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An Empirical Investigation of How the Unified Pay Structures Affects Job Performance in the Federal Teaching Hospitals in Nigeria

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Abstract
The study investigated the personnel motivation in the federal teaching hospitals in Nigeria, with the aim of identifying ways of improving job performance in the sub-region of West Africa. The investigation concentrated on how the unified pay structure affects attitude to work among the health workers. The use of the findings is intended to lead to goal attainment of health for all. The predication was on the proposition that the unified pay structure does not have significant effect on job performance in the federal teaching hospitals in Nigeria. The study was based on Expectancy Theory of Victor Vroom, which posits that motivation is high when workers believe that high level of efforts lead to high performance, and high performance leads to the attainment of desired outcome. The study covered the fourteen key federal teaching hospitals in Nigeria. A sample of 560 health workers was chosen purposively. The hypothesis was tested using the Kruskal-Wallis Test. The result gave a chi-square value of 30.447 which is greater than the critical chi-square value of 22.362. This show that the unified pay structure has significant effect on the job performance in the federal teaching hospital in Nigeria. The system compensates every health worker along the same lines, whether he is competent or incompetent at work (a denial of opportunities for self actualization). The health worker is not motivated because, he does not perceive that there is an intimate relationship between his effort and his reward. It is recommended that health workers should be guide to believe that close relationship exists between their efforts and rewards, and that if they expend greater effort, it would lead to improved performance reward in the federal teaching hospital in Nigeria.
Keywords: Unified pay structure, Health workforce, Federal Teaching Hospitals, Job Performance, Poorly Motivated, Out-of-Country Migration, Health-Care Provider.

Introduction

Strategic health workforce planning and management, and health delivery are of paramount importance at a time when major demographic, epidemiological, economic and social changes are taking place across the sub-region of West Africa. The projected increase in number of people aged sixty (60) and over in the sub-region, from 138 million, in 1990 to 312 million in 2020, will have a pronounced impact on health systems. Older population make more demands on health services, and many in the sub-region may likely face an additional burden of communicable diseases such as tuberculosis, HIV/AIDS and malaria, combined with nutrition and lifestyle-related non-communicable diseases. Aging will also affect staffing in the sub-region's health systems, as many older health workers will reach retirement age in the relatively near future, while the number of young, qualified workers entering the workforce may be insufficient to meet these new demands (Olugbemi, 2001).

In Nigeria, the migration of health workers to Europe, North America and Middle East in pursuit of greener pastures is already adding to shortages of skilled health professionals. The health reforms and alternative financing mechanism in the country are outpacing the technical capacity to carry out change management, planning and budgeting, and management may be unable to address problems such as low morale, poor performance and chronic absenteeism in the teaching hospitals. Depletion of key health workers is a costly loss of expensively trained human capital that affects national strategies for health sector development, creating problems for both health care and human resources planning and development. Migration from rural to urban areas and out-of-country working

conditions, may leave critical gaps and vacancies or posts filled by less-qualified persons. The people who suffer most from this loss of large sections of the professional workforce are the poorest and most vulnerable members of the population (Adedeji, 2002).

Meanwhile, the current fashion seems to blame the Nigerian government and civil servants for the public sector's poor performance as a health-care provider. Doctors and Nurses in the federal teaching hospitals in Nigeria are labeled as unproductive, poorly motivated, inefficient, client-unfriendly, absent or even corrupt. Widespread demotivation is said to be due to the unified pay structure otherwise termed unconditional rewards, a job related factor, deemed to be generally frustrating to health workers operating in federal teaching hospitals in Nigeria. The system compensates every health personnel along the same lines, whether he is competent or incompetent at work. The unified pay structure has been presented as the de facto justification of the predatory behavior and public-to-private brain drain in Nigeria. This has eroded the implicit civil service values of well-functioning public organizations in Nigeria. Public sector responses fail to acknowledge the need for a new-style of psychological and social contract that takes into account individual perspective of the employment relationship; hence a stark contrast exists between the apparent ease of blaming victims and the reluctance of official discourse to face up to the problem in the federal teaching hospitals in Nigeria.

Therefore, this study was an attempt to investigate the personnel motivation in the federal teaching hospitals in Nigeria, with the aim of identifying ways of improving the job performance of the health service workers in the sub-region of West African. The investigation concentrated on how the unified pay structure affects job performance in the federal teaching hospitals in Nigeria. The use of the finding of the study is intended to lead to goal attainment of health for all through better informed decisions on improving productivity in health institutions across the sub-region of West Africa, as motivation processes and strategies will thus become less arbitrary and more influenced by objective considerations. The study was predicated on the proposition that the unified pay structure does not have significant effect on job performance in the federal teaching hospitals in Nigeria.

Theoretical Framework

This study is based on expectancy Theory, formulated by Victor H. Vroom in the 1960s, which posits that motivation is high when workers believe that high levels of efforts lead to high performance and high performance leads to the attainment of desired outcome (Vroom, 1964). Expectancy theory is one of the most popular theories of work motivation because it focuses on all three parts of the motivation equation: inputs, performance, and outcomes. Expectancy theory identifies three major factors that determine a person's motivation: expectancy, instrumentality, and valence (Jones and George, 2003).

Expectancy is a person's perception about the extent to which effort (an input) result in a certain level of performance. A person's level of expectancy determines whether he or she believes that a high level of effort results in a high level of performance.

People are motivated to put forth a lot of effort on their jobs only if they think that their effort will pay off in high performance – that is if they have a high expectancy. Members of an organization are motivated to put forth a high level of effort only if they think that doing so leads to high performance. In other words, in order for people's motivation to be high, expectancy must be high. Thus, in attempting to influence motivation, managers need to make sure that their subordinates believe that if they do try hard, they can actually succeed (Jones and George, 2003; Campbell and Pritchard, 1976).

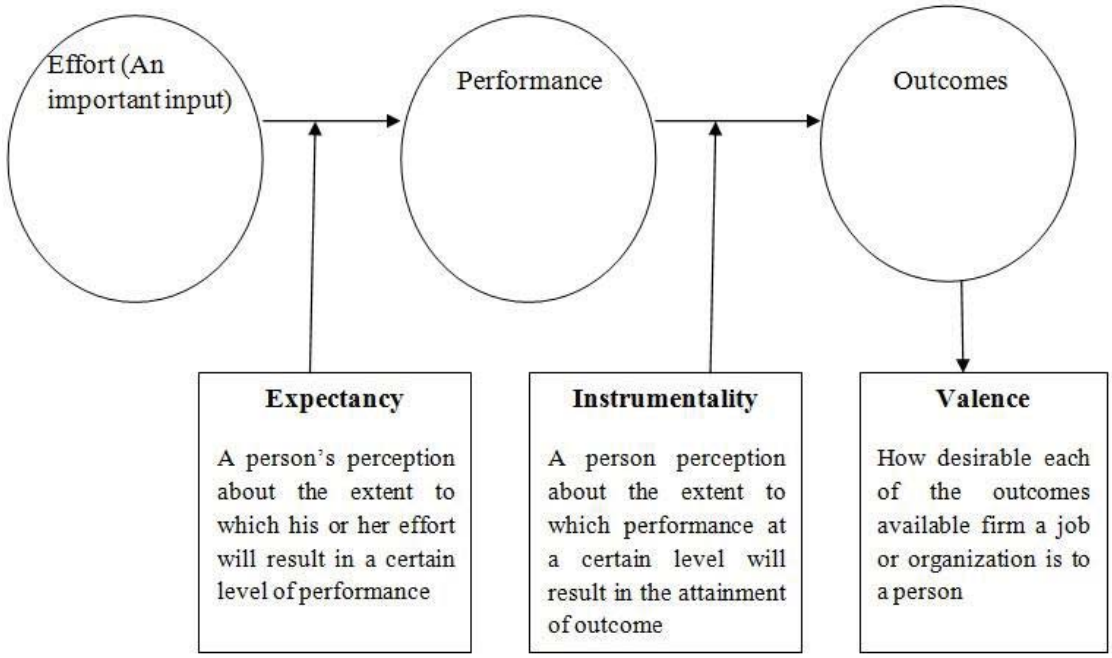

Figure I: Expectancy, Instrumentality, and Valence

Source: Jones G. R. and George, J. M. (2003) *Contemporary Management,* New York: McGraw-Hill

Expectancy captures a person's perceptions about the relationship between effort and performance. *Instrumentality*, the second major concept in expectancy theory, is a person's perception about the extent to which performance at a certain level results in the attainment of outcomes. According to expectancy theory, employees are motivated to perform at a high level only if they think that high performance will lead to (or is instrumental for attaining) outcomes such as pay, job security, interesting job assignments, bonuses, or a feeling of accomplishment. In other words, instrumentalities must be high for motivation to be high-people must perceive that because of their high performance, the will receive outcomes. Managers promote high levels of instrumentality when they clearly link performance to desired outcomes. In addition, managers must clearly communicate this linkage to subordinates. By making sure that outcomes available in the organization-are distribute to organizational members on the basis of their performance, managers promote high instrumentality and motivation. When outcomes are linked to performance in this way, high performers receive more outcomes than low performers (Jones and George, 2003: Mitchell, 1982).
Although, all members of an organization must have high expectancies and instrumentalities, expectancy theory acknowledges that people differ in the preferences for outcomes. For many people, pay is the most important outcome of working. For others, a feeling of accomplishment or enjoying one's work is more important than pay. The term *Valence* refers to how desirable each of the outcomes available from a job or organization is to a person. To motivate organizational members, managers need to determine which outcomes have high valence for them-are highly desired and make sure that those outcomes are provided when members perform at a high level (Vroom, 1964; Jones and George, 2003).

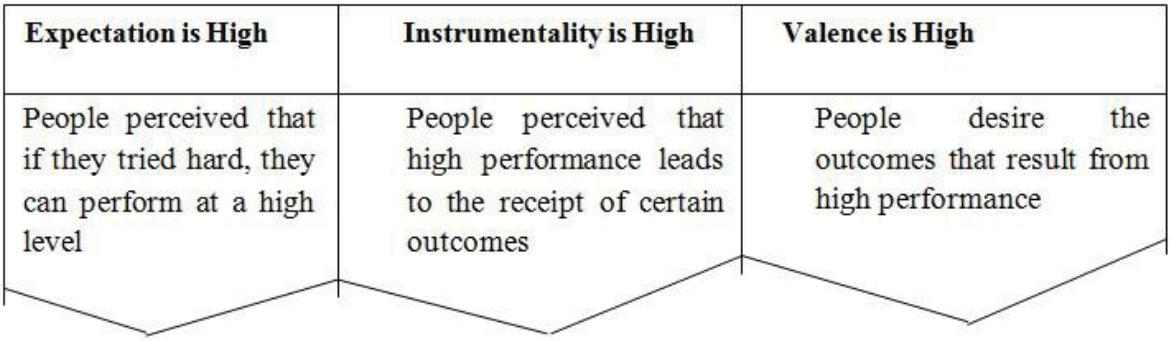

Figure 2: Expectancy Theory

Source: Jones G. R. and George, J. M. (2003) *Contemporary Management,* New York: McGraw-Hill

In summary, according to expectancy theory, high motivation results from high levels of expectancy, instrumentality, and valence (as shown in figure 2). If any one of these factors is low, motivation is likely to be low. No-matter how tightly desired outcomes are linked to performance, if a person thinks it is practically impossible to perform at a high level, then motivation to perform at a high level is exceedingly low. Similarly, if a person does not think that outcomes are linked to high performance, or if a person does not desire the outcomes that linked to high performance, then motivation to perform at a high level is low. In other words, the theory states that performance can be thought of as a multiplicative function of motivation and ability, ie P = f (M x A). Motivation in turn varies with the valences (V) or attractiveness of outcomes upon the performance of that task, and instrumentality (I) of performance for attaining the outcome (compensation Design). The equation looks formidable and very informative to find attitude to work and the ill-motivation of the health worker in the federal teaching hospitals in Nigeria. Much is draw from the model-Vroom's Expectancy Theory, in the analysis of this work.

Research Methodology

The study covered the fourteen top federal teaching hospitals in Nigeria. They include the following:

- Ahmadu Bello University Teaching Hospital (ABUTH), Zaria.
- Aminu Kano Teaching Hospital, Kano
- Lagos University Teaching Hospital (LUTH) Idi Araba, Surulere.
- Nnamdi Azikiwe University Teaching Hospital, Nnewi
- Obafemi Awolowo University Teaching Hospital Complex, Ile-Ife.
- University College Hospital (UCH), Ibadan
- University of Benin Teaching Hospital (UBTH), Ugbowo
- University of Calaber Teaching Hospital, Calaber
- University of Ilorin Teaching Hospital, Ilorin
- University of Jos Teaching Hospital, Jos
- University of Maiduguri Teaching Hospital, Maiduguri
- University of Nigeria Teaching Hospital (UNTH) Ituku-Ozola, Enugu
- University of Part Harcourt Teaching Hospital, Port Harcourt
- Usman Dan Fadio University Teaching Hospital, Sokoto

A sample of 560 health workers was purposively chosen for the study. And since the study is concerned with specific predictions, narratives of facts and characteristics, a deceptive/diagnostic design was adopted for the work. The research instruments used for the data collection included both structured questionnaire and interview guide. Data collected were descriptively analyzed, using frequencies, simple percentages, charts, and means and standard deviation measures. The data were tested at 5% level of significance, using the Z-test statistics to establish whether the responses were normally distributed. They were done with the aid of the SPSS 17.0 statistical software. The hypothesis was tested using the independent sample test, particularly the Kruskal-Wallis Test.

Data Presentation and Analysis

In order to achieve the objective of the study on how the unified pay structure affects health workers job performance, the following questions were asked and analyzed:

Question 1: With the unified pay structure, how do you rate the job performance of employees in your teaching hospital?

Table 1: Rating of Job Performance not the Unified Pay Structure

Teaching Hospital	With the unified pay structure, how do you rate the job performance of employees in your teaching hospital?			
	Good	Fair	Poor	Total
ABUTH Zaria	9	9	22	40
	22.5%	22.5%	55.0%	100.0%
Aminu Kano Teaching Hospital, Kano	4	5	31	40
	10.0%	12.5%	77.5%	100.0%
LUTH Lagos	8	8	24	40
	20.0%	20.0%	60.0%	100.0%
NAUTH Nnewi	5	4	31	40
	12.5%	10.0%	77.5%	100.0%
OAUTH Ile-Ife	3	4	33	40
	7.5%	10.0%	82.5%	100.0%
UCH Ibadan	3	4	33	40
	7.5%	10.0%	82.5%	100.0%
UBTH Ugbowo	4	4	32	40
	10.0%	10.0%	80.0%	100.0%
UCTH Calabar	11	5	24	40
	27.5%	12.5%	60.0%	100.0%
UITH Ilorin	5	5	30	40
	12.5%	12.5%	75.0%	100.0%
UJTH Jos	3	4	33	40
	7.5%	10.0%	82.5%	100.0%
UMTH Maiduguri	5	3	32	40
	12.5%	7.5%	80.0%	100.0%
UNTH Enugu	3	5	32	40
	7.5%	12.5%	80.0%	100.0%
UPTH Port Harcourt	2	2	36	40
	5.0%	5.0%	90.0%	100.0%
UUTH Sokoto	3	5	32	40
	7.5%	12.5%	80.0%	100.0%
Total	68	67	425	560
	12.1%	12.0%	75.9%	100.0%
Z-Value	10.874			
p-value	0.000			

Source: Filed Data, 2013

Table 1, above show that over 60% of the respondents on an average from each of the sampled 14 teaching hospitals in Nigeria, opined that the rating of staff performance in their respective teaching hospitals with of the unified pay structure is poor. With a Z-value of 10.874 at $p < 0.05$, this distribution is normal, hence, acceptable for further statistical testing.

Question 2: How frequently are you rewarded for more efforts, achieving better job performance in the organization?

Table 2: Frequency of Rewards for Extra Efforts

teaching hospital	How frequently are you rewarded for more efforts, better job performance in the organizations					
	always	frequently	often	seldom	never	Total
ABUTH Zaria	2	4	6	18	10	40
	5.0%	10.0%	15.0%	45.0%	25.0%	100.0%
Aminu Kano Teaching Hospital, Kano	2	3	5	16	14	40
	5.0%	7.5%	12.5%	40.0%	35.0%	100.0%
LUTH Lagos	7	3	3	15	12	40
	17.5%	7.5%	7.5%	37.5%	30.0%	100.0%
NAUTH Nnewi	3	3	5	17	12	40
	7.5%	7.5%	12.5%	42.5%	30.0%	100.0%
OAUTH Ile-Ife	7	5	5	16	7	40
	17.5%	12.5%	12.5%	40.0%	17.5%	100.0%
UCH Ibdan	4	3	4	19	10	40
	10.0%	7.5%	10.0%	47.5%	25.0%	100.0%
UBTH Ugbowo	4	5	3	17	11	40
	10.0%	12.5%	7.5%	42.5%	27.5%	100.0%
UCTH Calabar	4	4	5	17	10	40
	10.0%	10.0%	12.5%	42.5%	25.0%	100.0%
UITH Ilorin	4	4	6	19	7	40
	10.0%	10.0%	15.0%	47.5%	17.5%	100.0%
UJTH Jos	2	4	4	20	10	40
	5.0%	10.0%	10.0%	50.0%	25.0%	100.0%
UMTH Maiduguri	3	6	5	17	9	40
	7.5%	15.0%	12.5%	42.5%	22.5%	100.0%
UNTH Enugu	3	4	5	19	9	40
	7.5%	10.0%	12.5%	47.5%	22.5%	100.0%
UPTH Port Harcourt	4	3	4	22	7	40
	10.0%	7.5%	10.0%	55.0%	17.5%	100.0%
UUTH Sokoto	2	3	4	19	12	40
	5.0%	7.5%	10.0%	47.5%	30.0%	100.0%
Total	51	54	64	251	140	560
	9.1%	9.6%	11.4%	44.8%	25.0%	100.0%
Z-value	7.237					
p-value	0.000					

Source: Filed Data, 2013

The table above shows that over 65% of the respondents on an average from each of the sampled 14 teaching hospitals in Nigeria, pointed out that they are rarely rewarded for efforts, ingenuity and achieving set targets, irrespective of how challenging those targets are. With a Z-value of 7.237 at $p < 0.05$, this distribution a barrier to job performance.

Question 3: How often have you been discouraged to put in your best, knowing that rewards may not necessarily be based on merit/extra efforts and commitment to organizational goal?

Table 3: Frequency of Discouragement due to the unified pay structure system Rewards

teaching hospital	How often have you felt discourage to put in your best, knowing that rewards may not necessarily be based on merit/extra efforts and commitment to organizational goal?					
	always	frequently	often	seldom	never	Total
ABUTH Zaria	19	10	5	3	3	40
	47.5%	25.0%	12.5%	7.5%	7.5%	100.0%
Aminu Kano Teaching Hospital, Kano	9	11	10	6	4	40
	22.5%	27.5%	25.0%	15.0%	10.0%	100.0%
LUTH Lagos	13	9	9	5	4	40
	32.5%	22.5%	22.5%	12.5%	10.0%	100.0%
NAUTH Nnewi	9	19	5	3	4	40
	22.5%	47.5%	12.5%	7.5%	10.0%	100.0%
OAUTH Ile-Ife	10	12	9	6	3	40
	25.0%	30.0%	22.5%	15.0%	7.5%	100.0%
UCH Ibdan	15	16	9	0	0	40
	37.5%	40.0%	22.5%	.0%	.0%	100.0%
UBTH Ugbowo	8	15	6	6	5	40
	20.0%	37.5%	15.0%	15.0%	12.5%	100.0%
UCTH Calabar	7	12	12	5	4	40
	17.5%	30.0%	30.0%	12.5%	10.0%	100.0%
UITH Ilorin	8	13	12	6	1	40
	20.0%	32.5%	30.0%	15.0%	2.5%	100.0%
UJTH Jos	10	16	7	4	3	40
	25.0%	40.0%	17.5%	10.0%	7.5%	100.0%
UMTH Maiduguri	7	15	11	4	3	40
	17.5%	37.5%	27.5%	10.0%	7.5%	100.0%
UNTH Enugu	10	12	9	6	3	40
	25.0%	30.0%	22.5%	15.0%	7.5%	100.0%
UPTH Port Harcourt	15	21	4	0	0	40
	37.5%	52.5%	10.0%	.0%	.0%	100.0%
UUTH Sokoto	11	8	7	9	5	40
	27.5%	20.0%	17.5%	22.5%	12.5%	100.0%
Total	151	189	115	63	42	560
	27.0%	33.8%	20.5%	11.3%	7.5%	100.0%
Z-value	5.505					
p-value	0.000					

Source: Filed Data, 2013

The table above shows that over 65% of the respondents on the average from each of the sampled 14 teaching hospitals in Nigeria noted that they have often been discouraged to put in their best, knowing that rewards may not necessarily be based on merit/extra efforts and commitment to organizational goal. With a Z-value of 5.505 at $p < 0.05$, this distribution is normal, showing that to a great extent the unified pay structure has the effect of discouraging extra and diligent efforts towards attainment of organizational goals.

Kruskal-Wallis Test

Table 4: Kruskal-Wallis Test Ranks

	teaching hospital	N	Mean Rank
with the inception of the unified pay structure, how do you rate the job performance of employees in your teaching hospital?	ABUTH Zaria	40	222.11
	Aminu Kano Teaching Hospital, Kano	40	285.90
	LUTH Lagos	40	236.10
	NAUTH Nnewi	40	284.21
	OAUTH Ile-Ife	40	299.89
	UCH Ibadan	40	299.89
	UBTH Ugbowo	40	292.05
	UCTH Calabar	40	231.04
	UITH Ilorin	40	278.06
	UJTH Jos	40	299.89
	UMTH Maiduguri	40	290.36
	UNTH Enugu	40	293.74
	UPTH Port Harcourt	40	320.03
	UUTH Sokoto	40	293.74
	Total	560	

Table 5: Test Statistics[a,b]

	with the unified pay structure, how do you rate the job performance of employees in your teaching hospital?
Chi-Square	30.447
df	13
Asymp. Sig.	.004

a. Kruskal Wallis Test

b. Grouping Variable: teaching hospital

The result presented in table 5 gives a chi-square value of 30.447 (based on the Kruskal-Wallis Test). This value is greater than the critical chi-square value of 22.362 (i.e. $X^2_{cal} = 30.447 > X^2_{critical} = 22.362$). This result is significant as $p < 0.05$. Hence, the null hypothesis is rejected. Hence, the unified pay structure has significant effect on job performance in the Federal Teaching Hospitals in Nigeria.

Hypothesis

The unified pay structure does not have significant effect on job performance in the Federal Teaching Hospitals in Nigeria

The data presented in table 1, are tested using the independent samples test, particularly the Kruskal-Wallis Test. The results are presented in tables 4 and 5 and discussed as follows:

Discussion of the Major Findings

In discussing the result of this study, much would be drawn from Vroom's Expectancy Theory. The finding of the study shows that an important barrier against the satisfaction of the needs of health workers in the federal teaching hospitals in Nigeria is a job related factor, deemed to be generally frustrating to health workers, is the unified pay structure otherwise termed unconditional rewards (Vroom, 1964) operating in the organizations. Table 3 shows that it is frustrating because, it compensates every health worker along the same lines whether he is competent or incompetent at work which is a denial of opportunities for self actualization. What this seems to mean is that management of the federal teaching hospitals in Nigeria does not use the need for self actualization to motivate health workers, whereas the health workers have that need for motivation. It is important for the health managers to know that not only must the health workers value the reward; they must also feel that attaining them is conditional upon job performance. But if they rewards are pretty much the same, regardless of how good or bad that performance is, then these rewards will not be effective motivators as suggested in table 5, test statistics that sires a chi-square value of 30.447.

Health managers must also understand exactly what the workers need to do in order to get a particular reward that they would value. In other words, the health workers must feel that the rewards they receive for the job performance are worth the effort. Therefore instead of continuing with the Nigerian traditional unified pay structure, the health managers of the federal teaching hospitals should design a reward structure in which greater rewards are tied to better performance. The evaluation process should also be linked to the reward system, and health managers should make every effort to keep the process as objective as possible. The goals should be clear, concise, and measurable. Every health worker should be made aware of the criteria and process that would be used to reward them. Health managers should work with each health worker on an individual basis to make sure that she or he has accurate understanding about what is expected to perform, the health workers must believe the hospital management that improved job performance would lead to greater rewards (and not the unified pay structure-rewards) in the federal teaching hospitals in Nigeria.

Health workers need to be convinced that if they expend greater effort, it will lead to improved performance. If they believe this, they will be motivated to put forth greater effort. Otherwise, they will not expend that effort regardless of the potential for reward. In other words, if the health workers in the federal teaching hospitals in Nigeria don't believe their additional efforts will make a difference, the job performance will not improve, as shown in table 2. The accuracy of the health staff's perceptions concerning effort and performance determines whether motivation can lead to improved performance. Suppose now, that a health worker believes that making a greater number of patient-ward call will lead to improved performance, where infact what they need in the hospital is to improve hospital facilities, that health worker may be motivated to make the additional patient-ward calls, but this will not lead to significantly improved performance in the hospital. Therefore the health managers though the hospital policies should help the health workers to have accurate perceptions of which activities will lead to improved performance. Similarly, the health workers must correctly understand the reasons for their success and failures. Otherwise, it is likely that they will also have inaccurate perceptions of the effort/performance link as against the Kruskal-Wallis test ranking and table 4.

Therefore building on Vroom (1964), a health worker will not be motivated if he or she does not perceive that there is an intimate relationship between his or her effort and his or her reward, and/or if he or she does not desire the reward emanating from the effort, and/or if there is inadequate support to do better. It is however the cardinal finding of this study that the major cause of the low motivation of the Nigerian health worker in the federal teaching hospital is that the health worker does not perceive his work effort to be decisively instrumental in the attainment of the rewards of work. Therefore instrumentality is the missing link in the motivational efforts in the federal teaching hospitals in Nigeria. A cornerstone of the Vroom model is shown here that performance is a multiplication function of motivation and ability. Motivation in turn should varies with the attractiveness of the outcome, valence, and the perceived instrumentality of effort towards the achievement of outcomes.

Conclusion and Recommendations

An important barrier against the satisfaction of the needs of health workers in the federal teaching hospitals in Nigeria, a job related factor, deemed to be generally frustrating to health workers, is the unified pay structure

otherwise termed unconditional rewards operating in the Nigerian system. This system compensates every health worker along the same lines whether he is competent or incompetent at work, (denial opportunities for self actualization). What this seems to mean is that the management of the federal teaching hospitals in Nigeria does not use the need for self actualization to motivate the health workers, whereas these health workers have that need for their motivation to improve job performance. It is therefore recommended that a close relationship should exist between the job performance and the health workers compensation plan. The compensation plan and structure should have a direct bearing on the job performance of the health workers. And to get the health workers improve their job performance, the hospital management should coordinate the compensation plan structure with the goals of the federal teaching hospitals in Nigeria. And given a health worker's expectancy and instrumentality perceptions and valences for rewards, the hospital management board can predict the level of the health worker's motivation to expend effort on specific job activity. And to do this, the hospital management of the federal teaching hospitals in Nigeria should multiply the health workers expectancies that the activity will lead to a given performance on various dimensions by his or her valence for his performance and then sums across all performance dimensions. It is therefore recommended that health managers should redesign the pay structure for the different jobs in the federal teaching hospitals in Nigeria. The pay structure should reflect the relative importance of the job to the organization and its goals, level of skill required, and other characteristics health mangers would consider to be important in the federal teaching hospitals in Nigeria. The pay range should be established for each job category. The individual job-holders pay within the job categories should then be determined by factors such as performance, seniority, and skill levels. The health worker's pay should include base salaries, pay raises and bonuses which should be determined by the specific job and the levels of performance. The health workers benefits should include sick days, vacation days, medical and life insurance, dental insurance, pension plan, and flexible working hours. Benefits enabling health workers to simultaneously balance the demands of their job and their life away from the office are also growing importance for many health workers in Nigeria, who have competing demands on their all too scarce time and energy.

The health management board must decide if they want to offer relatively high wages, average wages, or relatively low wages, but not unified pay structure any more. High wages would help to ensure that the federal teaching hospital in Nigeria is going to be able to recruit, select, and retain high health personnel performers; but high wages also raise costs. Low wages would give the federal teaching hospital a cost advantage but may undermine the organization's ability to select and recruit high performers and to motivate current health workers to perform at a high level. Either of these situations may lead to inferior quality or inadequate patient service. Therefore, in determining pay levels, health managers should take into account their organizations strategy. A high pay level may prohibit health managers from effectively pursuing a low-cost strategy. But a high pay level may be well worth the added costs in the federal teaching hospitals in Nigeria, whose competitive advantage lies in superior quality and excellent client-friendly.

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