

Effects of compensation on the job performance among hospital employees!! - a meta analysis

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ABSTRACT: *Hospitals are considered as life saving institutions and the service quality through the better performance of employees is an essential parameter to serve the customers. To sustain within the competition and to achieve the competitive advantage, it is vital to focus on the attitudes and job performance of the employees. Failure to design appropriate compensation system will have unfavorable impact on productivity and job satisfaction and overall effectiveness of the hospital. Though compensation in terms of salary increment, reward, health insurance, workers compensation, retirement plan and paid holiday were applied in the study hospital, the effect of such compensation was not tested still. Hence, the aim of this paper is to assess the effect of compensation on job performance of hospital employees. In order to address the objective, both primary and secondary sources of data were used. The required data was collected from 206 employees identified through stratified random sampling technique. The data collected through questionnaire was analysed by SPSS (version 21) and descriptive statistics such as frequency, percentage, mean and standard deviation and inferential statistics such as one-sample t-test, correlation and multiple linear regressions were used arrive the meaningful results. The findings show that 65% of the variance of the employee performance was significantly explained by three independent variables namely; compensation, salary and rewards. It is concluded that there is a significant effect of salary, reward and indirect compensation on employee job performance in the hospital. It is recommended that hospital management needs to improve its compensation system time to tome and further studies to be conducted to investigate the strategies used to deal with the problems of employees recruitment and retention among others.*

Key Words: *Salary, Rewards, Indirect Compensation, Employees Job Performance*

1. INTRODUCTION

Organizations are often highly interested in valuable and talented employees; they are so because of the value that those employees bring into the organization (Singh and Loncar, 2010). The component of employee compensation such as salary, reward and other compensation are the measure for establishing the health of an organization and required to enhance the performance of employees (Velnampy, 2015). According to Abdulwahab (2016), human resources are the backbone of any industry. The duty of the organizations should be to satisfy its employees through proper working conditions, motivation, financial rewards and cordial relationship between superior and subordinate even though the performance of employees is not constant; it gets affected through different factors.

Compensation is a fundamental component of human resource management. It covers economic reward in the form of wages and salaries as well as benefits, indirect compensation or supplementary pay. Compensation emanates basically from the fact that it provides income to the workers and constitutes an important cost item to the employer (Martocchio, 2011). In order to overcome challenges, organizations should create a strong and positive relationship with its employees, direct them towards task fulfillment and ensure they have job satisfaction (Fisher, 2012).

Job performance is employees' overall performance which is meeting the expected quality and achievement of tasks under the policy and time requirements of the organization (Inuwa, 2015). Keeping the job performance of employees is the area of concern of all firms no matter whether they stand for profit or for not profit (Idrees, Xinping, Shafi, Hua, and Nazeer, 2015). Compensation is very important for the performance of the employees. To sustain within the competition and achieve the competitive advantage, it is vital to focus on the attitudes and respective job performance of the employees in a significant manner (Hettiarachchi and Jayarathna, 2014).

Hospitals are considered as life saving institutions and the service quality through the better performance of employees is an essential parameter to serve the customers. To sustain within the competition and to achieve the competitive advantage, it is vital to focus on the attitudes and job performance of the employees. Failure to design appropriate

compensation system will have unfavorable impact on productivity and job satisfaction and overall effectiveness of the hospital. Though compensation in terms of salary increment, reward, health insurance, workers compensation, retirement plan and paid holidays have been practiced in the selected hospital, the effect of such compensation was not tested still. Hence, the aim of this paper is to assess the effect of compensation on job performance of hospital employees

2. OBJECTIVES

- To examine the effect of salary on hospital employees' job performance.
- To assess the effect of rewards and incentives on employees' job performance.
- To analyse the effect of indirect compensation on employees' job performance.
- To understand the satisfaction level of hospital employees' on the compensation structure and working environment.

3. RESEARCH DESIGN AND APPROACH

This study basically used cross-sectional survey design with quantitative and qualitative research approach. According to Sekaran and Bougie (2010) hypotheses testing usually explain the nature of certain relationships, or establish the differences among groups or the independence of two or more factors in a situation. The study employed both primary and secondary sources of data to address the objectives. Primary data was collected from sample employees of selected hospital through pre-tested semi-structured questionnaires. Five point Likert's scale was used to collect the perception of the employees.

According to Adams, Khan, Raeside, & White (2007) reliability is the estimate of the consistency of the measurement or the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Therefore, in order to determine the reliability of the questionnaire, a Cronbach's alpha test was carried out through the pilot study. According to George and Mallery (2003) a reliability of greater than 0.9 is excellent, greater than 0.8 is good, greater than 0.7 is acceptable, greater than 0.6 questionable, greater than 0.5 is poor and less than 0.5 is unacceptable. The overall reliability of the questionnaire was greater than 0.8 which is at good level. Secondary data

was obtained from the annual reports of the health department about compensation structure.

For the purpose of the research, one government hospital was selected purposively because it is the only one and the first government hospital the study area. According to hospital human resource (2016) report, there are 425 employees working in the selected hospital. To determine the sample size of 206, the formula developed by Yamane (1967) was used. Employees in the hospital were stratified in to nine strata and proportional numbers of respondents were selected using probability proportional to size sampling technique. Finally, respondents were identified using simple random sampling technique. In addition, key informants interview was also conducted with medical directors, hospital manager, human resource coordinator and finance coordinator in their offices as they were available at the working hours related to salary, rewards, indirect compensation and job performance of the employees.

The collected data was analysed using Statistical Package for Social Science (SPSS, Version 21). Descriptive statistics like percentages, mean and standard deviation were used to summarize the data to arrive meaningful results. Furthermore, inferential statistics like correlation and multiple linear regressions were used to assess the effect of compensation on employees' job performance.

Model Specification: In this model job performance is the dependent variable and indicators of employee compensation are independent variables. The model is written as:

$$Y_i = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_k X_{ik} + \varepsilon_i \quad i=1, 2, 3 \dots n$$
 Where: Y_i = the i^{th} observation of the dependent variable; X_{ij} = the i^{th} observation of the j^{th} independent variable and ε = the i^{th} random error term. In this regression model, a measure of association between the

dependent variable Y and the independent variables $X_1, X_2, X_3 \dots X_k$ is given by the

coefficient of multiple determinations. $R^2_{y \cdot x_1 x_2 \dots x_k}$ The coefficient of multiple determinations R^2 is defined as the positive square root of R^2 . This is a measure of model fit similar to R^2 and gives the proportion of variation in the dependent variable Y attributable to difference among the means of the groups. The assumptions for multiple regressions include the relationship between each of the predictor variables and the

dependent variable is linear and that the error of residual is normally distributed and uncorrelated with the predictors. The multicollinearity effect was tested using a variance inflation factor (VIF) for independent variables given by $\frac{1}{1-R^2}$ where independent variables are $(X_1, X_2, \dots)$. Based on the literature reviewed, 3 explanatory variables which are assumed to affect the dependent variables were considered and defined.

4. RESULTS AND DISCUSSION

4.1. Profile of the Respondents

Analyzing the background characteristics of the respondents is important to understand their profile included in the study. Accordingly, respondents' sex, age, educational level, marital status, area of specialization, job position and work experience have been analyzed and presented in Tables 1 and 2.

Table 1: Distribution of Respondents based on their Sex and Age

Variables	Categories	Frequency(n)	Percent (%)
Gender	Male	108	52.4
	Female	98	47.6
	Total	206	100
Age	18-24	46	22.3
	25-34	140	68.0
	35-44	10	4.9
	45-54	10	4.9
	Total	206	100

Source: Survey data, 2017

Gender refers to the characteristics of the respondents being male or female. Most of the respondents (52.4%) are male and 47.6% of respondents are female. This is due to the fact that educated women are less as compared to male. In relation to this Bezabih (2008) indicated that the majority of African countries, women remain under-represented as both government and non-government employees.

Age is the number of years completed by an individual respondent. Majority (68%) of respondents is in the age group of 25-34 and almost all employees of selected hospital are under productive age group. According to the Central Statistical Authority (CSA), economically active age group is categorized between 15 to 64 years of old. This group is expected to actively participate in their works and it has also positive impact in increasing their job performance.

Education is the social process by which an individual learns the things necessary to fit him to the life of the society. Education is a decisive factor in uplifting the individual and society, because it improves his/her skills, potentials and makes him/her more creative, and more innovative (Tesfay, 2003). The study results indicate that most (58.7%) of the respondents are first degree holders and 35.4% of them are diploma holders.

Table 2: Distribution of Respondents based on their Education and Marital Status

Variables	Categories	Frequency(n)	Percent (%)
Educational level	Certificate	03	1.5
	Diploma	73	35.4
	Degree and above	121	58.7
	Masters' degree	09	4.4
	Total	206	100
Marital status	Single	114	55.3
	Married	91	44.2
	Divorced	01	0.5
	Total	206	100

Source: Survey data, 2017

Marriage is a status symbol which is acquired through the acceptance of the society. Married members may have responsibility in their family to accomplish different tasks. According to the survey results, most (55.3%) of the respondents are single and the remaining (44.2%) and (0.5%) are married and divorced respectively.

4.2. Employees' Perception on their Compensation

Compensation is the segment of transition between the employee and the owner that the outcomes employee contract and mostly equal to half of cash flow of the organization. It is the major factor to attract and motivate the employees to increases their performance. This

section dealt with the perception of the sample employees on their salary, rewards and indirect compensation etc.

4.2.1. Salary: Salary is a fixed amount of money paid to a workers usually measured at monthly and annual basis, not hourly, as opposed to wages, salary is a fixed amount of money or compensation paid to an employee by an employer in return of work done. And it is the more efficient variable, which means job performance of employees can be increased to a sufficient level by bringing a small increase in salary. The Figure 1, presented the satisfaction level of sample employees with the payment gets from hospital.

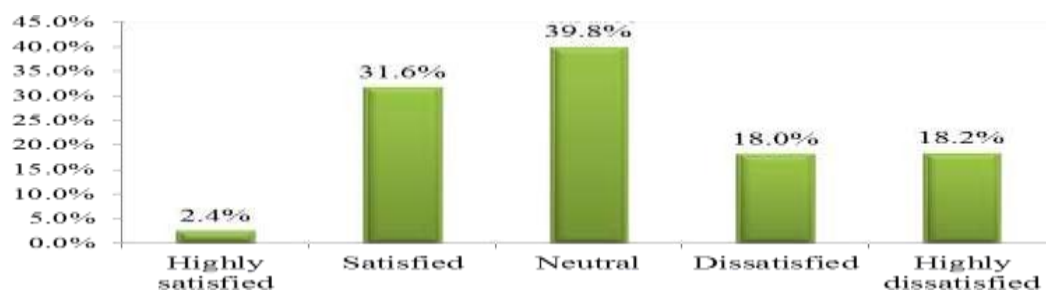


Figure 1: Satisfaction level of Respondents with the payment get from the hospital

As can be seen in Figure 1, 39.8% of the respondents neither satisfied nor dissatisfied with the salary they receive. On the other hand, about 36.2% of respondents did not satisfied while 34% of them satisfied with the salary they get from the Hospital. Key informants also reported that the payments they get from the hospitals do not match with their work. Because of this, higher number of employees prefers to serve in private hospitals than the government. In supporting this, Ojokuku (2009) stated that pay influences employee's behavior and performance in any organization. Attractive pay given that guidance, variety of surprises (Bonus) make most employees happy and inspires performing their duties on time.

As Table 3 presents, about 43.2% of respondents disagreed the idea that salary matches with work experience, while 35.5% of them agreed on the statement. Further, one sample t-test was computed to check whether significant difference exist among respondents by comparing the mean value and standard test value. Accordingly, the mean of the sample is lower (2.84) than the test value (3) and the test value (-1.89) which is not significant

($p > 0.05$). Thus, the result showed that respondents have no idea difference whether their salary matches with work experience or not.

With respect to salary and job type, about 50% sample employees were disagreed, whereas 40.1% of them agreed on the statement. In addition the test result ($t\text{-value} = -3.43$, $p < 0.001$) revealed that salary did not match with job type. The results of key informants also indicated that there are different types of activities in the hospital; however, their salary is not considering the job type.

Table 3: Distribution of Respondents' Perception on their Salary

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Salary matches with work experience	Strongly disagree	33	16.0	2.84	1.22	-1.89 ^{ns}
	Disagree	56	27.2			
	Neutral	44	21.4			
	Agree	57	27.7			
	Strongly agree	16	7.8			
	Total	206	100			
Salary matches with Job type	Strongly disagree	38	18.4	2.70	1.24	-3.43***
	Disagree	65	31.6			
	Neutral	41	19.9			
	Agree	44	21.4			
	Strongly agree	18	8.7			
	Total	206	100			
Salary employees increased based on individuals skill	Strongly disagree	46	22.3	2.70	1.22	-3.49***
	Disagree	42	20.4			
	Neutral	57	27.7			
	Agree	49	23.8			
	Strongly agree	12	5.8			
	Total	206	100			
Hospital covers for its employee educational fee	Strongly disagree	42	20.4	3.17	1.34	1.87 ^{ns}
	Disagree	18	8.7			
	Neutral	33	16.0			
	Agree	88	42.7			
	Strongly agree	25	12.1			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level, ^{ns} not significant

Regarding employees' salary increment, about 42.7% of respondents' revealed that salary of employees increased not based on individuals skill whereas 29.6% of them agreed for the statement. The test results (t-value= -3.49, $p < 0.01$) indicated that salary of employees increased not based on individuals' skill which is endorsed by the key informants. Again out of the total sample respondents, 54.8% of them agreed that hospital covers for its employee educational fee and 29.1% of them denied. The positive t-value (Mean=3.17) indicates that respondents' agreement on the given idea, but p-value ($p > 0.05$) is not significant.

Table 4: Distribution of Respondents' Perception on their Salary

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	(p-value)
Hospital salary scale is attractive	Strongly disagree	33	16.0	3.17	1.34	-1.8 / ^{ns}
	Disagree	50	24.3			
	Neutral	56	27.2			
	Agree	55	26.2			
	Strongly agree	13	6.3			
	Total	206	100			
Salary of employees increased based on educational level	Strongly disagree	18	8.7	3.38	1.14	4.85***
	Disagree	27	13.1			
	Neutral	47	22.8			
	Agree	86	41.7			
	Strongly agree	28	13.6			
	Total	206	100			
Salary of employees increased based on employees work experience	Strongly disagree	18	8.7	3.49	1.15	6.06***
	Disagree	23	11.2			
	Neutral	39	18.9			
	Agree	93	45.1			
	Strongly agree	33	16.0			
	Total	206	100			
Pay is equal with what others get doing similar jobs in the organization	Strongly disagree	27	13.1	3.32	1.26	3.64***
	Disagree	27	13.1			
	Neutral	38	18.4			
	Agree	81	39.3			
	Strongly agree	33	16.0			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level, ^{ns} not significant

According to 40.3% of respondents, salary is not attractive whereas, 32.5% of respondents show their agreement. In addition, the test ($t\text{-value} = -1.87$, $p > 0.05$) results found that there is no statistical significant difference between the test value and calculated mean value. This indicated that there is no evidence to conclude that salary scale followed in the hospital is attractive.

Above half (55.3%) of respondents indicate that salary of employees increased based on educational level. On the other hand, only 21.8% of them disagreed with the given idea. The test result is ($t\text{-value} = 4.83$, $p < 0.001$). The positive $t\text{-value}$ and statistical level of significance shows that salary of employees increased based on their educational level.

As indicated on Table 4, majority (61.1%) of respondents replied that salary of employees increased based on employees work experience. Contrarily, 19.9% of the respondents denied the same. The test results ($t\text{-value} = 6.06$, $p < 0.001$) also supported the results.

About 55.3% of respondents responded that pay is equal with what others get doing similar jobs in the hospital, whereas 26.2% reported that there is difference in payment with what others get doing similar jobs. The positive $t\text{-value}$ (3.64) and the significant $p\text{-value}$ ($p < 0.001$) revealed that the pay is equal with what others get doing similar jobs in the hospital.

In summary, respondents were satisfied about their salary when they compared with other organizations; however, they are not satisfied with internal salary scales and requirements.

4.2.2. Reward: Reward is the most important element to the employees for paying their best efforts to generate the innovation and the new ideas in cross the company performance (Dewhurst et al. 2010). Relationship of the manager supervisor reward power positivity linked with employee performance more productivity, satisfaction and turnover and organization citizenship behavior (Rizwan, 2010). Concerning the existence of criterion for employees reward, the majority (70%) of respondents revealed that there is criterion. In connection to this, respondents were asked whether they satisfied by the criteria listed in employees reward form or not. Accordingly, almost all employees satisfied by the criterion and since the criterion is job related. With respect to the most common basis for reviewing employee rewards, team productivity and improvement raised firstly.

Table 5: Distribution of Respondents' Perception on their Reward

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Have got payment with works out of work time	Strongly disagree	25	12.1	3.52	1.23	6.11***
	Disagree	15	7.3			
	Neutral	33	16.0			
	Agree	93	45.1			
	Strongly agree	40	19.4			
	Total	206	100			
Have got payment with works out of work place	Strongly disagree	33	16.0	2.94	1.23	-0.74***
	Disagree	43	20.9			
	Neutral	53	25.7			
	Agree	58	28.2			
	Strongly agree	19	9.2			
	Total	206	100			
Have got house allowance	Strongly disagree	85	41.3	2.39	1.42	-6.14***
	Disagree	33	16.0			
	Neutral	29	14.1			
	Agree	40	19.4			
	Strongly agree	19	9.2			
	Total	206	100			
Have given transport allowance/vehicle for transport	Strongly disagree	64	31.1	2.65	1.36	-3.73***
	Disagree	31	15.0			
	Neutral	42	20.4			
	Agree	52	25.2			
	Strongly agree	17	8.3			
	Total	206	100			
Have got reward for work achievement in the hospital	Strongly disagree	47	22.8	2.69	1.26	-3.55***
	Disagree	49	23.8			
	Neutral	45	21.8			
	Agree	51	24.8			
	Strongly agree	14	6.8			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level

According to Table 5, about 64.5% of them responded that there is no payment with works out of work place, whereas, 19.4% of them agreed for that. The positive t-value (6.11) and sample mean of 3.52 is significantly greater than the population mean of 3. This indicates that employees in the hospital have got payment with works out of work time. Regarding payment with works out of work place, about 36% of respondents responded that there is

no payment and 37.4% of respondents agreed. The test (t-value= -0.74, $p>0.461$) value found that there is no statistically significant idea difference.

Concerning house allowance, about 57.3% of respondents reported that there is no house allowance given by the hospital, while 33.5% of them agreed on the same. Furthermore, the one sample test result (t- value= -6.14, $p<0.001$) found that there is statistical significance between the test value and calculated mean value.

Table 6: Distribution Respondents' Perception on their Reward

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Reward systems can improve customer growth and retention	Strongly disagree	11	5.3	3.67	1.10	8.82***
	Disagree	17	8.3			
	Neutral	51	24.8			
	Agree	76	36.9			
	Strongly agree	51	24.8			
	Total	206	100			
Reward systems are a key indicator for achieving growth in organizational profit	Strongly disagree	4	1.9	3.75	1.03	10.38***
	Disagree	23	11.2			
	Neutral	49	23.8			
	Agree	75	36.4			
	Strongly agree	55	26.7			
	Total	206	100			
Effective and efficient rewards have reduced the rate of employee turnover	Strongly disagree	16	7.8	3.48	1.12	6.18***
	Disagree	17	8.3			
	Neutral	62	30.1			
	Agree	74	35.9			
	Strongly agree	37	18.0			
	Total	206	100			
Rewards serve as a chief source of product and service	Strongly disagree	6	2.9	3.58	0.96	8.65***
	Disagree	15	7.3			
	Neutral	75	36.4			
	Agree	74	35.9			
	Strongly agree	36	17.5			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level

Respondents were asked to answer whether they have access to transport or transport allowance. Accordingly, 46.1% of respondents were not agreed, while only 33.5% agreed that have given transport allowance/vehicle for transport. The test (t-value= -3.73,

$p < 0.001$) value also supported their ideas. Regarding reward for work achievement in the hospital, 46.6% of respondents indicate that employees in the hospital have no reward for work achievement. On the other hand, 31.2% of them agreed that they have got reward for work achievement. The negative t-value (-3.55) and statistical level ($p < 0.001$) of significance shows that there is lack of reward for work achievement in the hospital.

As indicated in Table 6, the majority (61.7%) of respondents opined that reward systems can improve customer growth and retention and 13.6% against the statement. The positive t-value (8.82) and its significance value ($p < 0.001$) indicates that reward systems can improve customer growth and retention. Reward systems are key indicators for achieving growth in organizational profit. On this idea, the majority (63.1%) of sample employees were agreed, whereas 13.1% of them disagreed. The positive t-value (10.38) and the significant p-value ($p < 0.001$) revealed that reward systems are key indicators for achieving growth in organizational profit.

Further, 53.9% of sample employees revealed that effective and efficient rewards have reduced the rate of employees turnover, the positive t-value (6.18) and sample mean of 3.48 inferred that effective and efficient rewards have reduced the rate of employees turnover. Above half (53.4%) of respondents show their agreement on rewards serve as a chief source of product and service, while 10.2% of them expressed their disagreement. Furthermore, the test results (t-value= 8.65, $p < 0.001$) indicated that rewards serve as a chief source of product and service.

In summary, the respondents agreed on the importance of reward. However, the availability of reward in the hospital is insignificant. They have no payments for works out of time, house allowance, transport allowance and work achievement.

4.2.3. Indirect compensation: According to Armstrong (2009), indirect compensation or employees benefits are elements of remuneration given in addition to the various forms of cash pay. They also include the items such as annual holidays. Tsai et al. (2005) argued that compensation help organizations to recruit and retain high-quality employees that are seen as strategic resources in achieving competitive advantage, one can expect that overall attractiveness of organizations can be enhanced through benefits offerings and those

employees will then be influenced to feel greater satisfaction and loyalty. As a result, this should lead to greater effort and productivity.

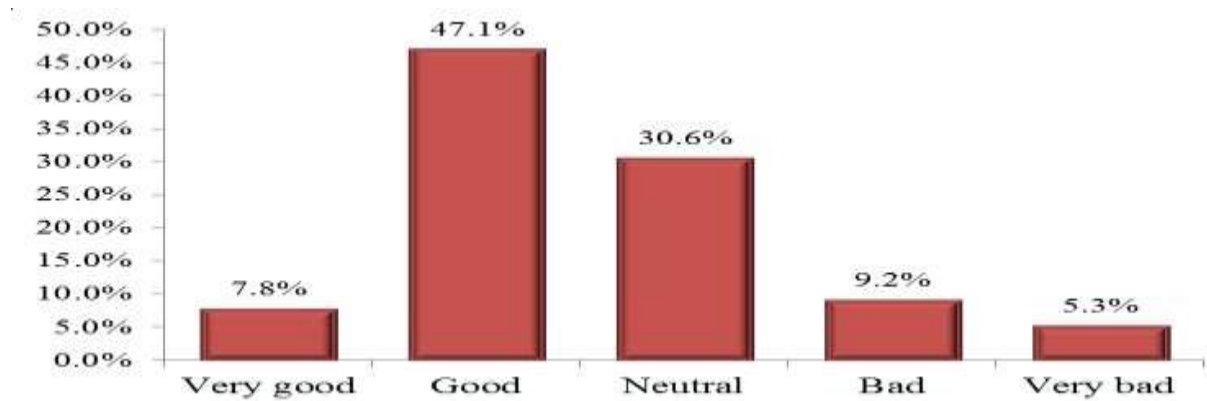


Figure 2: Compensation practice of the hospital

As Figure 2 presents, more than half (54.9%) of respondents reported that in the hospital the compensation practice was good. In line with this, key informants informed that compensation plays a great role in encouraging employees to work hard, in enhancing the hospital image, in meeting the employer's legal obligation and in helping employees meet basic needs.

As Table 7 presents, 63.1% of respondents disagreed whereas 25.3% agreed on the idea that the hospital give free medical insurance. The test values (t -value=-6.85, $p<0.001$) indicate significant difference. The negative t -value shows that the majority of respondents were not agreed on the idea. Therefore, it is possible to infer that in the hospital there is insufficient free medical insurance for employees regardless of work related sickness.

Regarding sick leave, majority (63.1%) of respondents shwon their agreement while 15.1% of them disagreed. The test results (t - value= 8.41, $p<0.001$) indicated that the organization gives sick leave for its most of the employees. Again, around half (51.5%) of the respondents agreed that employees in the hospital has retirement benefits package, while 26.7% of them shown disagreement. The test results (t - value=3.59, $p<0.001$) inferred that there is statistically significant difference between the average mean and the population mean. Hence, it is possible to conclude that employees in the hospital has retirement benefit package.

Table 7: Distribution Respondents' Perception on Indirect Compensation

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
The hospital gives free medical insurance	Strongly disagree	98	47.6	2.29	1.50	-6.85***
	Disagree	32	15.5			
	Neutral	24	11.7			
	Agree	23	11.2			
	Strongly agree	29	14.1			
	Total	206	100			
The hospital gives sick leave for its employees	Strongly disagree	10	4.9	3.62	1.05	8.41***
	Disagree	21	10.2			
	Neutral	45	21.8			
	Agree	92	44.7			
	Strongly agree	38	18.4			
	Total	206	100			
Employees in the hospital has retirement benefit package	Strongly disagree	19	9.2	3.30	1.18	3.59***
	Disagree	36	17.5			
	Neutral	45	21.8			
	Agree	77	37.4			
	Strongly agree	29	14.1			
	Total	206	100			
The hospital gives compensation during nonholidays	Strongly disagree	39	18.9	2.98	1.28	-0.23***
	Disagree	32	15.5			
	Neutral	50	24.3			
	Agree	64	31.1			
	Strongly agree	21	10.2			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level

Respondents were asked whether the hospital gives compensation during holidays or not. Accordingly, about 41.3% of respondents agreed whereas 34.4% of them disagreed. The test results (t-value= -0.23, $p < 0.001$) imply that there is insufficient compensation given by the hospital during holidays.

Table 8: Distribution Respondents by their perception on Indirect Compensation

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Employees in the hospital has fuel allowance	Strongly disagree	63	30.6	2.66	1.38	-3.54***
	Disagree	31	15.0			
	Neutral	46	22.3			
	Agree	45	21.8			
	Strongly agree	21	10.2			
	Total	206	100			
Employees in the hospital have vehicle maintenance allowance	Strongly disagree	56	27.2	2.86	1.40	-1.45***
	Disagree	20	9.7			
	Neutral	55	26.7			
	Agree	47	22.8			
	Strongly agree	28	13.6			
	Total	206	100			
There is career development opportunity in the hospital	Strongly disagree	18	8.7	3.69	1.14	8.68***
	Disagree	10	4.9			
	Neutral	37	18.0			
	Agree	94	45.6			
	Strongly agree	47	22.8			
	Total	206	100			
The hospital gives maternity leave for its employees	Strongly disagree	5	2.4	4.01	0.89	16.30***
	Disagree	4	1.9			
	Neutral	38	18.4			
	Agree	96	46.6			
	Strongly agree	63	30.6			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level

As depicted in Table 8, about 45.6% of sample employees shown their disagreement and 32% agreed the idea that employees in the hospital have fuel allowance. In addition, test results (t- value=-3.54, $p < 0.001$) proved the same. The key informants also ascertain that fuel allowance for transport has been given only for those who previously given motor cycles and management bodies only. Regarding vehicle maintenance allowance, about 36.9% of respondents argued that employees in the hospital have no vehicle maintenance allowance, while 36.4% agreed. Furthermore, the test (t-value= -1.45, $p > 0.05$) results indicated that there is no idea difference.

In relation to career development opportunity in the hospital, about 68.4% of sample employees replied that there is career development opportunity, whereas 13.6% of them disagreed the statement. As Table 9 indicates (t-value= 8.68, $p < 0.001$) there is good scope for career development opportunity in the hospital. Regarding maternity leave for employees, majority (77.2%) of them agreed that the hospital gives maternity leave for its employees and test results (t-value= 16.30, $p < 0.001$) also supported the idea.

Table 9: Distribution Respondents' Perception on Indirect Compensation

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	(p-value)
Employees in the hospital have free training	Strongly disagree	50	24.3	2.79	1.30	-2.30*
	Disagree	36	17.5			
	Neutral	41	19.9			
	Agree	65	31.6			
	Strongly agree	14	6.8			
	Total	206	100			
The organization gives study leave for its employees	Strongly disagree	63	30.6	2.72	1.40	-2.89**
	Disagree	26	12.6			
	Neutral	45	21.8			
	Agree	50	24.3			
	Strongly agree	22	10.7			
	Total	206	100			
Employees are respected by their boss	Strongly disagree	19	9.2	3.60	1.26	6.84***
	Disagree	21	10.2			
	Neutral	44	21.4			
	Agree	61	29.6			
	Strongly agree	61	29.6			
	Total	206	100			

Source: Survey data, 2017

Note: *, **, *** Significant at 5% level, 1% level, 0.1% level respectively

As can be seen from Table 9, 41.8% of respondents replied that employees in the hospital have no free training, while 38.4% admitted. The test results (t-value=-2.30, $p < 0.05$) revealed that there is statistically significance difference between the average mean and the population mean. Hence, it is possible to conclude that employees in the hospital have lack of free training. According to the key informants, same idea was corroborated that the training given to the hospital employees did not include all.

About 43.3% of respondents disagreed on the idea that the hospital gives study leave for its employees. But, 35% of them assured that the study leave. The test results ($t\text{-value} = -2.89$, $p < 0.001$) revealed that the hospital rarely give study leave for its employees. The key informant interview revealed that getting scholarship in the hospital is not a simple matter. Even though few hospital employees have got study leave, all hospital employees has not given to upgrade its employees' educational level.

Regarding employees respect, 59.2% approved that employees are respected by their boss, while 19.4% of them disagreed. The test results ($t\text{-value} = 6.84$, $p < 0.001$) revealed that employees in the hospital are respected by their boss. For any question raised from employees, the management is always ready for listen and investigate the case by organizing the committee if the case is strong. Otherwise, the employees complain can automatically solved.

In summary, indirect compensation were considered as at good standard since they got career development opportunity, maternity leave and employees are respected by their boss.

4.3. Job Performance of the Employees

This section deals with the presentation of analysis on employees' job performance and the results are presented in Tables 10 and 11. As indicated in Table 10, the vast majority (89.3%) of respondents agreed that they perform their day to day activities well. The test results indicated that the mean of the sample (4.44) is greater than 3 and the test value (27.10) with $p\text{-value}$ of $p < 0.001$, which is positively significant. Thus, the result showed that employees in the hospital perform their day to day activities well. Again vast majority (90.7%) of respondents agreed that they perform hospital tasks that are expected. The test results ($t\text{-value} = 23.44$, $p < 0.001$) also revealed that significance difference is observed. Therefore, it is possible to infer that employees in the hospital perform hospital tasks that are expected. Moreover, vast majority (82.5%) of respondents reported that they trust and practice the feedback receives from supervisor, while 8.2% of the rest respondents viewed their disagreement. The test results ($t\text{-value} = 20.77$, $p < 0.001$) implies that employees in the hospital trust and practice the feedback receive from supervisors.

Table 10: Distribution Respondents' Perception on their Job Performance

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Performing day to day activities well	Strongly disagree	-	-	4.44	0.76	27.10***
	Disagree	07	3.4			
	Neutral	13	6.3			
	Agree	69	33.5			
	Strongly agree	117	56.8			
	Total	206	100			
Perform hospital tasks that are expected	Strongly disagree	03	1.5	4.39	0.85	23.44***
	Disagree	08	3.9			
	Neutral	08	3.9			
	Agree	73	35.4			
	Strongly agree	114	55.3			
	Total	206	100			
Trust and practice the feedback receive from supervisor	Strongly disagree	-	-	4.16	0.80	20.77***
	Disagree	08	3.9			
	Neutral	28	13.6			
	Agree	93	45.1			
	Strongly agree	77	37.4			
	Total	206	100			
Perform duties on time	Strongly disagree	06	2.9	4.15	0.98	16.79***
	Disagree	11	5.3			
	Neutral	17	8.3			
	Agree	84	40.8			
	Strongly agree	88	42.7			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level

About 83.5% of respondents replied that employees in the hospital perform duties on time whereas, 8.2% denied the same. The positive t-value (t-value = 16.79) and the significant p-value ($p < 0.001$) revealed that in the hospital the duties are performed on time.

As depicted in Table 11, the majority (82.1%) of respondents know the mission and goal of the hospital. The test results (t-value= 17.17, $p < 0.001$) found that there is statistical significance between the test value and calculated mean value. This indicated that employees in the hospital know the mission and goal of the hospital to obtain high performance.

Respondents were asked to answer whether pay matches job performance or not. Accordingly, 30.1% of them revealed that the pay does not match employees' job performance, while 45.1% agreed on the same. The test (t-value= 1.84, $p>0.05$) results revealed that there is no statistically significant difference observed.

Table 11: Distribution Respondents' Perception on their Job Performance

Variables	Categories	n	%	Test Value = 3		
				Mean	SD	t-test (p-value)
Know the mission and goal of the hospital	Strongly disagree	3	1.5	4.05	0.88	17.17***
	Disagree	11	5.3			
	Neutral	23	11.2			
	Agree	105	51.0			
	Strongly agree	64	31.1			
	Total	206	100			
Pay matches job performance	Strongly disagree	30	14.6	3.17	1.29	1.84^{ns}
	Disagree	32	15.5			
	Neutral	51	24.8			
	Agree	60	29.1			
	Strongly agree	33	16.0			
	Total	206	100			
Recognized for good work performance from the hospital	Strongly disagree	13	6.3	3.74	1.14	9.33***
	Disagree	13	6.3			
	Neutral	50	24.3			
	Agree	68	33.0			
	Strongly agree	62	30.1			
	Total	206	100			

Source: Survey data, 2017

Note: *** Significant at 0.1% level, ^{ns} not significant

Regarding recognition for good work performance from the hospital, majority (63.1%) of respondents shown their agreement. On the other hand, 12.6% of them disagreed with the given idea. The test value (t-value= 9.33, $p<0.001$) showed that employees recognized for good work performance from the hospital.

In summary, the result indicated that the hospital employees have performed well in their assigned work even though the compensation system of the hospital is under hospital employees' expectation.

4.4. The Effect of Compensation on Job Performance

The main focus of this research paper is to assess what effects takes place due to the compensation package on employees' job performance and the analysis was carried out using multiple linear regression model. Before applying the model, normality and multicollinearity tests were conducted for identifying misspecification of data so as to fulfill research quality.

Normality Test: According to Pallant (2005), multiple linear regression should be adopted depends on the shape of the distribution of scores. The normality test can be checked using Kolmogorov-Smirnov and Histogram. SPSS provides a convenient means to assess the distribution. Thus, the researcher used SPSS to check the normality of the distribution of scores before model application.

Table 12: Test of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Job performance	.054	206	.200*	.990	206	.158

Source: Model output

According to Pallant (2005), the significant value in Kolmogorov-Smirnov of more than 0.05 indicates normality, otherwise not-normal. Thus, from the Kolmogorov- Smirnov result in Table 12 it can be seen that the significant value for job performance is 0.200 which is greater than 0.05, which means that the distributions of them are normal. A histogram is another way of checking the distribution of a data whether it is normal or not.

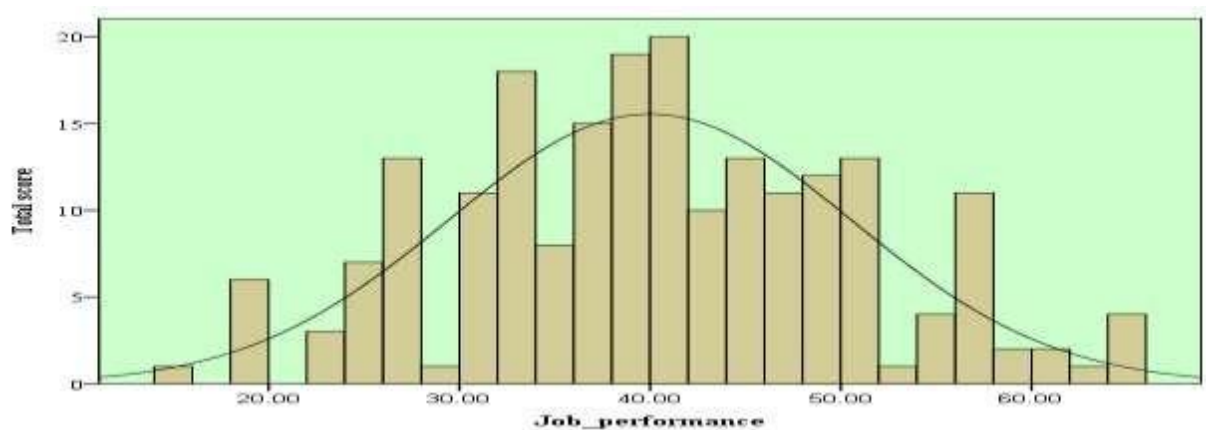


Figure 3: A histogram result of normality test

It is not like Kolmogorov-Smirnov which assumes the significance value rather a histogram checks the normality of the data by simply looking at the diagram and detects whether the bell curve is approaching from normal distribution or not. The results of Figure 3, indicates that a histogram looks bell shaped and not skewed. This indicated that the data fits the assumptions of a normal distribution.

(A) Correlation Analysis on the relationship between Compensation and Job Performance

In this section, the independent variables were analyzed one by one using correlation analysis in order to identify their relation with the dependent variable. For this purpose, three independent variables which are indicators of compensation such as salary, reward, and indirect compensation were identified from different literature (Rubi, 2012; Apeyusi, 2012; Million et. al 2014) and tested their degree of relationship with the job performance of employees before conducting the regression analysis and the results are presented in Table 13.

Table 13: Relationship between Compensation and Job performance

Variables	Salary	Reward	Indirect compensation	Job performance
Salary	1			
Reward	.493**	1		
Indirect compensation	.029	.045	1	
Job performance	.498**	.632**	.489**	1

Note: ** Correlation is significant at the 0.01 level

Source: Survey data, 2017

It is found that salary has positive and significant relationship with job performance ($r = 0.498$, $p < 0.01$). In addition, reward has also positive and statistically significant correlation with employees job performance ($r = 0.632$, $p < 0.01$). Moreover, indirect compensation and job performance has positive and significant correlation ($r = 0.489$, $p < 0.01$).

Regression analysis on the effect of Compensation on Job Performance

To understand the effects of compensation on the job performance of hospital employees, multiple linear regression analysis was carried out. The results are presented in Tables 14-16. According to the model summary, the R value was 0.810 which shows the highest degree of relationship between independent and dependent variables. The adjusted R^2 value of the regression model was 0.650, indicating that 65% of variance in employee performance was accounted by compensation, salary and rewards.

Table 14: Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.810 ^a	.656	.650	6.249

Note: a. Predictors: (Constant), Compensation, Salary, Rewards

Source: Survey data, 2017

Table 15: Results of ANOVA Output

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	15011.027	3	5003.676	128.154	.000 ^b
Residual	7886.953	202	39.044		
Total	22897.981	205			

Note: a. Dependent Variable: Job performance; b. Predictors: (Constant), Compensation, Salary, Rewards

Source: Survey data, 2017

The ANOVA output indicates that the multiple regression model itself is statistically significant or not significant. Because R^2 is not a test of statistical significance (it only measures explained variation in Y from the predictor Xs), the F-ratio is used to test whether or not R^2 could have occurred by chance alone. In short, the F-ratio found in the ANOVA output measures the probability of chance departure from a straight line. On results of the output found in the ANOVA table, the model is statistically significant when non-performance adequacy ratio were included ($F=128.154$, $p<0.01$). Therefore, the overall equation was found to be statistically significant.

One of the information included in Table 16 is collinearity statistics which is associated with the extent of correlation between independent variables. If there is high correlation between two independent variables, the regression model assumes redundancy of one of these variables that the significance of it becomes too low and its coefficient also be negatively affected. The problem is checked by Tolerance and Variance Inflation Factor (VIF). A tolerance of $>.10$ and a $VIF < 10$ are considered as good enough to minimize the effect of multicollinearity (Miller and Whicker, 1999). Thus, the result implies that the regression model is not too much affected by higher correlation between two independent variables.

Table 16: Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-30.226	3.863		-7.824	.000		
Salary	.377	.074	.242	5.091	.000	.757	1.322
Reward	.764	.074	.492	10.348	.000	.756	1.323
Indirect compensation	1.365	.123	.460	11.123	.000	.998	1.002

Note: B= Regression coefficient (Estimate), SE=Standard Error, Dependent variable = Job performance

The results of Table 16 revealed that salary ($\beta = 0.377$, $p < 0.01$), reward ($\beta = 0.764$, $p < 0.01$) and indirect compensation ($\beta = 1.365$, $p < 0.01$) have significant effect at a p-value of less than 0.01. Multiple regression estimates the coefficient of the linear equation involving one or more independent variables that best predict the value of the dependent variable and the regression equation is presented as $Y = B_0 + B_1X_1 + B_2X_2$, Where, B_0 = Point of intercept; Y = Job performance (JP); X_1 = Salary(S); X_2 = Reward(R); X_3 = Indirect compensation(IC); $JP = -30.226 + 0.377*S + 0.764*R + 1.365*IC$.

The equation reveals that job performance will be -30.226 units if all independent variables are zero. Similarly, job performance of employees increases at 0.377 units for one unit increase on salary keeping other independent variables constant, 0.764 unit increase for one unit increase on reward and 1.1365 increase for one unit increase on indirect compensation.

5. CONCLUSION AND RRECOMMENDATIONS

It is concluded from the research findings that compensation has positive effect on employees' job performance in the selected hospital. The cash received for work performed that is adjusted for the individual's skill, education, experience or other attributes has effect on employees' job performance. Timely unpaid salary brings gap in the work place and the employees become carless. Therefore, salary should be paid on time. Equally, compensation in terms of overtime, allowance and achievement benefit for employees in addition to their fixed salary helps employees to improve their job performance. Likewise, indirect compensation which includes social security, workers compensation, retirement plan and paid holiday has significant effect on employees' job performance. Employees score above average for their job performance which shows much is expected from the hospital management to keep up and increase the job performance of employees. Consequently, to keep up and bring significant improvement in the performance of employees by minimizing or avoiding the identified factors, the author forwarded the following possible recommendations:

- Salary is found to be a significant factor for employees' job performance. Therefore, the human resource manager and finance department of the hospital should consider the timely payment of employees' salary by preparing weekly, monthly and yearly plan. They also should allocate an attractive payment and use variety of surprises in the form of bonus or allowance.
- Reward is other types of compensation which influence the job performance of employees at hospital. Thus, the board members and the management body should consider rewards in cash or in kind. Employees should get payment for works out of time, works out of work place, house allowance, transport allowance and reward based on their achievement.
- Indirect compensation such as free medical insurance, sick leave, retirement benefits package and compensation during holiday have found to be a significant factor for job performance. Therefore, the management body should discuss and allocate the necessary budget. They should also give opportunities for employees

to apply the skill they desire and encourage the willingness to carry the responsibility at their work position.

- Accelerate performance of employee in the hospital by giving fair promotional opportunities for all staff equally as per the hospital policy and guidelines is essential.

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