# STRATEGIC EMPLOYEES' COMPENSATION AND WORK-LIFE BALANCE AMONG EMPLOYEES OF SERVICE FIRMS IN NIGERIA

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**DOI:** https://doi.org/10.70118/ajbam-04-2026-067

## ABSTRACT

*This study examined strategic employee compensation and work-life balance among service firms in Nigeria. The study adopted a quantitative research approach and used a structured, closed-ended questionnaire to collect data from employees across the regional offices of selected service firms. From a total population of 25,706 employees, a sample size of 394 respondents was determined using Yamane's formula. The collected data were analysed using the Statistical Package for the Social Sciences (SPSS), Version 27.0, while the hypotheses were tested using multiple linear regression analysis. The findings showed that strategic employee compensation had a significant and positive effect on work-life balance among employees of service firms in Nigeria. Specifically, competitive salary, performance-based compensation, and employee benefits each demonstrated significant effects on employees' ability to maintain a satisfactory balance between their work and personal responsibilities. The study therefore concluded that effective strategic compensation practices played an important role in improving work-life balance among employees in Nigeria's service sector. Based on the findings, the study recommended that service firms should strengthen competitive salary structures, ensure transparent and fair performance-based rewards, and provide comprehensive employee benefits that respond to employees' work and personal needs. The study contributed to knowledge by addressing identified knowledge, conceptual, theoretical, empirical, and methodological gaps through the integrated examination of key compensation dimensions and work-life balance within the Nigerian service-sector context, using quantitative evidence and multiple regression analysis.*

**KeyWords:** *Strategic Employees Compensation, Work-Life Balance*, *Service Firms*

## INTRODUCTION

Strategic employee compensation has become an important management concern because organisations depend on skilled, motivated, and committed employees to achieve sustainable performance. Globally, service firms operate in a changing business environment characterised by technological advancement, international competition, evolving customer expectations, and increasing demands for workplace flexibility. Since service quality depends largely on employees' knowledge, attitudes, efficiency, and customer interactions, compensation extends beyond monthly salaries to include bonuses, incentives, medical benefits, retirement plans, paid leave, recognition, flexible working arrangements, and career development opportunities. When these rewards are fairly designed and aligned with organisational objectives and employee needs, they can strengthen motivation, commitment, productivity, and service delivery (Njoku & Agomuo, 2026; Taegar, 2026). However, financial rewards alone may not adequately address employees' responsibilities outside the workplace, including family care, education, health, and personal development. Globally, long working hours, heavy workloads, job insecurity, constant digital connectivity, and demanding performance targets have increased concerns about work-life balance. Employees increasingly expect fair compensation alongside policies that protect their physical and emotional wellbeing. Consequently, strategic compensation and work-life balance are closely connected because appropriate rewards and supportive benefits can ease financial pressure, while excessive performance demands and poorly designed incentives may encourage overwork and increase stress (Widyastuti et al., 2026; Puvaneswary & Elavarasan, 2026). Therefore, service firms need compensation strategies that promote organisational performance without undermining employees' personal lives and wellbeing.

In Nigeria, the relationship between strategic employee compensation and work-life balance is particularly important because workers face rising living costs, inflation, transportation challenges, family responsibilities, unreliable infrastructure, and employment uncertainty (Obasa et al., 2026; Ajayi, 2026). Employees in banks, hotels, telecommunications companies, insurance firms, hospitals, schools, transport businesses, and retail organisations may work extended hours to meet customer expectations and organisational targets. When salaries and benefits fail to reflect employees' workloads and responsibilities, dissatisfaction, absenteeism, burnout, reduced commitment, poor service delivery, and employee turnover may increase. These challenges are significant in service firms because employees directly influence customer experiences and organisational performance (Mahfud, 2026; Djunaedi & Awaludin, 2026; Adepoju et al., 2026). An effective compensation strategy may include competitive salaries, performance-related rewards, medical assistance, paid leave, childcare support, transport allowances, flexible schedules, and professional development opportunities. Such provisions can help employees meet financial obligations while maintaining adequate time for family, health, and other personal activities. Conversely, inadequate, unfair, or poorly structured compensation may increase financial difficulties and encourage employees to seek additional employment or work longer hours, reducing their ability to balance competing responsibilities. Although previous studies have examined compensation in relation to job satisfaction, employee commitment, and performance, while work-life balance has been associated with stress, turnover intentions, and wellbeing, these outcomes do not fully

explain how compensation systems influence employees' personal and professional responsibilities (Widyastuti et al., 2026; Tariq, 2026; Nainggolan, 2026). Differences in national settings, industries, and research methods also limit the generalisability of existing findings, particularly where studies examine individual reward components rather than the combined contribution of financial and non-financial benefits (Puvaneswary & Elavarasan, 2026; Vladimirov, 2026). Accordingly, understanding this relationship within Nigerian service firms is necessary for developing appropriate employee reward policies.

Despite growing interest in employee rewards and work-life balance, important empirical, conceptual, and contextual gaps remain. In Nigeria, economic pressures, staff shortages, demanding customers, and the need for continuous service delivery may make it difficult for employees to balance work with family, health, and social responsibilities, particularly when compensation is inadequate, delayed, perceived as unfair, or unrelated to workload. Although previous research has investigated remuneration, motivation, employee performance, and work-life balance, limited attention has been given to strategic employee compensation as an integrated system comprising competitive salary, salary structure, performance-based compensation, and employee benefits within the present study's proposed framework (Desriani et al., 2025; Aliya & Kuncoro, 2026; Arimbawa et al., 2026). Furthermore, existing evidence does not sufficiently establish how these compensation dimensions influence work-life balance among employees in Nigerian service firms. Some studies combine different industries or concentrate on banks, public institutions, and large corporations, making it difficult to apply their findings across the wider service sector (Arimbawa et al., 2026; Mabaso, 2026; Vladimirov, 2026). Limited attention has also been paid to how managerial support, organisational policies, and workload conditions may shape this relationship (Widyastuti et al., 2026; Mabaso, 2026). This study therefore seeks to address these gaps by examining the effect of strategic employee compensation on work-life balance among employees of service firms in Nigeria. Specifically, it examines the effect of competitive salary on employees' work-life balance. The findings are expected to provide context-specific evidence that can assist managers in developing fair and supportive compensation policies, inform relevant policy decisions, and contribute to future research on employee wellbeing and organisational effectiveness. To achieve the study's objectives, the following hypotheses are tested:

**$H_{01}$:** Competitive salary has no significant effect on employees' work-life balance of service firms in Nigeria.
**$H_{02}$:** Performance-based compensation has no significant effect on employees' work-life balance of service firms in Nigeria.
**$H_{03}$:** Employee benefits have no significant effect on employees' work-life balance of service firms in Nigeria.

## LITERATURE REVIEW

### Concept of Strategic Employees' Compensation

Strategic employees' compensation is a planned design and management of rewards to support organisational goals, attract skilled workers, encourage commitment, and improve performance. It extends beyond salaries by linking employee rewards to the organisation's long-term objectives. It includes financial benefits, such as wages, bonuses, commissions, allowances, pensions, health insurance, and profit sharing, as well as non-financial rewards, including recognition, promotion, job security, flexible working arrangements, training, career development, and a supportive work

environment. An effective compensation system balances these rewards to meet employees' expectations while remaining affordable and sustainable for the organisation (Hajiagha et al., 2026; Oo & Khurana, 2026; Mahfud, 2026).

Strategic compensation influences employee motivation, job satisfaction, organisational commitment, productivity, and retention (Mahfud, 2026; Nadeem, 2026; Wahasusmia, 2026). Employees are more likely to perform effectively when they consider their rewards fair, competitive, and consistent with their responsibilities and contributions. Conversely, delayed salaries, unequal pay, inadequate benefits, and unclear reward policies may reduce morale and increase employee turnover. Therefore, organisations should promote internal equity, external competitiveness, and individual fairness by ensuring reasonable pay for comparable jobs, competitive rewards relative to other employers, and recognition of employees' skills, experience, and performance. Regular reviews should also consider economic conditions, labour market trends, organisational resources, and employee needs. When properly managed, strategic compensation builds trust, strengthens engagement, improves employer reputation, promotes stable industrial relations, and supports long-term organisational success (Hart-Akinsola & Wahua, 2026; Nadeem, 2026).

***Competitive Salary (CS):*** Competitive salary refers to pay that matches or exceeds the rates offered by similar organisations for comparable jobs. It helps organisations attract qualified employees, retain experienced workers, and reduce staff turnover. Salary levels should reflect employees' skills, qualifications, experience, responsibilities, performance, and prevailing labour market conditions (Bunescu & Damian, 2025; Khan et al., 2026; Risamasu et al., 2026). Conceptually, competitive salary depends on fairness, market comparison, and consistency within the organisation (Korneeva et al., 2019). When employees consider their pay fair, they are more likely to feel valued, satisfied, and motivated. However, salary is more effective when supported by benefits, career development, recognition, and favourable working conditions.

***Performance-Based Compensation (PBC):*** Performance-based compensation links employees' rewards to their achievements, productivity, skills, and contributions to organisational goals. It includes bonuses, commissions, merit pay, incentives, and profit-sharing (Mahfud, 2026; Pannell, 2025; Abbas, 2026). Its purpose is to encourage greater effort by rewarding good performance (Mitani, 2025; Polat, 2022). When transparently managed, it can improve motivation, productivity, job satisfaction, and employee retention (Obaied, 2026; Oo & Khurana, 2026). However, unfair assessments and unclear targets may create stress, favouritism, and unhealthy competition.

***Employee Benefits (EB):*** Employee benefits are additional rewards beyond basic salaries, including pensions, health insurance, paid leave, allowances, training, and flexible work arrangements. They support employee welfare, job satisfaction, and retention (Girma, 2026; Kuzior et al., 2026; Peemanee et al., 2026; İlhan & Özkılınç, 2026). Benefits may be statutory, as required by law, or voluntary, as provided by employers to strengthen employee commitment. Fair, relevant, affordable, and clearly communicated benefit programmes promote loyalty and positive workplace attitudes (Werner & Balkin, 2021; Laundon et al., 2019).

**Concept of Work-Life Balance**

Work-life balance described the ability of employees to manage the demands of their jobs alongside personal, family, social, and health responsibilities. It does not necessarily mean giving equal time to work and private

life. Rather, it involves creating harmony that enables individuals to perform effectively at work without neglecting aspects of their personal lives. The concept recognises that employees have multiple roles and that excessive pressure from one role can negatively affect performance in another (Tamam, 2026). From a conceptual perspective, work-life balance is influenced by working hours, workload, job flexibility, organisational support, family responsibilities, leave policies, and access to supportive technology (Mironov, 2026; Dorai et al., 2026; Vito & Widigdo, 2026; Molwitz et al., 2026). Flexible work arrangements, such as remote work, compressed workweeks, and adjustable schedules, can help employees organise their duties more effectively (Jonasson et al., 2026; Akpamgbo et al., 2026). However, flexibility may also create challenges when work extends into personal time or when employees feel expected to remain available outside official working hours. Literature on shows that employees who experience a healthy balance are often more satisfied, committed, productive, and emotionally stable (Anusha, 2026; Oyakhire, 2026; Varsha & Rao, 2026). They are also less likely to experience burnout, absenteeism, and the desire to leave the organisation. In contrast, poor work-life balance can lead to stress, family conflict, declining health, reduced concentration, and weak job performance (Bibi, 2026; Sheppard, 2016). Therefore, organisations are encouraged to design fair policies, promote supportive leadership, manage workloads, and respect employees' personal boundaries. Effective work-life balance benefits both employees and organisations by improving overall wellbeing, strengthening loyalty, and supporting sustainable performance.

**Research Model**

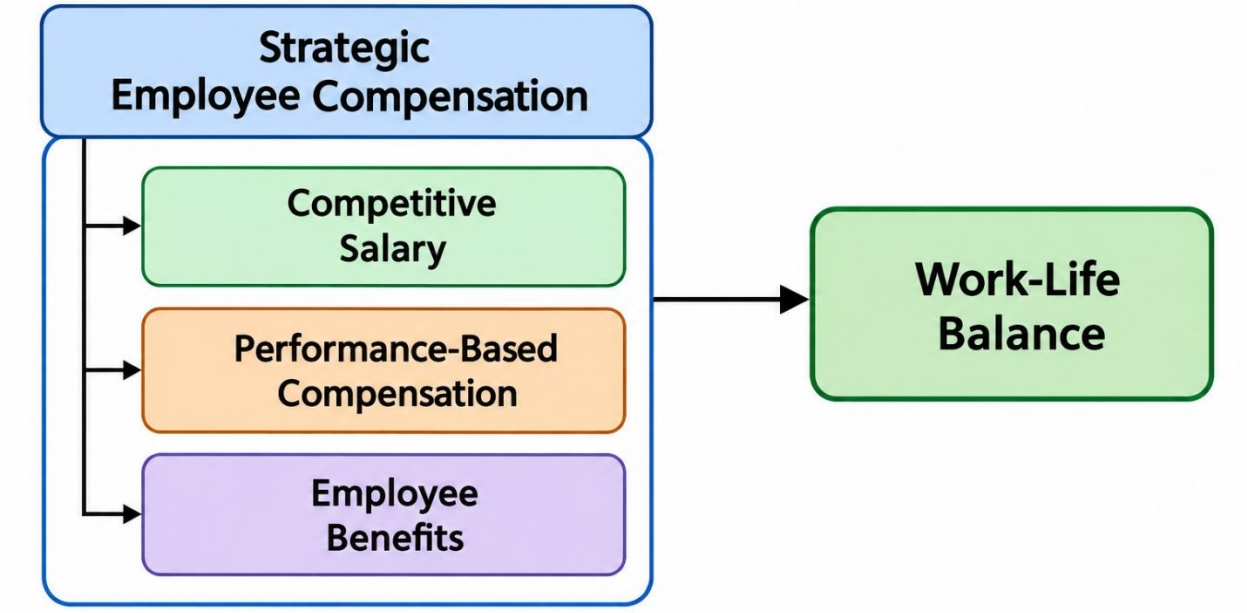



Fig. 1.1: Strategic Employee Compensation and Work-Life Balance

The research model in Figure 1.1 illustrates the relationship between strategic employee compensation and work-life balance in service organisations. Strategic employee compensation involves designing fair salaries, bonuses, incentives, benefits, recognition, and other rewards to attract, motivate, and retain employees while achieving organisational goals. In service organisations, appropriate compensation can improve employee satisfaction, commitment, and service quality while reducing financial concerns and work-related pressure. Competitive salaries, performance-based rewards, flexible benefits, and adequate leave arrangements can enhance employees' financial security and enable them to manage their professional duties alongside family responsibilities, personal development, and leisure activities. Inadequate or unfair compensation may increase dissatisfaction, financial stress, and work pressure, making work-life balance more difficult to achieve. Therefore, the model provides a framework for examining how strategic compensation practices influence employees' well-being, motivation, and ability to balance work and personal life.

**Theoretical Framework**

Total Rewards Theory provides a suitable foundation for examining the relationship between strategic employee compensation and work-life balance in service firms. The theory explains that employee motivation depends not only on salaries but also on financial and non-financial rewards, including bonuses, recognition, career development, flexible schedules, supportive supervision, paid leave, health benefits, and personal growth opportunities. In service firms, these rewards can strengthen employee commitment, job satisfaction, and productivity, thereby improving service quality. The theory helps explain how well-designed compensation systems can enable employees to manage their work duties and personal responsibilities effectively. When organisations provide fair incentives, family-friendly benefits, wellness programmes, flexible working arrangements, and career opportunities, employees may experience less stress, greater satisfaction, and stronger organisational support. These outcomes can improve emotional well-being, concentration, and employee retention. Furthermore, the theory views compensation as an integrated system that reflects the overall value employees receive from their employment relationship. Therefore, it is relevant to this study (Salsabila & Efrata, 2026; Tariq, 2026). However, its broad scope, measurement difficulties, implementation costs, and limited consideration of cultural differences present important limitations (Alkan, 2026).

**Empirical Review**

Aliya and Kuncoro (2026) examined the effects of compensation, the non-physical work environment, and work-life balance on employee loyalty at PT Pancar Surya Mandiri Perkasa, a private security company in South Tangerang. The study adopted a quantitative explanatory design and involved 48 employees selected through saturated sampling. Data were collected with a five-point Likert-scale questionnaire and analysed using multiple linear regression after conducting validity and reliability tests. The findings showed that compensation, the non-physical work environment, and work-life balance each had a significant and positive effect on employee loyalty. This indicates that employees are more likely to remain committed when they receive fair compensation, work in an environment characterised by trust, respect, cooperation, and effective communication, and are able to balance their professional responsibilities with personal and family needs. The study concluded that employee loyalty depends on both financial and non-financial organisational practices. It therefore recommended an integrated human resource

management approach that addresses employees' economic, social, psychological, and personal needs. The study is particularly relevant to labour-intensive organisations because it demonstrates that supportive employment conditions can contribute to employee retention and organisational sustainability.

Arimbawa et al. (2026) investigated work-life balance and compensation as predictors of employee performance, with job satisfaction examined as a mediating variable among 60 civil servants in the Procurement Division of the Denpasar City Government. The researchers employed a quantitative survey design, collected data through structured questionnaires using Google Forms, and analysed the relationships with SmartPLS 4. Unlike Aliya and Kuncoro (2026), the study found that work-life balance did not have a significant direct or indirect effect on employee performance through job satisfaction. Compensation also did not have a significant direct effect on performance; however, it had a positive indirect effect through job satisfaction. This suggests that compensation may contribute to improved performance when it first enhances employees' satisfaction with their jobs. The findings imply that human resource managers should not assume that compensation or work-life balance practices automatically improve performance. Rather, attention should be given to the psychological and attitudinal mechanisms, particularly job satisfaction, through which employment practices may influence employee outcomes. The study also highlights the possibility that the effects of work-life balance differ across organisational settings, occupations, and employee groups.

The empirical study by Widyastuti et al. (2026) examined how work–life balance, job stress, and compensation affected employee retention. Using a quantitative survey of 150 employees, the researchers analysed the data with PLS-SEM through SmartPLS. The findings showed that work–life balance had a positive and significant relationship with retention, while job stress had a negative and significant effect. Compensation recorded the strongest positive influence, indicating that competitive rewards could encourage employees to remain with their organisations. The study therefore demonstrated that supportive work arrangements, stress reduction, and appropriate compensation were important for workforce stability.

Savira (2026) investigated the effects of compensation and work–life balance on employee performance at PT Primex Transport Indonesia. Data were obtained from 58 employees through saturated sampling and analysed using multiple regression. The findings indicated that compensation did not significantly affect performance, whereas work–life balance had a positive and significant effect. However, both variables jointly influenced performance, explaining 11.5% of its variation. These findings suggested that work–life balance could contribute substantially to employee performance, while other factors also required consideration.

Mironov (2026) provided a broader perspective by examining work–life balance management and its contribution to human resource performance in the contemporary global workplace. The study used a qualitative and exploratory approach based on academic literature and reports from international organisations. It established that globalisation, digital transformation, changing employment patterns, and evolving employee expectations have increased the strategic importance of work–life balance. Flexible working arrangements, remote work, parental leave, and employee well-being programmes were identified as practices that can improve job satisfaction, productivity, employee well-being, organisational resilience, and sustainable human resource management. Effective work–life balance policies may also reduce

excessive work pressure and create conditions that support innovation and long-term employee commitment. However, because the study relied mainly on secondary sources, it did not provide direct statistical evidence from a particular organisation.

Taken together, the studies demonstrated that compensation and work–life balance can influence employee outcomes, but their effects are not always direct or uniform. Aliya and Kuncoro (2026) established direct positive effects on loyalty, while Arimbawa et al. (2026) showed that job satisfaction can mediate the relationship between compensation and performance. Mironov (2026) further emphasised the strategic value of supportive work–life balance practices. Widyastuti et al. (2026) found that work–life balance and compensation positively influenced employee retention, while job stress negatively affected retention. Savira (2026) reported that work–life balance significantly improved employee performance, whereas compensation had no significant individual effect. Together, the studies showed that work–life balance and compensation were important employee-related factors, although their effects varied across organisational outcomes and contexts. These differences suggested that organisational context and intervening variables are important in explaining employee behaviour and performance. Overall, the empirical evidence supports the need for organisations to combine fair compensation, supportive working conditions, employee satisfaction, and work–life balance initiatives when developing effective human resource management strategies.

## METHODOLOGY

A cross-sectional survey design was adopted to collect data from employees at a single point in time. This design was appropriate for examining the relationship between strategic employee compensation and work-life balance in service organisations. It enabled the researcher to assess employees' experiences and perceptions of salaries, incentives, bonuses, and other benefits in relation to their ability to manage work and personal responsibilities. The design also supported the use of structured questionnaires and statistical techniques to analyse the study variables and test the research hypotheses.

The study adopted a multistage sampling approach, with stratified random sampling as the main technique. First, relevant service organisations were purposively selected based on their suitability for the research objectives. Second, employees were grouped into appropriate strata according to departments or employment categories. Finally, respondents were selected from each stratum through simple random sampling. This approach promoted fair representation of different employee groups, reduced potential sampling bias, and made data collection more organised across the selected organisations.

The study population comprised 25,706 employees from selected service organisations in Nigeria, covering the banking, telecommunications, and hospitality sectors. These sectors were selected to examine whether strategic employee compensation relates to work-life balance across different service environments. The population figures were obtained from company records. To determine the required sample size, the study applied Yamane's (1967) formula at a 5% level of precision, producing an estimated sample of 394 respondents. This sample provided a practical basis for collecting data to examine the relationship between strategic employee compensation and work-life balance among employees in the selected service organisations.

*Table 1: Population Frame of Service Firms in Nigeria*

| S/N | Service Firm | Population | Proportion (%) | Proportionate Sample |
|---|---|---|---|---|
| 1 | First Bank of Nigeria Ltd. | 8,381 | 32.61 | **128** |
| 2 | Zenith Bank Plc | 8,773 | 34.13 | **134** |
| 3 | MTN Nigeria Communications Plc | 2,001 | 7.79 | **31** |
| 4 | Transcorp Hotels Plc | 1,551 | 6.03 | **24** |
| 5 | Airtel Nigeria | 5,000 | 19.45 | **77** |
| **Total** | **Selected Service Firms** | **25,706** | **100.00** | **394** |

***Researcher's Computation, 2026.***

The confidence level was 95% and the accepted error margin of 5% and the sample size was given as 394. To avoid the problems of non-responses, poorly completed questionnaires, and questionnaires that might be lost during transportation, a 10 percent sample was provided and added to the sample to compensate for these inconveniences. 10% of 394 = 39, so 39 + 394 =433. A total of 433 questionnaires were administered to employees of the selected service firms, out of which 394 questionnaires were successfully returned, representing a response rate of 91%.

The study adopts primary data collected through a well-structured questionnaire to examine strategic employee compensation and work-life balance in service organisations in Nigeria. The questionnaire is appropriate because it enables the researcher to obtain direct and relevant information from employees concerning compensation practices, benefits, incentives, and their ability to balance work and personal responsibilities. It also promotes consistency by presenting respondents with the same questions and response options. Using primary data further ensures that the findings reflect employees' current experiences and perceptions, thereby improving the relevance, reliability, and usefulness of the study's results.

Content validity was adopted to ensure that the questionnaire adequately covered all dimensions of strategic employee compensation and work-life balance relevant to the study. Experts reviewed the instrument for clarity, relevance, and completeness. Cronbach's Alpha was used to assess internal consistency and determine whether questionnaire items measured the constructs reliably. A coefficient of 0.70 or above was considered acceptable, supporting the instrument's reliability and suitability.

Multiple Linear Regression (MLR) was adopted to examine how different strategic employee compensation dimensions jointly and independently predict work-life balance in service organisations, using Statistic Package for Social Science (SPSS) Version 27.0. The technique was appropriate because it estimates individual effects while controlling for other compensation factors, thereby providing clear evidence for testing the study's hypotheses. the model can be specified as:

$$\mathbf{WLB=\beta 0+\beta_1 CS+\beta_2 PBC+\beta_3 EB+\varepsilon}$$

Where: $\beta_0$ = Constant; $\beta_1$–$\beta_3$ = Regression coefficients; $\varepsilon$ = Error term; **WLB=**Work-Life Balance**; CS=** Competitive Salary**; PBC=** Performance-Based Compensation**; EB=** Employee Benefits

## RESULT AND DISCUSSION

**Table 4: Collinearity Diagnostics[a]**

| Model | Dimension | Eigenvalue | Condition Index | Variance Proportions (Constant) | Zscore(CS) | Zscore(PBC) | Zscore(EB) |
|---|---|---|---|---|---|---|---|
| 1 | 1 | 1.291 | 1.000 | .00 | .34 | .06 | .33 |
| | 2 | 1.000 | 1.136 | 1.00 | .00 | .00 | .00 |
| | 3 | .979 | 1.149 | .00 | .02 | .94 | .06 |
| | 4 | .730 | 1.330 | .00 | .64 | .01 | .62 |

a. Dependent Variable: WLB

The collinearity diagnostics indicated that there was no serious multicollinearity problem among competitive salary (CS), performance-based compensation (PBC), and employee benefits (EB) in explaining work-life balance (WLB). The condition indices ranged from 1.000 to 1.330, which were far below the commonly accepted threshold of 10, while the eigenvalues remained positive, ranging from 0.730 to 1.291. The variance proportions also showed that no dimension had a problematic combination of high variance proportions across the independent variables. Although PBC and EB recorded relatively high variance proportions in the fourth dimension (.64 and .62), the corresponding condition index was only 1.330, indicating that the variables were not excessively correlated. Therefore, the results suggested that CS, PBC, and EB were sufficiently distinct and could be included together in the regression model without substantial distortion caused by multicollinearity.

**Table 5: Coefficients[a]**

| Model | | Correlations Zero-order | Partial | Part | Collinearity Statistics Tolerance | VIF |
|---|---|---|---|---|---|---|
| 1 | Zscore(CS) | .470 | .421 | .359 | .924 | 1.082 |
| | Zscore(PBC) | .366 | .389 | .327 | .994 | 1.006 |
| | Zscore(EB) | .388 | .323 | .264 | .927 | 1.078 |

a. Dependent Variable: WLB

The coefficients table showed that competitive salary (CS), performance-based compensation (PBC), and employee benefits (EB) were positively related to work-life balance (WLB). CS had the strongest relationship, with a zero-order correlation of 0.470, followed by EB (0.388) and PBC (0.366). After controlling for the other predictors, the partial correlations remained positive at 0.421 for CS, 0.389 for PBC, and 0.323 for EB, indicating that each compensation dimension maintained a meaningful association with WLB. The part correlations of 0.359, 0.327, and 0.264, respectively, further showed their individual contributions to the regression model. The collinearity results indicated that multicollinearity was not a concern, since tolerance values ranged from 0.924 to 0.994, while VIF values ranged from 1.006 to 1.082, all well within commonly accepted limits. Overall, the results indicated that the three

compensation dimensions were sufficiently distinct and each contributed independently to explaining variations in employees' work-life balance.

**Table 6: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .805[a] | .648 | .645 | .30814 |

a. Predictors: (Constant), EB, CS, PBC

The model summary showed that the three dimensions of strategic employee compensation, namely competitive salary (CS), performance-based compensation (PBC), and employee benefits (EB), jointly had a strong relationship with work-life balance. The correlation coefficient (R) of 0.805 indicated a strong positive association between strategic employee compensation and work-life balance among employees of service firms in Nigeria. The R Square value of 0.648 revealed that the three compensation dimensions jointly explained 64.8% of the variation in employees' work-life balance, while the remaining 35.2% was attributable to other factors not included in the model. The adjusted R Square of 0.645 indicated that the explanatory power remained high after adjusting for the number of predictors. Furthermore, the standard error of the estimate of 0.30814 suggested a relatively small prediction error, indicating that the model provided a reasonably reliable estimate of work-life balance.

**Table 7: ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 68.172 | 3 | 22.724 | 239.319 | .000[b] |
| | Residual | 37.031 | 390 | .095 | | |
| | Total | 105.203 | 393 | | | |

a. Dependent Variable: WLB
b. Predictors: (Constant), EB, CS, PBC

The ANOVA results showed that the regression model was statistically significant in explaining Work-Life Balance (WLB) based on Employee Benefits (EB), Competitive Salary (CS), and Performance-Based Compensation (PBC). The regression sum of squares was 68.172, while the residual sum of squares was 37.031, giving a total sum of squares of 105.203. The model had 3 degrees of freedom for the predictors and 390 degrees of freedom for the residual, with an F-value of 239.319 and a significance level of 0.000. Since the significance value was below the 0.05 threshold, the null hypothesis that the predictors had no significant joint effect on WLB was rejected. This indicated that EB, CS, and PBC, when considered together, significantly influenced employees' work-life balance. The findings therefore suggested that an appropriate compensation structure, including competitive pay, performance-related rewards, and employee benefits, was important for improving employees' ability to achieve a satisfactory balance between their work and personal lives.

**Table 8: Coefficients[a]**

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .714 | .125 | | 5.726 | .000 |
| | CS | .418 | .033 | .451 | 12.691 | .000 |
| | PBC | .386 | .043 | .373 | 8.948 | .000 |
| | EB | .292 | .036 | .328 | 8.150 | .000 |

a. Dependent Variable: WLB

The regression coefficients in the table showed that competitive salary (CS), performance-based compensation (PBC), and employee benefits (EB) had positive and statistically significant effects on work-life balance (WLB). The constant value of 0.714 indicated the expected level of work-life balance when all compensation variables were held constant. Competitive salary recorded the largest positive effect, with an unstandardized coefficient (B) of 0.418 and a standardized Beta of 0.451, indicating that a unit increase in competitive salary was associated with a 0.418 increase in work-life balance, while its t-value of 12.691 and significance level of 0.000 confirmed a statistically significant relationship. Performance-based compensation also had a positive effect (B = 0.386; β = 0.373), with a t-value of 8.948 and p = 0.000, showing strong statistical significance. Similarly, employee benefits positively influenced work-life balance (B = 0.292; β = 0.328), supported by a t-value of 8.150 and p = 0.000. Overall, competitive salary had the strongest contribution, followed by performance-based compensation and employee benefits, demonstrating that improved compensation practices were associated with better employee work-life balance.

The regression results revealed that strategic employee compensation had a strong and positive relationship with work-life balance among employees of service firms in Nigeria. The model recorded an R-value of 0.805 and an $R^2$ of 0.648, showing that competitive salary (CS), performance-based compensation (PBC), and employee benefits (EB) jointly explained 64.8% of the variation in work-life balance. The adjusted $R^2$ of 0.645 further confirmed the model's explanatory strength. This finding highlighted the importance of effective compensation policies in helping employees manage their work and personal responsibilities (Aliya & Kuncoro, 2026; Arimbawa et al., 2026; Savira, 2026; Widyastuti et al., 2026). The ANOVA result confirmed that the regression model was statistically significant ($F = 239.319$, $p < .001$). This indicated that the combined contribution of the three compensation dimensions was unlikely to have occurred by chance. The finding suggested that fair salaries, performance-related rewards, and meaningful benefits could improve employees' ability to maintain a satisfactory work-life balance. This result supported Magaji et al. (2021), who reported a significant positive effect of compensation packages and work-life balance-related practices in private universities in Ogun State, Nigeria. The coefficient results showed that competitive salary made the strongest contribution ($\beta = .451$, $p < .001$), followed by performance-based compensation ($\beta = .373$, $p < .001$) and employee benefits ($\beta = .328$, $p < .001$). These results emphasised the importance of adequate pay, fair performance rewards, and appropriate benefits. Similarly, Obasa et al. (2026) found that compensation, work environment, and work-life balance practices jointly contributed to industrial

harmony in Nigeria. Holistically, the findings indicated that strategic compensation was an important factor associated with employees' work-life balance. They also aligned with evidence linking competitive compensation and supportive work-life balance practices to improved employee outcomes (Oyakhire,

## CONCLUSION AND RECOMMENDATIONS

The study concluded that strategic employee compensation had a strong and positive influence on work-life balance among employees of service firms in Nigeria. The findings showed that competitive salary, performance-based compensation, and employee benefits jointly explained 64.8% of the variation in employees' work-life balance, while the statistically significant ANOVA result confirmed the overall strength of the model. Competitive salary made the strongest contribution, followed by performance-based compensation and employee benefits, demonstrating that employees valued fair pay, recognition for performance, and supportive benefits. These findings established that compensation was more than financial remuneration; it served as an important employee-support mechanism that helped workers manage organisational demands alongside personal responsibilities and enhanced their overall work-life experience.

i. Service firms should regularly review and improve salary structures to ensure that employees receive competitive and equitable pay that reflects responsibilities, market conditions, qualifications, and living costs, thereby supporting financial security and healthier work-life balance.
ii. Management should establish transparent performance-based compensation systems that clearly connect measurable employee achievements with appropriate rewards. Such systems should recognise exceptional contributions fairly, consistently, and promptly to motivate employees and reduce workplace dissatisfaction.
iii. Service firms should strengthen employee benefits by providing relevant welfare packages, including healthcare support, paid leave, flexible work arrangements, retirement benefits, and family-friendly provisions, enabling employees to manage personal and organisational responsibilities effectively.

2026; Obasa et al., 2026). Therefore, service firms should treat compensation as more than financial payment and develop fair, transparent, and employee-centred policies that support both organisational goals and employees' personal responsibilities.

The study contributed to knowledge by addressing several gaps in research on strategic employee compensation and work-life balance among service firms in Nigeria. It filled a knowledge gap by providing evidence on how competitive salary, performance-based compensation, and employee benefits jointly influenced work-life balance. It addressed a conceptual gap by examining compensation as a broader employee-support mechanism rather than merely financial payment. The study also helped resolve a contradictory gap by providing empirical evidence that the three compensation dimensions had significant positive effects on work-life balance. A theoretical gap was addressed by demonstrating the relevance of compensation practices to employee outcomes within the service-sector context. The empirical gap was reduced through Nigerian evidence, while the methodological gap was addressed through regression analysis that established

the relative contribution of each compensation dimension.

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