

## **The Relationship Between Employee Compensation and Job Performance in Private University in Erbil, Kurdistan**

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### **Abstract**

In today's competitive business environment, the compensation considers one of the important factors for motivating, promoting and employee's talent a part of human resources management. The main purpose of this study is to measure the relationship between employee compensation and organizational performance at private universities in Erbil, Kurdistan. The researchers used quantitative method to analyze the current study. The researchers distributed 100 questionnaires but only 73 questionnaires were received and being completed properly. The results revealed that there is a weak but positive relationship between compensation and organizational performance as seen in table (6) the value of Beta =.439 which is greater than 0.01 accordingly the research hypothesis supported. The major research limitation of this study is that the study covered only one private university also small sample size; it would give better result with higher sample size.

**Keywords:** Compensation, Erbil, Kurdistan, Organizational performance, Private University

### **Introduction**

Nowadays, In Every business, compensation is one of the important Factors for motivating, promoting and employee's talent a part of human resources management (Sajid Tufail, 2015). Because in the compensation package is the essential acquirable in affecting implementation, evolving and sustaining the human resources to get the actual result from them. That is contains the variety, manipulate, development and direction of packages designed to implement compensation or incentive through monetary rewards (Tarus Kipkorir Erick, Basweti Aboko Kefah, Richard Bitange Nyaoga, 2014). Wages or salaries refer to the establishment in operation strategies and performs of employee compensation. In traditional thought the wages, salaries emphasized only purpose of salary and wages in organization settings. But, incentives or rewards are changing these adjustments to add other payments for controlling the compensation costs. In easy defining the compensation "Compensation is efficient process for completing the structure or enhances the employee of

rewards and motivating to performing better" (Alemu, 2015). In term of human resources, compensation is mentioned to as money or other benefits which is received by the employees for providing the outcomes and services to their organization. Salary and wages administration is knowing as management of compensation. Because the compensation may contain of rewarding to pushing or motivating the employee to allocate their tasks, or that is instrument to promotion the value by organization use (Gashaw Tenna, 2015). In this point of views, we can define compensation in another direction compensation is the money that you received or sometimes is any kind of things are getting which is valued by money for services or losses it means that is money received in working performance. In most of the international company compensation is the instrument to sustain the qualified candidates of employee to their organization and gives the competing opportunity between the workforces in carryout their responsibility. Compensation in some organization institution is diverse, because sometimes in bank or in some of the shareholders' company they share their profits with the employees. In the Compensation, is possible categorizing in to two types first, as monetary or direct compensation and non-monetary or non-direct compensation which mean that direct compensation is financially compensate as cash payment or some basics payment such as overtime (Mashal A, Abu Bakar A, 2014). Because in overtime working from the organization is directly compensating the employees to enhance them performing their job as well as. From indirect or non-monitoring compensation that is some benefits such as pension funds, and sick permission or other variance benefits for employees is considering indirect compensation. Indirect financial compensation is Approval or appreciation for satisfaction of employees.

### ***Literature Review***

Compensation is variables form which is consists of salary, compensation cash its bonuses and some other benefits such as pension fund... etc., that is called compensation. So, in business performance, from many organizations employers to compensate labors for supplement rewards or any amount compensation to add in basic salary as minimum as they can give to get significant performance in services to returned successfully (Uddin, 2014). Compensation is direct affecting the labor performance in add some of benefits for their salary or bonuses and they motivated their self. In this point of view compensation is increase reasonable to challenge high expectation in labor force. For range the employee in every business and organization from giving the vacation rest, transportation facility and health coverage, which is sensitive for employee comfortable and work harder and raise the productions (M. Shahzad Chaudhry, 2012). In this point compensation means directly or indirectly to compensate the labors both of them are benefitting to increase your

productivity, high performance and achievement the organization goals when you received the benefits word and all kind performances which is provided by employee. If the company has good long-term compensate packages for their labors that company is able to get correctly future price forecasting or estimation Because sometimes in some of the companies to emphasizing attentions, they offer share their profits to enhancing overall corporate values. (Abdulrasheed A, Khadijat A, 2012). When the Utility is increases for labors the productivity is increases with observed the value of outcomes. As (Obasan, 2012) said in similar forms of compensate to talented futures promotions chance the workers are feelings of self-esteem that come superior value. Because, any performance analysis and compensation is related to achievement and recognition for different forms, include of future promotions opportunity. Even recognition is non-monetary rewards but still is related with performance analysis such as current and future rewards. In this case recognition for performance is important to considering on monetary rewards. For the reason that peoples are satisfying to substitute non-monetary rewards for monetary rewards through money signify for comprehensive claim. (Anto, 2013)In most of the organization they used the wages survey for compensate their labors. This means that evaluating their jobs to insure in the process internal equity. In this point the organizations tried to be installing the salary system to equitable for compensating the workers depend of their job duty and level of performance. Ranking level of jobs and salaries is widely used the methods which that categorized the jobs into the groups and those are others is the same value in this resolves payment. So, in this idea the groups are called classes and in some ways, could be categorized the jobs and places based on how they will describe their jobs into organization to inducement up a set of compensation rules.

### ***Monitory Compensation***

Rewards, bonuses, commission, profit sharing, bank receiving and any other cash payments are monetary compensation (Tarus K. Erick, 2014). In many of the organizations according to (Sidra Rafique, 2015) they used the monetary compensation is the way to easily recognize the employees which is directly can compensate to provide cash payment and physiologically attracting the new employees to enhance them to increase the outcomes and productivity. In monitory compensation from management plan is to attention of reducing possible conflict individual interests between employees the managers because as (Gashaw Tenna, 2015) says in monitory Compensation packages can directly add value such as payment and awarding employees within the organization by improving the management since the objective to maximize outcome and profits.

## Conceptual framework

### Research model

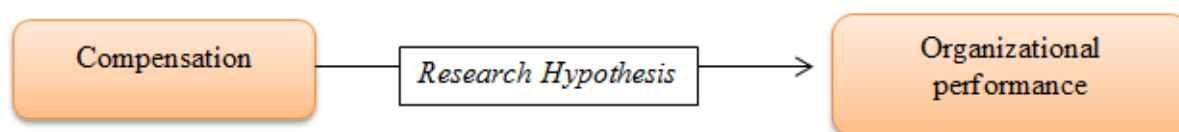


Figure 4- Research Model

### Research problem:

Within the organization at human resources department the employee privilege must supports the employee's rights as reimbursement in any of situation happen like health issues, married and rewards. That compensation plan actually affects the employee's motivation, what it does, and why it does it. Likewise, there are few scopes of what a "compensation" methods looks like in practice based on a set of tangible criteria (Preciado, 2015).

### Research Question and objectives:

The study objective identifies concepts of compensation and job implementation that provides the valuable figures about the practical level in different operational environments. The research review tried to understand is there positive relationship between compensation and organizational performance in private universities.

1. How the Compensation must be sufficient so that needs of the employees are fulfilled substantially.
2. When Compensation must increase the level of motivation and job satisfaction of the employees.
3. Compensation policy should be declared in such a way so that no discrimination can be observed.
4. The organization must make a balance between cost for giving compensation and benefits to be accrued from the employees.

### Methodology

This study aimed to investigate the relationship between employee compensation and organizational performance in private university in Erbil, Kurdistan. The researcher used quantitative method to analyze the current study. The researcher distributed 100 questionnaires but only 73 questionnaires

were received and being completed properly. The questionnaire consisted into two parts; the first section consisted of demographic analysis starting with participants' gender, age, and marital status, level of education, position and experience. The second section of questionnaire consisted of 13 questions regarding of employee compensation and 16 questions regarding of organizational performance (as seen in the appendix A). The questionnaire adapted from (Soleimani, et al.,2013; Shahzad, et al., 2008).

### Data analysis

**Table 23- Demographic Analysis**

	<b>Item</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	<b>Male</b>	47	64.4
	<b>Female</b>	26	35.6
<b>Age</b>	<b>20-25</b>	32	43.8
	<b>26-30</b>	13	17.8
	<b>31-35</b>	16	21.9
	<b>36-40</b>	7	9.6
	<b>41-45</b>	2	2.7
	<b>46-50</b>	1	1.4
	<b>51-55</b>	2	2.7
<b>Marital Status</b>	<b>Married</b>	40	54.8
	<b>Separated</b>	1	1.4
	<b>Widowed</b>	3	4.1
	<b>Single</b>	29	39.7
<b>Education</b>	<b>Bachelor</b>	39	53.4
	<b>Master</b>	31	42.5
	<b>PhD</b>	3	4.1
<b>Position</b>	<b>Employee</b>	24	32.9
	<b>Research Assistant</b>	20	27.4
	<b>Lecturer</b>	29	39.7
<b>Experience</b>	<b>Less than one</b>	34	46.6
	<b>1-3</b>	17	23.3
	<b>4-5</b>	10	13.7
	<b>6-8</b>	8	11.0
	<b>8+</b>	4	5.5

Table (1) shows the demographic analysis. In terms of respondents' gender; 47 employees were male and 26 employees were female. In terms of respondents' age; 26 respondents were from 20-25 years old, 32 respondents were from 26-30 years old, 13 respondents were from 31-35 years old, 16 respondents were from 36-40 years old, 7 respondents were from 41-45 years old, only two

respondents were from 41-45 years old, one respondent was from 46-50 years old and two respondents were from 51-55 years old. In terms of respondents' marital status; 40 respondents were married, three respondents were widowed, one separated and 29 respondents were single. In terms of respondent's education level; 39 respondents had obtained bachelor degree; 31 respondents had obtained master degree and only three respondents had obtained PhD degree. In terms of respondents' position; 24 respondents were employees; 20 respondents were research assistant and 29 respondents were lecturer. In terms of respondents' experience; 34 respondents had less than one year of experience, 17 respondents had 1-3 years of experience, 10 respondents had 4-5 years of experiences, 8 respondents had 6-8 years of experience and four respondents had more than eight years of experiences.

**Table 24- Reliability Statistics**

Cronbach's Alpha	N of Items
.818	29

The Cronbach's Alpha for 29 items = .818 which is greater than .6 this indicates that 29 items used in this study were reliable (as seen in table 2).

**Table 25- Correlations Analysis**

Pearson Correlation		compensation	Performance
compensation	Pearson Correlation	1	.439**
	Sig. (2-tailed)		.000
	N	73	73
Performance	Pearson Correlation	.439**	1
	Sig. (2-tailed)	.000	
	N	73	73

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (3) shows the correlation analysis between employee compensation as independent variable and organizational performance as dependent variable. The Pearson correlation value = .439\*\* which is greater than 0.01 this indicates that there is a positive and weak correlation between employee's compensation and organizational performance.

**Table 26- Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.439 <sup>a</sup>	.193	.181	.48844

a. Predictors: (Constant), compensation

R Square (table 4) is .193 this indicates that 19% of the variables are explained.

**Table 27- ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.038	1	4.038	16.926	.000 <sup>b</sup>
	Residual	16.939	71	.239		
	Total	20.977	72			
a. Dependent Variable: Performance						
b. Predictors: (Constant), compensation						

Table (5) shows F value = 16.926 which means there is positive and weak association between compensation and organizational performance.

**Table 28- Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.963	.389		5.046	.000
	compensation	.463	.113	.439	4.114	.000
a. Dependent Variable: Performance						

Table (5) shows a single regression analysis; the beta value =.439 which is more than 0.01, this indicates that there is a positive but weak relationship between organizational performance and employee compensation.

### Finding and Conclusions

It is concluded that the compensation has weakly correlated with organizational performance at private university in Erbil. According to multiple regression analysis; the results revealed that there is a weak but positive relationship between compensation and organizational performance as seen in table (6) the value of Beta =.439 which is greater than 0.01 accordingly the research hypothesis supported. The major research limitation of this study is that the study covered only one private university also small sample size; it would give better result with higher sample size. And the study analysis identifies the research objectives and questions get supported which is the Compensation must be sufficient so that needs of the employees are fulfilled substantially, Compensation must increase the level of motivation and job satisfaction of the employees, Compensation policy should be declared in such a way so that no discrimination can be observed and The organization must make a balance between cost for giving compensation and benefits to be accrued from the employees. Because, in the Table (3) shows the correlation analysis between

employee compensation as independent variable and organizational performance as dependent variable. The Pearson correlation value = .439\*\* which is greater than 0.01 this indicates that there is a positive and weak correlation between employee's compensation and organizational performance. R Square (table 4) is .193 this indicates that 19% of the variables are explained. Table (5) shows F value = 16.926 which means there is positive and weak association between compensation and organizational performance and shows a single regression analysis; the beta value = .439 which is more than 0.01, this indicates that there is a positive but weak relationship between organizational performance and employee compensation.

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