

AMERICAN UNIVERSITY OF BEIRUT

THE IMPACT OF COMPENSATION AND BENEFITS
SYSTEM ON PERCEIVED PERFORMANCE AND
COMMITMENT OF MANAGERIAL AND NON-
MANAGERIAL STAFF IN A PRIVATE HIGH ACADEMIC
INSTITUTION (AUB)

by
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AN ABSTRACT OF THE PROJECT OF

Ahmad Korfali for Master of Human Resources Management
Major: Human Resources Management

Title: The Impact of Compensation and Benefits System on Perceived Performance and commitment of Managerial and Non-Managerial staff in a Private High Academic Institution (AUB).

The purpose of this quantitative study is to investigate the relationship between HRM practices tackling mainly, compensation scheme and benefits and perceived performance and commitment of managerial and non-managerial staff in a private higher educational institution in Lebanon. More specifically, this study aims at exploring the relationship of compensation and benefits system as one of the HRM practices on the employee performance and commitment of managerial and non-managerial staff at AUB.

The most valuable assets of any institution is its employees, and if these employees are offered benefits and compensation packages, then it is likely that in return, they might work with full devotion and commitment which will result in great performance. The scarcity of studies on this topic in general and in particular in an educational institution pointed to a dire need for research. Managerial and non-managerial staff from different faculties and departments at AUB were randomly selected to participate in this quantitative study.

The questionnaires that were administered in this study were based on the questionnaires developed by Meyer and Allen for organizational commitment measure and the Employee Performance Scale adapted from Wiedower, K.A. Data collection was done and results were analyzed using SPSS.

Results obtained helped understand how compensation and benefit system in an educational institution affect its employees' commitment and performance. Moreover, results might be of help to people in charge in the HR department to get insight of what employees' value most in order to promote their performance and commitment to the institution.

CONTENTS

	Page
ACKNOWLEDGEMENT	v
ABSTRACT	vi
LIST OF TABLES	x
Chapter	
I. INTRODUCTION	1
A. Context of the Problem	1
B. Purpose and Statement of the Problem	5
C. Research Questions	5
D. Research Objectives	6
E. Research Rationale and Significance	7
II. REVIEW OF LITERATURE	8
A. HRM Practices Impact on Employees' Performance and Commitment	9
B. HRM Practices in the Middle East & Lebanon	9
C. Importance of Reward Management.....	11
D. Compensation Policy	12
E. Benefits	14
F. Employee Performance	15
G. Employee Commitment	17
H. Forms of Commitment.....	17
1. Affective Commitment	17
2. Continuance Commitment	18

3. Normative Commitment	19
I. The Impact of Compensation Policy and Benefit System on Employees' Commitment and Performance	19
J. Compensation and Benefits in Higher Institutions	23
III. METHODOLOGY	25
A. Participants.....	25
B. Instruments.....	26
C. Pilot Study.....	29
D. Survey	30
IV. RESULTS	31
V. Discussion.....	39
A. Percentage Analysis of Demographic Data (Table 1).....	39
B. Commitment of Employees (Table 2, Table 3)	39
C. Job Performance of Employees (Table 2, Table 3).....	41
D. Satisfaction of Employees.....	42
E. Correlation Between Job Commitment, Job Performance and Job Satisfaction (Table 4)	43
F. Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Job Level (Table 5).....	43
G. Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Gender (Table 6).....	44
H. Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Years of Experiences (Table 7)	44
I. Ranking of Benefits	45
J. Limitation of the Study	46
K. Summary	46
L. Recommendations.....	47

Appendix

I.	THE QUESTIONNAIRE.....	49
II.	CONSENT TO PARTICIPATE IN AN ONLINE RESEARCH STUDY	54
	REFERENCES	57

TABLES

Table	Page
1. Participant Demographics	31
2. Descriptive Statistics – All Variables	32
3. Variable Responses by Percentage	32
4. Correlation between Job Commitment, Job Performance and Job Satisfaction	33
5. T-Test for Gender (Male and Female)	35
6. ANOVA Test for the variables (commitment, Job Performance, and Job Satisfaction).....	36
7. Ranking of Benefits.....	37

To
My Beloved Family

CHAPTER I

INTRODUCTION

Context of the Problem

Employees are the assets of any organization. Organizational productivity depends on its employees' performance. If employees' needs are met properly, organizational productivity will surely increase. Thus, proper management of employees by motivating and giving them incentives, and a rewarding compensation and benefit system proves to be productive for an organization, increases its employees' commitment and enhances their performance (Allen & Meyer, 1990; Ju, Kong, Hussin & Jusoff, 2009). Motivated employees can add value to an organization by successfully achieving its targets. Research has shown that employee commitment seems to be a crucial factor in achieving organizational success and productivity. This commitment becomes strong when the will of the employees revolve around better performance and less turnover rate. Allen & Meyer define commitment as the employees' feeling of obligation to stay with the organization (Allen & Meyer, 1990; Ju *et al.*, 2009). Research has shown that highly committed employees have a sense of belonging to the organization and regard themselves as an integral part of it. They become creatively involved in the organization's mission and values, constantly seeking ways to do their jobs better. Ireffin & Mechanic (2014) & Fossey & Havey (2010) asserted that more satisfied employees will be more committed, and a committed employee will discontinue actively searching for other sources of income and generously offer full competence to the organization (Milgo, Namusonge, Kanali & Makokha, 2014). Thus, it is crucial for any organization to increase its employees' commitment for better work

productivity and more positive outcomes. On the contrary, individuals with low levels of commitment will do only enough to work by. They do not put their hearts into the work and mission of the organization, seeing themselves as outsiders and not as long-term members of the organization. Their personal success is more important to them than the organization success, and they are likely to leave the organization if they get an attractive job offer elsewhere (Allen & Meyer, 1990; Ju *et al.*, 2009).

Numerous factors have been found to inspire commitment. For instance, Ongori (2007) states that the degree to which employees are committed to their organization depends largely on job enrichment, employee empowerment, compensation and benefits (Irefin & Mechanic, 2014). According to Dessler (2008), employee pay includes all compensation factors, which are given to him against his work. Martocchio (1998) as cited in (Yaseen, 2013) described that compensation include both intrinsic rewards and extrinsic rewards. Extrinsic rewards include both monetary and non-monetary rewards, which include things apart from basic pay such as benefits (Yaseen, 2013). These compensation and benefits according to research become essential if employee satisfaction is to be maintained and employee commitment is to be increased (Ju *et al.*, 2009).

Employee organizational commitment as Allen & Meyer (1990) proposed have three components: the affective, continuous, and normative commitment. As described by Allen & Meyer, the affective commitment refers to the employee's emotional attachment to, identification with, and involvement in the organization. The continuous commitment refers to commitment based on the costs that the employee associates with leaving the organization. The normative commitment refers to the employee's feeling of obligation to remain with the organization (Ju *et al.*, 2009).

Numerous studies support the relation of organizational commitment

(continual, normative and affective) and employee performance. For instance, in their study Negin *et al.* clarify that organizational commitment influences the job performance of Bank employees (Negin, Omid & Ahmad, 2013). Furthermore, in a study conducted on university teachers, results showed that continual, normative and affective commitment have a positive relation with employee's performance (Hafiz, 2017).

To satisfy employees, organization provides different facilities to employees like to provide good working condition, fairness in job, give promotion and rewards to employees because these are the elements which contribute to employee satisfaction (Parvin & Kabir, 2011; Yaseen, 2013) and have much importance for the performance of any organization (Aslam, Ghaffar, Talha & Mushtaq, 2015). Therefore, the ability to motivate workers and retain desired employees is largely influenced by the compensation and benefits offered by the organization (Ghazanfar, Chuanmin, Khan & Bashir, 2011).

According to Gerhart, Minkoff & Olsen (1995), "Employee compensation plays such a key role because it is at the heart of the employment relationship, being of critical importance to both employees and employers.

Employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing business and thus, their ability to sell at a competitive price in the product market. In addition, compensation decisions influence the employer's ability to compete for employees in the labor market (attract and retain), as well as their attitudes and behaviors while with the employer" (Gerhart *et al.*, 1995).

Employee benefits is defined as any form of compensation provided by the

organization other than wages or salaries that are paid for in whole or in part by the employer. Employee benefits include retirement plans, childcare, elder care, hospitalization programs, social security, vacation and paid holidays (Ju *et al.*, 2009; Aslam *et al.*, 2015).

Numerous studies have shown that compensation schemes and benefits provided have a powerful effect on employee attitudes towards their jobs (Milgo *et al.*, 2014) and organization commitment which is positively related to employees' job performance as Khan (as cited in Irefin & Mechanic, 2014) has stated. Based on the study results, Khan recommended that managers pay special attention to all the factors, which foster employee commitment so as to increase employee performance and subsequently increase organizational productivity (Irefin & Mechanic, 2014). In his turn, Omoayo Adewale *et al.* (as cited in Aslam *et al.*, 2015) who analyzed the impact of compensation system on the job performance of employees, found that institutes that have more appropriate compensation packages embed a positive effect on employee's performance (Aslam *et al.*, 2015).

“From a human resource management point of view, the successes of major human resource activities are related to and are dependent on compensation and benefits policies and practices. The success in attaining goals in human resource planning related to attracting and recruiting human capital is directly linked to compensation offered” (as cited in Ghazanfar *et al.*, 2011, p. 4). Compensation is the glue that binds employees and employers together. A reward and compensation package fails to attract, retain, motivate and secure employee commitment and consequently performance when it is viewed as not being fair, inequitable and inconsistent (Milgo *et al.*, 2014).

Purpose and Statement of the Problem

The purpose of this quantitative study is to investigate the relationship between HRM practices tackling mainly, compensation scheme and benefits and perceived performance and commitment of managerial and non-managerial staff in a private higher educational institution in Lebanon. Perceived performance of employees shows the employee's general belief about his/her contribution and behavior of organizational success. It also represents the self-evaluation of an employee about his performance regardless of the supervisor evaluation (Hafiz, 2017). More specifically, this study aims at exploring the relationship of compensation and benefits system as one of the HRM practices on the employee self- evaluation, self-reported performance and commitment of managerial and non-managerial staff at AUB. The most valuable assets of any institution is its employees, and if these employees are offered benefits and compensation packages, then it is likely that in return, they might work with full devotion and commitment which will result in great performance. The scarcity of studies on this topic in general and in particular in an educational institution pointed to a dire need for research. Managerial and non-managerial staff from different faculties and departments at AUB will be randomly selected to participate in this quantitative study.

Research Questions

- What is the relationship of the compensation and benefit system on the perceived performance of managerial and non-managerial staff?
- What is the relationship of the compensation and benefit system on the commitment of managerial and non-managerial staff?
- Is there any difference between managerial and non-managerial staff perceived performance and commitment in relation to the compensation and benefits

system?

- What are the compensation and benefits that managerial and non-managerial staff value most for better performance and more commitment?

Research Objectives

The aim of this study is to:

- Investigate the relationship of the compensation and benefit system on the perceived performance of managerial staff in a private higher educational institution in Lebanon.
- Investigate the relationship of the compensation and benefit system on the perceived performance of non-managerial staff in a private higher educational institution in Lebanon.
- Investigate the relationship of the compensation and benefit system on the commitment of managerial staff in a private higher educational institution in Lebanon.
- Investigate the relationship of the compensation and benefit system on the commitment of non-managerial staff in a private higher educational institution in Lebanon.
- Explore the difference between managerial and non-managerial staff perceived performance in relation to the compensation and benefits system in a private higher educational institution in Lebanon.
- Explore the difference between managerial and non-managerial staff commitment in relation to the compensation and benefits system in a private higher educational institution in Lebanon.
- Explore what compensation and benefits managerial and non-managerial staffs value most for better performance and more commitment.

Research Rationale and Significance

- This study will be unique, useful, important and innovative, tackling the topic in an academic setting and Lebanese context.
- This study has a theoretical significance, as it will deal with a concept of great concern.
- This study provides an opportune time to investigate about this topic and discover how managerial and non-managerial employees can benefit from HR compensation and benefits system.
- This study will help establish the compensation and benefits system that managerial and non-managerial value to increase their performance and commitment to work.
- The study will be of help to HR practitioners and educational policymakers in designing, formulating and developing holistic friendly policies/ system channeled to ensure high level of performance and commitment among staff.

CHAPTER II

REVIEW OF LITERATURE

Over the past decade, many scholars have identified and agreed on the importance of Human Resource Management in any institution (Abdul Rehman & Hameed, 2011; Omebe, 2014; Shree, Srinivasan & GiriBabu, 2017). According to Gary Dessler “Human Resource Management refers to the policies and practices one needs to carry out the people or human resource aspects of management position including recruiting, screening, training, rewarding and appraising” (Dessler, 2011). The purpose of human Resource management practices is to attract, motivate and retain employees and to ensure achieving the organization goals (Hassan, 2016). Moreover, having good HRM is likely to create loyalty as well as commitment from the staff in the organization to exert extra effort to achieve the organization’s goals; thus, improving productivity and performance of both the organization and the individual (Abdul Rehman & Hameed, 2011; Hassan, 2016).

Several ideologies acknowledge a series of HRM practices that have a positive impact on employees’ performance across the organization (Abdul Rehman & Hameed, 2011). These practices that are selection and recruitment, rewards and benefits systems, training and development, performance appraisal, and employee relations must be adopted in any organization of any types (Shree *et al.*, 2017; Dubose & Kelo, 2011).

Being applied appropriately, HRM practices play a massive role not only in shaping the organization objectives, but also in affecting the employees and their performance. The major improved performance in any institution will be through its main assets: the people, the employees. Research has shown a great association between

HRM and employee attitudes and workplace performance (Vidija, 2009). The vital HRM practices must complement one another to create an empowering organizational environment to help achieve positive and superior performance (Vidija, 2009).

HRM Practices Impact on Employees' Performance and Commitment

Numerous researchers have reported that HRM practices are positively linked with organizational and employee performance; there are a number of HRM practices that could be tested in relation with employee performance. Tessema & Soeters (2006) have studied eight HRM practices, and they examined when and to what extent these practices affect relationship with perceived employee performance. These eight practices include recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, promotion practices, grievance procedure and pension or social security.

Delery & Dotty (1996) identified seven HRM-related practices to attain higher performance these were internal career opportunities, formal training appraisal measures, profit sharing, employment security, voice mechanism and job definition. In their study, Richard & Johnson (2001) showed that HRM effectiveness significantly reduces employee turnover and increases overall performance. Similarly, Hassan (2016) stated that a successful organization considers HRM practices as an important factor that has a direct impact on employees' performance and their commitment (Hassan, 2016).

HRM Practices in the Middle East & Lebanon

The major purpose of any HRM department is to hire, train, improve and motivate the employees. The HRM process consists of the formation, the arrangement,

the creation, and the development of human resources of an organization. Nowadays, HRM practices are seen as an international trend and are becoming vital to any multinational company or institution.

The scarcity in research concerning HRM in the Middle East and specifically HR practices in Lebanon necessitates extensive investigation (Kassab, 2016). According to Budhwar & Mellahi (2006), the Middle East, and mainly Lebanon, is in the process of making modifications and enhancements in strategies and in the implementation of practices. Thus, organizations need to pursue the evaluation and development of HRM towards a more globally acknowledged standard.

Iles *et al.* (2012) argue that the Middle East is being affected by the impact of the Western higher education system. They add that when dealing with HRM, it is crucial to remember that we are dealing with the influence of culture on management practices, and HRM is associated with social activities. The economic, political legal, historical environments and the socio-cultural characteristics of the work force and society are factors that affect HRM processes in any country (Iles, Almhedie & Baruch, 2012).

Although numerous researches exist on aspects of Lebanese culture and society, there is a persistent demand for Middle Eastern countries to acknowledge the importance of HR (Kassab, 2016). The literature that is available on HR development in this region (Dirani, 2006; Dirani, 2009; Afiouni, 2007) focuses mainly on the existence of basic personnel practices, culture, work values, and the lack of real HR development practices. Latest research investigated the organizational and sociocultural factors affecting HRD practices in Lebanon (Dirani, 2006); the HRM practices applied in banks in Lebanon and their alignment with bank's strategies (Afiouni, 2007); the learning culture in the Lebanese business context (Dirani, 2009) and job satisfaction amongst

women managers in the Lebanese health sector (Tlaiss, 2013). The concept of standardized proper HR practices is generally still new in the service sector in Lebanon, and definitely, in Lebanese universities, there needs to be a greater willingness to examine current HR practices (Kassab, 2016).

Importance of Reward Management

As said previously, the human resource is the asset to any company and there is a dire need to increase the employees' commitment by not only identifying the possible factors that would increase that commitment, but also by designing, implementing and maintaining a reward management that would ensure employees' commitment and productivity improvement (Koitalek, 2016; Islam & Khan, 2018; Tessema, Ready & Embaye, 2013; Rahaman, Abdul & Rahman, 2016; Mabasao & Dlamani, 2018).

According to research, effective compensation and benefits packages are a necessity, for they have an impact on staff performance, productivity, satisfaction, motivation, retention and attraction (Islam & Khan, 2018; Koitalek, 2016; Nadarajah, Kadiresan, Kumar, Kamil & Yusoff, 2012; Akhtar, Aamir, Khurshid, Abro & Hussain, 2015). In fact, how you are rewarded for the work done is an important issue to employees. Ensuring that institutions have the right reward strategy and policy is vital for the positive performance and motivation of the staff, and it is of great importance to base these rewards systems on what is needed to achieve the desired level of performance and motivation (Murphy, 2015).

According to Karami *et al.* (2012), a reward system needs to be effective and efficient to allow an organization to realize its goals, and it should be planned and implemented in a way that would create maximum returns to both the organization and its employees. Similarly, Carnellus (2001) perceives that reward management is

important since it contributes to the achievement of organizational goals, and the reward management strategy needs to ensure the direct relationship between rewards and efforts. According to the Chartered Institute of Personnel Development (2007), alignment of reward management practices with personnel needs creates employee satisfaction which leads to higher productivity (Koitalek, 2016).

Armstrong (2007) noted that rewards management does not only involve employees pay and benefits, but it is also concerned with non-financial rewards such as learning and development, recognition, praise and increased job responsibility. Njanja, Maina, Kibet & Njagi (2013) emphasize that recognition and appreciation are other integral components of rewards management.

Compensation Policy

Compensation policy is central to the employees' hearts in an organization, for it determines their way or standard of living (Koitalek, 2016). Compensation policy is grounded on the organization's philosophy, values, culture and strategy, and it provides guidelines, which the organization uses in reward management (Koitalek, 2016; Tetteh-Annor, 2014).

Compensation is important to employees because according to Ray & Ray as cited in Mabaso & Dlamini (2017; 2018) it is one of the major reasons people work. Employees positively identify themselves with the organization when the compensation policy is compatible with their ambitions and contributes to improve their welfare.

Compensation policy includes all monetary and non-monetary rewards provided to employees in exchange of their services (Rahaman *et al.*, 2016; Koitalek, 2016; Nadarajah *et al.*, 2012; Mabaso & Dlamini, 2018; Hameed, Ramzan & Zubair, 2014; Rahaman *et al.*, 2016; Tetteh-Annor, 2014). According to the American

Compensation Association, compensation is the “cash and non-cash remuneration provided by an employer for services rendered” (Islam & Khan, 2018). The Journal of global Business and economics defines compensation as the combination of cash incentives and the fringe benefits (Tetteh-Annor, 2014). Compensation which encompasses wide range of financial and non-financial rewards is given in forms of hourly, daily, weekly or monthly wages, salaries, commissions and benefits such as paid vacation, insurance, retirement benefits, reimbursements and expense allowances. (Tetteh-Annor, 2014).

Monday & Noe (Islam & Khan, 2018) identify two types of compensation, the financial and non-financial. Financial compensation can be either direct in forms of wages, salaries, bonuses and commission or indirect compensation also called benefits in forms of life insurance plan, paid absence for vacation, holidays and sick leaves. As for non-financial compensation, it is defined as any satisfaction employees get from the job such as recognition, responsibility, personal growth, comfortable working condition, competent supervision, and pleasant work companion. Islam & Khan (2018); Premalatha (2013) & Hassan (2016) stated that compensation might include basic pay, overtime, bonuses, travel accommodation allowance, commissions, and profit sharing (Mabasso & Dlamini, 2017; Nadarajah *et al.*, 2012; AlQudah, Osman & AlQudah, 2014; Hassan, 2016).

Numerous studies showed that generous compensation rewards retain employees and eventually lead to employees' job satisfaction, commitment and loyalty. (Mabasso & Dalmini, 2017, Akhtar *et al.*, 2015; Nadarajah *et al.*, 2012). If employees see that hard work and superior performance is appreciated and rewarded by the organization, they will exert higher performance with a hope to gain a higher compensation level (Simamora, 1997) and they will feel satisfied. Satisfaction as

research has shown is associated with commitment. Satisfied employees are more likely to be committed to the organization. Therefore, they perform good quality and quantity of work, thus, a high level of performance and productivity (Tessema *et al.*, 2013; Hameed *et al.*, 2014). On the other hand, dissatisfaction to compensation may lead to performance degradation, increase of employee absenteeism, and turnover (Mangkuprawira, 2003; Rizal, Idrus & Djumahir, 2014).

Benefits

Benefits are the Non-wage, non-cash allowances given to employees beyond their normal salaries (Ghazanfar *et al.*, 2011; Koitalek, 2016; Korir & Kipkebut, 2016).

These benefits are part of the total reward employees receive, and they help in keeping the organization competitive not only in attracting, recruiting and retaining employees, but also increasing employees' performance, and quality of work life as well as productivity (Korir & Kipkebut, 2016; Islam & Khan, 2018). According to Gracci & Kleiner (Korir & Kipkebut, 2016), benefits provide employees with an appealing working environment and are essential for developing corporate industrial relations (Nawab & Bhatti, 2011) research has shown that most employees are attracted to work in places that offer good benefits. These benefits create a sense of ongoing employer appreciation and are means to ensure employees' security in the future once they are no longer in the employment (Nawab & Bhatti, 2011; Korir & Kipkebut, 2016). A clear benefit plan is needed to be carried on satisfying both employees' needs and the organization objectives (Korir & Kipkebut, 2016). Employees need to be aware of this plan, which must be subject to modification to suit society changing circumstances and they also need to be informed of any modification in a clear way (Korir & Kipkebut, 2016).

Benefits are either optional, non-mandatory or mandatory required by law. Examples of benefits include disability income protection, retirement benefits, day care, child and elder care, tuition reimbursement, sick leave, educational funds or assistance, group insurance, flexible work arrangements, hospitalization programs, health insurance, social security, vacation and paid holidays (Islam & Khan, 2018; Koitalek, 2016; Rahaman *et al.*, 2016; Nawab & Bhatti, 2011). These examples reflect the types of employee benefits research has identified which are:

- Pay for time not worked (sick leave, vacation, maternity)
- Insurance benefits
- Retirement benefits
- Employee service benefits (Nawab & Bhatti, 2011)

Research has shown that benefits have significant relationship with employee commitment and performance (Nawab & Bhatti, 2011). Studies done on compensation and benefits have showed that employees show a positive and productive attitude to an increase in mandatory and fringe rewards (Islam & Khan, 2018; Nawab & Bhatti, 2011; Koitalek, 2016; Korir & Kipkebut, 2016; Rahaman *et al.*, 2016).

Employee Performance

In an organizational context, employees are often evaluated by their performance (Njambi, 2014). Performance is defined as the use of knowledge, skills, experiences and abilities to achieve the required tasks, in an efficient and effective way (Al_Qudah *et al.*, 2014; Tetteh-Annor, 2014; Nadarajah *et al.*, 2012; Rizal *et al.*, 2014).

Employee performance is defined as the aggregated value to an organization of the set of behaviors that employees contribute to organizational goals (Borman & Motowidlo, 1993; Campbell, 1990). Performance does not mean what people produce

in an organization; in fact, it is about their behavior. Perceived performance is the success of an organization, based on the general belief of what the employee contributes to his or her behavior. Three factors are important in the context of employee performance that renders the performance enhanced; the factors include declarative knowledge, motivation and procedural knowledge (Hashim, 2013; McCloy et al., 1994). As Hogg & Vaughan cite (Njambi, 2014) “an attitude is a relatively enduring organization of beliefs, feelings and behavioral tendencies towards socially significant objects, groups, events or symbols”.

Candy (2004) and Njambi, (2014) assert that individuals’ performance depends heavily on organization policies and practices, and research has asserted employee performance as one of the crucial factors affecting organization performance (Al Qudah *et al.*, 2014; Rizal *et al.*, 2014).

High employee performance implies high efficiency and higher quality of task accomplishment (Rizal *et al.*, 2014). Employee performance is highly affected by the compensation and benefits policy of the organization, and thus consequently affect the whole performance of the organization (Nadarajah *et al.*, 2012; Rizal *et al.*, 2014; Al Qudah *et al.*, 2014; Tetteh-Annor, 2014; Nawab & Bhatti, 2011; Shahzad, Bashir & Ramay, 2008; Tessema & Soeters, 2006).

Research results have also showed that being satisfied with compensation and benefits, employees have a tendency to be more motivated to work, more committed and more productive (Rizal *et al.*, 2014; Nawab & Bhatti, 2011). Moreover, research findings have supported the impact of satisfaction and motivation on performance as well as commitment on performance (Rizal *et al.*, 2014; Alamelu, Surulivel, Motha, Amudha & Selvabaskar, 2015).

Employee Commitment

Employee commitment reflects how employees are involved and how they are psychologically attached towards, the organization and work assigned to them.

Although employee commitment has no universally prescribed definition, there is an agreement between scholars that commitment to an organization influences employee's attitude, attachment and perception towards that organization. As such, commitment is seen as more than just a formal membership. It is, as Noble *et al.* (1999) defined it, the level at which an employee identifies with and works towards achieving the organization goals. It is the bond between the organization and the employee, the internal psychological force that makes an employee feel ready to work, complete tasks as specified, stick to the organization and talk positively about it, relating the organizational goals and values to their own (Ira, 2010). Furthermore, commitment is, as Armstrong (2012) emphasized, the loyalty and attachment employees have associated with their feelings about the institution. It is attitude and willingness to seek a high level of effort for the organization to achieve its goals and success. Lee & Kim (2010) perceives that commitment encompasses employees' devotion and willingness to exert effort on behalf of the institution they work for. In addition, Meyer *et al.* (2001) describes commitment as a force that makes an individual stick to a course of action that is of significance to a specific goal (Lee & Kim, 2010; Allen & Meyer, 1990).

Forms of Commitment

Allen & Meyer (1990) proposed three components of commitment. These are the affective, continuance commitment and normative commitment.

Affective Commitment

According to Allen & Meyer (1990), affective commitment reflects the

psychological position of the employee towards the organization. It is concerned with his/her emotional attachment, identification and involvement in the organization's activities and values. It is the degree at which employees appreciate being members of an organization and have willingness to meet its goals. Such feeling of identification and belonging encourages and motivates employees to increase their participation in the activities of the organization. Beck & Wilson (2000) as cited in Lee & Kim (2010) noted that affectively committed employees long to remain in the organization since they consider their values and goals to be congruent with those of the organization (Lee & Kim, 2010; Korir & Kipkebut, 2016; Allen & Meyer, 1990).

According to Meyer & Allen (1997), affective commitment is associated with employee personal characteristics, organizational features, experiences about the work and job characteristics. Employees with strong affective commitment are more motivated, perform better and make more meaningful contributions than employees who express continuance and normative commitment (Lee & Kim, 2010; Allen & Meyer, 1990).

Continuance Commitment

Continuance commitment as Meyer & Allen (1997), define it is the employee awareness of the costs that are related to quitting the organization. This means that continuance commitment is the eagerness to stay in an organization because of the personal accumulated investments, which employees have gained and that cannot be transferred. Price (2011) argues that continuance commitment exists when an employee needs the economic benefits and the salary gained by being associated with the organization. Additionally, continuance commitment may arise when employees feel that they are not able to find another job or when they believe that they owe their success to the organization (Lee & Kim, 2010; Korir & Kipkebut, 2016; Allen &

Meyer, 1990).

Normative Commitment

Normative commitment is a feeling of obligation that an individual has in regard to keep on with the employment. This kind of commitment arises from an employee obligations and personal values that he or she feels towards the organization (Meyer & Allen, 1997). Coetzee (2005) emphasizes that employees with a high level of normative commitment feel that they ought to stay with the organization due to the internalization of normative pressures forced on them before joining the organization (Muncherji & Dhar, 2011) or because, as Price (2011) observed, employees are provided in advance with organizational rewards. Both Allen & Meyer (1990) and Coetzee (2005) assert that normative commitment arises based on an employee's moral obligations, regardless of whether they are satisfied with their jobs or not (Lee & Kim, 2010; Korir & Kipkebut, 2016; Allen & Meyer, 1990).

The Impact of Compensation Policy and Benefit System on Employees'

Commitment and Performance

The impact of compensation and benefits on employees' commitment and performance is to the present time considered one of the most important and a controversial issue in modern Human Resource Management. A remarkable amount of research has been conducted to understand the relation between compensation and benefit systems and employees' commitment and performance (Murphy, 2015) and most of the studies on compensation and benefits have tended to associate compensation and benefits with performance and motivation (Koitalek, 2016; Nadarajah *et al.*, 2012).

Research studies have shown that reward system has an impact on

performance. This is due to the fact that work motivation is affected by these rewards, and motivation is directly linked to performance. Thus, it is vital to base rewards systems on what is needed to achieve the desired level of performance and motivation (Mabaso & Dlamini, 2018). Karami *et al.* (2013) as cited in Koitalek (2016) noted that appropriate timely and effective reward enhances employees' motivation which in turn leads to improved commitment as well as achievement of organizational goals (Koitalek, 2016; Nadarajah *et al.*, 2012).

In his study about the effect of human resource management practices on employee commitment, Whitener (2001) revealed that organizations with human resources practices that concentrate on high commitment receive trust, confidence as well as high commitment from the employees. Anvari *et al.* (2011) found that strategic compensations practices resulted in effective organizational commitment and low turnover intentions (Koitalek, 2016; Nadarajah *et al.*, 2012; Mabaso & Dlamini, 2018). Moreover, research has shown that employees demonstrate pleasurable positive attitudes and motivation when they are satisfied with their job, which in turn helps significantly increase the productivity of an organization as well as the overall performance. This satisfaction is determined by the compensation the employee is rewarded by.

Job satisfaction as a construct has been studied largely in the field of human resource management and organizational behavior in the past and continues to be regarded as highly important due to its relationship with several significant employee behaviors such as tardiness, low productivity, absenteeism, turnover, job performance, increased motivation, better productivity and organizational effectiveness (Mabaso & Dlamini, 2018; Nawab & Bhatti, 2011).

Compensation as well plays a vital role in attracting, motivating and retaining

talented employees. Several studies have reported a positive relationship between compensation and job satisfaction (Mabaso & Dlamini, 2018; Nawab & Bhatti, 2011; Aydogdu & Asikgil, 2011). As a matter of fact, if individuals believe they are not compensated well, they will feel emotionally dissatisfied. Such emotional discrepancies will grow and accumulate over time and would negatively affect employees' emotions and behaviors. They would become unhappy and unsatisfied working for the organization. Khan *et al.* noted that academic staff commitment can be enhanced, and their degree of satisfaction could be improved by identifying the influence compensation (Khan, Khan, Kundi, Khan, Nawaz, Khan & Yar, 2014).

According to Ibrahim & Boerhaneoddin (2010), compensation and generous rewards are the key that would encourage effective and talented employees to remain in employment, feel content and satisfied, and demonstrate commitment and loyalty to the organization.

Organizational commitment has positive effect on staff performance. Anvari *et al.* (2011) indicate that there is a positive and significant relationship between practical compensation strategies with organizational affective commitment.

Samad (2011) found in his research that there is a positive and significant relationship between organizational commitment and job performance. Committed dedicated employees are more likely to achieve organizational goals than non-committed employees are. Khan *et al.* (2011) found that there is a positive and significant relationship between organizational commitment and employees' job performance. In addition, Rod *et al.* (2010) found that commitment has significant effect on employee performance (Rizal *et al.*, 2014).

In his turn, Werner (as cited in Mabaso & Dlamini, 2018) noted that job satisfaction is the most widely research area of work-related attitudes. He defines it as a

personal appraisal of the job and psychological experience at work. Satisfaction is a measure of the general attitude of a specific individual to work (Mabaso & Dlamini, 2018).

Salisu, Chinyio & Suresh (2015) reported in their study that participants perceived rewards as one of the main contributors to their job satisfaction. Therefore, compensation and innovative reward systems that please employees are a useful mechanism in the hand of the management to contribute to the organizational effectiveness and can impact positively on the behavior and productivity of employees (Adeoye & Fields, 2014)

Armstrong (2012) and Manas & Graham (2003) report that reward management aims at defining the right behaviors and outcomes in an organization. Thus, reward systems can be used to increase employees' performance by making them adopt the right behaviors that lead to satisfactory outcomes. Therefore, employees are encouraged to believe that higher performance leads to better rewards (Murphy, 2015).

Munap, Badrillah & Rahman (2013) also discovered that all employees believe that their attachment to the organization will provide meaningful rewards that satisfy their needs. Therefore, most of the employees trust that each of their job accomplishment will be rewarded and effort will be kept continued for better rewards. Employee performance is believed to be affected by compensation, motivation and organizational commitment that ultimately will have an effect on organization performance as a whole. Dissatisfaction with compensation and rewards may lead to negative outcomes and consequences (Mangkuprawira, 2003).

Abdul Rehman & Hameed (2011) also reported that the positive relationship between rewards and job satisfaction, with rewards as stronger determinant of job satisfaction. Hamman-Fisher (2008) revealed that there are statistically significant

relationships between pay and job satisfaction, benefits and job satisfaction, contingent rewards and job satisfaction, nature of work and job satisfaction and for promotion and job satisfaction (Mabaso & Dlamini, 2018).

According to Bratton & Gold (2007) fringe benefits are the part of the rewards package provided to an employee in addition to the guaranteed basic remuneration. These include retirement benefits, medical aid benefits, life and disability insurance, housing benefits, car allowance or cell phone allowance. Asegid, Belachew & Yimam (2014) revealed that overall job satisfaction help employees achieve success at both work and home and give them and their families a feeling of security (Mabaso & Dlamini, 2018; Asegid *et al.* , 2014; Bratton & Gold, 2007).

Compensation and Benefits in Higher Institutions

Higher education is powerful in the advance and growth of any country, for it does not only function as a provider of knowledge, but it is also known to be as an important and relevant sector for the nation and society growth and well-being. Higher education institutions play an important role in developing competencies and skills and in improving economy. For these reasons, high quality of staff in higher education is required. Management at modern-day academic institutions requires special efforts to acquire and retain highly skilled motivated and dedicated employees to operate effectively in an extremely competitive environment.

It is evident that compensation and fringe benefits have a significant relationship on satisfaction, commitment and performance from organizational level. Job satisfaction among staff is critical in higher education. Daft as cited in (Mabaso & Dlamini, 2018) emphasized that managers often have to rely on job satisfaction to keep both motivation and enthusiasm at a high level. Achieving organizational goals

and objectives depends on the managers' ability to influence employees' attitudes toward their jobs.

Job satisfaction can also contribute significantly in assisting the development and sustainability of higher education sector (Mabaso & Dlamini, 2018). It is thus imperative for managers to take into consideration the importance of ensuring that their employees are satisfied because a lack of job satisfaction can have dire consequences to an organization.

Nawab & Bhatti (2011) reported that employee rewards affect job satisfaction in higher education institutions, and they also revealed that compensation as part of employee rewards are becoming popular day after day. For them, higher education institutions should use compensation to satisfy and retain their highly qualified staff (Nawab & Bhatti, 2011).

Mutjaba & Shuaib (2010) asserted that for academic institutions to attract, retain and satisfy their talented employees, these institutions need to have appropriate pay systems that encourage and reward employees to stay longer with their institutions. Factors such as working conditions, below competitive salary, lack of promotional opportunities and lack of recognition are some of the contributing factors to employee dissatisfaction (Mabaso & Dlamini, 2018; Mutjaba & Shuaib, 2010).

CHAPTER III

METHODOLOGY

The research employed the quantitative method. The quantitative methodology was used due to the fact that survey research tackles a systematic observation to investigate the relationship between HRM practices tackling mainly, compensation scheme and benefits and perceived performance and commitment of managerial and non-managerial in AUB.

Quantitative research method will be used to collect and analyze data that will be collected through a self-administered questionnaire addressed to 150 managerial and non-managerial staff from different faculties and departments at AUB. Contacts were retrieved from the AUB directory and provided by IRB to the IT department after approval. This is considered a credible source and includes the information needed to contact participants.

Participants

Participants will be managerial and non-managerial staff from different faculties and different departments at AUB. Participants will be initially contacted via email to ask for their consent in participating in the study. The purpose, objectives, rationale and significance of the study will be explained to them and they will be assured full anonymity. The names and contact information of participants will be retrieved from AUB directory. Since the purpose of the study is to generalize the result of the research to the vast population, simple random sampling will be used for it is one of the best sampling techniques to obtain a representative sample since all individuals in

the population will have equal chance of being selected in the sample.

Instruments

The questionnaire that was used in this study was based on:

1. The questionnaire developed by Meyer & Allen used to measure employees' commitment (continuance, normative and affective commitment). It has 18-items which were recorded on 5-likert scale, 5 = strongly disagree, 4 = disagree, 3 = Neutral, 2 = agree and 1= strongly agree.

- Example on Affective Commitment: "I would be very happy to spend the rest of my career in this organization."
- Example on Continuance Commitment: "Too much of my life would be disrupted if I leave my organization. "
- Example on Normative Commitment: "I do not feel any obligation to remain with my organization."

2. The Employee Performance Scale retrieved from the performance management program (BDI) at AUB, which is a joint program, intended to advance AUB mission and vision by aligning individual employee contributions to the organization goals, it is a joint collaboration effort between a supervisor and an employee utilizing the concepts of coaching, supporting and developing. Six competencies selected from a various list of competencies provided and agreed upon by the academic institution. The main focus was to choose the competencies that are most relevant to all types of jobs performed by participants and it involves four core competencies: team work, communication, service orientation, and organization awareness, as well as two non-core competencies which are also necessary: flexibility and adaptability, and attention to details. Competencies were reformed to a 5-likert

scale, ranging from 5 = strongly disagree, 4 = disagree, 3 = Neutral, 2 = agree and 1 =strongly agree.

- Example on teamwork: “I exhibit a positive attitude when working as part of a team.”
- Example on Communication: “I communicate effectively with my peers.”
- Example on flexibility and adaptability: “I always show a willingness to adapt to change.”

3. The Job Satisfaction Survey (JSS) developed by Spector (1994) , JSS is a 36 item, nine facet scale of which only four facets were selected to assess employee attitudes about the job and aspects of the job. Each facet is assessed with four items, and a total score is computed from all items. A summated rating scale format is used, with five choices per item ranging from "strongly disagree" to "strongly agree". Items are written in both directions, so about half must be reverse scored. The four facets are Fringe Benefits (1, 5, 9, 13), Contingent Rewards (2, 6, 10, 14) (performance-based rewards), Operating Procedures (3, 7, 11, 15) (required rules and procedures), and Communication (4, 8, 12, 16). Although the JSS was originally developed for use in human service organizations, it is applicable to all organizations.

- Example on fringe benefits: “I am not satisfied with the benefits I receive.”
- Example on contingent rewards: “When I do a good job, I receive the recognition for it that I should receive.”
- Example on operating procedures: “Many of our rules and procedures make doing a good job difficult.”

The circulated questionnaire covers five main sections: (see Appendix I)

Section I gathers the respondents' demographic data which consists of elements such as job level, years of experience, gender, age.

Section II consists of three independent variables on employees' commitment, this part tackle affective commitment, continuous commitment as well as normative commitment. This section gives us an idea to determine closely the extent to which employees are committed to the job they are currently performing in the higher education institution (AUB). Each variable comprises six questions that are required to be answered by the respondents. The respondents were required to provide their rating on their perception using a 5 point Likert Scale measurement that ranged from 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

Section III is about the job performance scale, and this was based on the performance management program (BDI) used and applied in AUB which is based on employees self-evaluation and based on six competencies selected from a various list of competencies provided and agreed upon by the academic institution. Selecting six competencies out of a big list provided was not an easy process. The main focus was to choose the competencies that are mostly relevant to all types of job performed by participants and it involves Four core competencies team work, communication, service orientation and organization awareness, and two extra competencies which are also necessary flexibility and adaptability and attention to details. Each variable comprises six questions that are required to be answered by the respondents. The respondents were required to provide their rating on their perception using a 5 point Likert Scale measurement that ranged from 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

Section IV, is mainly divided into two parts in which participants were asked to classify, rank and evaluate a list of benefits provided by AUB which are Health

Insurance Plan, Life Insurance, Retirement Plan, Educational Allowances, NSSF, Family Allowance, End of Service Indemnity, Annual/sick/Maternity leaves, Staff Education. Part one requires the applicants to rank the nine benefits provided from the most to the least important using double clicking or dragging method. However, part two, indicates the degree to which employees are satisfied or not with the benefits provided at their current job. The respondents were required to provide their rating on their perception using a 5-point Likert Scale measurement that ranged from 1=extremely not satisfied, 2=not satisfied, 3=neither, 4=satisfied and 5=extremely satisfied.

Finally, *section V* covers the employee satisfaction survey (JSS) developed by Paul E. Spector four facets were selected out of nine facet scale to assess employee attitudes about the job and aspects of the job. Each facet is assessed with four items, and a total score is computed from all items. A summated rating scale format is used, with five choices per item ranging from 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. Items are written in both directions, so about half must be reverse scored. The four facets are Fringe Benefits, Contingent Rewards (performance-based rewards), Operating Procedures (required rules and procedures), and Communication.

Pilot Study

A pilot study was conducted before launching the questionnaire to the participants. The questionnaire was circulated via email to 6 anonymous employees of which three were managerial staff and three non-managerial. The study was conducted in order to assess and evaluate the feasibility, accessibility, the clarity of the questionnaire and the expected time need to complete it. Another reason is to check upon the feedback from these participants and be able to amend, improve and avoid any

error that might occur. Participants were able to complete the questionnaire within 7-10 minutes. They ensured that items were clear enough and that the questionnaire is easy to complete with few suggestions to improve it. Minor amendments were done and the questionnaire was sent accordingly.

Survey

Approval to administer the questionnaire will be taken from the personnel department at AUB as well as from the faculties and departments concerned. The questionnaire will be sent to the participants' mail along with a cover letter thanking them for participating in the study and briefing them on the questionnaire and the deadline for completing it. Participants will be asked to fill out the questionnaire sent to them on the basis of their knowledge and experiences, and they will be assured anonymity (See Appendix II).

A total of 300 structured questionnaires were distributed to managerial and non-managerial anonymous staff in AUB and randomly selected using staff email, but only 100 filled questionnaires were received.

CHAPTER IV

RESULTS

From the below table, 55% of survey responses are managerial job level and 45% of the non-managerial job level. Therefore, the survey covers all type of employee. Among the respondents, 38% are males and 62% are females with diverse years of experience.

Table 1

Participant Demographics

	Participants	
	Frequency	Percent
Designation		
Managerial	55	55.0
Non Managerial	45	45.0
Total	100	100.0
Gender		
Male	38	38.0
Female	62	62.0
Total	100	100.0
Experience		
Up to 5 years	18	18.0
5 – 10 years	32	32.0
10 – 15 years	9	9.0
15 – 20 years	15	15.0
20 – 25 years	7	7.0
25 – 30 years	14	14.0
More than 30 years	5	5.0
Total	100	100.0

Table 2

Descriptive Statistics – All Variables

	Sample size (N)	Mean	Standard Deviation
Total Commitment	100	66.64	9.38
Total Affective commitment	100	23.98	4.38
Total continuance commitment	100	21.46	4.42
Total normative commitment	100	21.20	4.71
Total performance	100	111.54	10.18
Competencies of Job Performance			
Team Work	100	17.63	1.93
Communication	100	17.39	1.79
Service orientation	100	17.77	1.85
Organization Awareness	100	21.13	2.63
Flexibility and adaptability	100	21.66	2.18
Attention to details	100	15.96	1.82
Total Job Satisfaction	100	46.92	8.99
Fringe Benefits	100	11.90	3.15
Contingent Rewards	100	11.20	3.23
Operating Procedures	100	10.66	2.06
Communication	100	13.16	2.91

Table 3

Correlation between Job Commitment, Job Performance and Job Satisfaction

Correlations	CommitmentTot	JobPerfTot	JobSatTot
Pearson Correlation	1	0.34**	0.3**
OC Total Sig. (2-tailed)		0.001	0.002
N	100	100	100
Pearson Correlation	0.34**	1	0.14
JP Total Sig. (2-tailed)	0.001		0.16
N	100	100	100
Pearson Correlation	0.30**	0.14	1
JS Total Sig. (2-tailed)	0.002	0.16	
N	100	100	100

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

** OC= organizational commitment

** JP= job performance

** JS= job satisfaction

From the above table, the correlation coefficient of Total Commitment with Job Performance is 0.337 ($p < 0.01$), indicating a significant positive relationship. Again the correlation coefficient of Total Commitment with Job Satisfaction is 0.303 at the significance level of 0.002 (which is less than 0.05). So there is a significant correlation between Total Commitment and Job Satisfaction.

To determine the difference of total commitment, job performance and job satisfaction for job level (managerial and non-managerial), independent sample t-Test is conducted and the results are shown in the following table.

Table 4

T-Test for Job Level (Managerial and Non-Managerial)

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Commitment Tot	Equal variances assumed	0.43	0.52	-0.197	98	.845	-0.372	1.896	-4.133	3.39
	Equal variances not assumed			-0.2	97.875	0.842	-0.371	1.864	-4.071	3.328
JobPerfTot	Equal variances assumed	5.3	0.02	3.46	98	0.001	6.712	1.941	2.865	10.572
	Equal variances not assumed			3.516	97.8	0.001	6.72	1.911	2.927	10.512
JobSatTot	Equal variances assumed	3.568	0.06	-0.99	98	0.321	-1.8	1.8	-5.39	1.787
	Equal variances not assumed			-1.025	97.334	0.3	-1.8	1.758	-5.29	1.687

From the above table, the F value of Levene's Test for total commitment is 0.426 at the significance level of 0.516 (which is greater than 0.05). So equal variance is assumed for t-Test of total commitment. The t statistics value of t-Test for total commitment is 0.196 (with df 98) at the significance level of 0.845 (which is greater than 0.05). So there is no significant difference of total commitment for job level (managerial and non-managerial).

From the above table, the F value of Levene's Test for job performance is 5.300 at the significance level of 0.023 (which is less than 0.05). So equal variance is not assumed for t-Test of job performance. The t statistics value of t-Test for job performance is 3.516 (with df 97.805) at the significance level of 0.001 (which is less than 0.05). So there is a significant difference of job performance for job level (managerial and non-managerial). Managerial staff reported higher performance level.

From the above table, the F value of Levene's Test for job satisfaction is 3.568 at the significance level of 0.062 (which is greater than 0.05). So equal variance is assumed for t-Test of job satisfaction. The t statistics value of t-Test for total commitment is 0.997 (with df 98) at the significance level of 0.321 (which is greater than 0.05). So there is no significant difference of job satisfaction for job level (managerial and non-managerial).

To determine the difference of total commitment, job performance and job satisfaction for job level (male and female) independent sample t-Test is conducted (Table 6).

From the below table, the F value of Levene's Test for total commitment is 0.048 at the significance level of 0.827 (which is greater than 0.05). So equal variance is assumed for t-Test of total commitment. The t statistics value of t-Test for total commitment is 1.307 (with df 98) at the significance level of 0.194 (which is greater

than 0.05). So there is no significant difference of total commitment for gender (male and female).

From the below table, the F value of Levene’s Test for job performance is 0.215 at the significance level of 0.644 (which is greater than 0.05). So equal variance is assumed for t-Test of job performance. The t statistics value of t-Test for job performance is 1.560 (with df 98) at the significance level of 0.122 (which is greater than 0.05). So there is no significant difference of job performance for gender (male and female).

Table 5

T-Test for Gender (Male and Female)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
Commitment Tot	Equal variances assumed	0.049	0.828	-1.307	98	0.194	-2.518	1.927	-6.341	1.305
	Equal variances not assumed			-1.291	75.338	0.201	-2.518	1.95	-6.4	1.367
JobPerfTot	Equal variances assumed	0.215	0.644	-1.56	98	0.122	-3.248	2.082	-7.38	0.885
	Equal variances not assumed			-1.558	77.945	0.124	-3.248	2.087	-7.401	0.905
JobSatTot	Equal variances assumed	1.565	0.214	-2.465	98	0.015	-4.455	1.808	-8.042	-0.868
	Equal variances not assumed			-2.599	91.029	0.011	-4.455	1.714	-7.86	-1.05

From the above table, the F value of Levene’s Test for job satisfaction is 1.565 at the significance level of 0.214 (which is greater than 0.05). So equal variance is assumed for t-Test of job satisfaction. The t statistics value of t-Test for job satisfaction is 2.465 (with df 98) at the significance level of 0.015 (which is less than 0.05). So there is a significant difference of job satisfaction for gender (male and female). Male were more satisfied than females in this study.

To determine the difference of total commitment, job performance and job satisfaction for experience year group One Way ANOVA Test is conducted (Table 7).

Table 6

ANOVA Test for the variables (commitment, Job Performance, and Job Satisfaction)

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
CommitmentTot	Between Groups	516.29	6	86.04	0.97	0.44
	Within Groups	8202.74	93	88.2		
	Total	8719.04	99			
JobPerfTot	Between Groups	417.75	6	69.62	0.65	0.68
	Within Groups	9845.08	93	105.86		
	Total	10262.84	99			
JobSatTot	Between Groups	198.38	6	33.06	0.39	0.88
	Within Groups	7812.97	93	84.01		
	Total	8011.360	99			

From the above ANOVA table, the F value for total commitment is 0.976 at the significance level of 0.446 (which is greater than 0.05). So there is no significant difference of total commitment for experience year group.

Also from the above ANOVA table, the F value for job performance is 0.658 at

the significance level of 0.684 (which is greater than 0.05). So there is no significant difference of job performance for experience year group.

Finally, from the above ANOVA table, the F value for job satisfaction is 0.394 at the significance level of 0.881 (which is greater than 0.05). So there is no significant difference of job satisfaction for experience year group.

The ranking of benefits provided at current job is shown in the following table.

Table 7

Ranking of Benefits

	Rank									Total
	1	2	3	4	5	6	7	8	9	
Health Insurance Plan	43	32	10	5	4	2	0	2	2	100
Educational Allowances	31	17	9	8	12	2	8	10	3	100
NSSF	7	17	28	11	10	13	7	4	3	100
Retirement Plan	6	10	12	12	16	16	9	10	9	100
Life Insurance	1	6	6	21	10	16	16	12	12	100
End of Service Indemnity	3	5	8	15	12	21	16	12	8	100
Family Allowance	1	2	4	9	11	11	18	22	22	100
Staff Education	7	6	14	10	9	8	17	16	13	100
Annual/sick/Maternity leaves	1	5	9	9	16	11	9	12	28	100
Total	100	100	100	100	100	100	100	100	100	900

From the above table, scores show that participants care a lot about four main benefits provided to. Health insurance plan was given the priority over other benefits. 43 participants ranked health insurance as number one and the most important benefit they look for. Education plan was ranked the second most important benefit according to the participants. As for the third place, participants' answers were distributed equally between NSSF and Staff education. Regarding the other benefits such as the

Annual/sick/Maternity leaves, family allowance, they were ranked amongst the lowest benefits.

CHAPTER V

DISCUSSION

Percentage Analysis of Demographic Data (Table 1)

100 participants of managerial and non-managerial positions from different faculties at an educational institution in Beirut, Lebanon participated in this study.

55% of participants hold managerial positions and 45% hold non-managerial positions. Among the respondents, 38% were males while 62% were females, and they all have different years of experience.

Commitment of Employees (Table 2, Table 3)

Results indicated that both managerial and non-managerial staff showed total commitment to work. Commitment is demonstrated in three dimensions affective, continuance and normative.

The level of commitment was found to be fairly high (mean 66.6). The level of affective, continuance and normative commitment was found to be moderate. The most important dimension being the affective commitment (23.98) followed by the continuance commitment (21.46) and the normative commitment (21.20).

Respondents showed high affective commitment presented in being happy to spend their career in their organization and feeling a sense of belonging and emotional attachment to this organization. So, respondents want to stay at their organization.

As for continuance commitment, which relates to how much employees feel the need to stay at their organization. Results showed that 72 respondents declared that it would be hard for them to leave job even if they wanted to and 73 respondents

confirmed staying at job out of necessity as much as desire.

Regarding normative commitment, results showed that 79 respondents believe that the organization deserve their loyalty and 61 respondents feel that they owe a great deal to the organization they work in.

As said previously, affective commitment indicates the individual's emotional attachment to the organization. Continuance commitment is based on how the individual recognizes the costs associated with leaving the organization and normative commitment reflects the individual's sense of moral obligation to stay in the organization. The most effective measure of organizational commitment is the affective commitment since it indirectly influences the other two dimensions. Results of this study showed that affective commitment was seen to be the most dominant factor which indicates the employees' attachment, happiness, satisfaction and identification with the goals and values of their organization. Thus, their psychological position towards their organization. Similarly, similar result was obtained in a study done by (Patrick & Sebastian, 2012), in which the most important dimension for the college teachers was the affective commitment reflected in the employee- employer positive relationship and the human resources practices.

Understanding the three dimensions of commitment is very important for developing HR strategies, policies and practices that aim at fostering commitment at workplace. Furthermore, research has shown that highly committed employees have willingness and eagerness to stay and contribute positively to the institution which has direct effect and positive impact on the overall performance of the organization (Nazneen & Miralam, 2017; Patrick & Sebastian, 2012; Koitalek, 2016; Kassaw & Golga, 2019).

Job Performance of Employees

Results showed that both managerial and non-managerial staff showed high level of job performance achieved through in their competencies: team work, communications, service orientation, organization awareness, flexibility and adaptability and attention to details.

Total performance was found to be really high (mean=111.54) no flexibility, adaptability as well as organization awareness were found to be highest (mean= 21.66 and 21.13), followed by service orientation (17.77), team work (17.63), communicate (17.39) and attention to details as the least which mean of 15.96.

Teamwork among respondents is exhibited through positive attitude, good will, assistance and encouragement of team spirit and collaboration in the workplace to achieve objectives. As for communication, results showed that respondents communicate with their supervisors and peers objectively, effectively, affectively, demonstrate openness to new ideas and suggestions and empathy towards others and provide service orientation to others, responding to their questions, queries and ensuring their needs.

Respondents also demonstrated awareness of organizational matters, mission and goals. And showed flexibility and adaptability to change as well as enthusiasm to new challenges that might arise. Moreover, respondents revealed that they meticulously do and review their work as well as to seek their supervisor's advice to deliver high standard outcomes.

It is interesting to highlight how this study results go in line with studies that have studied the factors associated with employee performance. The three main factors and elements are stress, motivation and communication. Employees can't perform, thus can't be productive when they are under stress. This is why and where flexibility and

adaptability are needed, and this mainly justify why respondents in this study rated it as the highest competency. Stressful environment, organization and individual factors disrupt employees physically and psychologically and pose threat to individuals who find themselves unable to produce. Furthermore, respondents in this study asserted the importance of being involved of producing better quality of work and making it more meaningful. This is what research and studies labeled as motivation, the second factor associated with employee performance.

Moreover, the results of this study coincide with the findings of research in confirming communication as the last factor associated with employee performance, affecting it at a lower level than the first two factors. In fact, effective communication, good coordination with team members, accurate delivering information and appropriate delivery of understanding of messages conveyed help in obtaining a good achievement of success and a high level of productivity (Muda, Rafiki & Harahap, 2014; Chapman & Ottemann, 1976).

Satisfaction of Employees

Results showed that both managerial and non-managerial staff are satisfied in their job due to communication, fringe benefits, contingent rewards and operating conditions provided to them. Among the facets, communication is the highest as the goals of the organization, and work assignments are clear to them. Also, fringe benefits were seen as satisfactory and as good as other organizations offer. Moreover, participants' answers concerning contingent reward and operating conditions varied between disagree/ neither/ agree indicating that 46 participants showed dissatisfaction with the benefits receive which 32 showed satisfaction and 22 participants were neutral, indicating that job is not highly recognized or rewarded.

Correlation Between Job Commitment, Job Performance and Job Satisfaction

(Table 3)

Results of this study showed that there is a significant positive relationship between total commitment and job performance. Similarly, results indicated a significant relationship between total commitment and job satisfaction.

Such results are consistent with research conducted about these constructs. When employees are rewarded, recognized and motivated, they feel satisfied, expend their efforts, demonstrate commitment through being involved, and consequently, perform better. Research has shown that satisfaction is associated with both commitment and performance and performance and commitment is also associated with performance.

Research has shown that satisfied employees are more creative, have better attitude and care more about the quality of work, thus they perform better. Moreover, research has shown that a good performer who is involved in his/her job has a better attitude towards work. Such involvement, commitment and sense of belonging from employees has great impact on performance, effectiveness and productivity (Tai & Chuang, 2014; Sirohi & Shrivastva, 2010; Nath Gangai & Agrawal, 2015; Rizal *et al.*, 2014; Hameed *et al.*, 2014; Aslam *et al.*, 2015).

Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Job Level (Table 4)

Results showed that there was no significant difference of commitment, for job level among managerial and non-managerial. Similarly, no significant difference was found on job satisfaction among managerial and non-managerial. However, significant difference was found in relation to job performance. Managerial staff reported higher

job performance level.

Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Gender (Table 5)

Results showed that there is no significant difference of total commitment for gender among managerial and non-managerial. Similarly, no significant difference among males and females' managers and non-managers in terms of job performance. However, results showed a significant difference among males and females for job satisfaction. Males were more satisfied than females in this study.

Differences Among Managerial and Non-Managerial On Commitment, Job Performance and Job Satisfaction for Years of Experiences (Table 6)

The results showed that years of experience do not have any significance with commitment, job performance and job satisfaction. No significant difference was detected on total commitment among managerial and non-managerial with different years of experience. Similarly, no significant difference was noticed concerning job performance and job satisfaction among managerial and non-managerial with different years of experience.

With regards to these variables gender, work position and years of experience and their significant difference on commitment, performance and satisfaction. Research studies have revealed different findings and conclusions. No unique conclusion can be detected and that could be explained differently due to various factors that might contribute to discrepancies and results' that might necessitate future studies. For instance, some studies reported male managers expressing more motivation than female managers and therefore better performance. Other research didn't report any

significance. In regards to satisfaction, females were seen to be more satisfied than males which contradicts this study's findings to other studies as well as, have this study reported that men are more satisfied at work than women. Such differences between men and women's attitude towards their job may be due to the different expectations they have and different factors that research has identified as job characteristics, family responsibilities and personal expectations (Hodson, 1989; Forgionne & Peeters, 1982; Clark, 1997).

Ranking of Benefits

Results showed that participants ranked health insurance plans, education plans and NSSF as the most important benefits provided at their current job, while annual vacation, maternity, sick leaves, family allowances and staff education were the least important ones.

According to research, the core benefits that make the greatest impact on employees' satisfaction include health insurance, vacation and paid time off, retirement plan, maternity and paternity leave, sick days. Such benefits weigh heavily on employment decisions. They make approximately one-third (32%) of total compensation costs (Artz, 2010) they are desirable pieces of compensation packages and they increase employees' job satisfaction. Health care and wellness programs are the most sought after benefits of all employees. No one can work and produce if he or she is sick or if the health of one of his family members is at risk. People need to feel safe, secure and to have medical care.

The results of this study revealed that all employees perceive health plans as one of the most important benefits that their institution offers (Artz, 2010).

Limitation of the Study

The major weakness in this study is that it was limited in scope. Its results can't be over generalized to the population of the study as much as the sampling procedure allows. Moreover, this study used a descriptive research design in which questionnaires were used. The researcher can't be sure if the respondents have been biased, dishonest in their answers or have expressed a true attitude or a socially acceptable one. Another limitation in this study could be the number of participants in this study. Although the researcher had expected to receive 150 filled questionnaires out of the 260 sent to the randomly selected participants, only 100 questionnaires were received. Therefore, more respondents would have been necessary to increase the representation of respondents in this study and allowed for better check and consistency of the information given.

Despite these limitations, this study has provided important findings and contributed significantly to the body of research knowledge regarding commitment, performance and job satisfaction of employees.

Summary

A survey is conducted for total commitment, job performance and job satisfaction for job level (managerial and non-managerial), gender and experience on 100 respondents. The result shows that there is a significant correlation between Total Commitment with Job Performance and Job Satisfaction. It is observed that there is no significant difference of total commitment and job satisfaction for job level (managerial and non-managerial). But there is a significant difference of job performance for job level in favor of managerial. There is no significant difference of total commitment and job performance for gender (male and female). But there is a significant difference of job satisfaction for gender. Males proved to be more satisfied than females. Moreover,

there is no significant difference of total commitment, job performance and job satisfaction for experience. Finally, Health Insurance Plan, Education Plan and NSSF are the most important benefits provided at current job and Annual/ sick/ maternity leaves, Family Allowance and Staff Education are the least benefits provided at current job

Recommendations

- From the correlation result, there is a significant correlation between Total Commitment with Job Performance and Job Satisfaction. So it is observed that with the increase of job performance and job satisfaction the total commitment should be increase and if the total commitment increases then the job performance should increase. So it is recommending to increase the total commitment, so that the job performance should be increase. As a result, with the increase of job performance and job satisfaction, the total profit may be increases.

- From the t-Test result, there is a significant difference of job performance for job level (managerial and non-managerial). The result shows mean value of job performance managerial employee (114.56) is higher than non-managerial employee (107.84). So it should be recommended to increase the job performance of non-managerial employee. As a result, the total performance of the organization may be increases.

- From the t-Test result, there is a significant difference of job satisfaction for gender (male and female). The result shows mean value of job satisfaction for male employee (44.15) is lower than female employee (48.61). So it should be recommended to increase the job satisfaction of male employee. As a result, the total performance of the organization may be increases.

- From the ranking of benefits provided at current job table, the importance of Health Insurance Plan (Rank 1 is 45, Rank 2 is 32 and Rank 3 is 10) and Education Plan (Rank 1 is 31, Rank 2 is 17 and Rank 3 is 9) are much higher than the other. After that the importance of benefits provided is NSSF (Rank 1 is 7, Rank 2 is 17 and Rank 3 is 28). As a result the Health Insurance Plan, Education Plan and NSSF are the most important benefits provided at current job. So it recommended that the Health Insurance Plan, Education Plan and NSSF should increase to increase the job performance. As a result, the total commitment will be increases and profit may be increases automatically.

APPENDIX I

THE QUESTIONNAIRE

I- DEMOGRAPHIC SECTION:

1- What is your job level?

Managerial (Grade 13 and above)	1
Non-managerial (Grade 1-12)	2

2- How long have you been employed at AUB?

3- How long have you been in your current position (in years)?

4- What is your Gender?

Male Female

5- What is your age?

II- ON EMPLOYEES' COMMITMENT:

The questionnaire developed by Meyer & Allen used to measure employees' commitment (continuance, normative and affective commitment). It has 18-items which were recorded on 5-likert scale, 5=strongly agree and 1=strongly disagree.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly Agree

Affective Commitment Scale Items

- I would be very happy to spend the rest of my career in this organization
- I really feel as if this organization's problems are my own.
- I do not feel like 'part of my family' at this organization.
- I do not feel 'emotionally attached' to this organization.
- This organization has a great deal of personal meaning for me.
- I do not feel a strong sense of belonging to this organization.

Continuance Commitment Scale Items

- It would be very hard for me to leave my job at this organization right now even if I wanted to
- Too much of my life would be disrupted if I leave my organization
- Right now, staying with my job at this organization is a matter of necessity as much as desire
- I believe I have too few options to consider leaving this organization
- One of the few negative consequences of leaving my job at this organization would be the scarcity of available alternative elsewhere

- One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice

Normative Commitment Scale Items

- I do not feel any obligation to remain with my organization.
- Even if it were to my advantage, I do not feel it would be right to leave.
- I would feel guilty if I left this organization now
- This organization deserves my loyalty
- I would not leave my organization right now because of my sense of obligation to it
- I owe a great deal to this organization

III- EMPLOYEE JOB PERFORMANCE SCALE

<p>Instructions Please respond to each of the items below by circling the answer that most closely describes the extent to which you agree or disagree with the statement</p>	<p>1=Strongly Disagree</p>	<p>2=Disagree</p>	<p>3=Neither</p>	<p>4= Agree</p>	<p>5= Strongly Agree</p>
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Team Work

- I exhibit a positive attitude when working as part of a team
- I work well with my peers
- I encourage team spirit and collaboration within teams
- I always promote feelings of self-esteem and goodwill in the workplace
- I strongly assist and motivate other team members to reach objectives

Communication

- I communicate effectively with my peers
- I communicate effectively with my supervisors
- I'm always open to suggestions and new ideas
- I make sure to convey difficult or unwelcomed messages in a clear and diplomatic way
- I listen actively and objectively to others without interrupting
- I demonstrate an understanding of other people's concerns

Service Orientation

- I respond to clients'/ students' questions or queries.
- I supply services, whether information or assistance, which is consistent and compatible with relevant service standards and guidelines.
- I solve simple problems, questions, or complaints
- I raise and transfer complex or non-routine problems, questions, or complaints to the appropriate person
- I conduct the necessary steps to ensure the client's needs
- I take initiatives to achieve service excellence.
- I work to resolve clients' problems and ensure that their needs are met.

Organization Awareness

- I'm able to identify and express clearly specific organizational matters or rules
- I take part in developing policies and procedures
- I Understand and administer accurately internal policies and procedures related to job
- I actively support the department/organization mission and goals
- I'm aware of the services other divisions provide
- I seek ways to combine efforts to address common issues
- I collaborate with other departments to create a win-win results
- I'm aware of the responsibilities and the job skills required throughout the organization/department

Flexibility and Adaptability

- I always show a willingness to adapt to change
- I always show enthusiasm about new challenges and ideas
- I'm always willing to accept new assignments
- I always ask for clarification when things at work are kind of ambiguous or in case of uncertainty.
- I ask guidance in adjusting behavior to different and new work conditions/situation
- I sustain and adapt to major promising changes to improve established ways of operating.
- I always look for opportunities for growth and improvement in work processes, systems, etc.

Attention to Details

- I rush my work activity regardless of the result produced
- I review my work results meticulously before any submission
- I do my job activity as fast as possible
- I always maximize the time available for other work activities
- I'm always willing to assist others
- I hold self-accountable for delivering high standard outcomes
- I always seek the advice of superiors and peers in order to validate or reconfirm the details
- I respect confidentiality

IV- PLEASE RANK THE FOLLOWING LIST OF BENEFITS PROVIDED AT YOUR CURRENT JOB IN ORDER OF IMPORTANCE, FROM MOST IMPORTANT TO LEAST IMPORTANT:

- Health Insurance Plan
- Life Insurance
- Retirement Plan
- Educational Allowances
- NSSF
- Family Allowance
- End of Service Indemnity

- Annual/sick/Maternity leaves
- Staff Education

**How satisfied are you with the below benefits provided at your current job?
or**

Please indicate the degree to which you are satisfied or not with the below benefits provided at you current job

	Extremely not satisfied	Not Satisfied	Neither	Satisfied	Extremely satisfied
Health Insurance Plan					
Life Insurance					
Etc..					
NSSF					
Family Allowance					
Etc...					

V- PLEASE INDICATE THE DEGREE TO WHICH YOU AGREE WITH THE FOLLOWING STATEMENTS AT YOUR CURRENT JOB

- 1=Strongly Disagree**
2= Disagree
3= Neither
4= Agree
5= Strongly Agree

JOB SATISFACTION SURVEY Paul E. Spector Department of Psychology University of South Florida Copyright Paul E. Spector 1994, All rights reserved.						
PLEASE CIRCLE THE ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT.		Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
1	I am not satisfied with the benefits I receive.	1	2	3	4	5
2	When I do a good job, I receive the recognition for it that I should receive.	1	2	3	4	5
3	Many of our rules and procedures make doing a good job difficult.	1	2	3	4	5
4	Communications seem good within this organization.	1	2	3	4	5
5	The benefits we receive are as good as most other organizations offer.	1	2	3	4	5
6	I do not feel that the work I do is appreciated.	1	2	3	4	5
7	My efforts to do a good job are seldom blocked.	1	2	3	4	5
8	The goals of this organization are not clear to me.	1	2	3	4	5

PLEASE CIRCLE THE ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT. Copyright Paul E. Spector 1994, All rights reserved.		Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
9	The benefit package we have is equitable.	1	2	3	4	5
10	There are few rewards for those who work here.	1	2	3	4	5
11	I have too much to do at work.	1	2	3	4	5
12	I often feel that I do not know what is going on with the organization.	1	2	3	4	5
13	There are benefits we do not have which we should have.	1	2	3	4	5
14	I have too much paperwork.	1	2	3	4	5
15	I don't feel my efforts are rewarded the way they should be.	1	2	3	4	5
16	Work assignments are not fully explained.	1	2	3	4	5

APPENDIX II

CONSENT TO PARTICIPATE IN AN ONLINE
RESEARCH STUDY

**This notice is for an AUB-IRB Approved Research Study
For Dr Haitham Khoury at AUB.**

01/350000-ext: 3778

hk51@aub.edu.lb

It is not an Official Message from AUB

You are invited to participate in a research study entitled “the impact of Compensation and Benefits system on Perceived Performance and commitment of Managerial and Non-Managerial staff in a private High Academic Institution (AUB)” conducted by Dr Haitham Khoury, Faculty of Suliman S. Olayan School of Business at the American University of Beirut. The conduct of this study will adhere to the IRB approved protocol.

The IRB approved method for approaching subjects is online questionnaire. The research is conducted online and hosting the survey on Lime survey as we have an approved protocol with ACPS. The purpose of the study is to investigate the relationship between HRM practices tackling mainly, compensation scheme and benefits and perceived performance and commitment of managerial and non-managerial staff in a private higher educational institution in Lebanon. The study aims at exploring the relationship of compensation and benefits system as one of the HRM practices on the employee self-evaluation, self-reported performance and commitment of managerial and non-managerial staff at AUB.

PROCEDURES

This message invites you to:

- 1. Read the consent document and consider whether you want to be involved in the study.**

And to note:

- Participation is completely voluntary.
- Completing the questionnaire will take around 20 minutes.
- Only the data you provide in the questionnaire will be collected and analyzed. The research team will not have access to your name or contact details.
- The results of the survey will be published in a –research article/thesis/project report available in printed form and electronically from AUB Libraries.
- The inclusion and exclusion criteria.

INCLUSION CRITERIA:

- Participant must be staff with a non-managerial position or level (grade 4-13) with a minimum of 1-year experience at AUB.
- Participant must be staff in a managerial role (grade 13 and above) with a minimum of 1-year experience at AUB.
- Participant must be an AUB employee and not AUB MC.
- Participant must be English literate.

EXCLUSION CRITERIA:

- Possible participants who do not meet all of the above criteria will be excluded from the study.

POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

You will not receive payment for participation in this study.

The results of the study will be published in a report available at AUB Libraries.

Results obtained can help understand how compensation and benefit system in an organization affects its employees' commitment and performance in an educational institution.

Results might help people in charge in the HR department offer incentives that employees value most in order to promote their performance and commitment to the institution.

POTENTIAL RISKS TO SUBJECTS AND/OR SOCIETY

The risks of the study are minimal.

CONFIDENTIALITY

The collected data will remain confidential *and anonymous*.

Records will be monitored and may be audited by the IRB while assuring confidentiality.

PARTICIPATION AND WITHDRAWAL

If you voluntarily consent to take part in this study, you can change your mind and withdraw at any time without consequences of any kind.

Refusal to participate or withdrawal from the study will involve no penalty or loss of benefits to which the subject is otherwise entitled, and neither will it affect their relationship with their organization and AUB/AUBMC.

QUESTIONS ABOUT THE STUDY:

If you have any questions about the study, you can contact Dr. Haitham Khoury at 01/350000-ext: 3778 and hk51@aub.edu.lb, or Ahmad Korfali at 03/896905 and ak101@aub.edu.lb

ACCESS TO THE SURVEY

If after reading the consent document and having your questions answered, you voluntarily agree to take part in the study; you can access the survey by clicking on the following link.

CONCERNS OR QUESTIONS ABOUT YOUR RIGHTS

If you have concerns about the study or questions about your rights as a participant, you can contact the **AUB IRB Office**: 01-350000- EXT: 5455, and irb@aub.edu.lb

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