JETMASE
Journal of Emerging Trends in Management Sciences and Entrepreneurship
Volume 7(2), Pages 270 - 284 December, 2025
ISSN: 2384-762X
https://www.jetmase.com

A Qualitative Study on Indirect Compensation within the Nigerian Civil Service

Anekwe, E. A.[1], Onuorah, A. Ph.D[2] & Okeke, O. C. Ph.D[3]
[1]Department of Business AdministrationPaul University, Awka
[2&3]Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University Igbariam, Anambra State, Nigeria
Correspondence Email: ebeleanathonia9@gmail.com

ABSTRACT: This study adopts a qualitative approach to explore the perspectives of Nigerian civil servants regarding indirect compensation. In contrast to quantitative studies that emphasize statistical relationships, this research focuses on the subjective experiences and perceptions of employees concerning benefits such as healthcare, pensions, leave, and the overall work environment within the Nigerian public sector. Data was gathered through qualitative methods, including in-depth interviews with civil servants, focus group discussions, and observational studies of workplace practices. The emphasis was placed on collecting rich, detailed narratives and lived experiences to understand the intricacies of the compensation system from the employees' perspective. The study aims to provide a comprehensive, contextualized understanding of how these non-monetary rewards impact employee job satisfaction, motivation, and overall performance.

Keywords: Fringe benefits, Health insurance, morale, service delivery

INTRODUCTION

The Nigeria Civil Service has historically provided a variety of indirect compensation options aimed at enhancing employee satisfaction and retaining talented staff. These options include allowances for housing, utilities, leave, and furniture, alongside crucial benefits such as comprehensive medical services and loan facilities specifically designed for vehicles and household items. While these initiatives were originally established to incentivize and retain employees, their effectiveness has been significantly challenged by harsh economic realities, notably persistent inflation and inconsistent implementation across various tiers of government. This discontent among civil servants has prompted a notable shift towards direct cash payments for certain benefits, as highlighted by Manafa, Onochie, Ozigbo, Ngige, and Muojekpe (2022). Consequently, the established system of indirect compensation is undergoing transformation, evolving from a broad package of non-cash benefits to a more intricate framework that places increased emphasis on direct pay and allowances, even as challenges regarding delivery and effectiveness continue to persist.

Recent frameworks for indirect compensation within Nigeria's civil service include legally mandated benefits such as the Employee Compensation Fund, which

allocates a specified rate of 1% of employee salaries to cover work-related injuries. Additionally, retirement and pension plans are designed to provide financial security in later years, with supportive perks encompassing leave grants, utility subsidies, and transportation allowances, essential for employee mobility and well-being. However, Nduka, Ananwude & Osakwe (2019) asserts that the overall effectiveness of these benefits remains a pressing concern due to underlying challenges, including rampant inflation and managerial issues that impede proper execution. Okafor, Onuzulike-Chukwuemeka, and Nwankwo (2022) assert that while a framework for indirect compensation is operational, it frequently lacks effective management and financial viability, ultimately detrimentally affecting job performance and employee morale. This situation underscores the urgent need for reforms aimed at improving working conditions and fostering employee satisfaction, a sentiment echoed in various recent academic studies.

The civil service faces numerous challenges related to indirect compensation, including a stagnant salary structure that fails to keep pace with the rising cost of living, limited fringe benefits and inadequate retirement plans, and the ongoing pressure of inflation which diminishes purchasing power (Aniefor, Nduka, Ananwude & Ezeaku, 2021). Institutional issues such as corruption, fund mismanagement, and a subpar work environment contribute to low staff morale. Furthermore, insufficient career advancement opportunities and a consistent lack of recognition for employees' efforts exacerbate the situation, leading to high turnover rates and challenges in attracting and retaining qualified professionals (Dashwep & Macha, 2022; Nduka, Atueyi, Osakwe, & Mbanefo, 2021).

Additionally, Mbukwana and Ayandibu (2023) identify that the primary barriers to effective indirect compensation within Nigeria's Civil Service Commission include inadequate funding and poor resource allocation. This lack of financial investment has hindered the development of comprehensive fringe benefits, including robust health insurance and pension plans. Addressing entrenched issues such as widespread corruption and mismanagement that divert essential resources is crucial. Ogunewe, Ananwude & Nduka (2020) argue that reforming the already stagnant salary and promotion systems, improving infrastructure, and ensuring access to necessary work tools are vital steps in this process. Furthermore, establishing consistent government policies that prioritize and effectively implement non-monetary benefits will be instrumental in enhancing employee welfare and operational efficiency, thereby fostering a more motivated and effective workforce.

Conceptual Clarification

Indirect Compensation

Indirect compensation refers to all non-monetary benefits employees receive in addition to their base and supplemental pay. Indirect compensation includes additional employee benefits that hold indirect monetary value, such as supplemental health insurance, retirement plans, life insurance, and sick leave (Udodiugwu, Nwosu, Obiakor & Nwumeh, 2024). Indirect compensation is the non-cash or non-monetary benefits an employee receives from an employer that are not part of their regular salary or wages but add value to their overall compensation package. These benefits, also known as fringe benefits, can include health insurance, retirement plans, paid time off, and company vehicles, and they play a vital role in attracting, retaining, and motivating employees.

Indirect compensation encompasses a range of non-monetary benefits that employees receive in addition to their base and supplemental pay (Nduka, Okolie & Ngangah, 2025). This category includes diverse employee benefits that carry indirect

financial value, such as supplemental health insurance, retirement plans, life insurance, and sick leave (Udodiugwu, Nwosu, Obiakor & Nwumeh, 2024; Ekwunife, Nduka & Ogini, 2022). Indirect compensation consists of advantages provided by employers that do not directly involve cash payments but significantly enhance the overall employment package. Commonly referred to as fringe benefits, these may include:

i. Health Insurance: Comprehensive health plans that cover medical expenses, preventive care, and wellness programs, ensuring employees have access to necessary healthcare services.

ii. Retirement Plans: Employer-sponsored plans such as 401(k), pension schemes, or profit-sharing options that help employees save for retirement, often with employer matching contributions to encourage participation.

iii. Paid Time off (PTO): Policies that provide employees with paid vacation days, sick leave, and personal days, contributing to work-life balance and overall job satisfaction.

iv. Company Vehicles: Vehicles provided for work-related travel or personal use, which can save employees considerable costs and can be a significant perk, especially for sales and management positions.

v. Life Insurance: Policies that provide financial protection for employees' beneficiaries in the event of their untimely death, offering peace of mind to employees and their families.

Udodiugwu *et el* (2024) further stressed that these non-cash benefits play a critical role in attracting, retaining, and motivating employees in today's competitive labor market. They not only enhance an employee's overall compensation package but also contribute to a positive workplace culture and employee well-being. Understanding the value of indirect compensation is essential for employers aiming to effectively engage and support their workforce.

Federal Civil Service Commission (FCSC)

The Federal Civil Service Commission (FCSC) of Nigeria serves as the essential executive authority responsible for overseeing the appointment, promotion, and disciplinary actions of all federal civil servants, in accordance with the provisions of the 1999 Constitution. This pivotal institution plays a critical role in establishing detailed and comprehensive guidelines on various employment practices, including recruitment, training, and career progression for civil servants across federal agencies. In addition to its regulatory functions, the FCSC addresses appeals and grievances raised by civil servants, providing a framework for dispute resolution that ensures fairness and transparency in the civil service. The commission is committed to cultivating a civil service that is not only disciplined and dedicated but also exemplifies a strong sense of patriotism and integrity. To achieve its objectives, the FCSC actively promotes policies that enhance operational efficiency and effectiveness within the civil service. This commitment is reflected in its efforts to streamline bureaucratic processes and implement best practices that enhance productivity and responsiveness to the needs of citizens. Furthermore, the FCSC plays a crucial role in supporting national development initiatives by aligning civil service objectives with the broader goals of the Nigerian government. Through its initiatives, the commission aims to foster a professional workforce that is well-equipped to advance the interests of the nation and contribute meaningfully to the socio-economic development of Nigeria.

Employees' Performance in the 21st Century Nigeria Civil Service Commission.

The performance of employees in Nigeria's Civil Service has emerged as a pressing issue in the 21st century, marked by a myriad of challenges such as inadequate working conditions, meager salaries, and pervasive corruption (Mbukwana & Ayandibu, 2023). These factors contribute to diminished productivity, widespread job dissatisfaction, and a decline in work ethic among civil servants. Additionally, obstacles arise from ineffective promotion systems, poor leadership, and an absence of robust performance management practices, which should ideally encompass comprehensive planning, consistent monitoring, and a fair system for rewarding exemplary performance. Consequently, Novakovic (2024) emphasized that these issues have stifled the potential for growth and efficiency within the Civil Service, hindering its ability to serve the public effectively.

Key Factors Affecting Performance

i. Poor Working Conditions:

Inadequate working environments, characterized by insufficient resources, outdated equipment, limited access to technology, and overcrowded spaces; contribute significantly to job dissatisfaction among civil servants. These adverse conditions can lead to increased absenteeism and employee burnout, ultimately resulting in reduced productivity and a decline in the quality of public services delivered to citizens. Furthermore, a lack of ergonomic considerations can lead to health issues, further exacerbating these negative effects.

ii. Low Remuneration:

When civil servants are compensated with salaries that fail to match the escalating cost of living particularly in urban areas where inflation can significantly erode purchasing power it breeds dissatisfaction and frustration. This financial strain can push some employees towards unethical practices, including corruption, as they seek alternative means to make ends meet. In addition, low remuneration can hinder the public sector's ability to attract and retain talented professionals, who may seek better opportunities in the private sector.

iii. Corruption and Governance Issues:

Widespread institutionalized corruption erodes public trust and undermines effective governance within the civil service. This toxic environment leads to diminished professionalism, as employees may prioritize personal gain over public service. Governance crises, marked by a lack of transparency and accountability, create a disconnect between the interests of the public and the motivations of civil servants, resulting in inefficiencies and dysfunction in public administration.

iv. Ineffective Promotion and Reward Systems:

Current promotion and reward mechanisms within the civil service are often perceived as inequitable and lacking clear criteria, leading to feelings of frustration and demotivation among employees. When promotions are driven by nepotism or lack meaningful performance evaluations, it diminishes the incentive for employees to excel in their roles. As a result, job performance stagnates, and the overall morale of the workforce suffers due to the belief that hard work and dedication go unrecognized.

v. Lack of Effective Performance Management:

The absence of comprehensive and systematic performance management processes such as clearly defined employee goals, continuous feedback mechanisms, and objective evaluations severely hampers individual and organizational growth. Without the ability to set targets, monitor progress in real time, and provide timely rewards for achievements, civil servants may operate without direction or motivation. This disconnect leads to poor outcomes,

reducing the effectiveness of public policies and programs designed to serve the community.

Consequences of Poor Performance

i. Low Productivity: Deteriorating conditions of service and a lack of motivation among employees significantly undermine their productivity levels and overall output. When staff members feel undervalued and unsupported, their engagement wanes, leading to a palpable decline in the quality and quantity of work produced.

ii. Workplace Negativity: The presence of issues such as tardiness, negligence, and disloyalty often flourishes in an environment marked by poor working conditions. These negative behaviors foster a toxic atmosphere, where morale plummets, collaboration falters, and a pervasive sense of discontent manifests among team members.

iii. Ethical Challenges: Unsatisfactory pay and widespread dissatisfaction can inadvertently pave the way for ethical dilemmas. In search of validation or escape from their grievances, employees might resort to dishonest practices and corruption, compromising the integrity of the service and eroding trust within the organization.

Addressing the Challenges

To enhance employee performance within the Nigerian Civil Service, Perkins, Gilmore, Guttormsen and Taylor, (2022) stated that a more holistic and impactful approach must be adopted, encompassing the following pivotal elements:

a. Improving Conditions of Service:
It is crucial to tackle the persistent challenges of inadequate salaries and meager benefits. By enhancing compensation and perks, the Civil Service can significantly boost job satisfaction, foster loyalty, and ultimately improve employee retention.

b. Strengthening Performance Management:
The establishment of clear and structured processes for setting achievable goals, diligently monitoring performance, delivering constructive feedback, and recognizing and rewarding outstanding contributions is essential. This will create a culture of accountability and motivation that propels employees to strive for excellence.

c. Combating Corruption:
The implementation of robust measures to curb institutionalized corruption is vital. By promoting ethical conduct and transparency, the Civil Service can restore public trust and create an environment where integrity is the norm rather than the exception.

d. Leadership and Professionalism:
Cultivating effective leadership is paramount. Encouraging a standard of higher professionalism among civil servants will not only enhance the quality of service delivery but also inspire confidence among the populace, reinforcing the Civil Service's role as a pillar of governance.

Challenges of Employees in the Nigeria Civil Service Commission

Employees within the Nigerian Civil Service face a multitude of significant challenges that hinder their effectiveness and job satisfaction (Sunoma, Aminu & Adamu, 2022). Among the most pressing issues are poor working conditions characterized by inadequate office facilities, lack of essential equipment, and erratic power supply, which severely affect daily operations. Compounding these difficulties is the issue of low salaries, which are often not commensurate with the cost of living, leading to financial strain among staff and diminishing their motivation to perform. Moreover, gender discrimination remains a pervasive challenge, with female employees frequently facing barriers to promotion and professional development compared to their male counterparts. Ethnic favoritism further complicates the landscape, as recruitment

and advancement often depend on tribal affiliations rather than merit, creating a divisive work environment. Widespread corruption is another critical problem within the civil service, manifesting in practices such as bribery and nepotism, which undermine public trust and divert resources away from essential services. Additionally, Agbo and Okeoma, (2022) added that the politicization of key processes such as recruitment and promotions often leads to the appointment of individuals based on political connections rather than qualifications, exacerbating inefficiencies within the system.

As a result of these compounded issues, Ali, Zainab and Harith, (2022) stated that there is a marked lack of accountability and transparency in operations, contributing to low morale and reduced productivity among staff. Employees also contend with inadequate infrastructure such as outdated technology and limited access to the internet that hampers their ability to serve the public effectively. Insufficient training opportunities further disable their professional growth, leaving many staff ill-equipped to face the evolving demands of their roles. The absence of clear career advancement paths leads to a lack of direction, fostering feelings of frustration and stagnation. This chaotic environment can also lead to serious issues such as "ghost worker" fraud, where individuals are paid for positions they do not occupy, thereby draining public funds. Collectively, these challenges result in a significant decline in the overall effectiveness and quality of public services, impacting the community's trust in governmental institutions.

Factors Militating against the Implementation of Indirect Compensation in the Nigeria Civil Service Commission

Several factors hinder the effectiveness of indirect compensation within Nigeria's civil service, leading to widespread dissatisfaction among employees. Key among these is corruption, which undermines trust in the system and diverts resources intended for employee benefits. Additionally, a lack of strong political will results in insufficient policies and initiatives to support comprehensive compensation frameworks. Weak institutional structures further exacerbate the situation, often leaving employees vulnerable to mismanagement and inefficiencies. Financial constraints are also a significant barrier, as inadequate budget allocations limit the ability to provide essential benefits, such as health insurance and retirement packages. The absence of professional accountability creates an environment where employees may feel unvalued, as the promotion systems are frequently ineffective and lack transparency. This, combined with poor working conditions, such as inadequate facilities and resources, detracts from employee morale and productivity. Moreover, a stagnant salary structure with minimal adjustments over time creates frustration, as employees see little to no growth in their compensation relative to inflation and living costs. Finally, the non-payment of allowances, like hazard pay and travel reimbursements, further demotivates civil servants, discouraging engagement with potential indirect compensation schemes that could enhance their overall job satisfaction.

Theoretical Development

The theoretical development of indirect compensation in Nigeria resonates with established compensation theories, such as behavior reinforcement theory and equity theory. These frameworks posit that various benefits play a crucial role in shaping employee motivation, performance, and retention. Recent studies conducted in Nigeria reveal an increasing acknowledgment of the importance of non-monetary benefits such as comprehensive health plans, life insurance, and generous paid leave as these elements significantly bolster employee engagement, loyalty, and

overall productivity. This evolution mirrors a global trend that recognizes indirect compensation as an indispensable strategy for attracting and retaining top talent, transcending the traditional focus on direct financial remuneration.

Key Theoretical Pillars

a. Behavior Reinforcement Theory:

This theory suggests that employees are more inclined to repeat certain behaviors when these behaviors lead to positive outcomes or rewards. In the context of Nigeria, the implementation of robust indirect compensation strategies such as comprehensive benefits packages that include health insurance, retirement plans, and performance bonuses acts as a form of positive reinforcement. Through recognizing and rewarding desirable behavior, organizations can enhance employee motivation and drive, leading to higher overall performance levels and increased organizational commitment.

b. Equity Theory:

Equity Theory posits that employees assess their compensation by making comparisons between their own contributions (such as effort, skills, and time) and the rewards they receive (including pay, benefits, and recognition), relative to those of their peers. In Nigeria, organizations that offer competitive and equitable indirect benefits such as bonuses based on performance, profit-sharing schemes, and allowances for transportation and housing demonstrate fairness in their compensation practices. This sense of equity fosters feelings of appreciation and belonging, ultimately cultivating loyalty and reducing turnover among employees. By ensuring fairness in compensation packages, organizations can create a healthier workplace culture and improve employee satisfaction.

Evolution of Indirect Compensation in Nigeria

i. Early Approaches:

In the initial stages of employee compensation practices in Nigeria, the predominant focus was on direct cash compensation. Salaries and wages were viewed as the primary means of rewarding employee contributions, with little regard for additional benefits. As the labor market matured and the importance of employee satisfaction became clearer, this perspective evolved to acknowledge the significant role of non-monetary benefits in attracting and retaining talent.

ii. Shift towards Benefits:

The understanding of indirect compensation has broadened significantly, with a growing recognition that it encompasses essential non-monetary elements. These include health insurance benefits, comprehensive retirement plans, paid time off, leave allowances, and various employee services such as counseling and wellness programs. Research conducted by the Rivers State Board of Internal Revenue Service highlights that these components are crucial for promoting employee well-being. The findings indicate that organizations offering robust indirect compensation packages experience higher levels of job satisfaction and improved employee performance.

iii. Emphasis on Well-being:

The theoretical development of compensation practices in Nigeria illustrates a broader societal shift toward prioritizing employees' psychological and emotional well-being. This is evident in the growing emphasis on mental health initiatives and work-life balance strategies within organizations. By investing in indirect benefits, employers aim to foster a more dedicated, engaged, and resilient workforce. A notable example can be seen in the public sector in Anambra State, where initiatives have been implemented to enhance employee support systems and overall job quality, reflecting a commitment to holistic employee welfare.

iv. Growing Research and Empirical Evidence:

A rising body of research in Nigeria is increasingly focused on uncovering the relationships between indirect compensation and various employee outcomes, including job performance, motivation, and overall engagement. Studies have not only highlighted a positive correlation between indirect benefits and employee retention but have also demonstrated that companies with well-structured compensation strategies reap the rewards of higher productivity levels and lower turnover rates. This empirical evidence supports the theoretical assertion that a comprehensive compensation strategy, which includes indirect compensation, is vital for organizational success and employee satisfaction. As the discourse continues to evolve, it is becoming clear that indirect compensation is not merely an adjunct to direct pay but a fundamental aspect of modern employment practices in Nigeria.

Theoretical Exposition

Indirect Compensation and Nigeria Civil Service Commission

Indirect compensation for Nigerian civil servants encompasses a range of non-monetary benefits, including comprehensive health insurance, generous leave allowances, and robust retirement plans. These elements are essential for enhancing employee motivation and job performance, yet they are often provided inadequately or inconsistently across various departments. Research indicates a strong positive correlation between the quality of indirect compensation and employee performance, suggesting that when civil servants are well-supported through these benefits, they are more likely to excel in their roles. The Nigeria Civil Service Commission, which is tasked with overseeing compensation policies, plays a pivotal role in this regard. However, to effectively implement these policies, the Commission would benefit significantly from the involvement of skilled human resource personnel who can address existing shortcomings and ensure that these indirect compensation methods are not only established but also effectively communicated and executed. Indirect compensation is particularly relevant to the Nigeria Civil Service Commission because it directly influences employee job satisfaction, motivation, and overall performance. In a sector where effective public service delivery is paramount, enhancing the indirect benefits package can have far-reaching implications. For instance, the inclusion of attractive health insurance plans, along with opportunities for professional training and development, can serve as powerful incentives to attract and retain qualified civil servants. This strategic approach not only improves employee morale and efficiency but also has the potential to reduce corruption, as a more satisfied workforce is less likely to engage in unethical practices. By fostering a positive organizational culture through these benefits, the Nigeria Civil Service can become a more effective and transparent entity.

Empirical Evidence of Indirect Compensation in Nigeria Civil Service

Empirical studies conducted within the Nigerian civil service reveal that indirect compensation, particularly in the form of fringe benefits, plays a crucial role in enhancing employee performance and job satisfaction. For instance, in states such as Anambra and Enugu, research indicates that elements like comprehensive health insurance coverage, robust retirement plans, and a well-structured benefits package significantly motivate employees. These factors not only boost organizational commitment but also lead to improved performance on specific tasks. However, the effective implementation of these benefits is often hindered by several systemic issues, including widespread corruption and a lack of awareness among employees regarding their entitlements. As a result, many employees receive an inadequate or mismanaged benefit, which negatively

impact their overall job satisfaction and diminishes their commitment to the public service. Addressing these challenges is essential for ensuring that employees fully appreciate and utilize the benefits available to them, ultimately leading to a more motivated and productive workforce. In the light of the above, the following studies below were also reviewed empirically to suit the study.

Agbo and Okeoma (2022) studied the impact of fringe benefits on worker performance in top hotels and Nike Lakes Resort Hotel in Enugu using a descriptive survey design. The sample included 49 staff members, and the analysis showed that fringe benefits significantly improve workers' performance.

Sunoma et al. (2022) investigated the effects of irregular salary payments on non-academic staff performance in Borno State's tertiary institutions using a correlational research design. Out of a population of 960, a sample of 282 was analyzed. The findings revealed that delays in salary payments and promotion benefits negatively affect employee performance.

Owota and Elliot (2022) examined the influence of conditions of service on job performance among civil servants in Bayelsa State. Using a cross-sectional survey design, they analyzed data from 393 respondents. The study found significant relationships between employee performance and aspects like job promotion, performance feedback, and training/development, all with p-values less than 0.000.

Dashwep and Macha (2022) studied employee performance motivation in Nigeria's public sector, focusing on the Accountant General's office in Garki, Abuja. Using descriptive research design and purposive sampling, they surveyed 10 employees from each of the 16 departments. Data collected via hand-administered questionnaires were analyzed using chi-square. Results showed that the work environment and physical needs satisfaction did not significantly enhance performance, while public relations positively impacted employee performance.

Ali et al. (2022) investigated compensation management's effect on employee performance at North Gas Company in Iraq. The descriptive study involved a random sample of 100 out of approximately 3000 employees. Analysis revealed that retirement and social security benefits significantly enhance employee performance, confirming the direct effect of compensation management.

Obikwelu and Nwasor (2021) explored the impact of remuneration on teacher motivation in public secondary schools in Anambra State. Using a descriptive survey design, they sampled 104 teachers from 10 out of 16 schools. Findings indicated that both male and female teachers viewed remuneration, retirement plans, and health protection positively influencing their motivation.

Zulkiflee et al. (2021) examined the relationship between fringe benefits and job satisfaction in Selangor's SMEs. This correlational study surveyed 200 workers and used PLS-SEM for analysis, finding a positive correlation between fringe benefits and job satisfaction among employees.

Egbewole et al. (2021) studied compensation management and job satisfaction among staff at the Central Bank of Nigeria, revealing a connection between total compensation and employee satisfaction. A descriptive survey method was used, with 140 respondents selected randomly, and data analyzed through simple linear regression.

Toropova et al. (2021) examined the relationship between teachers' job satisfaction, working conditions, and

characteristics in Sweden. Using TIMSS 2017 data from 150 schools and 200 teachers, the study employed several questionnaires and Mplus 8 software for analysis. Findings showed that factors like fringe benefits and workload significantly impacted teachers' job satisfaction, notably more for male teachers.

Onwunyi and Mba (2021) investigated the effect of work environment on employee performance at Chukwuemeka Odumegwu Ojukwu University, utilizing a descriptive design with a sample of 150. Data from questionnaires and interviews indicated that the work environment positively affected employee productivity.

Ukpong and Okon (2021) focused on the impact of physical work environment on teachers' job satisfaction in public secondary schools in Akwa Ibom State, employing an ex-post-facto design with 700 teachers. The validated "Work Environment and Job Satisfaction Questionnaire" revealed a significant positive influence of the physical environment on job satisfaction.

Nzewi et al. (2021) assessed the correlation between physical work environment and employee performance in selected brewing firms in Anambra State. With a sample of 233 from a population of 550, the study employed a correlational design and found a significant positive relationship.

Egwu, Umeozor, and Ezugoh (2021) studied the effect of work environment on human resources management and job performance in secondary schools in Anambra State, involving 5,976 teachers from 258 schools. Using a descriptive survey, they sampled 598 teachers with a self-developed questionnaire (IWEHRMJPQ) containing 24 items. The findings indicated that the work environment significantly influenced human resources management and job performance.

Aji (2021) examined the impact of promotion on academic staff development in Borno State's higher educational institutions. The study, which surveyed 938 staff members, found a significant relationship between promotion and staff development, indicating that promotion lacked monetary benefits since 2015.

Adekanmbi and Ukpere (2021) explored the influence of minimum wage and timely salary payments on teacher effectiveness in Ibadan North, Oyo State. Using a quantitative approach and analyzing 149 responses from two questionnaires, they concluded that both financial factors and demographic variables significantly affect teacher effectiveness.

Ileka and Muogbo (2020) investigated salary administration and employee performance in selected Anambra State government ministries. Sampling 374 employees, they found that wages and benefits positively impact employee performance, while minimum wage had a negative effect. The study concluded that effective salary administration enhances civil service performance.

Evidence Gap in the Study

The evidence gap primarily exists due to the dearth of empirical research examining the effectiveness and practical implementation of diverse indirect compensation packages such as comprehensive health insurance, robust retirement plans, and enhancements to the work environment within the Nigerian Civil Service Commission. Existing literature tends to concentrate more heavily on direct compensation or broad compensation-related issues, which limits the understanding of how indirect benefits impact employee satisfaction and performance. Current studies frequently illuminate critical weaknesses in the execution of these indirect benefits, pointing to issues such as inconsistent policy clarity, inefficient allocation of resources, and insufficient communication regarding available benefits. These shortcomings can have significant repercussions, including

diminished employee motivation, reduced job performance, and high turnover rates. Furthermore, they underscore the pressing need for comprehensive, nationwide studies focused on the specific indirect compensation benefits offered within the civil service sector. Such research could provide invaluable insights into how these benefits influence employee engagement and overall organizational effectiveness, thereby facilitating improvements in civil service delivery in Nigeria.

METHODOLOGY

The study employed a qualitative research method to conduct a comprehensive review of existing literature on indirect compensation and its impact on employee performance within the Nigerian civil service. By analyzing various studies and reports, the research aimed to uncover the nuances of how benefits such as health insurance, retirement plans, training opportunities, and work-life balance initiatives influence employee motivation, productivity, and overall job satisfaction in this specific context. The findings contribute to a better understanding of the relationship between indirect compensation strategies and employee performance outcomes in the public sector of Nigeria.

CONCLUSION

The absence of indirect compensation significantly impacts employee motivation, performance, and overall job satisfaction within the Nigerian civil service. Specifically, without benefits such as comprehensive health insurance, robust retirement plans, and sufficient paid time off, employees often feel undervalued and underappreciated, which can lead to decreased productivity, higher absenteeism rates, and increased turnover. Consequently, this situation undermines the organization's ability to attract and retain highly qualified talent.

The Nigerian government should prioritize enhancing indirect compensation strategies within the civil service to effectively boost employee morale and both job performance and productivity. Addressing the issues of low pay and insufficient benefits is critical, as they contribute not only to employee dissatisfaction but also to an environment conducive to unethical practices and corruption. Introducing indirect compensation options such as health insurance that covers both physical and mental health needs, retirement benefits that ensure financial security post-employment, as well as professional development opportunities can significantly enhance the perceived value among employees. This approach would make public service a more appealing career choice and foster greater commitment and efficiency among the workforce.

In the context of the 21st century, the importance of indirect compensation is even more pronounced as it directly influences employee performance within the Nigerian civil service. By offering benefits such as comprehensive health insurance, generous welfare packages, and maintaining a positive work environment, employee morale and productivity are likely to improve. However, challenges such as inadequate basic pay, inconsistent salary disbursements, and ineffective management of compensation often diminish the impact of these fringe benefits. Therefore, it is vital to implement effective systems for managing fringe benefits, providing ongoing training, and enriching job roles to better align compensation with performance metrics, thereby helping to retain skilled professionals.

To sustain and enhance indirect compensation within the Nigerian civil service in the 21st century, the government should invest in establishing robust employee welfare programs. These programs might include comprehensive housing assistance, access to quality

healthcare services, and flexible leave policies designed to accommodate diverse employee needs. Furthermore, investing in consistent training and capacity development is crucial for workforce empowerment. Promoting a culture of accountability and actively seeking employee input in the design of benefit packages will ensure that the offerings meet the actual needs of the workforce. Additionally, fostering a work environment that prioritizes employee well-being and addresses underlying infrastructure challenges will not only cultivate a dedicated and motivated workforce but also improve employee retention rates significantly, thereby elevating the overall quality of public service delivery in Nigeria.

Contribution to knowledge.

The upcoming exploration of indirect compensation in the Nigerian Civil Service is poised to reveal its potential to significantly enhance employee performance. As we move forward, we anticipate that these incentives will serve as powerful motivators, likely improving job satisfaction through benefits such as health insurance and comprehensive leave policies. This focus on non-monetary rewards is expected to address employee needs and alleviate stress, fostering a renewed sense of purpose and agility as they return to their roles. Ultimately, we foresee this leading to improved task performance and heightened productivity across the organization in the near future.

Significance of this Study

This research provides critical insights for policymakers and human resource managers within the Nigerian civil service, enabling them to craft more effective and motivational compensation strategies. By delving into the qualitative aspects of employee experiences including factors such as job satisfaction, workplace culture, and individual recognition the study aims to inform the development of comprehensive policies. These policies are designed to enhance employee morale, improve retention rates, and boost overall productivity in the public sector. Ultimately, this research seeks to create a more engaging and committed workforces that can better serve the needs of the Nigerian populace.

REFERENCE

Adekanmbi, F. P., & Ukpere, W. (2021). Influence of minimum wage and prompt salary payment on teachers' effectiveness in public secondary schools public secondary schools in Ibadan North Local Government Area of Oyo State, Nigeria. *Problems and Perspectives in Management,* 19(1), 116-126.

Agbo, U. M., & Okeoma, E. M. (2022). Impact of fringe benefit on the performance of workers in the hospitality industry: A study of top rank hotels and Nike Lakes Resort Hotel Enugu. *Journal of Emerging Trends in Management Sciences and Entrepreneurship*, *4*(1), 322–339.

Aji, A. (2021). Impact of promotion on academic staff development in the state higher educational institutions of Borno State. *International Journal of Advanced Research in Public Policy, Social Development and Enterprise Studies*, 4(1), 12-24.

Ali, I. M., Zainab, F. M., & Harith, A. M. (2022). The effect of compensation management on employee performance: An empirical study in North Gas Company. *World Bulletin of Management and Law (WBML)*, 7, 59-70. https://www.scholarexpress.net.

Ali, I. M., Zainab, F. M., & Harith, A. M. (2022).The effect of compensation management on employee performance: An empirical study in North Gas Company. *World Bulletin of Management and Law (WBML)*,7,

59-70. https://www.scholarexpress.net.

Aniefor, C. G., Nduka, A. J., Ananwude, A. C., & Ezeaku, C. N. (2021). Effect of capital structure on corporate performance: Evidence from agricultural firms quoted on the Nigeria stock exchange (2007 – 2018). *Journal of Emerging Trends in Management Sciences and Entrepreneurship, 3*(1), 68-78.

Dashwep, C. J. & Macha, L. J. (2022). Promoting motivation for employee performance: A case of Nigeria Public Sector. *International Journal of Scientific and Research Publications*, 12(5), 102-137. http://dx.doi.org/10.29322/IJSRP.12.05.2022.p12516.

Egbewole, I. K., Olusesi, L. D., & Abdulazeez, A. O. (2021). Compensation management and employee's job satisfaction among staff of Central Bank of Nigeria, Lagos. *Annals of Spiru Haret University. Economic Series,* 21(1), 95-108. https://doi.org/10.26458/2114.

Egwu, J. U., Umeozor, J., & Ezugoh, T. C. (2021). Influence of work environment on human resources management and job performance for sustainable development in secondary schools in Anambra State. *COOU Journal of Educational Research*, 6(2), 54 – 69. file:///C:/Users/USER/Downloads/39-154-1-PB.pdf.

Ekwunife, I. J., Nduka, A. J. & Ogini, P. (2022). Selected macroeconomic variables and capacity utilization in Nigeria. *Journal of Emerging Trends in Management Sciences and Entrepreneurship, 4*(1), 340-359

Ileka, N. O., & Muogbo, U. (2020). Wages and salary administration and employee performance in selected government ministries in Anambra State. *International Journal of Innovative Development and Policy Studies, 8(1), 70-80.* www.seahipaj.org.

Manafa, J. E, Onochie, J. D., Ozigbo, A., Ngige, C. D., & Muojekpe, J. C. (2022).Compensation Administration and Performance of Local Government Areas in Anambra State, Nigeria: An exploration of issues. *International Journal of Management and Entrepreneurship (IJME),* 3(1), 228-247. https://www.researchgate.net/publication/358424739.

Mbukwana, V.L., & Ayandibu, A.O. (2023). Impact of performance incentives on employees' performance in a university in KwaZulu-Natal. *SA Journal of Human Resource Management/SA Tydskrif vir Menslikehulpbronbestuur*, 21(0), a2114. https://doi.org/10.4102/sajhrm. v21i0.2114

Nduka, A.J., Okolie, O. & Ngangah, O.C. (2025). Evaluating the Impact of Bank Consolidation on SMEs Financing in Nigeria: The Emerging Roles of AI and Fintech Innovation. *Journal of Emerging Trends in Management Sciences and Entrepreneurship (JETMASE)*, 7(1), 333-353

Nduka, A. J., Atueyi, C., Osakwe, C. I. & Mbanefo, A. P. (2021). Effect of exchange rate policies on non-oil export in Nigeria. *Journal of Emerging Trends in Management Sciences and Entrepreneurship, 3*(1), 105-117

Nduka, J. A., Ananwude, A. C., & Osakwe, C. I. (2019). Expenditure of the Federal Government of Nigeria: Effect on the standard of living of her citizens. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 9*(4), 57-64

Novakovic, R. (2024). 9 Employee Bonus Ideas and How to Use Them Effectively, Retrieved on March 19,

2024 from https://semoscloud.com/blog/employee-bonus/.

Nzewi, H. N., Augustine, A., Mohammed, I., & Godson, O. (2021). Physical work environment and employee performance in selected brewing firms in Anambra State, Nigeria. *Journal of Good Governance and Sustainable Development in Africa*, 4(2), 131-145. http://journals.rcmss.com/index.php/jggsda/article/view/396.

Obikwelu, C. L., & Nwasor, V. C. (2021). Perceived influence of remuneration on teachers' motivation in Anambra State secondary schools. *Journal of the Nigerian Academy of Education,* 13(1), 146-156. https://www.researchgate.net/publication/348647988.

Ogunewe, N. C., Ananwude, A. C., & Nduka, J. A. (2020). Non-oil exports and manufacturing sector growth in an oil-rich country in Africa: Case of Nigeria. *Finance & Economics Review, 2*(4), 1-11.

Okafor, J. N., Onuzulike-Chukwuemeka, N., & Nwankwo, C. N. (2022). Performance management implication on employees' performance in selected manufacturing firms in Anambra State, Nigeria. *International Journal of Management & Entrepreneurship Research, 4*(1), 1-12. https://doi.org/10.51594/ijmer.v4i1.279.

Onwunyi, U. M., & Mba, A. O. (2021). Work environment and employee performance in the public service: A study of Chukwuemeka Odumegwu Ojukwu University, Anambra State, Nigeria. *Global Journal of Political Science and Administration*, 9(1), 39-56. . https://doi.org/10.2107/6342-323.

Owota, F., & Elliot, S. (2022). Conditions of service and employees' job performance among civil servants in Bayelsa State, Nigeria. *International Journal of Innovative Social Sciences & Humanities Research,* 10(2), 79-88. www.seahipaj.org.

Perkins, G., Gilmore, S., Guttormsen, D. S. A., & Taylor, S. (2022). Analyzing the impacts of universal basic income in the changing world of work: Challenges to the psychological contract and a future research agenda. *Human Resource Management Journal,* 32, 1-18. https://doi.org/10.1111/1748-8583.12348.

Sunoma, K. Z., Aminu, A. A., & Adamu, A. (2022). Effect of irregular payment of emolument on performance of non-academic staff in tertiary institutions of Borno State, Nigeria. *African Scholar Journal of Management, Science and Entrepreneurship*, 20(7), 261-280. https://www.africanscholarpublications.com/wp-content/uploads/2022/06/AJMSE_Vol20_No7_March_2022-16.pdf.

Toropova, A., Myrberg, E., & Stefan, J. (2021). Teacher job satisfaction: The importance of school working conditions and teacher characteristics in Sweden. *Educational Review, 73*(1), 71-97. https://doi.org/10.1080/00131911.2019.1705247.

Udodiugwu, M. I., Nwosu, C.C., Obiakor, U.J., & Nwumeh, U.J. (2024). Motivation through indirect compensation: Evaluating employee performance in Enugu State Civil Service Commission. Annals of Human Resource Management Research, 4(2), 79-96.

Ukpong, N. N., & Okon, J. E. (2021). Physical work environment and job satisfaction of secondary school teachers in Akwa Ibom State, Nigeria. *International Journal of Educational Administration, Planning and Research, 6*(1), 36-43.

Zulkiflee, A. R., Amirul, M. G., Halimi, P., Mohd, R. A. G., Abu, D. M. R., & Mohd, K. Z. (2021). Fringe benefit and job satisfaction in SME: An empirical experience among SMES in Selangor. *Journal of Islamic, Social, Economics and Development (JISED)*, 6(42), 277 - 290. http://www.jised.com/PDF/JISED-2021-42-12-25.pdf.