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EFFECT OF CONTEMPORARY COMPENSATION SCHEMES ON CORPORATE PERFORMANCE; EVIDENCE FROM LISTED OIL AND GAS FIRMS IN NIGERIA

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ABSTRACT:

This study empirically examined the relationship between contemporary compensation schemes and corporate performance. In order to determine the relationship between contemporary compensation schemes and corporate performance, contemporary compensation schemes was proxy using; equity based compensation, profit based compensation, bonus based compensation and commission based compensation while corporate performance on the other hand was represented by Net Assets Per Share (NAPS). Four hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using OLS regression model. The study employed Ex Post Facto design in the data analysis. Secondary data used for the study were obtained from the Nigerian Exchange Group Factbook and the Published Annual Financial Reports & Accounts of the entire 10 firms quoted under Oil and Gas Sector of NGX. The data used for the study spanned from 2017-2021. The findings generally indicated that equity based compensation (EBC), profit based compensation (PBC), bonus based compensation (BBC) and commission based compensation (CBC) exerted significant and positive influence on corporate performance (NAPS) in Nigeria at 5% level of significance. Based on this, the study concludes that contemporary compensation schemes positively improved firms' performance in Nigeria. In lieu of this, the study suggests that organizations that want an enhanced performance should ensure that the company's compensation system must include policies, procedures and rules that provide clear and unambiguous determination and administration of workers compensation. Hence the study contributed to knowledge by modifying existing models, introducing new variable and updating literature on the subject.

Key words: *Bonus Based Compensation, Commission Based Compensation, Contemporary Compensation Schemes, Equity Based Compensation, Profit Based Compensation,*
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1. INTRODUCTION

Compensation management is an area that has not been given much attention in the corporate world, leading to many industrial actions from employees. Organizations that do not manage compensation properly will not be able to achieve its objectives due to unproductive employees (Niar, 2019). Over time, it has been a case in some organizations that their employees are under-remunerated or that some organizations do not have good compensation administration programs. This could be that employees promotion does not come on time, or that their pay packages are not commensurate to the work they have done for the organization (Fein, 2019). At times, this could be a deliberate act by management in other to frustrate the employees or that the management lacks the required managerial capabilities to effectively administer a compensation administration program (Dyer, & Schwab 2014). Gone are days when such issues can be condoned or accepted by the employees, and therefore there is a need to tackle the problem headlong so that employees can bring out their best in terms of performance in order to boost their productivity. While compensation is arguably one of the key drivers for productivity and corporate performance and one of the most studied area in the developed nations, doubts have been cast by Armstrong (2018) on the effectiveness of compensation. He argued that, while lack of it causes dissatisfaction, its provision does not result in lasting motivation. Also, many employees do not understand about the contemporary compensation and benefits. Most of the employee thought that the compensation and benefits is only viewed as cash. Compensation and benefits is usually narrowed to cash and as result, employers only have a tunneled vision when it comes to the issues of compensation for their employees.

Many researchers have focused on satisfaction, recognition, appreciation and work environment as employee motivators in different organizations. Also, organizations have invested heavily in benefits, learning and development and work environment for the sake of their employees so as to achieve the set objectives or goals of the organization. Very little attention has however been paid to contemporary compensation schemes in Nigeria which drive corporate performance and employees productivity ranging from bonus based compensation (BBC), commission based compensation (CBC), equity based compensation (EBC) to profit based compensation (PBC). Also, the studies that have been conducted have totally neglected this area of research. Hence, it is not clear whether corporate performance and productivity is actually achieved through contemporary compensations. Hence, the need for the present study Also, as noted from the a priori expectations, not much have been done empirically in these areas (BBC, CBC, EBC & PBC) using secondary data other than the use of questionnaire and just as in the case of studies in developing countries, only accounting measures of firm performance were used ignoring market measures such as stock price, net assets per share and the Tobin Q measure. The neglect of market measures may not provide a well-rounded perspective to corporate performance. Also only cash compensation is examined in the previous studies while equity based compensations, profit based compensations, bonus based compensations and commission based compensations are ignored by studies in Nigeria.

Suffice it to say that none of the a priori expectations examined the effect of contemporary compensation schemes in Nigeria raging from bonus based compensation (BBC), commission based compensation (CBC), equity based compensation (EBC) to profit based compensation (PBC) to the best of our knowledge. Against this backdrop, the present study attempts to close this gap by bringing to light and giving clearer understanding to the influence of contemporary compensation schemes on corporate performance in Nigeria using firms quoted under oil and gas sector of Nigerian Exchange Group (NGX) as reference point.

1.1 Objectives of the Study

This study focused on determining the effect of contemporary compensation schemes on corporate performance of oil and gas firms listed on Nigeria Exchange Group. Specifically, the study seeks:

1. to determine the effect of equity based compensation on corporate performance.
2. to ascertain the effect of profit based compensation on corporate performance.
3. to determine the effect of bonus based compensation on corporate performance.
4. to ascertain the effect commission based compensation on corporate performance.

1.2 Hypotheses

H_{01}: Equity based compensation does not have significant effect on corporate performance
H_{02}: Profit based compensation has no significant influence on corporate performance
H_{03}: Bonus based compensation does not have significant effect on corporate performance
H_{04}: Commission based compensation has no significant influence on corporate performance

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Contemporary Compensation

Scholars have viewed compensation in different dimensions which is influenced by how country's laws that govern compensation are seen by researchers around the globe. However, compensation is a reward that an employee awaits after putting his/her efforts to achieve enterprise goals and objectives. In the quest to search for a befitting definition of compensation, a human resource scholar Ivancevich (2013) elucidated that compensation management is a human resource function that deals with every type of reward individuals receive in exchange for performing organizational tasks. According to Nnorom, Akpa, Egwuonwu, Akintaro, Shonubi and Herbertson (2016), compensation which includes direct cash payment, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity is a critical component of the employment relationship. A good compensation package is a good motivator. Hence, the primary responsibility of the human resources (HR) manager is to ensure that the company's employees are well paid. Compensation is a reward system that a company provide to individuals in return for their willingness to perform various jobs and tasks within organizations. The study further stated that relevant and commensurate rewards need to be provided to the employees so that they feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are met (DeNisi & Griffin, 2011).

For the purpose of this research, the present study proposed a model fit on contemporary compensation schemes using the following Indexes; equity based compensation (EBC), profit based compensation (PBC), bonus based compensation (BBC) and commission based compensation (CBC).

2.1.2 Contemporary Compensation Schemes

2.1.2.1 Bonus Based Compensation

According to Adegoroye, Sunday, Soyinka and Ogunmola (2017), firms reward managers' bonuses based on the current-year firm performance. Executives have incentives to either increase or decrease firm earnings, depending on the structure of a bonus plan whether earnings can be manipulated to trigger a raise in bonuses. The payoff schemes of CEO bonuses in relation to firm earnings have the shape of a typical call spread curve. More precisely, when earnings are beyond a certain upper threshold or below a lower bound where performance-based compensation is not possible, a manager would have incentives to make earnings-decreasing decisions. In contrast, when firm earnings are in-between a range where bonuses are positively associated with firm earnings, a manager would implement earnings-increasing practices. According to Muthengi (2017), bonus based compensation is an annual incentive compensation plans and long-term incentive compensation plans of the company which may include; offering stock options, restricted stock and other long-term incentive compensation. Thus, bonus based compensation is measured as a log of bonus based compensation reported in the annual reports.

2.1.2.2 Profit Based Compensation

This involves rewarding employees when profitability targets are met. Studies suggest that it has impact on performance. However, employees may be less motivated by this type of reward as compared to other reward systems, because they may not see the connection between their own efforts and increased profits. Profit sharing rewards are also often disseminated in the future (e.g., at retirement) and can therefore be less motivating than immediate rewards (Muthengi (2017). Armstrong (2018) defines performance based compensation as a formal salary schemes which noted that payments exceeding the salary levels are generally associated with performance. Based on this definition, the performance-based compensation refers to the increase in salaries or payments that exceed the salary levels in general with a clear scheme in the form of bonuses and incentives. Profit based compensation is an incentivized compensation program that awards employees a percentage of the company's profits. The amount awarded is based on the company's earnings over a set period of time, usually once a year. Unlike employee bonuses, profit sharing is only applied when the company sees a profit. There are both benefits and drawbacks to utilizing a profit sharing program, but when trained human resources professionals are able to plan and execute it effectively, profit sharing can be an ideal way to both improve employee morale and boost the bottom line. Thus, profit based compensation is measured as a log of excess profit earmarked for compensation as reported in the annual reports

2.1.2.3 Equity Based Compensation

This involves offering employees the opportunity to buy stock in the company at a lower rate. According to Adegoroye, Sunday, Soyinka and Ogunmola (2017), stock options can only be exercised when they are in the form of money. Whether the degree stock options are in the form of money depends on the performance and value of the firm when options are exercised. Since earnings increasing policies could increase the intrinsic value of option in the current year, managers would have incentives to under reserve. According to Okwudili and Ogbu (2017), it is the most common method used in providing incentives, which allows the managers to make decisions to maximize corporate value. Burns and Kedia (2016) provide evidence of an increase in earnings management immediately before exercising the option to create favorable conditions for stock options. Relative to other components of compensation, stock options are associated with stronger incentives to misreport because convexity in CEO wealth introduced by stock options limits the downside risk on detection of the misreporting. In the banking industry, Cheng, Warfield and Ye (2017) found that managers with high equity compensations are more likely to manage earnings. On the one hand, if equity-linked compensation respectively reconciles managers' and shareholders' interests, earnings management will decrease. On the other hand, if managers who have been provided equity-linked compensation increase earnings with the intent to increase the share price to maximize their own private interests, earnings management will increase. While positive effects from decision making to maximize shareholder values occur in the long-term, an immediate increase in share price appears through earnings management. Thus, equity based compensation is measured as a log of equity based compensation reported in the annual reports

2.1.2.4 Commission Based Compensation

This involves rewarding employees based on group performance. According to Alex (2018), commission-based pay is a compensation package that is determined by the quantity of sales made by employees. Rewards for employees under this scheme are dependent on the percentage of total sales made by employees. In this case, the more the sales, the better the reward. Although commission-based salaries also include a base payment (salary), the per cent of the salary is made up of the commission. The concept behind compensation by commission is that sales representatives often work harder to make sales because their salaries depend on the percentage of the commission.

There are two types of commission-based payments – the flat and the ramped commission-based payments. Flat commission-based type of compensation is often determined as a percentage on any sale made, for instance 5% on any sale made by the sales representative. The ramped commission-based payment on the other hand is determined when a certain percentage of sale targets are met. Thus, commission based compensation is measured as a log of commission based compensation reported in the annual reports

2.1.3 Corporate Performance

Corporate performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Omaliko & Okpala, 2020).
According to Omaliko, Uzodimma and Okpala (2017), there are many different ways to measure corporate performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

According to Erikie and Osagie (2017), corporate performance is the measuring of results of a firm's policies and operations in monetary terms. These results are reflected in the firm's return on investment, return on assets, value added, return on equity, return on networth, return on total assets and return on capital employed. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into the financial statements and seek out margin growth rates or any declining debt. Frich (2013) argues that performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability or the like. Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance is used to indicate firm's success, conditions, and compliance.

A firm's performance is a measure of how well it generates revenues from its primary mode of business. There are a multitude of measures used to assess a firm's performance, with each group of stakeholders having its own focus of interest (Dev & Rao, 2016). According to Ali (2012), the financial performance of firms can be measured in terms of growth of its size (total assets), profitability (return on assets, return on equity, earnings per share) and market-based proxies (market price per share, net assets per share et cetera).

2.2 Theoretical Framework

2.2.1 Vroom's Expectancy Theory

This study is based on the Vroom's expectancy theory of motivation propounded by Vroom in the year 1964. The theory states that performance or productivity of corporate organization can be thought of as a multiplicative function of motivation and ability, example P = (M x A). Motivation in turn varies with the valence (V) or attractiveness of outcomes upon the performance for that task, and the instrumentality (I) of performance for attaining the outcome. Vroom simply notes in precise mathematical language that motivation depends not just on the outcome desired by the worker, but also on the instrumentality of effort, that is the relationship perceived by the worker between his and others' previous efforts and the desired outcome. According to Idemobi, Onyeizugbe and Akpunonu (2011), the expectancy theory is a process theory developed which basically concentrates on the outcomes. As reported by the study, in order to motivate employees or people, the effort put in by the employees, the performance generated and motivation must be linked to one another. According to Vroom, employee expectations can affect an individual's motivation. Therefore, the amount of effort employees exerts on a specific task depends on their expectations of the outcome. Also, Vroom contends that employees ask three basic questions before committing maximum effort to a task: Can I accomplish the task? If I do accomplish it, what's my compensation? Is the compensation worth the effort?

Building on the Vroom's model, Ejiofor (1987) identifies four critical variables in workers motivation. They are; the capacity of the worker (Ability), attractiveness of the compensations due to him (Valence), causal relationship between effort and compensations (instrumentality) and the existence of infrastructural support (Tools). Regarding the effects of these variables on corporate performance, each of them has a direct relationship with corporate performance (Ejiofor, 1987). He also argued that when holding workers' ability, attractiveness of the compensation and infrastructural support constant, only an incentive system based strictly on perfect instrumentality can keep worker motivation and performance at optimum. He submits that perfect instrumentality is a missing link in Nigerian establishment. It is in this context that compensation administration and policies comes in as an instrument or infrastructure to induce and enhance organizational performance. In other words Vroom basically proposed three variables i.e expectancy, instrumentality and valence which are vital to motivate employees in order for them to improve their performance levels which in-turn induce corporate performance as the duo have a bidirectional relationship; one affects the other and vice versa. If by any chance employees happen to believe that any one of the three is not available, then Vroom states that the employees are unlikely to be motivated. In other words, as Vroom sees it, it is right to say that in order to motivate the employees and ensure corporate performance, all of the above three conditions have to be achieved by the organization. Expectancy theory does note that expectation varies from individual to individual. Employees therefore establish their own views in terms of task difficulty and the value of the compensation. Hence, the study is anchored on expectancy theory as it explains the inter-relationship between contemporary compensation schemes and corporate performance.

2.3 Empirical Review

Umar (2016) specifically identified the link between rewards and corporate performance; and the types of rewards that elicit greater performance among sales people in Nigeria. The research employed questionnaire to collect data from respondents. Two research hypotheses were formulated and tested. The data used were primary data. Convenience sampling was used to select samples. Data were analysed by the use of Chi –Square technique (X^2).The study indicated that 56.00% of the respondents had between 1 -3 years of experience as sales representatives. 46.00% of the respondents indicated that salary alone influenced their performance. The hypotheses indicated that there is no significant relationship between demographic variables with performance except experience of respondents which significantly influenced performance. There was a significant relationship between rewards and performance. The study recommends that experience of salesmen should be a plank to determine their compensation and salary should be emphasized rather than combination of salary and commission to enhance better performance.

Nnorom, Akpa, Egwuonwu, Akintaro, Shonubi and Herbertson (2016) examined the effect of compensation administration on employee productivity. The study highlighted the need for effective compensation in an organization. The study looked at what constitutes effective compensation administration on organizations and the benefits that are to be obtained thereof. The study adopted a survey design which includes the distribution of a well-designed research instrument to 50 respondents in Dangote Nigeria Headquarters in Lagos Nigeria. The findings of the study indicate that effective compensation administration has a positive bearing on employee productivity as indicated in the figures generated. The null hypotheses advanced for this study were thus rejected since the p-value of the analysis was less than 0.05. ($r = 0.892$, $r2 = 0.795$, $p < 0.05$). Employers are continually challenged to develop pay practices and procedures that will enable them to attract, motivate, retain and satisfy their employees. The findings of this study can be helpful tools which could be used to provide solutions to individual dissatisfaction to work processes. The study suggest the need for more research to be conducted on the issues related to reward system using many private organizations.

A study by Ozutka (2012) examined the relationship between reward systems and TQM. The study used the sample consists of 217 businesses that operate in Turkish manufacturing industry and apply TQM. Organization based reward practices of firms on people results were analyzed? The results of this survey were analyzed through descriptive analysis, ANOVA and MANOVA analyses. Results revealed that application level of organization based rewards in Turkish manufacturing industry is not high. In addition, the study identified that intrinsic rewards have a significant influence on employee results; however extrinsic rewards did not have a significant influence on employee results in Turkish manufacturing industry.

Oladejo and Oluwaseun (2014) examined the effect of compensation plan on workers performance in the Nigerian food and beverage manufacturing companies. The study was carried out with 125 out of the 150 questionnaires that were administered and distributed to the staff of the selected food and beverages companies in Lagos state. Data collected was analyzed using frequency table and percentage analysis while the non-parametric statistical test Chi- square was used to test the formulated hypothesis using STATA 10 data analysis package/software to examine how the selected workers perceived the influence of compensation plan on their Performance. The result of the analysis and hypothesis tested at 5 % level of significance ($p < 0.000$) showed that compensation plan has significant and positive effect on workers performance which will eventually increase the overall performance of the Nigerian foods and beverages industry. Compensation system was also found to be the backbone of all policies concerning the acquisition and utilization of human resources. To this end, it is recommended that food companies should come up with effective compensation plans especially in investing the various aspects of human capital so as to remain competitive and maintain long run survival.

Benmelech, Kandel and Veronesi (2017) on stock-based compensation and performance in Chicago United States employed regression model and linked equity-based compensation to consequent stock price downfall. Therefore, the result is poor firm performance. Managers engage in fraudulent behavior, which leads to overvaluation of stock prices and in turn to a crash in stock price.

Okwudili and Ogbu (2017) examined the effect of compensation on employee performance in Rivers State Board of Internal Revenue. The study adopted a cross-sectional research survey. Target population comprises employees of Rivers State Board of Internal Revenue Service. Accessible population for this study is 45. Sample size is 40 using Krejcie and Morgan (1970) sample size determination table. Only 32 questionnaires were completed and returned. Convenience sampling technique was adopted. Spearman Rank Order Correlation Coefficient was used with the aid of Statistical Package for Social Sciences (SPSS) version 20.0. The finding of this study revealed that direct compensation is positively associated with employee performance. Secondly, indirect compensation was found to significantly associate with employee performance. The study concludes that civil service should see compensation as a tool that will enhance employee performance. The study recommended that civil service commission should employ qualified human resource personnel that will oversee the affairs of employee compensation as this will remove the bottleneck surrounding the non-implementation of employees' compensation. Secondly, allowances due to workers should be promptly paid to them to avoid ineffectiveness in the civil service.

Cooper, Gulen and Rau (2016) found evidence in New York that a highly paid CEO with an overconfident attitude tends to engage in value destroying activities which lead to significantly lower stock returns. Firms with the highest paid and overconfident CEOs deliver lower future returns relative to those with the other CEOs and experience lower operating performance.

Therefore, as the study reported, excess incentive pay (restricted stock, options and other forms of long term compensation) has a significant, negative relationship with future one-year abnormal returns. Even though these findings can give a negative signal on the stock option grant to executive compensation.

Idemobi, Onyeizugbe and Akpunonu (2011) in a study examined the extent to which compensation management can be used as a tool for improving organizational performance in a typical public sector organization like the Anambra State of Nigeria Civil Service. Guided by the Vroom's expectancy theory of motivation, this study seek to ascertain if financial compensation has a significant relationship with employee performance in the public service using Anambra State Civil Service as a reference. In pursuance of the objective of the study, the descriptive survey design was adopted. Pearson's product Moment Correlation was used for data analysis and Z-test was also used to test the significance of the coefficient of correlation at 5% level of significance. It was found that financial compensation for staff members in the public service do not have a significant effect on their performance and that financial compensation received are not commensurate with staff efforts.

Mohammad (2015) found evidence that the equity-based CEO pay is positively related to firm performance and risk-taking. Both stock price and operating performance as well as firm's riskiness increase in the pay-performance sensitivities (PPS) provided by CEO stock options and stock holdings in Ontario Canada. PPS can explain stock returns better as an additional factor to the Fama-French 3-factor model. When CEOs are compensated with higher PPS, firms experience higher return on asset (ROA). The higher PPS also leads to the higher risk-taking. While CEO incentive compensation has been perceived mixed on its effectiveness, this study provides support to the equity-based CEO compensation in reducing agency conflicts between CEOs and shareholders.

3. MATERIAL AND METHOD

The study adopted Ex Post Facto Design since secondary data was used which cannot be manipulated or controlled. The population of the study consists of the entire 10 Oil & Gas Firms listed on Nigerian Stock Exchange. Out of 10 firms that formed our sample size, 2 firms have empty financial information within the period under study (*Capital Oil Plc and Oando Plc)* which was removed. Based on this, a total of 8 firms formed our sample size with 40 observations. These firms include Ardova Plc, Conoil Plc, Eterna Plc, Japaul Gold and Ventures Plc, Mrs Oil Plc, Rak Unity Pet Comp Plc, Seplat Energies and Total Energies Plc. The study covers the period of 2017-2021. The data collected were analyzed using OLS model with the aid of STATA V. 15. The study adopted this technique in order to examine the relationship between contemporary compensation schemes and performance of listed Oil & Gas Firms in Nigeria.

3.1 Operationalization and Measurement of Variables

The measurements for independent variables for the study include, profit based compensation, equity based compensation, commission based compensation and bonus based compensation. The dependent variable on the other hand was measured using net assets per share. This is shown on Table 1 as thus:

Table 1: Measurement for Dependent and Independent Variables

Variables	Measurement
Independent Variable	
Equity Based Compensation	Log of equity based compensation reported in the annual reports
Profit Based Compensation	Log of excess profit earmarked for compensation as reported in the annual reports
Bonus Based Compensation	Log of bonus based compensation reported in the annual reports
Commission Based Compensation	Log of commission based compensation reported in the annual reports
Dependent Variable	
Net Assets Per Share	NA/Paid up Capital

Source: Empirical Survey (2022)

3.2 Model Specification

In line with the previous researches, the present developed a model fit to capture the effect of contemporary compensation schemes on corporate performance in Nigeria.
The functional model designed for the study is shown below as thus:

NAPS = F(EBC,PBC, BBC & CBC)

The econometric form of the regression developed for the study is expressed as thus:

$$\mathbf{NAPS_t = \beta_0 + \beta_1\, EBC_t + \beta_2\, PBC_t + \beta_3\, BBC_t + \beta_4\, CBC_t + \mu}$$

Where:
NAPS = Net Assets Per Share
EBC = Equity Based Compensation
PBC = Profit Based Compensation
BBC = Bonus Based Compensation
CBC = Commission Based Compensation

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

Table 2: Descriptive Statistics

Variables	Observations	Mean	Standard Deviation	Minimum	Maximum
NAPS	40	.1389125	.7456687	-4.8275	1.1297
EBC	40	3.977321	2.837143	.11910	15.1701
PBC	40	.4526700	.3728956	.00990	2.4417
BBC	40	.0433300	.0579142	.00190	.32590

CBC	40	.4406812	.2879736	.07540	1.5740

Source: Researcher's Computation (2022).

The table 2 above shows that the mean value of net assets per share (NAPS) among the sampled firms was 0.1389125. This implies that corporate performance is determined by contemporary compensation schemes by 13.9%. The mean value of equity based compensation (EBC) for the sampled firms' was 3.98. This means that firms with EBC values of 3.98 and above are firms that offer equity based compensation. The maximum value for the study was 15.1701 while the minimum value was 0.11910. These wide variations in maximum and minimum EBC values among the sampled firms justify the need for this study as we assume that firms with higher EBC values are firms that have higher performance than those firms with low EBC values at a high degree risk of 2.84%.

The average profit based compensation (PBC) for the sampled firms' was 0.453. This means that firms with PBC values of 0.453 are firms that offer profit based compensation. The maximum value for the study was 2.4417 while the minimum value was 0.00990. These high variations in maximum and minimum PBC values among the sampled firms justify the need for this study as we assume that firms with higher PBC values are firms that are more sustainable than those firms with low PBC values at a high degree risk of 2.653%.

The mean value of bonus based compensation (BBC) for the sampled firms' was 0.043. This means that firms with BBC values of 0.0433 and above are firms that offer bonus based compensation. The maximum value for the study was 0.32590 while the minimum value was 0.00190. These high variations in maximum and minimum BBC values among the sampled firms justify the need for this study as we assume that firms with higher BBC values are firms with higher performance than those firms with low BBC values.

The mean value of commission based compensation (CBC) for the sampled firms' was 0.441. This means that firms with CBC values of 0.441 and above are firms that offer commission based compensation. The maximum value for the study was 1.5740 while the minimum value was 0.07540. These wide variations in maximum and minimum CBC values among the sampled firms justify the need for this study as we assume that firms with higher CBC values are firms that have higher performance than those firms with low CBC values.

4.2 Test of Hypotheses

OLS Model on the hand was used to test the linear relationship between the dependent and independent variables. It was operated using STATA version 15 as shown on the table below:

Table 3: Result on the Effect of Contemporary Compensation Schemes on Performance of Oil & Gas Firms in Nigeria.

Source	SS	df	MS		
				Number of obs	= 40
				F (4, 35)	= 36.393
Model	12.9030377	4	3.22575942	Prob > F	= 0.0001
Residual	31.0226899	35	.088636256	R-squared	= 0.6937
				Adj R-squared	= 0.6460
Total	43.9257276	39	1.12630070	Root MSE	= 0.3986

NAPS	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
EBC	.1088342	.0334820	3.25	0.002	1755486	.0421199
PBC	1.1066240	.2372558	4.66	0.000	1.5793660	.6338813

BBC	2.0814480	.4670700	4.46	0.001	5.0046490	.8417517
CBC	.2510140	.0872490	2.87	0.024	.3213421	.8233701
cons	1.4585930	.5364890	2.72	0.038	1.0051640	3.9223510

Source: Result output from STATA 15.

4.3 Discussion of Results

The coefficient of determination "R-Square" for the Model shows 0.6937% indicating that the variables considered in the model accounts for about 69.37% change in the dependent variable of corporate performance (NAPS) while about 30.63% was unaccounted for thereby captured by stochastic error term. The sig. (or p-value) for the Model is 0.0001 which is below the .01 level; hence, we conclude that the overall model is statistically significant. Thus implies that the variables have a combined or joint effect on the dependent variable (NAPS). With this, the researcher affirms the validity of the regression model adopted in this study.

In addition to the above, the specific finding from each explanatory variable from the model as shown on table 3 is provided below as follows:

Hypothesis One

H_{01}: Equity based compensation does not have significant effect on corporate performance

This hypothesis was tested and the result of the regression model as exposited on table 3 indicates that the relationship between equity based compensation and corporate performance is positive and significant with a p-value (significance) of 0.002 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 0.109 for the model is proving that, an increase in firms' equity based compensation increases NAPS by 10.9%. Thus implies that equity based compensation determines corporate performance.

Decision: Since p-value (0.002) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis. This means that *equity based compensation has significant effect on corporate performance.*

Hypothesis Two

H_{02}: Profit based compensation has no significant influence on corporate performance

This hypothesis was tested and the result of the regression model as exposited on table 3 indicates that the relationship between profit based compensation and corporate performance (NAPS) is positive and significant with a p-value (significance) of 0.000 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 1.106 for the model indicates that, an increase in firms' profit based compensation increases NAPS by 1.106%. Thus implies that profit based compensation determines also corporate performance.

Decision: Since p-value (0.000) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis. This means that *profit based compensation has significant effect on corporate performance.*

Hypothesis Three

H_{03}: Bonus based compensation does not have significant effect on corporate performance

This hypothesis was tested and the result of the regression model as exposited on table 3 indicates that the relationship between bonus based compensation and corporate performance (NAPS) is positive and significant with a p-value (significance) of 0.001 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 2.081 for the model is proving that, an increase in firms' bonus based compensation increases NAPS by 2.081%. Thus implies that bonus based compensation determines corporate performance.

Decision: Since p-value (0.001) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis. This means that *bonus based compensation has significant effect on corporate performance.*

Hypothesis Four

H_{04}: Commission based compensation has no significant influence on corporate performance

This hypothesis was tested and the result of the regression model as exposited on table 3 that the relationship between commission based compensation and corporate performance (NAPS) is positive and significant with a p-value (significance) of 0.024 for the model which is less than the 5% level of significance adopted. Likewise the result of positive coefficient of 0.251 for the model is proving that, an increase in firms' commission based compensation increases NAPS by 25.1%. Thus implies that firm that commission based compensation determines corporate performance.

Decision: Since p-value (0.024) is less than 0.05, we reject the null hypothesis and accept the alternate hypothesis. This means that *commission based compensation has significance on corporate performance.*

CONCLUSION AND RECOMMENDATIONS

The study from the statistical analysis concludes that contemporary compensation schemes have positive and significant relationship with corporate performance. Hence, the study concludes that contemporary compensation schemes ensure the performance of listed firms in Nigeria.

The study having established that contemporary compensation schemes have significant and positive relationship with corporate performance, recommended that organizations that want an enhanced performance should ensure that the company's compensation system must include policies, procedures and rules that provide clear and unambiguous determination and administration of workers compensation.

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