EFFECT OF REMUNERATION ON BUSINESS GROWTH IN THE 21ST CENTURY: A CASE STUDY OF MANUFACTURING FIRMS IN NIGERIA

[1]Aribasoye Adetunji
[2]Ibitoye Olusola Anthony, Ph.D.
Department of Management and Entrepreneurship, [2]Department of Finance, Afe Babalola University,
Ado-Ekiti, Nigeria.

Abstract

This study investigated the effect of remuneration on business growth in the 21st Century. The study specifically examined the effect of remuneration (measured in terms of salaries and employee benefits) on asset growth and sales growth of selected quoted manufacturing firms in Nigeria. For empirical analysis, two models were formulated to capture effect of remuneration on the two measures of business growth, asset growth and sales growth. Data used for these were then extracted from annual financial reports of ten selected quoted manufacturing firms in Nigeria, and data were analyzed with correlation and panel regression (pooled OLS, fixed effect estimation and random effect estimation) analysis methods. Result of fixed effect estimation for Model 1 showed that remuneration had significant positive effect on asset growth rate of selected manufacturing firms in Nigeria. Result of random effect estimation for Model 2 also indicated that remuneration has insignificant positive effect on sales growth of selected manufacturing firms in Nigeria. Hence, the study concluded that remuneration has significant effect on business growth in manufacturing firms in Nigeria. However, it was identified that the relativity of remuneration system among firms seems to be the main factor responsible for this outcome. Therefore, this study recommended among others that government as a beneficiary to firm growth should put in place appropriate remuneration system for private sector of the economy in order to minimize the gap in payment.

Keyword: *Remuneration, Business Growth, Manufacturing Firms, 21st Century*

1.0 **Introduction**

Remuneration is one of the major concerns of business today given its two-edged sword implication on the organization. The issue of remuneration in the discourse of employees is embedded in its direct influence and indirect influence on the business firm (Nyaga, Gakobo & Njuguna, 2020). Although it may be referred as being reducing factor to the income and profit of the business firm, it is also a contributing factor to the income and profit of the firm. In a more precise way, remuneration as payment labour services tends to reduce income when paid, but when viewed as investment for acquisition of human resources (Ojeleye, 2017). Hence, most organizations need to ensure that remunerations are designed and implemented in ways that would not offset its benefit to them.

It is however important to note that remuneration plays different role in the process of contributing to business firm. Any organization need only to ensure good pay to attract the best hand in the organization, but in cases whereby remuneration is not good enough, skilled and experienced workers would be lacking, since these employees' required remuneration that can match to certain and close degree their contribution to the business (Anthony, Aroge & Andow, 2022). In other word, organization that needs just any labour may set any kind of remuneration and would still have human resources but only in most cases those with no other options who are looking for means of survival and wishes to satisfy the

psychological need (Sumayya, Tariq & Butt, 2022). In fact, there is possibility of having skilled employees in the business, but they may not stay and would rather seek other opportunities in cases whereby remunerations are not improved or meet expectation over time.

Succinctly, major argument in support of remuneration impact had been on the response of employees and given that employees still serve as the major driver of business activities and performance out of all resources available to the organization, remuneration can be a step to encourage business growth. Basically, with relatively adequate remuneration, employees may be motivated to continue serving the organization such that organization can maintain knowledge base (Kayode, Adeyinka & Abiodun, 2019). In this case, organization do not the need to face the issue of indirect knowledge transfer and to new employees, and unnecessary knowledge sharing from quitted employee to other companies, such that progress rather than retardation is experienced in business (Muchai, Makokha & Namusonge, 2018; Olasojumi, Stephen & Anthony, 2021). Good remuneration also may be one of the ways to ensure unpredictable loss of employees to other organization, and afford the organization a means to avoid break or reduction in the level of organizational activities. Proper remuneration in addition can facilitate business growth as it enhances employees' performance (Ldama & Nasiru, 2020; Gudda, Vanishree, Asokk & Bhati, 2021). It is the most basic way geared towards motivating employees and therefore may propel good attitude towards the business goals and activities such that employees' performance is enhance, and this in turn contribute to productivity, income and profit, hence capacity to finance growth.

In the business sector today in Nigeria, there are no common standard for remuneration system for employees. Employees in different organizations, most especially manufacturing sector where rate of work can be easily estimated, may play the same role, be in similar position, work the same rate, contribute the same rate, but usually do not get the same pay. With this in existence and the information Communication Technology in this 21st Century given employee access to various dimensions of information on business, it becomes difficult to make them satisfied with remuneration in the current job. In fact, in most cases the gap in payment is often large and seems to be one of the reasons why employees move from one company to another within the short period. Also, it is observed that some huge remuneration paying companies tends to reap the fruit of knowledge and experience invested by small remuneration paying companies since employees most often are attracted to the former most especially after gaining experience from different small remunerating firms. On the other hand, the growth of many manufacturing firms, in sales and asset for instance, keep fluctuating from decline to increase over the years, even in the 21st century where growth of manufacturing firms is deemed essential for economic growth and development. Therefore, it becomes interesting to examine whether remuneration has anything to do with business growth of manufacturing firms in Nigeria.

Although several studies had been conducted on relating to remuneration and business growth, most of these studies had only focused on how remuneration influences profit, profitability and other performance measures (such as employee performance and productivity), while business growth measure had not been incorporated. For instance, there were studies on impact of remuneration on employee performance (Ojeleye, 2017; Widiastutik, Rahayu & Juwita, 2022; Alwaki, 2018), effect of compensation and training on organizational performance/employee performance (Sumayya, Tariq & Butt, 2022; Desmil & Heryato, 2019), effect of employee remuneration on performance (Ogunyemi, Adewole & Akinde, 2019) among others. Also, it is observed in this study that most of the studies were based on primary data analysis and the few that used secondary data did not consider the heterogeneity of the firms incorporated to their study. Hence, this study attempt to examine the effect of remuneration on business growth of manufacturing firms in Nigeria. Based on this, the specific objectives are to: (i) examine the effect of

remuneration on asset growth of quoted manufacturing firms in Nigeria, and (ii) investigate the effect of remuneration on sales growth of quoted manufacturing firms in Nigeria

1. Literature Review

Remuneration

Remuneration is everything that a person receives in exchange for giving their time, effort, and thought to the company. (Kayode, Adeyinka and Abiodun 2019) stated that pay or a reward provided to someone for job completed is referred to as remuneration. He went on to list additional indicators of remuneration, such as base salary, wages, health plans, pension plans, transportation expenses, overtime pay, and responsibility allowances. As payment for services done, dedication to the company, or as a reward for employment, the employer (firm) may accumulate or grant benefits to an individual employee or group of employees in the form of salaries, wages, bonuses, incentives, allowances, and benefits. The method in which employees are being rewarded and compensated for their work and services that they offer to a company or an organization can greatly influence their productivity and efficiency in doing their work. It is basically the attraction that makes the employees to perform their job efficiently and effectively. Their work performance and productivity is being boosted by their salaries which also makes the amount and method of remuneration to be very important. In most organizations, effective remuneration has been found to contribute significantly to the development of the organization (Muchai, Makokha and Namusonge 2018).

Business Growth

In every part of life, growth is an essential component. Determining an activity's growth rate is not difficult, although in some cases it is. A growth level can be classified into a variety of categories, including mental increase, work-related increase, physical increase, sporting, intellectual increase, business increase, and more. Every discipline has its own definition of growth, but generally speaking, growth is defined as the increase in measurable outcome of an activity or the successful application of certain actionable plans that causes an increase to accomplish an end result. The business growth through time of a company is defined as the increase between the start of a specified period in business and the target point in terms of capacity, activities, organization, space and time, profitability, etc. (Sumayya, Tariq, and Butt 2022) The phrase "business growth" is essential for defining how a company uses all of its resources—financial, material, and human—smartly to achieve its stated organizational goal of rising or expanding its profit maximization. How well a business can utilize its resources to drive increase is another way to describe its growth. Business growth is the efficacy and efficiency with which managers of organizations employ available resources to achieve predefined goals which could be expansion, diversification and more-goals for which managers are responsible (Muchai, Makokha and Namusonge 2018).

The idea of business growth explains the capacity to earn an increased income and to experience an income rise from all of an organization's commercial activities. It demonstrates how efficiently a business uses its resources to multiply and therefore achieve its set profit goals. Ultimately, the primary objective of every corporate endeavor must be financial success; else, long-term viability may be a mirage. The two terms that make up the idea of a firm growing are profit and expansion. While "profit" refers to the outcome of a series of actions that use the available resources, "expansion" refers to the increase in number of workers, volume, scope, production and so o of an organization for more profit generation

(Olasojumi, Stephen and Anthony 2021). Sumayya, Tariq, and Butt (2022) claim that the surplus left over from business operations after expenses are subtracted from sales over the years is regarded as the business's growth of the organization over time. It is quite challenging and ambiguous to evaluate the absolute values of profit since there are variances in the size of the investment or volume of sales, between enterprises or historically. By connecting profit figures to either sales volume or investment level, these problems can be resolved. As a result, a quantifiable link is created, expressed as a ratio or a percentage. These ratios are known as financial performance ratios. Since profit and its relationship to other factors that can directly affect profit can be assessed, it is possible to think of a business' success as a relative concept.

Remuneration and Business Growth

One goal of providing compensation is essentially to motivate and appreciate each person so they can compete in a healthy way to deliver the best performance possible to better achieve goals and improve the organization's reputation in the eyes of society. Thus, this compensation "payroll" system plays a significant role in inspiring people to deliver excellent performance and achieve the organization's goals. This is pertinent to the findings of the (Anggraini, Muchtar and Masdupi, 2018) study, which show that remuneration has a favorable and significant impact on employee performance. The findings of (Anggraini, Muchtar and Masdupi 2018) study further indicate that employee performance is somewhat positively influenced by the remuneration variable. (Muchai, Makokha and Namusonge 2018) study shown that remuneration has a significant and adverse impact on the performance of AR supervision. Balogun and Omotoye (2020) also conducted research on the performance of manufacturing company employees, demonstrating how the independent variables of pay, motivation, and job satisfaction all had an impact on that performance. Yet, it has not been conclusively shown that the remuneration variable has a major impact on worker performance. (Gudda, Vanishree, Asokk, and Bhati, 2021) assert that remuneration has a considerable and favorable impact on performance. Also, the results of a study by (Ldama & Nasiru 2020) support the notion that remuneration has a big impact on employee performance. Motivation is one of the objectives of remuneration. A boss will find it easier to inspire his staff if remuneration is relatively generous. Workplace motivation is essential for influencing and guiding employees or workers so they may perform their specific tasks with full awareness, enthusiasm, and responsibility. An employee will be motivated to improve his performance if he believes that the reward or remuneration offered by the agency is on track with what he had anticipated. He also states that remuneration has a positive and significant effect on business growth (Anggraini, Muchtar and Masdupi, 2018).

Theoretical Review

Equity Theory

Equity theory was developed by John Stacey Adams in 1963. The theory is based on the ideology that employees would prefer to have fair ratio between their input and output. That is fair ratio between contribution to the organization (labour service) and the remuneration paid by the organization relative to others (Ojeleye, 2017). The theory therefore emphasized that when employees perceived that ratio is comparatively similar to that of others in another companies, they may be satisfied and motivated to work and continue working with the organization in such ways that enhance the progress of the business. The theory also employees weigh time, loyalty, effort, flexibility, skills and personal sacrifice contributed to the organization relative to salary increment, job security, employee benefits, career growth and

appreciation as the outcomes most employees expected from the organization. This indicates that if employees found that there are other organizations fairly enough in meeting the expectation relative to their contribution, they may be pulled into such organization and pushed out of the current organization. The theory in addition recognized that unfair remuneration may lead to employees reducing the level of contribution to the organization in order to reduce maintain fairness, which may affect organization. Hence, the theory clearly showed that equity in pay structure of employee remuneration determines stay and retainment, productivity as well as turnover, with the tendency of influencing business growth.

Agency Theory

Agency theory was developed by Jensesn and Meckling in 1976 (). The theory recognized that there is conflict of interest between the agents (employees) and the owners (employers) which may affect the achievement of organizational. This is based on the assumption of separation of ownership and control in which owners delegate control authority over all resources to the employer for a pay, and that rational behaviour of the two parties. The theory recognized the pay offered to employees as the agency cost, with the role of motivating the employees to act in the interest of the employers towards enhancing organizational goals. However, the employees would prefer high agency cost whereas the employers would wish to minimize agency cost for the overall cost minimization. But in cases whereby agency cost is small and does not meet the expectation of employees there may be the reduction in their contribution and these employees may work against the achievement of the owners' interest, among which may be the pursuit of growth. Hence, remuneration is seen in this theory as the basic balancing factor in the relationship between employees and employers for achieving business growth

Empirical Review

Nyaga, Gakobo and Njuguna (2020) analyzed the impact remuneration on employee job satisfaction has on Kenya's public service commission. The study employed a sample of 132 respondents and the study was analyzed using the Linear Regression model. The result of the study showed that the employee job satisfaction at the Kenya's Public Service Commission is significantly affected by the remuneration. Therefore, the study recommended that to boost employee satisfaction and increase performance of the public workers, the public service commission should increase employee wages and improve the financial and non-financial compensation. Anggraini, Muchtar and Masdupi, (2018) investigated the influence of remuneration, work motivation and organizational commitment to job performance. The data was analyzed using explanatory method. The result of the study showed that remuneration has a huge impact on job performance, remuneration has a huge impact on organizational commitment, remuneration has a huge impact on work motivation, organizational commitment has a huge impact on job performance and work motivation has a huge impact on job performance.

Muchai, Makokha and Namusonge (2018) analyzed the impact of the remuneration system on the Organizational Performance of Kenya teachers service commission. The data used a sample size of 316 respondents and data was analyzed using the Multiple Linear Regression model. The result of the study showed that the impact the remuneration process had on the employee was employee turnover and the employee turnover has a positive significant impact on the organization performance. Therefore, the study recommended that the employee remuneration process and reward should be increased by the organization management. Landry, Papachristopoulos, Hsu and Chen (2022) examined the effect of using self-determination theory for improving leveraged monetary rewards in the 21st century workplace. The data was analyzed using the discursive method. The result of the study showed that employers need to

carefully study and understand employees' attributes, so in other to satisfy the employees' psychological needs and to eliminate the negative outcome of too much focusing on monetary rewards, employer needs to consider alternative forms of rewards and provide communication training for the employees.

Alwaki (2018) organized a Study of the Effects of Pay on Employee Attitude and Performance in Organizations. The data employed a sample size of 200 respondents and the data was analyzed using descriptive statistics. The result of the study showed that remuneration has a substantial impact on employees' attitudes, which in turn affect their performance, in industrial businesses. As a result, remuneration significantly affects employees' performance through changing their attitudes toward their work. Balogun and Omotoye (2020) analyzed the remuneration and performance of employees at global communication Limited, Lagos, Nigeria. The data employed a sample size of 120 respondents and was analyzed using Statistical Packages for Social Sciences (SPSS) version 20.0. the result of the study showed that there is a substantial association between Global Communications Limited's remuneration package and employee performance, as well as a significant issue influencing both the remuneration policy and employee performance. Therefore, the study recommended that businesses like Global Communication Limited should implement more work-related remuneration and incentive systems to inspire their workforce. With more options for employees to advance in their careers and fulfill their psychological and basic requirements, this design will enhance job performance.

Olasojumi, Stephen and Anthony (2021) analyzed the impact of remuneration on productivity in a few chosen firms in Benin City, Edo State, Nigeria. The data employed the sample size of 80 respondents and was analyzed using correlation and regression analysis. The result of the study showed that among the chosen firms in Benin City, remuneration is substantially correlated with employee performance. Similar to financial prizes, non-financial rewards in the chosen organizations in Benin City, Edo State, tested and proven significant to employee performance. Therefore, the study recommended that adequate or what might be considered equitable monetary rewards be given in order to improve employee performance, different categories of monetary rewards be introduced by the organization to encourage its employees to perform better, and also a series of non-monetary rewards to employees be introduced and implemented in order to encourage employees to higher performance. Gudda, Vanishree, Asokk and Bhati (2021) assessed the impact of remuneration on employee performance in the private sector. The data used a sample size of 125 respondents. The data was analyzed using the Pie chart analysis. The result of the study showed that the effective rewards program raises employee performance and job happiness, which boosts corporate production. Despite the advantages, each customer needs its own, which is still a crucial motivating factor and attracts new employees to the company.

Widyastutie (2019) investigated the impact of remuneration, work mutation and career development towards employee performance in Kpp Pratama Sidoarjo Selatan. The data employed a sample size of 82 respondents and data was analyzed using SPSS software. The result of the study showed that remuneration significantly affects KPP Pratama Sidoarjo Selatan employee performance and the performance of KPP Pratama Sidoarjo Selatan employees is not significantly impacted by career development. Ldama and Nasiru (2020) analyzed the effect of salary increase on employee performance. The study employed a sample size of 269 respondents and the data was analyzed using the percentage analysis. The result of the study showed that at Adamawa State University, Mubi, wage increases had a considerable impact on employee productivity, teamwork, and creativity; staff are highly capable of coming up with new ideas if given high salaries. The study hereby recommended that the management of Adamawa State University, Mubi to take into account motivating their employees through the introduction of a new salary scheme; providing high salaries will aid employees in coming up with

innovative ways to carry out their duties. Also, staff should have enough freedom to decide how best to carry out their duties.

Murey (2007) conducted an investigation on how pay affects employees' motivation and performance. The data used a sample size of 41 respondents and the data was analyzed using Statistical Package for Social Science (SPSS version 11.0). The result of the study showed that respondents concur that employee motivation is boosted by salary. Alex (2011) investigated the effect of pay on workers' performance in Juba, Southern Sudan. The data used a sample size of 24 respondents and data was analyzed using percentages, tables of frequencies and graphs and pie charts modules. The result of the study showed that the impact of pay on employees' performance, and data analysis revealed that pay is one of the main motivators for employment for most people. Therefore, the study recommended that more research be done on non-monetary means of motivation to determine whether its influence on employees' performance is greater than the monetary, which involves giving employees more financial rewards, so that managers can determine which of the two has more influence on employees' performance in the workplace.

Onyekwelu, Dike and Muogbo (2017) assessed the use of compensation to boost employee performance in Nigeria. The data employed a sample size of 200 respondents and the data was analyzed using the Correlation analysis. The result of the study showed that workers performance in an organization can be significantly increased with the use of remuneration. Therefore, the study recommended that organizations should adopt the use of the right remuneration tool that would meet the psychological need of their workers.

Calvin (2017) analyzed the effect of remuneration on workers' performance. The data employed a sample size of 83 respondents and was analyzed using Pearson correlation and multiple regression model. The result of the study showed that compensation and performance have a strong and positive link, and that wages, bonuses, and incentives in addition to salaries can motivate workers. Therefore, the study recommended prompt payment of salaries, wages, and all other rights, as well as encouraging employee involvement in pay determination. Anthony, Aroge and Andow (2020) examined the impact of remuneration on the attitude of the employee’s work. The data used a sample size of 830 respondents and data was analyzed using the Pearson Chi-Square Test Statistic. The result of the study showed that workers' attitudes toward their jobs improve and they become more devoted to their work when wages and salaries are paid promptly and sufficiently. The study also showed that incentives and bonuses had a positive and significant impact on employees' attitudes toward their jobs at Bingham University.

Sumayya, Tariq and Butt (2022) investigated the mediating role of employee performance during covid in the relationship between pay and training on organizational performance. The data used a sample size of 149 respondents. The data was analyzed using regression model. The result of the study showed that employee remuneration, whether financial or non-financial, is crucial for keeping employees' self-confidence, lowering staff turnover, and inspiring them to work hard for the company.

Kayode, Adeyinka and Abiodun (2019) analyzed the employees’ remuneration and performance in Nigerian Breweries PLC. The data employed a sample size of 120 respondents, the data was analyzed using Pearson Product Moment Correlation coefficient. The result of the study showed that a compensation package that includes overtime and regular payments boosts morale and strengthens team ties. Therefore, the study recommended that the company keep offering security benefits to every employee because doing so will increase worker productivity and overall performance across all

industries. Tamsah, Farida, Ybnu, Yusriadi, Nasirin and Kurniawan (2021) assessed the effects of remuneration and career development on employee performance and work commitment. The study employed a sample size of 87 respondents and the data was analyzed using Partial Least Square (PLS) technique. The result of the study showed that work commitment has a beneficial and important influence on employees' performance, so the higher the commitment, the better the performance.

Widiastutik, Rahayu and Himmiyatul (2022) examined the employee performance and the impact of compensation and job rotation, with work satisfaction serving as a mediator. The data used a sample size of 95 respondents and the data was analyzed using SEM (Structural Equation Modeling) PLS. The result of the study showed that whereas the job rotation variable had a favorable and significant impact on employee performance, the salary variable had no such impact. The study's findings also indicate that the variable work satisfaction, which functions as a mediating variable, might affect the variable job rotation in a way that improves employee performance. Wilfred, Elijah and Muturi (2014) investigated the compensation's impact on workers' performance at the ministry of internal security. The data used a sample size of 107 respondents and the data was analyzed using analysis of variance (ANOVA) and bar chart. The result of the study showed that effective compensation, especially the compensation package, will draw in, keep, and inspire personnel who are familiar with the inner workings of the company. This makes it possible for the company to compete at a far higher level than it does now. Putra and Heryanto (2019) assessed effect of compensation, and training on work discipline and its impact on employee performance of the regional research and development planning agency in Dharmasraya Regency. The data used a sample size of 22 respondents and data was analyzed using linear regression analysis, t test, f test, determination coefficient, and path analysis using the SPSS program. The result of the study showed that the discipline of employees of BAPPEDA in Dharmasraya Regency would be improved by Compensation and Training.

3.0 Research Methods

Model Specification

This study adapted the model of Sumayya, Tariq and Butt (2022) wherein performance as a function of compensation and training. However, this study modified the model by using asset growth rate and income growth rate as dependent variable in order to capture business growth instead of performance and also used remuneration instead of compensation as explanatory variable while leverage and firm age were taken as control variable. Therefore, the model for this study is specified as thus:

$$AGR_{it} = \propto_0 + \propto_1 REM_{it} + \propto_2 FA_{it} + \propto_3 LEV + u - - - - - - - - - - - - - - (i)$$
$$SGR_{it} = \propto_0 + \propto_1 REM_{it} + \propto_2 FA_{it} + \propto_3 FLEV + u - - - - - - - - - - - - - (ii)$$

Where: AGR= asset growth rate proxied by percentage change in total assets
SGR= sales growth rate measured as percentage change in turnover
REM=remuneration, measured as combination of salaries/wages and employee benefits
FA= firm Age, measured by years of establishment
LEV= leverage, proxied by ratio of total debt to total equity
u= error term,
$\propto_0$= intercept,
$\propto_1 \ldots\ldots \propto_3$= parameters of the explanatory variables.

Source of Data

Data for this study are generated from secondary sources. The data were extracted from annual financial reports of 10 selected quoted manufacturing firms in Nigeria over twelve years period spanning from 2013 to 2022

Data Analysis

This study employed correlation and regression analysis method. In order to ensure integration of heterogeneity of firms in the analysis process, this study engaged panel regression procedure which entails Pooled OLS estimation, Fixed effect estimation, random effect estimation as well as Hausman test with other post estimation tests.

4.0 Result and Analysis

This section entails presentation, interpretation and discussion of result generated from data collected through method of analysis stated earlier. Specifically, results are first presented and interpreted, after then, discussion of findings.

Presentation and Interpretation of Results

The result of correlation analysis and regression analysis are presented and interpreted in the tables below. Specifically, the correlation analysis result is depicted in Table 1, while panel regression estimation results are presented in Table 2 and Table 3 for Model 1 and Model 2 of this study respectively.

Table 1: *Correlation Matrix*

	AGR	SGR	REM	FA	LEV
AGR	1				
SGR	0.4100	1			
REM	0.0829	0.0867	1		
FA	-0.424	-0.015	0.0146	1	
LEV	-0.0211	-0.1265	-0.2830	-0.3842	1

Source: Authors' Computation (2023)

Result in Table 1 present matrix of correlation coefficients between pairs of variables engaged in the study. The result showed that asset growth rate and sales growth rate are positively related with remunerations, but negatively associated with firm age and leverage. This implies that asset growth rate and sales growth rate move in same direction with remuneration, but in different direction relative to firm age and leverage. Result also revealed relatively weak relationship among the pairs of remuneration, firm age and leverage which indicated that there is possibility of the absence of multicollinearity among the explanatory variables in the models of this study.

Table 2: *Panel Estimation Result (Model 1)*

Coefficient	Pooled	Prob	Fixed	Prob	Random	Prob
C	3.409714	0.098	30.67289	0.001*	5.238002	0.071
REM	-.0270742	0.806	.6265801	0.034*	.0243103	0.801
AGE	-.742935	0.147	-8.812832	0.001*	-1.22242	0.077
LEV	-.1906845	0.036*	-.4194418	0.022*	-.1936044	0.074
	R-square= 0.5908 F-statistics= 2.91 Prob(F-stat) = 0.0384		R-square= 0.6413 F-statistics= 4.64 Prob(F-stat) = 0.0000		R-square= 0.6848 Wald-chi2(5) = 24.19 Prob>chi2 = 0.0000	
	Restricted F-test= 4.93 (p < 0.05)					
			Hauman Test = 11.48 (P= 0.0094< 0.05)			

Wald test= 1.2865*(p*= 0.3122*; Wooldridge test=1.4753(p=0.3454)*

NOTE: ** connote significance at 5% level of significance.*

Source: *Authors' Computation, (2023)*

Table 2 results of estimations of the effect of remuneration on asset growth rate of selected firms using pooled OLS, fixed effect and random techniques alongside restricted F-test and the Hausman test. Evaluating the result for consistency and efficiency it was established that the most consistent and efficient estimation result is the fixed effect estimation, as such the discussion of for the study is based on fixed effect estimation result. As presented in Table 2, coefficient and probability stood at .6265801 and 0.034 ($p > 0.5$) for REM which indicated that asset grow by about 0.62% whenever there is 1% increase in remuneration and is statistically significant, hence, remuneration has significant positive effect on asset growth of the selected quoted firms. Result also showed that firm age and leverage have significant negative effect on asset growth of selected quoted firms in Nigeria. Reported R-square statistics of 0.6413 also revealed that about 64.13% systematic variation in asset growth rate of the selected quoted firms can be explained by variation in remuneration including firm age and leverage when firm heterogeneity is incorporated as intercept term in the model. Result presented in Table 2 depicted that there is enough evidence to reject null hypothesis on panel homoscedasticity, and null hypothesis of no AR (1) panel autocorrelation, given the reported probability statistics of $0.3122 > 0.5$ for Wald test, and $0.3454 > 0.05$ for Wooldridge test. Hence, it is established that assumptions of equal variance of residual terms and absence of serial autocorrelation for the estimated panel-based model is valid.

Table 3: *Panel Estimation Result (Model 2)*

Coefficient	Pooled	Prob	Fixed	Prob	Random	Prob
C	5.082121	0.003*	26.11813	0.001*	7.142609	0.001*
REM	.0765676	0.557	.1490313	0.666	.0358275	0.791
AGE	-1.715976	0.005*	-6.999587	0.004*	-1.644472	0.001*
LEV	-.1470457	0.088	-.0819931	0.750	-.0806485	0.492
	R-square= 0.5886 F-statistics= 4.90 Prob(F-stat) = 0.0033		R-square= 0.7191 F-statistics= 6.33 Prob(F-stat) =0.0000		R-square= 0.6807 Wald chi2(5) = 16.74 Prob> chi2 = 0.0008	
	Restricted F-test= 7.18 (p < 0.05)					
			Hauman Test = 5.54 (P= 0.1362 > 0.05)			

Wald test= 3.3465(p= 0.0678); Wooldridge test=1.6768(p=0.5446)
NOTE: ** connote significance at 5% level of significance.*
Source: *Authors' Computation, (2023)*

Result in Table 3 shows estimations of the effect of remuneration on sales growth rate of selected firms using pooled OLS, fixed effect and random techniques alongside restricted F-test and the Hausman test. Evaluating the result for consistency and efficiency it was established that the most consistent and efficient estimation result is the random effect estimation, as such the discussion of for the study is based on random effect estimation result. As presented in Table 3, coefficient and probability stood at .0358275 and 0.791 (p > 0.5) for REM which indicated that asset grow at the rate of 0.035% whenever there is 1% increase in remuneration but not statistically significant, hence, remuneration has insignificant positive effect on sales growth rate of the selected quoted firms. Result also showed that firm age and leverage have insignificant negative effect on sales growth rate of selected quoted firms in Nigeria. Reported R-square statistics of 0.6807 also revealed that about 68.07% systematic variation in sales growth rate of the selected quoted firms can be explained by variation in remuneration including firm age and leverage when firm heterogeneity is incorporated as error term in the model. Result presented in Table 3 in addition depicted that there is enough evidence to reject null hypothesis on panel homoscedasticity, and null hypothesis of no AR (1) panel autocorrelation, given the reported probability statistics of 0.0678 > 0.5 for Wald test, and 0.5446 > 0.05 for Wooldridge test. Hence, it is established that assumptions of equal variance of residual terms and absence of serial autocorrelation for the estimated panel-based model is valid.

Discussion of Findings

Result revealed that remuneration has significant effect on asset growth rate of selected firms, although there is tendency for asset growth rate to increase when firms increase the level of remuneration. This result indicates that increase in remuneration can stand as a means of enlarging the asset base of the business, since it may relatively attract diverse skilled employees with experiences into the business firms. Also, the existing employees may likely continue with the business in the case of increase in remuneration. The possible attraction and retainment of employees would require the manufacturing firms to increase production base, hence, the growth in asset of these manufacturing firms. This is in line with the findings of Muchai, Makokha, Namusonge (2018), Widyastutie, (2019), Sumayya, Tariq and Butt (2022) (2022) among others.

Result also revealed that remuneration has no significant effect on sales growth, even though, there seems to be positive effect of the former on the later. Basically, since remuneration tends to be rigid, increase in remuneration would be the only way of changes in remuneration, but the effect could be because employees may be indifferent in their contribution to the business growth. This could be because irrespective of the increase in remuneration in an organization, there is still relatively high remuneration elsewhere since there is no standard system of payment even in this 21st Century of Information Communication Technology which enhances access to diverse information on business across the nation. Apart from this, there are also employees that still feels they are yet to be paid to the level of their contribution despite increase in remuneration such that it would not make them to respond to the changes through better performance. This in turn may propel lack of additional contribution and commitment such that remuneration may not impact job performance, hence, the insignificance to firm growth. However, it is important to note that the findings of this study disagree with the submission of most previous literatures such as Nyaga, *et. al,* (2020), Anggraini, *et, al,* (2018), Muchai, *et, al.* (2018), Widyastutie,

(2019), Sumayya *et*, *al* (2022) among others. Although, these studies were not specifically on growth, it was identified that remuneration contributes to employees' performance, organization performance and job, despite the fact that these studies differ in context and methodology.

5.0 Conclusion and Recommendations

In line with the findings of this study, it is concluded that remuneration is capable of ensuring business growth of manufacturing firms in Nigeria from every dimension, but the ability seems to be limited by the lack of standard remuneration system in private sector in Nigeria. Therefore, this study recommended that government as a beneficiary to business growth should put in place appropriate remuneration system for private sector of the economy in order to minimize the gap in payment. This is expected to induce high level of commitment to manufacturing firm productivity and performance with good implication on firm growth. Also, it is recommended that manufacturing firms should make sure to initiate regular remuneration increment in order to attract skilled and experienced employee capable of facilitating their growth. In addition, it is recommended that manufacturing firms should ensure that remunerations are designed in manner that is not only in close proximity with those elsewhere, but also commensurate with the contribution of employees in the organization. Lastly, manufacturing firms should make sure to consider other factors that would enhance employees' contribution to growth other than remuneration, in order to be able to achieve business growth. As such, this study suggested that influence of non-financial employee benefit measures on business growth may be investigated in future research.

REFERENCES

Alex P. M. (2011). The impact of remuneration on employees' performance in juba southern Sudan. 1-50

Alwaki, M. N. (2018). An Evaluation of the Impact of Remuneration on Employee Attitude and Performance in Organizations. *International Journal of Academic Research in Business and Social Sciences*, 8(7), 410–420.

Anggraini D., Muchtar B. & Masdupi E. (2018). Effect of remuneration, work motivation and organizational commitment to job performance. *Advances in Economics, Business and Management Research,* 64, 691-699.

Anthony E. G., Aroge P. A. & Andow H. (2020). Effect of remuneration on employees' attitude to work in Bingham University. *Bingham University Journal of Business Administration (BUJBA)*, 133-152.

Balogun A. and Omotoye O. (2020). Remuneration and employee performance in Global Communication Limited, Lagos Nigeria. *IOSR Journal of Business and Management (IOSR-JBM),* 22(2), 15-21.

Calvin O. Y. (2017). The impact of remuneration on employees' performance (a study of Abdul Gusau Polytechnic, Talata-Mafara and State College of Education Maru, Zamfara State). *Arabian Journal of Business and Management Review (Nigerian Chapter),* 4(2), 34-43.

Gudda A., Vanishree C.T., Asokk D. & Bhati P. (2021). The effect of remuneration on the accomplishment of employee on the private sector. *European Journal of Molecular & Clinical Medicine,* 8(1), 1185-1199.

Kayode O. J., Adeyinka A. J. & Abiodun A. J. (2019). Employees' remuneration and performance in Nigerian Breweries PLC. *International Journal of Business and Management Future,* 3(1), 1-18

Landry A. T., Papachristopoulos K., Hsu Y & Chen Y. (2022). Better leveraging monetary rewards in the 21st century workplace using Self-Determination Theory. *International Journal of Business Science & Applied Management (IJBSAM),* 17(1), 67-80.

Ldama J. & Nasiru M. (2020). Salary Increase and its impacts on employee performance in Adamawa State University, Mubi. *International journal for innovative research in multidisciplinary field,* 6(8),

Muchai H. W., Makokha E. N. & Namusonge G. (2018). Effects of remuneration system on organizational performance of teachers service commission, Kenya. *European Journal of Business and Management,* 10(11), 132-141

Murey J. K. (2007). An investigation on the effect of remuneration on motivation and performance of employees

Nyaga J. W., Gakobo T. W. & Njuguna P. M. (2020). Effect of remuneration on employee job satisfaction at the public service commission in Kenya. *Developing Country Studies,* 10(10), 58-64.

Ojeleye, Y.C. (2017). The impact of remuneration on employees' performance (a study of Abdul Gusau Polytechnic, Talata-Mafara and State College of Education Maru, Zamfara state). *Arabian Journal of Business and Management Review, 4*(2), 34-43

Olasojumi A. W., Stephen O. P. & Anthony E. (2021). The effect of employee remuneration on workers performance in some selected organizations in Benin city, Edo state, Nigeria. *Academic Journal of Current Research,* 8(4), 14-22.

Onyekwelu R.U., Dike E.E. & Muogbo U.S. (2017). Remuneration as a tool for increasing Employee Performance in Nigerian. 5782-5789.

Putra, D., & Heryanto. (2019). Effect of compensation, and training on work discipline and its impact on employee performance of the regional research and development planning agency in Dharmasraya regency. *Archives of Business Research.* 7(8), 66-75

Sumayya U., Tariq S. & Butt A. (2022). The impact of compensation and training on organizational performance: the mediating role of employee performance during covid. *Reviews of Management Sciences,* 4(1), 155-167.

Tamsah H., Farida U., Ybnu M., Yusriadi Y., Nasirin C. & Kurniawan R. (2021). Effect of career development and compensation on work commitment and its impact on employee performance. *IEOM Society International,* 7224-7231.

Widiastutik N., Rahayu M. & Himmiyatul A. J. (2022). Effect of remuneration and job rotation on employee performance with job satisfaction as a mediation variable. *Research in Business & Social Science,* 11(6), 175-183

Widyastutie W. (2019). The impact of remuneration, work mutation and career development towards employee performance in Kpp Pratama Sidoarjo Selatan. *International Journal of Innovative Technology and Exploring Engineering (IJITEE),* 8(7), 127-132.

Wilfred O. N., Elijah C. M. & Muturi W. (2014). Effect of remuneration on employees performance in the ministry of internal security: a case of Kisii County. *International Journal of Human Resource Studies,* 4(1), 223-231.