers state

HO₂: There is no significant relationship between monetary compensation and vigour in insurance firms in Rivers state

HO₃: There is no significant relationship between non-monetary compensation and employee dedication in insurance firms in Rivers state

HO₄: There is no significant relationship between non-monetary and employee vigor in insurance firms in Rivers state

Conceptual Review

The study has compensation management as its causal variable with base pay, performance based incentive and non-monetary incentive as dimensions while the criterion variable is employee engagement with vigor, dedication and absorption as measures.. The study has organizational culture as its contextual variable.

Compensation Management

Compensation is a fundamental aspect of human resource management, significantly influencing employee motivation, performance, and retention. The strategies a company employs in determining compensation, as well as the level of pay offered, can profoundly affect employees' willingness to perform effectively and remain committed to the organization. Developing sound compensation strategies, innovating new compensation systems, or improving existing ones is therefore critical for organizations across all sectors. A well-designed compensation approach can boost individual and organizational performance, contributing to overall success.

Harrison and Liska (2008) emphasized that reward and compensation constitute the core of the employment contract, as remuneration is often the primary reason people engage in work. Compensation encompasses both financial and non-financial rewards that employees receive in exchange for their contributions. Similarly, Brown (2003) described compensation as a return provided to employees for their service, either as an entitlement for being part of the organization or as a reward for excellent performance. Employee compensation packages are determined by multiple factors, not solely by the job itself; organizations often adjust pay based on individual, team, or organizational performance.

Employment is generally viewed as an exchange process: employees offer their skills, knowledge, and effort in return for compensation from the employer. Pay has a direct impact on employees' quality of life, social position, and sense of security. From the employer's perspective, compensation is both a major cost and a strategic investment that should yield returns in the form of positive employee attitudes, behaviors, and enhanced organizational performance (Brevis & Vrba, 2014). As such, managing employee compensation effectively has become one of the most important, complex, and challenging aspects of human resource management, particularly for organizations striving to attract and retain high-quality talent.

Compensation includes both monetary and non-monetary forms. Financial incentives such as bonuses, profit sharing, and commissions supplement base salaries, while non-monetary incentives may include recognition, professional development opportunities, or additional perks. Remuneration broadly refers to all direct and indirect compensation received by employees, designed to enhance satisfaction, retention, and productivity. Direct remuneration often includes salaries, bonuses, medical benefits, housing allowances, leave entitlements, and training opportunities. Studies, including Abdullah (2012), support the view that employee satisfaction correlates positively with productivity, highlighting the importance of designing compensation systems that motivate employees while remaining sustainable for the organization.

In Nigeria's private sector, competitive compensation has become a key factor influencing career choices and employee engagement. Shaw (2014) notes that financial rewards are a primary motivator for many employees, fulfilling basic needs and desires, and can take multiple forms including salary, bonuses, commissions, or tangible rewards like trips or vehicles. Compensation management, therefore, is integral to human resource strategy, encompassing the design, implementation, and administration of compensation systems that aim to optimize performance at the individual, team, and organizational levels.

Effective compensation management requires aligning remuneration processes with organizational goals while addressing employee expectations. A comprehensive compensation package balances financial elements, such as wages, salaries, and bonuses, with non-financial elements, including recognition, responsibility, and appreciation (Idemobi, Onyeizugbe, & Akpunonu, 2011). An ideal strategy encourages employees to demonstrate greater commitment, diligence, and dedication in their roles (Khan, Aslam & Lodhi, 2011). Hewitt (2009) further emphasizes that effective compensation management plays a crucial role in motivating employees and enhancing organizational productivity. Given that employees rely on wages and benefits for their livelihood, organizations must

craft compensation systems that satisfy employees while also supporting strategic business objectives.

Dimensions of compensation strategy

Monetary Compensation

Monetary compensation has long been acknowledged as a primary tool through which organizations attract, motivate, and retain employees. It encompasses wages, salaries, bonuses, and other financial incentives offered in exchange for work (Milkovich, Newman, & Gerhart, 2014). Research on monetary compensation spans economic, psychological, and organizational perspectives, highlighting its complex role in influencing employee behavior and organizational outcomes. Employees' perceptions of fairness are especially important in determining the effect of monetary rewards on attitudes. According to equity theory, individuals assess their compensation relative to that of others, and perceived inequities can result in decreased effort, dissatisfaction, or turnover (Adams, 1965). Studies further indicate that pay satisfaction is shaped not only by the absolute level of compensation but also by perceptions of distributive and procedural justice within compensation systems (Colquitt et al., 2001).

Many scholars argue that while monetary compensation is necessary, it alone is insufficient for fully motivating employees (Deci, Koestner & Ryan, 1999). Financial incentives can effectively influence behavior, but their impact is contingent on fairness perceptions, job characteristics, and the interaction with intrinsic motivators. Current research increasingly highlights the importance of integrating monetary rewards with non-monetary incentives to foster sustainable organizational performance. Extensive evidence links monetary compensation to critical outcomes such as job satisfaction, organizational commitment, and employee retention. Competitive and performance-based pay structures are associated with lower turnover and stronger commitment (Gerhart & Fang, 2014). Nevertheless, researchers warn that an overemphasis on financial rewards can prioritize short-term performance over long-term learning and collaboration (Kohn, 1999).

Non Monetary Compensation

Non-monetary compensation has emerged as a significant driver of employee motivation and productivity. Unlike traditional monetary rewards such as salaries and other financial incentives, non-monetary compensation encompasses a variety of benefits and initiatives designed to meet employees' psychological, social, and professional needs.. Such rewards aim to enhance employee satisfaction, engagement, and organizational commitment (Ozah, Ogbu & Igomu, 2022). Essentially, non-monetary compensation consists of incentives that do not involve direct financial payment but fulfill higher-order employee needs such as esteem, autonomy, and professional growth, complementing traditional pay systems.

Oburu and Atambo (2016) argued that employees are more likely to contribute effectively to organizational productivity when they trust that their efforts will be acknowledged and rewarded by management. Numerous factors influence employee performance, including working conditions, employee-employer relationships, training and development opportunities, job security, and organizational reward policies. Among these, the motivational effects of compensation both monetary and non-monetary play a central role in driving performance

Supporting this view, Oladosu (2020) emphasized that adequate compensation aligned with the cost of living enables employees to focus on their work, enhancing productivity and performance quality. Conversely, insufficient compensation relative to living costs can lead to low morale and diminished performance. Clearly, employees' performance is closely intertwined with the recognition, benefits, and rewards they receive, reflecting the interdependent needs of employers and employees. Bolatito and Olukemi (2022) classified compensation into two broad categories: monetary and non-monetary. Monetary compensation refers to direct financial rewards such as performance bonuses, commissions, tips, gratuities, and gifts. Non-monetary compensation, on the other hand, includes non-financial incentives such as acknowledgment, certificates, and genuine appreciation, sometimes referred to as material

awards. These non-monetary rewards are designed to motivate employees and increase job satisfaction. The process of administering such rewards is described as non-monetary intensification, emphasizing recognition for positive performance within the organization (Emerole, 2015).

Dewhurst (2020) noted that non-financial forms of compensation, such as managerial praise, the opportunity to lead key projects, or receiving attention from leadership, can significantly enhance organizational productivity. Ryan and Deci (2018) highlighted that personalized non-monetary rewards are particularly effective in reinforcing positive behaviors, improving retention, and boosting performance. These forms of recognition are often low-cost yet highly meaningful to employees. Buwembo, Nabukeera, and Bwengye (2019) further emphasized the relevance of non-monetary compensation in local government contexts, where resource constraints make financial rewards challenging.

Employee Engagement

Employee engagement is more recent issues in management (Wefald & Downey, 2009). While the academia and HR practitioners generally agree that engagement is essential for understanding workplace behavior, its definition varies across studies, leaving the concept somewhat ambiguous. At its core, employee engagement reflects the quality of the interaction between an organization and its employees, making it a crucial concept for organizations. Over time, the term engagement has often been used interchangeably with "employee experience" or "employee satisfaction." Leaders play a critical role in maintaining employee motivation, communication, and alignment toward common objectives. High engagement within an organization often stems from strong leadership, which cultivates a high-energy culture and fosters commitment. In today's complex digital workplace, where absenteeism and disengagement are concerns, it is particularly important for leaders to nurture a culture of energy, passion, and shared purpose.

Maslach and Leiter (1997) defined engagement as a state of energetic collaboration of management and

employees, it is seen as a direct opposite of burnout. Employees who are engaged exhibit enthusiasm and perceive work as a challenge, whereas burned-out employees experience stress and see their work as overly demanding (Bakker, Schaufeli, Leiter & Taris, 2008). They argued that employees who lack engagement are more susceptible to burnout. Engagement is thus characterized by high energy (versus exhaustion), high involvement (versus cynicism), and high efficacy (versus inefficacy). Gonzalez-Roma, Schaufeli, Bakker, and Lloret (2006) further described engagement through three dimensions: activation (a sense of energy), identification (a positive attachment to work), and absorption (being fully immersed in one's job).

Employee engagement is also seen as an individual's involvement, satisfaction, and enthusiasm for work (Harter et al., 2002). Engaged employees are proactive and strive for excellence in their roles. They are passionate about their work, aligned with organizational goals, and take active steps to enhance the company's reputation and performance. In contrast, disengaged employees focus solely on assigned tasks and lack commitment to organizational objectives. Actively disengaged employees pose even greater risks, as they not only underperform but may also demotivate others. Organizations with high levels of employee engagement tend to outperform those with lower engagement. Engagement bridges the concepts of job satisfaction and organizational commitment. According to Kahn, the three psychological conditions essential for engagement are meaningfulness (derived from job content), safety (related to social and organizational norms), and availability (related to resources and work demands). Employee engagement integrates elements of job satisfaction (Smith et al., 1969) and organizational commitment (Allen & Meyer, 1991), encompassing both behavioral and attitudinal dimensions. Employee engagement is a broad construct that can be categorized into three areas, each with distinct conceptualizations: proactive personality, involvement, and organizational citizenship behavior. Together, these dimensions illustrate the multi-faceted nature of engagement, capturing enthusiasm, dedication, focus, and energy at work.

Measures of employee engagement

Vigour:

Vigour, as a core dimension of employee engagement, represents a positive emotional response that arises from an employee's interaction with job tasks and the work environment. It is rooted in the idea that individuals are inherently motivated to acquire, maintain, and safeguard valued resources, particularly energetic resources such as physical strength, emotional vitality, and mental alertness. These resources enable employees to function effectively and sustain performance at work.

According to Schaufeli et al. (2002), vigour is reflected in high levels of energy, mental resilience, a strong willingness to invest effort, and persistence even when faced with challenges. It also encompasses psychological capacities such as determination, optimism about future success, and the ability to adapt and find alternative ways to achieve goals. Employees who exhibit vigour are therefore considered highly engaged, as they demonstrate sustained enthusiasm and commitment to their work.

Similarly, vigour at work can be understood as the extent to which individuals feel physically strong, emotionally energized, and cognitively active. It is a moderate but positive affective state shaped by ongoing interactions within the workplace and is closely linked to both personal and social resources. Physical strength refers to an individual's ability to carry out tasks effectively, emotional energy involves the capacity to express empathy and compassion, while cognitive liveliness reflects mental agility and the smooth flow of thoughts (Shirom, 2011). Vigour captures employees' perceptions of their available energy resources and plays a crucial role in workplace motivation. Motivation itself emerges from the combination of forces that influence the direction, intensity, and persistence of work behaviour. In this regard, vigour serves as a foundational element or precursor to employee engagement.

Dedication:

The second dimension of employee engagement is dedication, which entails a high level of involvement in one's work, marked by a sense of importance and enthusiasm, inspiration, pride, and a willingness to embrace challenges (Schaufeli et al., 2002). Dedication is reflected in motivated behaviours such as putting in substantial effort and striving to deliver one's best performance at work. Employees who are dedicated perceive their work as meaningful and demonstrate self-discipline through adherence to organizational rules, proactive problem-solving, and a willingness to go beyond formal job requirements (Van Scotter & Motowidlo, 1996). Such individuals are genuinely engaged in their roles.

Dedication can also be understood as a stable and positive emotional orientation toward work, driven by the desire to achieve personally meaningful outcomes related to professional goals and identity. According to Van Scotter and Motowidlo (1996), job dedication involves disciplined work behaviour, including compliance with rules, persistence in task execution, resilience, and initiative in addressing workplace challenges. It is commonly measured using the Utrecht Work Engagement Scale (UWES), which captures aspects such as high involvement, a sense of purpose, enthusiasm, inspiration, pride, and enjoyment of challenges. Ultimately, dedicated employees serve as valuable assets to organizations, as their commitment contributes significantly to the achievement of the organization.

Theoretical Review

This study is grounded in the assumptions of Vroom's (1964) expectancy theory. The theory explains the cognitive and psychological processes through which employees interpret and perceive organizational compensation, ultimately influencing their levels of commitment, motivation, and, in some cases, resentment. It posits that employees form expectations about the relationship between their efforts, performance, and the rewards they anticipate receiving.

According to the theory, organizational policies particularly those related to commitment and

rewards are future-oriented and shape employees' expectations, attitudes, and behaviors toward their jobs. In this context, employees are motivated by the belief that their efforts will lead to desirable outcomes that hold value for them. Expectancy theory therefore suggests that individuals make deliberate choices about their actions based on whether they expect their efforts to yield meaningful rewards. When personal and organizational goals are aligned, employees are more likely to be motivated to achieve higher levels of productivity.

Vroom (1964) further asserts that motivation determines the amount of effort an individual is willing to exert in a given task. This decision is based on a two-stage expectancy process: first, the belief that effort will lead to improved performance, and second, the belief that performance will result in specific outcomes or rewards. Thus, motivation is influenced by the expectation that a certain level of effort will achieve a desired performance level, which in turn will be recognized and rewarded by the organization.

The theory emphasizes key elements such as effort, performance, expectations, and outcomes. The interaction among these elements shapes employees' perceptions of whether their expectations have been fulfilled. When rewards are consistently linked to performance and are perceived as valuable, employees are more likely to exhibit positive work behaviors and sustained motivation.

Methodology

The study population consisted of an accessible group of 200 employees drawn from insurance firms in Rivers State, Nigeria. These firms were selected based on specific criteria, including a minimum staff strength of 20 employees and at least 25 years of operational experience. Based on these requirements, five insurance firms were deemed suitable for the study. Using the Taro Yamane formula, a sample size of 133 was determined; however, only 130 responses were analyzed due to questionnaire attrition. Data collected through the questionnaire were analyzed using Spearman's rank-order correlation coefficient, which enabled the researcher to examine the

relationship between compensation management and employee engagement.

Monetary compensation and employee engagement

			Monetary compensation	Dedication	Vigour
Spearman's rho	Monetary compensation	Correlation Coefficient	1.000	.590**	.494**
		Sig. (2-tailed)	.	.000	.000
		N	130	130	130
	Dedication	Correlation Coefficient	.590**	1.000	.477**
		Sig. (2-tailed)	.000	.	.000
		N	130	130	130
	Vigour	Correlation Coefficient	.494**	.477**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	130	130	139

** . Correlation is significant at the 0.01 level (2-tailed).

The table presents the Spearman’s rho correlation analysis examining the relationship between monetary compensation and employee engagement dimensions (dedication and vigour). The results indicate that monetary compensation has a positive and statistically significant relationship with employee engagement. Specifically, monetary compensation is moderately correlated with dedication ($\rho = 0.590, p < 0.05$), suggesting that as monetary rewards increase, employees tend to exhibit higher levels of dedication to their work. Similarly, monetary compensation shows a positive relationship with vigour ($\rho = 0.494, p < 0.05$), indicating that improved compensation is associated with increased energy, enthusiasm, and resilience among employees.

The relationship between the two dimensions of employee engagement; dedication and vigour is also positive and significant ($\rho = 0.477, p < 0.05$), implying that employees who are more dedicated are also likely to demonstrate higher vigour. All p-values (Sig. 2-tailed = 0.000) are below the 0.05 significance level, confirming that these relationships are statistically significant and not due to chance. The sample size (N = 130) adds reliability to the findings. The analysis suggests that monetary compensation plays an important role in enhancing employee engagement, particularly in improving dedication and vigour among employees.

Non-monetary compensation and employee engagement

			Non-Monetary Compensation	Dedication	Vigour
Spearman's rho	Non Monetary Compensation	Correlation Coefficient	1.000	.473**	.438**
		Sig. (2-tailed)	.	.000	.000



	N	130	130	130
Dedication	Correlation Coefficient	.473**	1.000	.477**
	Sig. (2-tailed)	.000	.	.000
	N	130	130	130
Vigour	Correlation Coefficient	.438**	.477**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	130	130	130

** . Correlation is significant at the 0.01 level (2-tailed).

The table presents the Spearman’s rho correlation analysis of the relationship between non-monetary compensation and employee engagement dimensions (dedication and vigour). The findings show that non-monetary compensation has a positive and statistically significant relationship with employee engagement. Non-monetary compensation is moderately correlated with $\rho = 0.473$, $p < 0.01$, indicating that benefits such as recognition, career development opportunities, and flexible work arrangements are associated with increased employee dedication. Non-monetary compensation demonstrates a positive relationship with vigour ($\rho = 0.438$, $p < 0.01$), suggesting that such rewards contribute to higher levels of energy, enthusiasm, and persistence among employees at work.

The relationship between dedication and vigour is also positive and significant ($\rho = 0.477$, $p < 0.01$), implying that employees who are more dedicated tend to also exhibit higher vigour. All reported p-values (Sig. 2-tailed = 0.000) are below the 0.01 significance level, confirming that these relationships are statistically significant and unlikely to have occurred by chance. The sample size (N = 130) further strengthens the reliability of the results. The analysis suggests that non-monetary compensation plays a meaningful role in enhancing employee engagement, particularly by improving both dedication and vigour among employees.

Conclusion

Based on the findings, both monetary and non-monetary compensation exhibit positive and

statistically significant relationships with employee engagement, particularly in terms of dedication and vigour. Monetary compensation shows a relatively stronger influence on employee engagement, with higher correlation coefficients for both dedication ($\rho = 0.590$) and vigour ($\rho = 0.494$), indicating that financial rewards are a key driver of employees’ commitment, energy, and willingness to invest effort in their work. Non-monetary compensation also has significant relationships with dedication ($\rho = 0.473$) and vigour ($\rho = 0.438$), suggesting that non-financial rewards such as recognition, career growth opportunities, and supportive work environments contribute substantially to enhancing employee engagement. Although the strength of these relationships is slightly lower compared to monetary compensation, they remain important factors in fostering a motivated and energetic workforce. The consistent positive and significant relationship between dedication and vigour ($\rho = 0.477$) across both analyses reinforces the interconnected nature of employee engagement dimensions.

The study concludes that a combination of both monetary and non-monetary compensation is essential for maximizing employee engagement. Organizations that strategically integrate financial incentives with non-financial rewards are more likely to cultivate a highly dedicated, energetic, and productive workforce.

Recommendation

The recommendations of this study are hinged on the facts generated and the conclusions drawn on the



relationship between compensation management and employee engagement. Consequently, the following recommendations are put forward as a means of strengthening and enhancing the engagement levels of employees in insurance firms:

- i. Organizations should always Benchmark salaries (monetary Compensation) regularly against the market and adjust for inflation and role demand. This is because employees rarely stay loyal if they feel *underpaid*, even if they like the job. Unfair pay destroys loyalty fast
- ii. Organizations should always Use clear, measurable criteria for all monetary increases , bonuses, and incentives. When employees understand *how* effort turns into rewards, they trust the system more and trust is a core driver of loyalty.
- iii. Organizations should Prioritize meaningful recognition: Organization should offer specific, timely praise tied to real contributions, Use peer-to-peer recognition, not just top-down awards. Public recognition (when appropriate) reinforces pride and belonging. Employees stay where their work is seen and appreciated.
- iv. Invest in career growth and development and Provide training, mentorship, and clear advancement paths, Support lateral moves and skill-building, not just promotions.. Employees are more loyal when they see a future with the organization.

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