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Impact of Employee Compensation On Job Performance Among Selected Donor-Funded Health Organizations in Abuja, Nigeria

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Abstract: *This study examines the impact of employee compensation on job performance in selected donor-funded health organisations in Abuja, Nigeria. The study is motivated by increasing concerns that rigid donor funding structures may limit organisations' ability to design competitive compensation systems, thereby affecting employee motivation and performance. Grounded in Vroom's Expectancy Theory, the study conceptualises compensation as a multidimensional construct comprising salary, fringe benefits, and recognition. A quantitative survey design was adopted, and data were analysed using regression techniques. The study finds that salary and benefits have positive but not statistically significant influence on employee performance. However, recognition exerts a comparatively stronger motivational effect in donor-constrained environments. The study concludes that non-financial compensation plays a critical role in sustaining employee performance where financial flexibility is limited. The study recommends the integration of balanced reward systems combining financial stability with structured recognition framework.*

Keywords: compensation, job performance, donor-funded health organisations, salary, fringe benefits, recognition

INTRODUCTION

In the current world of globalization and advancement in technology, organizations are put on their toes to maintain a competitive advantage. Different organizations are harnessing various strategies to enable them survive the harsh realities of the economy of the world which is greatly impacted by global unrest, increase in price of goods and services as a result of inflation and other macro-economic indicators (Nguyen & Nguyen, 2023; Adeiza, Oye & Alege, 2023). A strategy being used by organizations to survive, is their internal capacity which no organization can do without and that is their human resource capacity. Every organization has the 4Ms of production, namely man, money, materials and machine. However, no one factor can exist by itself to achieve organizational objectives, and the most important is the "man" or human resource of the organization (Ebini 2024). There are various strategies employed by organizations to ensure that the human resource is well harnessed to enhance productivity of the organization and maintain a competitive advantage in the business world (Ji, 2024; Slama et al., 2024; Reiman et al., 2024). The success of any organization largely hinges on the performance and productivity of its employees. These employees require some level of motivation to be able to put in their best and be engaged on the job. Hence the discussions on how employees can be compensated to enable them put in their best and eventually have positive impact on the achievement of organizational goals and objectives (Yang & Wang, 2026; Lomyati & Tridayanti, 2023; Lavanya et al., 2024).

When people put in their best, they expect to be rewarded for their input, and this is what the organization does through compensation. Compensation refers to any form of financial and non-financial rewards given to employees in exchange for their services. This includes salaries, allowances, bonuses, incentives and benefits. In any organization, effective compensation strategies will ensure that the organization not only attracts good talents but also retain and motivate employees to the overall achievement of organizational goals and objectives. According to Reddy (2020), “employee compensation strategies are structured plans that combine financial and non-financial rewards to attract, motivate, and retain talent while aligning employee contributions with organisational goals”. Brown and Carter (2021) describe compensation as a system of exchange that entails wages, benefits, recognition and career opportunities. Hence salary, benefit and recognition are all variables that impact on the performance of employees. This study will focus on these variables and strength of their impact on how employees perform on the job.

This study will be guided by the Vroom’s Expectancy theory in a bid to explain the process of how employees are motivated, not only the rewards the organisations promised, but the employees’ belief that working harder will lead to a specific performance level and subsequently a desired outcome. When employees’ performance is enhanced, it translates to increased productivity, greater efficiency, better quality of work and eventually organizational effectiveness. Thus, organizations need to keep implementing strategies to enhance employees’ performance and this is usually done by way of good compensation strategies.

Donor-funded health organizations are mainly non-profit, and they have their pay increases fixed as it is based on the funds that are made available for any particular project by donors (Kerubo and Thomas, 2022). If the project is to make any increment in salaries of employees, there is need for the donor to give an approval for reprogramming of funds to make more funds available for any salary increment. These strict restrictions on regular pay increment makes the management of the not-for profit organizations work harder in being very effective and efficient in their use of donor funds which will ensure the implementation of their objectives while at the same time ensuring that their employees are motivated and engaged on their jobs.

Abuja Nigeria has a good representation of donor-funded health organizations, and these organizations contribute significantly to the development of the health sector in the country. For these donor-funded health organizations to effectively implement their goals and objectives, it is imperative that their employees receive good compensation strategies to be motivated to enhance their performance and hence the achievement of organizational goals and objectives. Several studies have established that there is a relationship between employee compensation and their performance on the job, stating that when employees are adequately compensated, their productivity, efficiency and quality of work increase. However, much of this work has centered around private sectors such as banks, universities and the public sector, but with limited attention to donor-funded health organizations in Nigeria. This gap highlights the need for empirical research into how employee compensation influences their performance in donor-funded health organizations in Abuja.

Statement of the Problem

Ideally, donor-funded health organizations which play a critical role in national development are to function with such high standards that has competitive compensation strategies which can effectively attract and retain quality talent. This will ensure that the financial and non-financial rewards given to employees make employees engaged and highly productive, hence the achievement of critical public health goals and objectives. However, these organisations are usually besieged with challenges regarding employee compensation. This is due to the limited funding received from donors, including the strict donor policies (Kerubo and Thomas, 2022). This can lead to dissatisfaction of employees and consequently reduced performance on the job.

There are concerns on the kind of compensation strategies these donor-funded health organisations can implement. Some donor-funded health organisations offer good financial rewards, while some give more of non-financial rewards due to funding limitations. All these disparities in the donor-funded organizations can lead to disengaged employees which ultimately results in poor employee performance, and consequently a negative impact on the achievement of the goals and objectives of the organization. This also can inevitably lead to a "brain drain" of the sector's most talented professionals to international community, that offers stability and other competitive compensation. This study is therefore intended to examine the impact of employee compensation on the performance of employees among selected donor-funded health organizations in Abuja, so as to contribute to the implementation of informed policy and effective management decisions.

Objectives of the study

The main objective of this study is to examine the Impact of Employee Compensation on Job Performance among selected Donor-Funded Health Organizations in Abuja, Nigeria

The specific objectives of this study are:

1. To examine the impact of salary on employees' performance among selected Donor-Funded Health Organizations in Abuja, Nigeria
2. To examine the impact of Fringe benefits on employees' performance among selected Donor-Funded Health Organizations in Abuja, Nigeria
3. To examine the impact of recognition on employees' performance among selected Donor-Funded Health Organizations in Abuja, Nigeria

Hypotheses of the Study

Based on the above stated objectives of this study, the hypotheses guiding the study are:

H01: Salary has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

H02: Benefits have no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

H03: Recognition has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

The city of Abuja, Nigeria is a hub of donor-funded health organizations. These NGOs contribute tremendously to the development of the health sector in the country. Also, a number of donors work through institutions such as the Public Health of the Federal Ministry of Health to implement health interventions in various disease areas like malaria, HIV/AIDs, Tuberculosis and Leprosy. These donors also work towards the sustainability measures which will strengthen the health sector such that the government of the country can continue funding these major and critical health interventions with the subsequent result of a populace that is healthy with significant reduction of mortality rate. The sectors that will benefit from this study will include the Federal Ministry of Health, the Donors, the managers of both International NGOs and National NGOs, researchers, students and even employees. This study will these institutions understand effective compensation strategies that can be used to retain talents. Policy makers in the health sector will use this study to formulate such robust legislative frameworks by enacting more sustainable policies that will ensure strategic implementation of national health interventions. This study will likewise contribute to the existing body of information on non-profit organizational behaviour and human resource management. Hence, students and researchers will have an analytical foundation for future investigations into how human resource management can impact the activities of non-profit health organizations. Employees will benefit because when the compensation disparities are addressed, this can help mitigate the "brain drain" phenomenon also called the "Japa" syndrome.

The focus of this study is the impact of employee compensation on job performance among selected donor-funded health organisations in Abuja, Nigeria. The key components of compensation that will be considered in this study are salary, fringe benefits and recognition how these components influence job performance. The Programme Management Units within the Federal Ministry of Health (FMoH) will be used in this study. These are organisations that implement various grants of donors. Also, Private-Sector Health NGOs will be included in this study. The geographical limitation of this study is Abuja, the Federal Capital Territory of Nigeria. This is because there is a high number of donor-funded health organisations in Abuja, compared to other parts of the country.

LITERATURE REVIEW

Conceptual Review

Compensation

Alex et al. (2020) defined compensation as payment which an organisation makes in exchange for hard work or an effort made to accomplish a particular goal. This means that compensation is a form of exchange, whereby when an employee gives or offers services to an organisation, he/she receives compensation in return. Compensation can be regarded as the things an employee receives for working and this includes pay and non-monetary benefits. This is alluded to by Almadana et al. (2024) that employee compensation forms an integral part of a reward system that is made up of financial and non-financial pay. The financial compensation usually includes wages, salaries, commissions, bonuses and allowances.

Brown and Carter (2021) describe compensation as a system of exchange that entails wages, benefits, recognition and career opportunities. All these have the capacity to enhance the commitment of employees in organisations. This means that compensation is not considered to be only financial reward to employees, but there are non-financial rewards that are also significantly considered as a form of compensation to employees. This is highlighted by Afiriye et al. (2020), who defined compensation as “the pay or incentives which include wages, salaries, bonuses and other rewards, which are given to employees in recognition of employees’ performance on the job.” Although financial reward for employee compensation which is salaries and sometimes wages, represent the main source of income for most employees.Nevertheless, benefits such as health insurance and pensions also determine the well-being and financial security of not only the employees but also the dependants. Hence organisations use both financial and non-financial systems of compensation to not only motivate their staff, but to ensure employee engagement and ultimately the performance of the employees. When an employee is engaged on the job, such employee becomes more productive and improve greatly in their performance on the job.

Various studies have been carried out in different sectors regarding the critical role that compensation plays in the motivation and performance of employees. Patnaik and Sahoo (2020) observed in sampled IT companies that both financial and non-financial monetary rewards give a profound effect on the engagement of employees including talent retention. Katabalo and Mwita (2024) also stated that compensation has a significant positive influence on the performance of employees and can be used as a tool for employee retention, engagement and motivation. In order to attract and retain quality employees, Emeh et al. (2023) stated that compensation has a significant role to play and as such organisations can employ compensation packages as a tool to continuously develop and motivate employees as well as to attract and retain prospective employees. Iloka and Gambo (2026) observed that direct and non-financial compensation significantly can predict the productivity of employees. Richard et al. (2023) testified that compensation is a stimulator of employees’ productivity.

In a survery of a financial institution, Bernard (2025) also discovered that recognition is an employee-centreed compensation strategy that can enhance productivity, motivation and organisational commitment of employees. Recognition is a powerful non-financial reward, and when employees receive verbal praise, awards or symbolic acknowledgement of their contributions, they perceive these gestures as validation of their worth in the organisation. Ramya & Vanithamani (2023) articulate that, “recognition nurtures intrinsic motivation by reinforcing the psychological need for esteem and self-worth.” Due to this, employees feel appreciated and this positively and significantly influence the performance of employees (Muhammad 2026). All these emphases suggest that financial and non-financial compensation have positive impact on the performance of employees, hence the need for organisations including donor-funded health organisations to be more strategic in the design and implementation of employees’ compensation which ultimately results in the performance of employees and subsequently achievement of organisational goals and objectives.

Employee Performance

Employee performance can be considered as the work done by an individual. According to Olawale and Igechi (2024), "performance is the efficient and effective execution of job given to employees." There are varying concepts on the definitions of employee performance. Ali and Ahmed (2022) considered employee performance basically to the degree in which assigned tasks are concluded by the employees and this has to be within the expected timeframes and quality of standards. This they alluded, is a major factor of the efficiency of the organisation. Awan et al. (2020) support that the performance of employee is made up of task and contextual performance and this reflects how effectively and efficiently employees execute their duties will ultimately lead to the achievement of organisational objectives. While Ali and Ahmed (2022) saw employee performance only in one dimension of task completion, Mensah and Asare (2023) highlighted a 3- dimensional perspective of employee performance which are mainly task proficiency, contextual behaviour and adaptability. Even though Patnaik (2020) identified another 3- dimensional perspective of employee performance which are task proficiency, contextual behaviour and counterproductive performance. For this current study, the Mensah and Asare's stated dimension will be considered.

Task performance (which is considered as technical compentency) shows the efffectiveness and efficiency that employees use to carry out their core job responsibilities and this aligns with the productivity of employees. Adaptability refers to the way employees respond to the dynamics in the work environment and this impacts on the quality of work done. Contextual behaviour however highlights the importance of behavioural competency in carrying out their duties. The behavioural and technical compentencies assessments of employees therefore provide a holistic view of employee contributions to the organisation beyond mere output. This is very relevant in donor-funded health organisations where international best practices form the core of operations as the organisations are expected to comply with the principles of the donors during the implementation of grant. Behavioral and technical compentencies therefore, play a critical role in the achievement of the objectives of donor-funded health organisations, as these factors determine employees' ability to perform tasks efficiently while interacting effectively within the project implementing environments. Thus, when compensation systems are aligned with these compentencies, motivation of employees can be assured, which will thereafter drive an improvement of employee performance and ultimately the effectiveness of the organisation.

The conceptual framework below (Figure 1.) provides the structure of how compensation packages (salary, fringe benefits, recognition) drive the performance of employees. Salary being a direct financial driver of retention and employees performance, while fringe benefits are indirect financial compensation. Recognition is also a very important aspect of compensation. In the donor funded environment where budgetary constraints limit salaries increment, appreciating employees for their high impact work serves as a form of compensation which positively impacts performance.

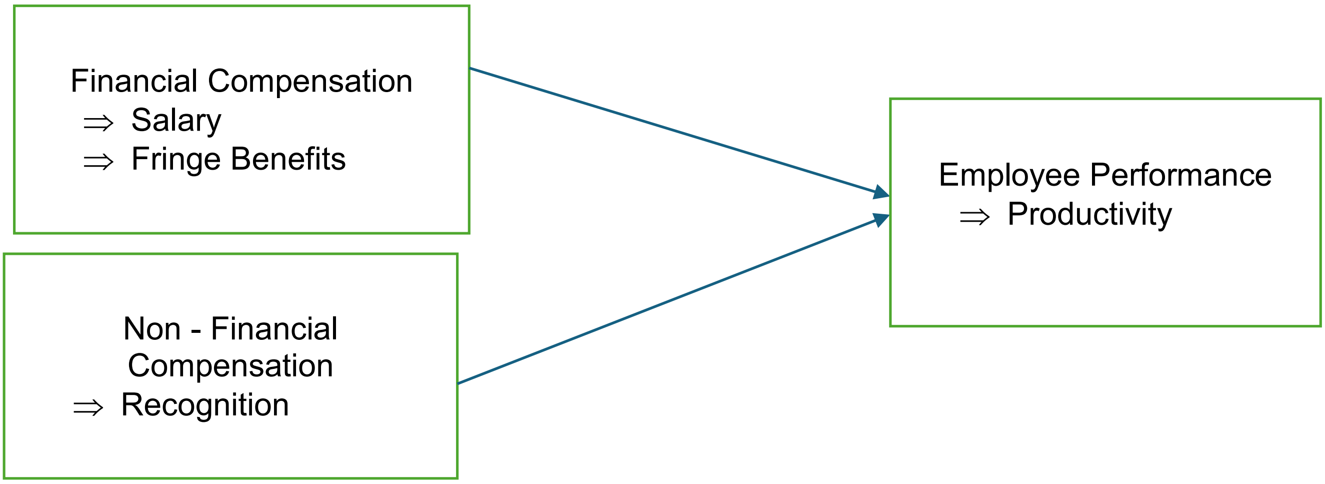

Figure 1: Conceptual Framework

Theoretical Review

This study adopts the Vroom's Expectancy Theory of motivation, Vroom (1964), which explains how individuals make decisions on various behavioral alternatives, as its theoretical framework. An assumption of the Expectancy Theory of motivation originally developed by Vroom (1964) is that people make decisions among alternative plans of behavior based on their perceptions (expectancies) of the degree to which a given behaviour will lead to desired outcomes. Although Expectancy theory acknowledges that employees take personal decision towards individual performance and productivity, the theory takes cognisance of the sociological perspective of such employees taking definite actions to the end of receiving rewards or being motivated. Financial incentives being one of the means to motivate employees; recognition of employees on the job also serves as a tool of rewarding to motivate staff (Shalwul et al. 2025). The force of motivation which backs individuals for any behavior, action or task is a function of three main perceptions. These are expectancy, instrumentality and valence.

Expectancy is the belief that employees have that if they work very hard, there will be improvement on their job; instrumentality is the reward employees believe they will receive when they do well on a job; and valence is the outcome or reward that motivates the employees to work. This theory therefore offers a rationale to understand how the various instruments of compensation (salary, fringe benefits and recognition) impact employees motivation and hence performance outcomes. Expectancy theory articulates that these processes enable employees increase their performance and productivity in an organization. Expectancy theory is of the opinion that rewards are significantly influential in increasing employees' performance and productivity in an organization to attain its goals.

Quite a number of literature support the distinct relationship between rewards and employee performance. These literature show that rewards have positive effects on employees' performance and productivity. A study of the Northern Nigerian Polytechnics showed that the performance of staff increased remarkably when financial reward was given to staff (Salisu 2022). The impact of non-financial reward such as recognition was also highlighted in Kerubo and Thomas (2022) and Grema (2023) when the performance of employees was enhanced through recognition. Desriani et al. (2025) observed that organisations should prioritise both financial and non-financial rewards as tools of enhancing employee performance outcomes. This is to enable a proper synergy that will consolidate employees commitment and organisational resilence. As organisations seek more and more to motivate employees to higher performance through the rewards offered, the expectancy theory is critical in any organisation in order to achieve their goals and objectives.

In the context of this study, compensation which includes salary, benefits and recognition are pivotal outcomes that employees look forward to, having invested much effort on the job. Also when employees perceive their efforts eventually become increased performance (high expectancy), and they believe that the organisation/employer will reward them fairly through the financial and non-financial rewards (instrumentality), the motivation of employees become enhanced. The level to which the rewards synchronise with what employees needs and prefer (valence) will determine how intense their motivation will be and eventual increase in job performance. Expectancy framework therefore, establishes a well-defined link or relationship between compensation and employee performance. The expectancy theory is thus pertinent in assessing how compensation practices impact the performance of employees in donor-funded health organisations.

Empirical Review

Yakubu et al. (2023) examined the effect of compensation on employee performance among employees of deposit money banks in Kano state Nigeria. The specific objectives of the study are to: Access the effect of financial compensation on employee performance in Kano State, Nigeria; and determine the effect of non-financial compensation on employee performance in Kano State, Nigeria. The study adopted a survey research design. Eight (8) deposit money banks in Kano, Kano State, Nigeria were covered in this study. The population of this study comprised one thousand three hundred and eighty-two (1,382) employees of the eight selected banks. The justification for choosing the above banks is based on their staff strength. The experience of the employees with the research variables was the reason for focusing on the sampled employees. The sample size of 372 was determined using Yamane's (1967) sample sizes determination formula. The study employed a questionnaire as the instrument for primary data collection.

The result of the hypotheses tested attested to the fact that the relationship between financial compensation and employee job performance is positive and significant at 0.05 significant levels. However, the hypothesis tested regarding the non-financial compensation and employee job performance showed that the relationship between non-financial compensation and employee job performance is positive but insignificant at 0.05 significant levels. This revealed that financial compensation increased employees performance, while non-financial compensation to employees showed a positive but not significant effect in the performance of employees. This may be because deposit money banks in Kano State, Nigeria places more emphasis on financial compensation than non-financial compensation of their employees. This finding aligns with the finding of Obieze (2023) who observed during a study that financial reward significantly impacts on employee performance among the sampled financial institutions.

The study of Acharya and Oli (2024) investigated the impact of financial and non-financial incentives on the performance of employees working in the Nepalese banking and insurance sectors. In collecting the data for the study from 400 sample employees from banking and insurance sectors, a structured questionnaire was employed using a non-probability sampling method. Cronbach's Alpha analysis and Regression analysis tools were used to assess the relationship among the variables. The study revealed that a positive correlation exists between financial incentives (bonuses and fringe benefits) and employee performance. The research also performed Chi-square test and found that financial and non-financial incentives have a significant relationship with employee's performance. Therefore, it was concluded that, the independent variables (pay, fringe, benefits, career growth, job security) have positive and significant relationship with employee performance which entails that enhancement in any of these independent variables can improve the performance of the employees.
The study highlights the importance of financial and non-financial incentives in shaping employee performance in Nepalese financial institutions.

Sabatini et al (2021) examined the effect of financial (such as salaries, wages and incentives) and non-financial compensation on employee performance at PT Pelabuhan Indonesia III (Persero) Regional East Java, Indonesia. The population used in this study was 67 respondents who were employees of PT Pelabuhan Indonesia III company, and the study used a quantitative approach, using questionnaires and interviews to collect the primary data. The multiple linear regression analysis was used to analyse the impact of independent variables (financial and non-financial compensation) on employee performance as the dependent variable. The study showed that both independent variables have a positive and significant effect on the performance of employees of the earlier stated population.

Literature Gap
There is existing literature that have investigated the relationship that exists between employee compensation and employee performance. The study carried out by Margaret (2024) on the effect of incentive system management on employee performance of selected deposit money banks in Cross River State Nigeria, revealed that pay-rise has a positive and significant effect on employee performance; recognition also has a positive effect on employee performance. Another review by Bernard (2025) on Compensation Strategies and Employee Performance in commercial Banks, shows another study in the banking industry, and emphasised that when organisations have well-structured and employee-centred compensation strategies, productivity and motivation of employees are guaranteed.

There are a number of articles on compensation and employee performance with the banking industry population, as evidenced in Remigus et al. (2025) and Agbavwe (2020) in their studies of relationship between compensation and performance of bank employees in Anambra and Delta states respectively. Educational and manufacturing sectors have also alluded to the significant relationship between compensation management and improved productivity as evidenced in the studies of Olawale & Igechi (2024), Dim et al. (2025), Onikoyi et al. (2025) and Iloka and Gambo (2026).

Most of these empirical reviews are skewed toward the profit-oriented sectors like financial, education and manufacturing. This shows that there is a significant sectoral gap as none of these studies has considered non-profit health organisations as a case study. While most studies either focus on financial or non-financial compensation strategy, this study provides a holistic framework of both financial and non-financial compensation strategy in a donor-funded health environment. Unlike most studies on compensation and employee performance which have been carried out in the North, South and West of Nigeria, the current study focuses on Abuja, where cost of living is high and health donor agencies are concentrated. This will help consider the socio-economic context of the location being considered. Hence the dearth of recent empirical literature examining the dynamics of the factors stated above makes this study of significant relevance in the health sector of the country.

METHODOLOGY

The study used a descriptive survey design. Descriptive research design focuses on describing the current state of affairs. This design according to Siedlecki (2020), "describes individual, events, or conditions by studying them as they are in nature." This research design is apt for this study as the investigation is centred on how compensation affects employee performance. It enables the collection of quantitative data and this will be used to describe the current state of compensation structures and their assumed impact within donor-funded health organizations in Abuja. The target population for this research consists of the staff currently engaged within the various Programme Management Units (PMUs) of the Federal Ministry of Health in Abuja, Nigeria. These are the units tasked with the implementation and management of donor-funded health grants. The Programme Management Units of the following offices are targeted in this study: NMEP (National Malaria Elimination Programme), NTBLCP (National TB & Leprosy Control Programme) and NEPWHAN (The Network of People Living with HIV and AIDS in Nigeria), which is a private NGO.

The study population comprises 410 staff members currently distributed across the various Programme Management Units (HR Unit, Federal Ministry of Health (FMoH), (Personal communication, May 2026) and NEPWHAN. In order to determine the sample size for this study, the Taro Yamane formula (1967) was used as follows: n=N/1+N(e)2. The sample size of the study was 202. The study then used purposive allocating technique in selecting 202 from across the total population of 410, which included all the various levels of management of employees in the organisations. Also, the study adopted a convenient sampling technique in selecting the 202 from the population to ensure that various job positions and experience levels are proportionately represented.

The data was collected using designed structured questionnaires. The Questionnaire is designed in a five (5) point Likert type scale to collect information from the respondents. Face and content validity were established through expert vetting to confirm alignment with the study objectives and ensure clarity of instrument items. A pilot study was carried out prior to actual data collection with 30 respondents. These respondents were excluded from the final sample to prevent bias. The pilot study ensured the reliability and validity of the research instrument. It also enabled the researcher to identify potential challenges when data is to be collected. Overall improvement of the research design was conducted before the main study. Cronbach's alpha coefficients for all scales exceeded 0.8, indicating satisfactory internal consistency (see Table 1). Reliability was tested for each specific variable (Salary, Fringe Benefits, and Recognition) rather than as a single monolith to ensure high stability in the results.

Table 1. Cronbach's alpha reliability output

S/N	**Construct**	**No. of items**	**Reliability coefficient**	**Remark**
1.	Salary	10	0. 844	High
2.	Fringe Benefits	10	0.900	High
3.	Recognition	10	0.863	High
4.	Job Performance	10	0.881	High
5.	All items	40	0.921	High

All items
Reliability Statistics

Cronbach's Alpha	N of Items
.921	40

Source: Author's analysis via SPSS (2026)

Having confirmed the reliability of the instrument, it was administered to respondents to obtain primary data. The data obtained were descriptively analyzed and interpreted, while the hypotheses of the study were tested using linear regression method.

RESULTS AND DISCUSSION

A total of 202 respondents were given the questionnaire by google form and all completed the form within the time frame of 4 days given. This represents 100 percent of the target sample.

Table 2: Demographic data of respondents

Variable	**Category**	**Freq**	**(%)**
Age	20–30 years	25	12.4
	31–40 years	83	41.1
	41–50 years	66	32.7
	51–60 years	22	10.9
	Above 60 years	6	3.0
	Total	**202**	**100.0**
Years of Experience	0–2 years	37	18.3
	3–5 years	79	39.1
	6–10 years	38	18.8
	Above 10 years	48	23.8

	Total	**202**	**100.0**
Employment Type	Full Time	63	31.2
	Part Time/Contract	111	55.0
	Temporary	25	12.4
	Adhoc	1	0.5
	Contract	1	0.5
	Volunteer	1	0.5
	Total	**202**	**100.0**
Job Position	Senior Management	4	2.0
	Programme/Technical Staff	42	20.8
	Clinical Staff	10	5.0
	Admin/HR/Finance/Procurement	9	4.5
	Field/Community Based Staff	125	61.9
	Mentor Mother/Mentor Mothers	6	3.0
	Other Positions	6	3.0
	Total	**202**	**100.0**

As presented in Table 2, the demographic characteristics of the respondents showed that most of the respondents were within the age range of 31-40 years (41.1%), followed by 41-50 years (32.7%). In terms of work experience, a larger proportion had 3-5 years of experience (39.1%). Regarding employment type, majority were part-time/contract staff (55.0%), while 31.2% were full-time employees. The most common job category was field/community-based staff (61.9%), followed by programme/technical staff (20.8%).

Test of Hypotheses
The hypothesis developed from empirical literature were subjected to statistical testing in their null form in order to ascertain their validity or otherwise. The hypothesis testing procedure was carried out using linear regression and the decision rule was: To accept the alternative hypothesis if *(P < .05)* and reject the null hypothesis, if otherwise. The hypotheses tested are as follows:

A linear regression analysis was conducted to determine salary impact on job performance among selected donor-funded health organization in Abuja, Nigeria.

Table 3: Salary Impact on job employees' performance among selected donor-funded health organisations in Abuja, Nigeria

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	39.755	1.570		25.314	.000
	Salary	.064	.043	.105	1.495	.136
a. Dependent Variable: Job Performance						

The result in Table 3 revealed that salary had a positive but insignificant impact on employees' job performance among selected donor-funded health organisations in Abuja, Nigeria (β = 0.105, p = 0.136 > 0.05). This implies that although an increase in salary tends to improve employees' performance, the effect was not statistically strong enough to influence job performance among the employees.

A linear regression analysis was conducted to establish fringe benefits impact on job performance among selected donor-funded health organization in Abuja, Nigeria.

Table 4: Fringe benefits impact on job employees' performance among selected donor-funded health organisations in Abuja, Nigeria

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	40.231	1.151		34.939	.000
	Fringe Benefits	.057	.034	.116	1.645	.102

a. Dependent Variable: Job Performance

The result in Table 4 showed that fringe benefits had a positive but insignificant impact on employees' job performance among selected donor-funded health organisations in Abuja, Nigeria (β = 0.116, p = 0.102 > 0.05). This suggests that although fringe benefits may contribute to improved employee performance, the influence was not statistically significant in the organisations studied.

A linear regression analysis was conducted to ascertain how recognition affects job performance among selected donor-funded health organization in Abuja, Nigeria.

Table 5: Recognition impact on job employees' performance among selected donor-funded health organisations in Abuja, Nigeria

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	23.255	2.060		11.290	.000
	Recognition	.464	.050	.545	9.199	.000

a. Dependent Variable: Job Performance

As presented in Table 5, recognition has a positive effect on employees' performance among selected donor-funded health organisations in Abuja. From the result, recognition is statistically significant (t = 9.199, p < 0.001), meaning it strongly influences job performance. The positive coefficient (B = 0.464) shows that when recognition increases by one unit, employees' performance increases by about 0.464 units. The standardized beta value (β = 0.545) also indicates a moderate to strong positive effect. Hence, employees perform better when their efforts are acknowledged and appreciated. This implies that regular recognition enhances motivation, improves commitment, and encourages higher productivity among staff.

Hypotheses

Ho1: Salary has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

Hypothesis (H_01) states that salary has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria. However, the regression result (Table 3) shows that salary has a positive but not statistically significant effect on job performance (B = 0.064, t = 1.495, p = 0.136). Since the p-value is greater than 0.05, the result is not significant, meaning there is insufficient evidence to show that salary significantly influence employees' performance. Therefore, the null hypothesis is not rejected, implying that salary does not have a significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria.

Ho2: Benefits have no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

The hypothesis (H_{02}) states that fringe benefits have no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria. However, the regression result (Table 4) shows that fringe benefits have a positive but not statistically significant effect on job performance (B = 0.057, t = 1.645, p = 0.102). Since the p-value is greater than 0.05, the effect is not significant at the 5% level. Therefore, the null hypothesis is accepted, meaning that fringe benefits do not have a significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria.

Ho 3: Recognition has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria

The hypothesis (H_{03}) stated that recognition has no significant effect on employees' performance in donor-funded health organisations in Abuja, Nigeria. However, the regression result (Table 5) shows that recognition is statistically significant (t = 9.199, p < 0.001) with a positive coefficient (B = 0.464), indicating a positive relationship with employees' performance. Since the p-value is less than 0.05, the null hypothesis is rejected. This implies that recognition has a significant positive effect on employees' performance in donor-funded health organisations in Abuja, Nigeria, meaning that employees perform better when their efforts are acknowledged and appreciated.

DISCUSSION OF FINDINGS

The analyses data showed that the workforce is within the mid-career age bracket of 31 – 50 years. The implication of this is that the workforce is made up of people that are relatively stabilised and are professionally mature. Their expectation is not just to have salary or financial compensation only. A workforce within this career phase will more likely put more importance to job security, recognition, career growth. These will be a vital source of motivation and job satisfaction for such employees. Studies are emerging that employees increasingly challenge the traditional perspectives that prioritized monetary compensation (Tuttle & Critchlow, 2025).

Successful strategies to retain employees are less about financial reward and more about creating workplaces that nurtured professional growth, provided meaningful challenges, and respected individual potential. This finding hence implies that donor-funded health organisations should adopt compensation strategies that are not only financially inclined, but include recognition systems, career development opportunities, employee well-being initiatives. These strategies will more likely sustain a workforce that is motivated and committed. 55% of the respondents are contract staff and the high productivity (93.5%) of respondents reported in the survey explains that there is a tendency of employees to perform at high level to ensure that their contracts are renewed.

The study revealed that salary has a positive but not statistically significant effect on job performance in donor-funded health organisations in Abuja, Nigeria. This aligned with Alrawahi et al. (2020) and Pasaribu et al. (2022) who revealed that salary was not a major motivation to performance among healthcare workers, but salary reduced their dissatisfaction. Salary alone could also not lead to high performance among the targeted population of study. This supports the Herzberg's Motivation-Hygiene Theory. Salary serves as an "Hygiene" factor and when it is absent or delayed, there will be dissatisfaction of employees. However, the presence of salary does not necessarily motivate employees to work harder as long as they perceive that their salary is fair relative to others in the same industry.

In donor-funded health organisations, employees are sometimes driven and motivated more by intrinsic values (such as humanitarian commitment, professional fulfillment) beyond monetary compensation alone. Donor-funded health organisations being guided by strict donor policies gives employees the tendency to view their salary as just a contractual obligation of the donor and not a motivational tool to encourage greater performance.

The study found out that fringe benefits do not have significant impact on employees' performance in selected donor-funded health organisations. The regression analysis showed that fringe benefits had a positive but statistically insignificant effect on employees' performance ($B = 0.057$, $t = 1.645$, $p = 0.102$). This lack of statistical significance implies that the current benefit packages offered by the organisation are not considered as being adequate for the staff. Hence fringe benefits do not serve as a competitive motivation for these employees to put in extra effort on their jobs. This study aligned with Adaramola et al. (2025), who also discovered "a negligible and negative impact" of fringe benefits on the motivation of staff in Ekiti State's public universities. Benefits such as pension contribution, health insurance, leave allowances though are important components of compensation, it is possible that employees consider them as standard organisational obligations rather than motivational tool to enhance performance. This study aligns with Herzberg's Two-Factor Theory, which categorizes fringe benefits as hygiene factors rather than true motivators. Herzberg stated that hygiene factor such as fringe benefits alone may not stimulate employees to higher level of productivity. This theory provides clarification of this study on why fringe benefits although showed a positive relationship with performance, but there was no statistical significance.

In the study, recognition is shown as the critical performance driver, being statistically significant ($t = 9.199$, $p < 0.001$), meaning it strongly influences job performance. The positive coefficient (B = 0.464) shows that when recognition increases by one unit, employees' performance increases by about 0.464 units. The standardized beta value (β = 0.545) also indicates a moderate to strong positive effect. This aligned with Kumar and Desai (2023) who stated that recognition programmes enhanced organisational commitment of employees. Williams and Rodriguez (2022) also noted in their study that recognition rewards systems improved job satisfaction and reduced absenteeism among employees.

Theoretically, this study reinforces the applicability of Expectancy Theory (Vroom, 1964) in explaining how employees have a high "valence" for recognition. They consider it as valuable the ability to be seen as experts and contributors to the developmental health goals and objectives. When this expectation of the employees is met, then their "force" or motivation to perform more increases exponentially. When employees' achievements are publicly acknowledged, their perceived value of desired outcomes becomes enhanced and they ultimately consider the achivement of their performance objectives more as a matter of personal interest.

CONCLUSION AND RECOMMENDATION

The study examined the impact of compensation on employees' performance among selected donor-funded organisations in Abuja, Nigeria and concludes that salary and fringe benefits have a positive but insignificant impact on performance of employees, while recognition has a positive and significant effect on employees performance. The study highlights the need for donor-funded organisations to design compensation strategies that will integrate both monetary and non-monetary compensation to sustain the motivation and performance of employees. When there is a prioritisation of compensation strategies that are employee-centreed even though there are strict donor guidelines, such approaches will remarkably improve the productivity of employees while also reducing turnover and strengthening the overall operational efficiency of the donor-funded health organisations.
Guided by the findings of the study, the following recommendations are suggested to reinforce the employee compensation strategies of donor-funded organisations:

i. The salary structure of donor-funded health organisations should be improved by offering competitive salaries when compared to other donor-funded organisations in the health and development sector. Competitive salaries can reduce dissatisfaction and reduce staff turnover while sustaining high productivity among employees. Also, salaries should not be delayed but promptly paid so that there are no financial stress among employees.
ii. Given the mid-career demographic of the current study, donor funded health organisations can tailor fringe benefits to the relevant needs of the employees. Effective fringe benefit programmes will not only enhance the welfare and motivation of employees, but welfare-related benefits can significantly improve the psychological well-being of employees and eventually enhance the productivity and quality of work of employees. Organisations can implement fringe benefits should as health insurance, leave allowance, internet support, housing support, pension contributions and professional development sponsorship.

iii. The recognition system of donor-funded organisations should be strengthened by implementing a system that is transparent and frequent while at the same time acknowledging publicly exceptional performance of employees. Recognition strategy should be based on a process that is able to measure the performance of employees such as their productivity, quality of work, teamwork, accountability, and timely accomplishment of project targets. This transparencywill boost morale, reinforce positive behaviours and create a culture that makes employees feel appreciated and are motivated to sustain high performance. Recognition is quite important in donor-funded organisations as they are restricted by donor policies and budget limitations. Effective non-monetary recognition systems can strengthen the commitment of the employees and improve their intrinsic motivation.

Implementing these recommendations will tremendously strengthen employee motivation, enhance organisational effectiveness and contribute significantly to the attainment of donor funded health programme goals and objectives.

Suggestions for Further Studies

Future research may extend the scope of study to include donor funded health organisations in other geopolitical zones in Nigeria so as to the research findings more applicable.

Future studies could include other variables such as management leadership style, employee engagement, organisational culture and work environment as likely mediating factors in the relationship between compensation and performance.

Comparative studies between donor-funded health organisations and private or public health institutions to ascertain the differences in compensation structure and employee performance can be conducted in subsequent studies.

Future studies can employ a longitudinal design to assess how compensation practices and employee performance change over time.

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