

**INFLUENCE OF SALARIES AND WAGES CONSEQUENTIAL ADJUSTMENT ON  
BUSINESS EDUCATORS' PRODUCTIVITY IN FORMAL ORGANIZATIONS**

**BY**

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**Abstract**

*This study investigated the influence of consequential wage adjustment on business educators' productivity and efficiency in formal organizations. It made use of survey design because of the large sample population involved. The instrument used for data collection is a questionnaire of 15 structured items adopting a four likert rating scale. The sample population for the study was 300 business educators who were randomly selected from the three senatorial districts of Ogun State. The research questions were answered through descriptive statistics of frequency count, and mean. The study discovered that business educators will perform optimally if they are happy with their consequential adjusted earnings and that neglect of business educators' consequential wage adjustment will have some negative impacts on their productivity and successful attainment of organizational goal for overall national development. The study concluded that all hands must be on deck to ensure that consequential wage adjustment is handled with all seriousness by all stakeholders so that organizational goal attainment that will translate to national development can be jointly achieved. The study among others recommended that Government should ensure that consequential wage adjustment policies are strictly adhered to by all employers of labour so that labour crisis can always be checkmated in formal organizations.*

**Keywords:** Influence, Consequential Adjustment, Formal Organization, Productivity and Business Educators

**Introduction**

One of the purposes of someone becoming an employee is to earn commensurate income in form of wages and salaries. Wages earned by employees can help to provide their basic necessities such as food, clothing and shelter. However, implementing a fixed required and statutory amount as salaries and wages for employees and their consequential adjustment as required by Nigerian salaries and wages Commission is contingent upon the financial viability of formal organizations. This is important so that the statutory minimum wage to be paid to employees' and its consequential adjustment can be conveniently generated, paid and sustained. Esien (2020) opined that business educators who are gainfully employed are economic beings who attach importance to commensurate paid income and whose productivity and job-performance might be influenced by their salaries and wages and its economic consequential adjustment. According to Gideon (2022), in the past, wages and salaries differ from one another. In this regard, salaries mean a fixed annual amount paid on monthly basis to workers while wages are weekly payments usually made in cash that fluctuated in value. It includes overtime, bonuses, and piecework rates. But today, the two terms are used interchangeably with no difference attached.

According to Olatunde (2023), salaries and wages are stimuli that cause spontaneous reactions of business educators and other categories of workers to put in their best at work so as to enable formal organizations attain their overall economic objectives or be intentionally less productive as a way of showing their grievances and dis-satisfaction about their income. The author added that commensurate income and its regular payment stands as basis for workers' optimal performance in some cases. Babatope (2021) stated that business educators are human capital who are inclined with financial compensation for human capital input. Therefore, wages and salaries paid to them must not be stagnant for too long but be subjected to consequential adjustment from time to time in accordance with the salaries and wages commission regulations. This will however improve business educators' economic

and purchasing power and motivate them for effective and efficient task performance. In agreeing with this, Oyeleye (2023) submitted that since the economy is not static, but changes from time to time, in terms of values of the nation's Gross Domestic Product, National Domestic Product and Per Capital Income, all which are economic indices, there is need for employers of labour to constantly get involved in upward reviewed of workers' wages. The author further mentioned that optimal performance of business educators if commensurately enumerated will boost the nation's economic index and become a good omen for national economic growth and development.

This portion of the study reviewed some literature related to the investigated subject matter. In view of this, Maxwell (2024) opined that optimum performance of employees in some cases depends largely upon their commensurate earnings. The author added that when the input of employees corresponds with the value of income they earn, it will serve as a motivational factor that will drive them to continuing putting in their best for organizational increased and improved productivity in the areas of judicious use of production time, effective allocation of resources and materials for profit maximization and easy attainment of organization goals. In view of the foregoing, Joel (2023) submitted that in as much as employees' wage adjustment is statutorily required, however, its neglect might therefore have some consequences on workers' input and successful attainment of organizational overall objectives. Such consequences as identified by the author include demotivation, high rate of labour turnover, material and production time wastages, concealing of production and distribution vital information by employees and disloyalty of workers, all which that can translate to wastages. It is worthwhile to note that salaries and wages consequential adjustment is a welcome development to every worker but in as much as workers perceived it good, there could be a member of economic problems that may prevent its successful implementation. In this regard, Oyeleye (2023) submitted that workers' salaries and wages consequential adjustment or upward review if not properly planned for, can face a number of challenges at the implementation stage. The author said that problems such as organizational low level of revenue generation, arbitrary increase in corporate tax or multiple taxation, non-compliance of organization with technological and ecological policies for organization goal attainment, and economic crisis resulting from high rate of inflation and foreign exchange can militate against result-oriented business educators' consequential wage adjustment.

Akinlabi (2023) affirmed that wage adjustment is a periodical upward review of workers income in accordance with changes in economy. Observation shows that Nigerian economy over the years has been so harsh and unfavorable to fixed income earners to the extent that the value of their income is being eroded by the nation's inflationary trends. The author added that if business educators' income is left unreviewed, their purchasing ability would definitely become low and interest to put in their best in production and service delivery will certainly be in jeopardy. It is upon this premise that the study was aiming at investigating an interplay between business educators' salaries and wages consequential adjustment and its influence on business educators' efficiency and productivity in formal organizations.

### **Statement of the problem**

It is a reality that every well-paid business educator would want to reciprocate good payment with best performance in order to enhance high productivity. This however implies that if business educators are not commensurately paid and their salaries and wages are not statutorily adjusted, problems such as demotivation, high rate of labour turnover, incessant work to rule, workers' strike, workers' protests, human capital brain-drain, employees' negligence and high level of indiscipline would be the order of the day. However, existence of these problems may have a lot of negative impacts on formal organizations' operational activities and attainment of their overall objectives. This study was however conducted to find solutions to these identified problems

### **Purpose of the Study**

The main purpose of this study was to examine the influence of salaries and wages consequential adjustment on business educators' productivity in formal organizations. Specifically, the study was conducted to:

1. Examine the perceived influence that consequential adjustment of salaries and wages might have on business educators' productivity.

2. Examine perceived economic consequences that non-adjustment of business educators’ salaries and wages might have on formal organizations’ activities and their goals attainment.

**Research Questions**

The following research questions were raised to guide the conduct of the study;

1. To what extent would salaries and wages consequential adjustment influence efficiency and productivity of business educators?
2. What are the perceived consequences non-adjustment of salaries and wages would have on business educators’ productivity?

**Methodology**

The research design adopted for the conduct of this study is a descriptive survey design, while the target population for the study consisted of all business educators working in formal organizations in the three Senatorial Districts of Ogun State. Hence, because business educators in these three senatorial districts were too many to use as the respondents, a simple random sampling technique was employed to select 100 business educators from each senatorial district to make a total of 300 respondents as the sample population for the study. The instrument used to collect data for the study is a structured questionnaire divided into two sections, A and B. Section A contained personal data of the respondents while the B section contained 16 structured items that bothered on the subject matter with four likert rating scale of strongly agree, agree, disagree, and strongly disagree. The instrument was validated by three business educators who are academic staff of Tai Solarin University of Education, Ijebu-ode, Ogun State, by reading through the items and made corrections and adjustments where necessary in order to ascertain both the face and content validity of the instrument. For effective data collection, the researcher and two research assistants administered the 300 copies of the instrument to the respondents to respond to, and all the administered copies were retrieved within a period of five days. The collected data were analyzed with the use of descriptive statistical tool of frequency counts and mean to answer the research questions.

**Results**

**RQ1: To what extent will favourable wage adjustment influence efficiency and productivity of workers?**

**Table 1: Extent will favourable wage adjustment influence efficiency and productivity of workers**

| ITEMS   | SA  | A   | D  | SD | Mean | Decision |
|---|-----|-----|----|----|------|----------|
| Worker will perform to his potential if he’s happy with the salary he earns   | 220 | 54  | 14 | 12 | 3.6  | Accepted |
| Workers feel satisfied when their wages undergo upward review.  | 153 | 136 | 11 | 0  | 3.5  | Accepted |
| Wage adjustment will positively influence effective material inspection and usage on the part of workers for high productivity. | 81  | 164 | 55 | 0  | 3.1  | Accepted |
| When wages are consequentially adjusted, it will enhance judicious use of production time for profit                            | 72  | 128 | 66 | 34 | 2.8  | Accepted |

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| maximization.<br>Workers feel<br>unsatisfied and<br>demoralized when<br>wages adjustment is<br>not effectively<br>carried out                                  | 135 | 152 | 13  | 0  | 3.4 | Accepted |
| Ineffective wage<br>adjustment will<br>demotivate workers.   | 102 | 133 | 60  | 5  | 3.1 | Accepted |
| When wages are not<br>adjusted as at when<br>due, it will lead to<br>high rate of labour<br>turnover.  | 75  | 105 | 76  | 44 | 2.7 | Accepted |
| When workers feel<br>bad following wage<br>adjustment<br>ineffective, it will<br>lead to wastages and<br>low productivity.                                     | 88  | 135 | 52  | 25 | 3.0 | Accepted |
| Non-wage adjustment<br>can lead to<br>concealing of vital<br>information by<br>workers which can<br>spell doom for<br>organization.                            | 57  | 64  | 108 | 71 | 2.4 | Rejected |
| Non-wage adjustment<br>can lead to disloyalty<br>on the part of<br>employees.  | 82  | 73  | 76  | 69 | 2.6 | Accepted |
| Organization low<br>sales may be<br>responsible for non-<br>wage adjustment  | 164 | 73  | 41  | 22 | 3.3 | Accepted |
| Arbitrary increase in<br>corporate tax may<br>lead to non-wage<br>adjustment   | 105 | 79  | 68  | 48 | 2.8 | Accepted |
| Non-compliance of<br>organization with<br>technological and<br>ecological policies<br>may cause severe loss<br>and affect wage<br>adjustment                   | 84  | 102 | 75  | 39 | 2.8 | Accepted |
| Organizational<br>infrastructure<br>development with no<br>provision for workers<br>wage upward review<br>will have negative<br>influence on<br>organizational | 77  | 126 | 50  | 47 | 2.8 | Accepted |

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| success  |     |    |    |    |     |  |          |
| Inflation and economic crisis like recession can hinder workers' wage upward review. | 103 | 89 | 78 | 30 | 2.9 |  | Accepted |

The critical mean is  $4+3+2+1= 10 /4 =2.5$ . This is derived though the code of the responses of strongly agrees, agree, disagree and strongly disagree respectively. However, when the critical  $\bar{x}$  is  $>$  than the calculated  $\bar{x}$ , the item is accepted but when the reverse is the case, it is rejected

**Discussion**

The result of the analyzed data from the above table revealed that employees' salaries and wages upward review would encourage workers' optimal performance. This outcome was in agreement with the submission of Maxwel (2024) when the author submitted that performance of employees in some cases depends largely upon their commensurate earnings because it will serve as a motivational factor that will drive them to continuing putting in their best for organizational improved productivity.

The findings also showed that neglect of workers' consequential wage adjustment will have certain consequences on workers' performance and organizational goal attainment. The outcome was supported by the assertion of Joel (2023) that neglect of workers' consequential wage adjustment will certainly have some consequences on workers' input and successful attainment of organizational overall objectives. The study also discovered that there are a number of economic and organizational problems that will militate against effective wage adjustment of employees. This finding agreed with the assertion of Oyeleye (2023) when the author pointed out that workers' salaries and wages adjustment or upward review if not well planned for can face a number of challenges at the implementation stage. The author said that problems such as organizational low level of revenue generation, arbitrary increase in corporate tax or multiple taxation, non-compliance of organization with technological and ecological policies for organization goal attainment, and economic crisis resulting from high rate of inflation and foreign exchange are likely ones to prevent effective wage adjustment.

**Conclusion**

This study examined the influence of wage adjustment on workers' productivity and efficiency and discovered that wage adjustment influences workers' performance and serves as a motivational factor that causes high labour productivity. However, the study concludes that all hands must be on deck to ensure that the issue is handled with all seriousness by all stakeholders so that organizational goal attainment that will translate to national development can be jointly achieved.

**Recommendations**

Based on the identified problems, the study made the following recommendations that.

1. Government should ensure that consequential wage adjustment policies are strictly adhered to by all employers of labour so that labour crisis can always be checkmated in formal organizations.
2. Corporate and personal taxes levied on organizations and employees by the government should be regulated in accordance with tax law provisions so that no individual worker or organization will be cheated in the name of tax payment but be made to pay minimum tax that will pave way for convenient consequential wage adjustment by employers of labour
3. Every formal organization should have a good financial structure that must accommodate workers wage review in accordance with the nations' economic trend so as to make workers adjust favorably to harsh economy.

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