Tikrit Journal of Administrative and Economic Sciences, Vol. 21, No. 70, Part (2): 374-399
Doi: www.doi.org/10.25130/tjaes.21.70.2.20

Tikrit Journal of Administrative and Economics Sciences
مجلة تكريت للعلوم الإدارية والاقتصادية
EISSN: 3006-9149
PISSN: 1813-1719

The Impact of Compensation System on Employee Performance: An Analytical Study from the Perspective of Employees at Soran University/ Erbil Governorate/Kurdistan Region of Iraq

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Keywords:
Compensation System, Employee Performance, Soran University.

ARTICLE INFO

Article history:

Received	20 Nov. 2024
Accepted	08 Jan. 2025
Available online	30 Jun. 2025

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Abstract: The main purpose of this study is to discover the impact of the compensation system on employee performance. To accomplish this objective, a quantitative technique was applied. A structured questionnaire was utilized to collect data from 169 employees at Soran University, chosen through a stratified random sampling method. To either confirm or reject the research's hypotheses, SPSS software version 26 was employed with the Pearson correlation and simple linear regression. The results revealed a significant correlation between the compensation system and employee performance. The incentive dimension ranked highest, while salary ranked lowest, followed by the promotion dimension. For labour force development and national progress, institutions require efficient compensation systems.

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تأثير نظام التعويضات على أداء الموظفين
دراسة تحليلية لآراء عينة من الموظفين في جامعة سوران/ محافظة اربيل/ إقليم كردستان

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المستخلص

الغرض الرئيسي من هذه الدراسة هو اكتشاف تأثير نظام التعويضات على أداء الموظفين. ولتحقيق هذا الهدف، تم تطبيق أسلوب كمي. تم استخدام استبيان منظم لجمع البيانات من 169 موظفًا في جامعة سوران، تم اختيارهم من خلال طريقة العينة العشوائية الطبقية. لتأكيد أو رفض فرضيات البحث، تم استخدام برنامج SPSS الإصدار 26 مع ارتباط بيرسون والانحدار الخطي البسيط. كشفت النتائج عن وجود ارتباط كبير بين نظام التعويضات وأداء الموظفين. احتل بُعد الحوافز المرتبة الأعلى، في حين احتل الراتب المرتبة الأدنى، يليه بُعد الترقية. من أجل تنمية القوى العاملة والتقدم الوطني، تحتاج المؤسسات إلى أنظمة تعويضات فعالة.

الكلمات المفتاحية: نظام التعويضات، أداء الموظفين، جامعة سوران.

1. Introduction

The human resources are considered to be one of the most invaluable assets in an organization; they have a vital role in achieving the objectives of the organization. As a result, developing human resources and providing training is essential for raising employee performance (Lestari & Ainun, 2024). According to Nugraha & Handayani (2024) employee performance is described as a measurement of the degree to which an employee is successful in accomplishing the objectives and criteria that have been established by the firm or organization in which they are employed. Erialdy (2024) defined employee performance as how well workers do their duties, accomplish outcomes, and help the company succeed. Clear and quantifiable goals help employees focus and perform efficiently.

Compensation affects employee performance in the organization, both positively and negatively. Employees will be motivated to work enthusiastically in order to attain the aims and objectives of the organization if proper compensation is provided to them (Hersona et al., 2024). As stated by Narpati et al. (2024) compensation is a means of recognizing and rewarding workers who use their jobs to help the organization achieve its objectives. The compensation that employees get, both financial and non-financial, is one of the factors that might have an effect on their performance. Salary is a monetary measure of compensation. Excessive salaries offered by an organization will lead to increased costs, while insufficient salaries may hinder the company's ability to recruit employees. Non-financial compensation, such as benefits and job positions, is another aspect of compensation (Hermiati & Yustini, 2024).

After providing the general background of the research, the following sections will be outlined such as: research problem, objectives, hypotheses, significance of the research, and the study model. Subsequently, the theoretical framework and review of previous researches will be discussed. The research methodology will then be presented, followed by the findings and discussion. Lastly, the conclusion will be given, along with suggestions for future research.

1-1. Problem Statement: Despite the fact that employee performance is a critical factor in determining the success of an organisation, a great number of institutions in the Kurdistan Region, particularly those in the education sector, are experiencing difficulties that are associated with inadequate employee performance. Soran University's perceived inadequacy in the compensation system may be the root cause of the significant decline in staff motivation and productivity observed there. A variety of factors contribute to this performance decline, such as lower-quality academic and administrative work, a lack of initiative in tasks, decreased colleague collaboration, and increased dissatisfaction with job functions and the workplace environment. As a result, both individual and institutional outcomes have improved significantly. Although compensation significantly impacts employee behavior and performance, numerous universities in the region fail to prioritize it as a management tool. While previous research suggests a strong relationship between remuneration systems and employee performance (Mohammed, 2020), there is a gap in studies focusing on the specific context of public universities in the Kurdistan Region. The purpose of this study is to investigate how compensation systems influence employee performance at Soran University. These findings are intended to provide insights that can be used to improve compensation methods as well as overall performance.

1-2. Research Objectives

This study aims:

1. To investigate the relationship between compensation systems and employee performance.

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2. To examine the relationship between dimensions of compensation systems (salary, promotion and incentive) and employee performance.
3. To investigate the impact of the compensation systems on employee performance.
4. To examine the impact of compensation systems dimensions (salary, promotion and incentive) on employee performance.

1-3. Research Hypothesis: This study will be based on the following hypotheses:

A. Correlation Hypotheses

H1: There is a statistically significant correlation between the compensation system and employee performance at (α≤ 0.05).

H2: There is a statistically significant correlation between salary and employee performance at (α≤ 0.05).

H3: There is a statistically significant correlation between promotion and employee performance at (α≤ 0.05).

H4: There is a statistically significant correlation between incentive and employee performance at (α≤ 0.05).

B. Regression Hypotheses

H5: The compensation system has a statistically significant impact on employee performance at (α≤ 0.05).

H6: Salary has a statistically significant impact on employee performance at (α≤ 0.05).

H7: Promotion has a statistically significant impact on employee performance at (α≤ 0.05).

H8: Incentive has a statistically significant impact on employee performance at (α≤ 0.05).

1-4. Importance of the Study: The importance of this research is that it provides essential insights into the influence that compensation systems have on the performance of employees, in particular at Soran university, which is located in the Kurdistan Region of Iraq. It helps university policymakers improve both individual and organizational performance by discovering effective compensation approaches, which is a benefit to both parties. Moreover, it provides as a helpful resource for policymakers in a variety of sectors, offering research on how compensation policies impact employee productivity.

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1-5. Model of the Study

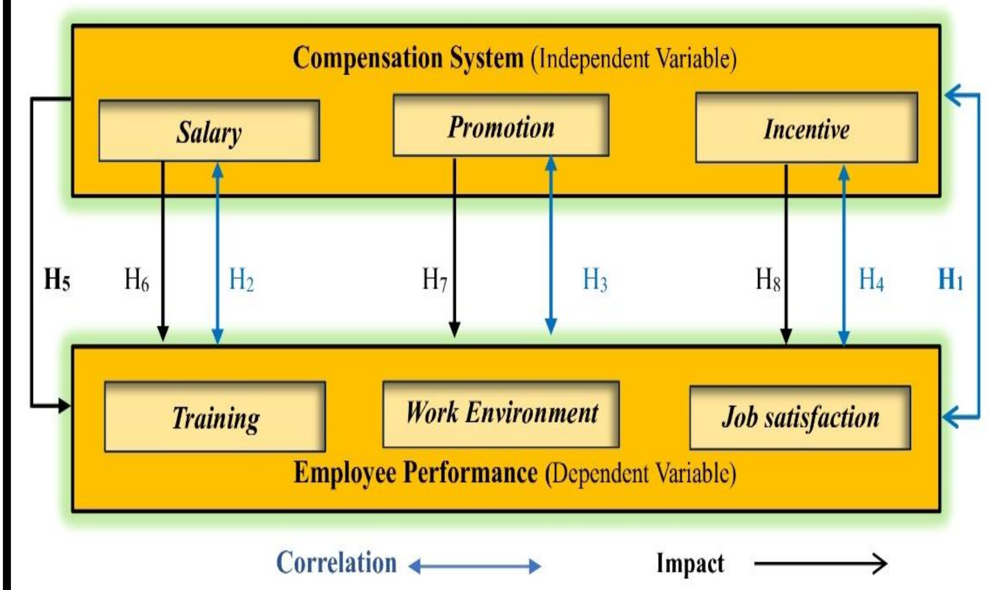

Figure 1: Model of the Study (prepared by the researchers)

2. Theoretical Background of the Study

2-1. Compensation System: To receive appropriate compensation, an individual will work as hard as possible to meet his or her basic necessities. When a person works for an organization, they have the expectation that the compensation they get will be adequate for their whole life. Employees will not search for another firm if they feel they are sufficient. Hence, compensation is a crucial element for workers as it serves as a measure of the importance of their job to society, their families, and other workers (Cahyo et al., 2024).

2-1-1. Dimensions of Compensation System: Based on valuable research in the study's subject, researchers identified three dimensions. Promotion, salary, and incentive are relevant to the research. These dimensions were chosen because they fit with experts' viewpoints (Masresha, 2014; Calvin, 2017; Adibah et al., 2019) and the study's subject.

A. Salary: The term "salary" refers to the entire remuneration that an executive receives, which encompasses not just the individual's base salary but also additional forms of compensation such as bonuses options, expense accounts, and other forms of compensation (Agada et al., 2021). A kind of payment that is made by an employer to an employee is known as a salary, regardless of whether or not the compensation is mentioned in the

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employment contract. Employees who are paid on a monthly or annual basis are considered to be receiving salaries, which are a form of payment (Asaari et al., 2019). When it comes to ensuring that employees are motivated, thorough, loyal, and true to their work, salaries play a significant part in both the private and public businesses (Bullock et al., 2015).

B. Promotion Dimension

Promotions are a means of demonstrating that a worker's achievement has been recognized and appreciated. When someone is promoted, it is a sign that they have performed well in their previous position. A company's promotions are among the most significant parts of the business entity, since they boost the morale of employees and assure the continued presence of the firm (Saharuddin & Sulaiman, 2016).

C. Incentive Dimension

Incentives are used to reward workers for their hard work and achievements with rewards or recognition. It is a system that is largely focused on money, but it may also contain a variety of advantages that are not related to money, such as stock options, bonuses, profit sharing, and raises. The term "incentives" was introduced by Pratheepkanth (2011) who defined it as rewards that are given in addition to the base pay or salary and are contingent on overall performance. Staff members who place a high value on this form of magnetism are more likely to be interested in joining the team than those who are only looking for consistent benefits (Adibah et al., 2019).

2-2. Employee Performance Dimension: The performance of employees is evaluated by considering their willingness and capacity to work, experience, honesty, and time (Khairawati et al., 2024). Performance may be defined as the degree of accomplishment and attainment of organizational objectives. Performance can also indicate the degree to which an organization is meeting the objectives specified in the accomplishment criteria. Hence, comprehending the performance of an organization involves the examination of its operations and adherence to specified regulations so as to achieve the objectives of the organization (Apriliani & Hubbansyah, 2024).

2-2-1. Dimensions of Employee Performance: The training, work environment, and job satisfaction dimensions were chosen because they are consistent with the perspectives of various experts. (Bekele, 2016; Bustamam et al., 2020) and their complete coverage of the study's subject.

1. **Training Dimension**: Training allows employees to update their abilities, which leads to enhanced welfare, dedication, and a sense of belonging to the organization, so immediately enhancing the firm's competitiveness (Nzimakwe & Utete, 2024). More potential or abilities that complement the role or positions are attained through training. The goal of training is to enable employees to perform better in their line of work. It is imperative that workers be capable of doing their duties and responsibilities (Fitriani et al., 2024). An enhance in workers' knowledge about their work, an enhancement in their work performance, and an increase in their willingness to work are all potential outcomes of providing training to employees (Rakimen, 2024).
2. **Work Environment Dimension**: One of the elements that might impact the enhancement of employee performance is the work environment. It refers to the ambient circumstances that surround employees and have the potential to impact their performance in completing assigned duties. It has a vital role in the performance of workers. A more inclusive workplace promotes higher levels of employee productivity in attaining the objectives of government agencies (Utomo, 2024). The term "work environment" encompasses several factors that constitute the setting in which persons do their duties. A good work environment is characterized by people being able to do optimal tasks while being safe, healthy, and pleasant (Radiman & Zhurham, 2024).
3. **Job Satisfaction Dimension**: Positive or negative sentiments regarding several areas of their work are reflected in an employee's emotional assessment of their job satisfaction (Wisnu, 2024). There are a several factors that affect employee performance, and one of those factors is job satisfaction. Companies that have employees who are more content with their jobs tend to have better worker productivity than companies that have employees who are less satisfied with their jobs. Workers that are happy with their work perform better, which improves work quality (Iskandar et al., 2024).

2-3. Previous Studies: To accomplish the objective of this paper, a number of important studies, including the following, have been subjected to an in-depth analysis:

Baledi & Saed (2017) conducted a study entitled "The influence of compensation on improving worker performance through job satisfaction" in Jordan Newspaper. Examining the impact of pay on enhancing employee performance via work satisfaction in Jordanian newspapers was the key objective of the study. The findings demonstrated that, while job satisfaction directly impacts performance, compensation has a negative influence on employees through job satisfaction. Accordingly, in this instance, job satisfaction does not serve as a mediator among compensation and employee performance in Jordanian newspapers.

Calvin (2017) carried out a study entitled "The influence of remuneration on worker performance" in Zamfara state. The study's objective was to investigate how employee performance is affected by compensation. The results shown that compensation and performance have a substantial and positive relationship, and that wages, bonuses, and other forms of incentives also act as a source of motivation for workers.

Adeoye & Omosanya (2018) conducted a study entitled "Compensation system and workers performance: A study of non-academic staff of university" in Nigeria. The primary purpose of this investigation was to determine the influence of the compensation system on worker performance. Main results discovered that there is a substantial correlation among worker performance and a well-designed compensation system.

Rashid (2018) conducted a study entitled "The Relationship between Worker Compensation and Job Performance in Private University" in Erbil, Kurdistan .The primary objective of this study is to quantify the correlation between worker compensation and the overall performance of private institutions in Erbil, Kurdistan. The findings discovered that there is a weak but positive connection among compensation and organizational performance.

Kadir et al., (2019) conducted a study entitled "The influence of Compensation and Benefits towards Worker Performance" in Malaysia. The research initially assessed employee performance. Second, to analyze how benefits and compensation affect employee performance. Finally, assess how benefits and compensation affect employee performance. The results shown that lecturers' performance levels are among medium and high. Besides, there exists a favorable relationship among worker performance and compensation. Additionally, benefits and compensation have a favorable impact on workers' performance.

Mohammed (2020) carried out a study entitled "Impact of Employees Attitude towards Compensation System at Private Sulaymaniyah Universities" in the Iraqi Kurdistan Region. The purpose of this study is to look at the attitudes of employees working in private colleges in

Doi: www.doi.org/10.25130/tjaes.21.70.2.20

Sulaymaniyah, Kurdistan region of Iraq, towards the compensation provided by their employers. The findings demonstrated that a fair compensation system of the organizations would result in a favorable attitude of the workers. It was also determined that evaluation-based payment will substantially affect the productivity of the employees.

Bii (2022) conducted a study entitled " Influences of performance-based compensation on the performance of healthcare employees in public hospitals in north rift counties" in Kenya. The primary purpose of this research was to investigate the impact that performance-based compensation has on employee performance. The results of the study showed that the performance-based remuneration had a considerable and negative influence on the performance of the employees. The performance of employees at public hospitals was significantly correlated with the amount of pay they received depending on their performance.

Hassan et al., (2023) conducted a study entitled "The Influences of Compensation Packages on Worker's Performance in Financial Institutions" in Pakistan. In the context of financial institutions, the primary purpose of the study was to investigate the ways in which various forms of compensation influence the performance of workers. Based on the findings of the study, it was shown that workers who receive greater salaries and incentives tend to have greater performance in general than those who receive lower incomes.

3. Research Methodology

3-1. Research Method: In order to accomplish the goal of this study, a well-structured questionnaire has been administered as part of a quantitative method.

3-2. Research Area Sample Selection: In any research project, the choice of the study area is of crucial significance as it is influenced by the specified research issues. Employees at Soran University were selected as the sample for this study due to its administrative and geographical location, as well as its growing importance in higher education and scientific fields in recent years.

3-3. Population and Sampling, and Data Collection: As previously stated, the study's population consists of employees of Soran university. This indicates that the survey form is accessible just to those who are currently employed at Soran university. So as to achieve the objectives of the study,

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the data sample was gathered through the use of questionnaires written in English, which were subsequently translated into Kurdish before being used. A quantitative method was employed in this study to gather data from a stratified randomly selected sample of 169 employees using a structured questionnaire.

3-4. Measurement: There are three sections that make up the questionnaire form. The first section discusses the profiles of the respondents, the second section discusses the dimensions of independent variable, and the third section discusses the dimensions of dependent variable. For this study, each component will be assessed using a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). It will measure respondents' agreement or disagreement with each statement. The survey instrument has been derived from the prior research conducted by Bekele (2016) and Tilahun (2019).

3-5. Data Analysis: For the purpose of doing the analysis on the data, the Social Science Statistical Package version 26 (SPSS V26) was employed. Among the statistical techniques that have been applied in this investigation are descriptive analysis, the normality test, Cronbach's Alpha, Pearson correlation, and Simple Linear Regression.

4. Results and Discussion

4-1. Descriptive Analysis: In descriptive analysis, data are summarized using the standard deviation and mean. Using this information, statistical trends may be found and the sample may be explained. The central tendency and variability of a variable distribution are measured by the mean score and standard deviation. The factors were rated on a 5-point Likert scale, with three mean score interpretations available: low, moderate, and high. Mean scores fall into three categories: low (1.00–2.59), intermediate (260–3.39), and high (340–5.00).

Table (1): Distribution of the Means Scores on 5-point Likert Scale

Likert Scale	Interval	Difference	Description	Level
1	1.00-1.79	0.79	Strongly Disagree	Low Level
2	1.80-2.59	0.79	Disagree	
3	2.60-3.39	0.79	Neutral	Moderate
4	3.40-4.19	0.79	Strongly Agree	High Level
5	4.20-5.00	0.80	Agree	

Source: Attracted from SPSS 26 Output.

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4-1-1. Demographic background of the Respondents

A. Sex

Table (2): Shows the Frequency and Percentages of participant's according to their Sex

Sex					
		Frequency	**Percentage**	**Mean**	**Std. Deviation**
Valid	Male	111	56.7	1.3432	.47619
	Female	58	34.3		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output

Table (2) displays the distribution of participants according to their sex, out of 169 participants, there are 111 (56.7) male respondents and 58 (34.3) female ones. Table (2) also indicates that, the respondents are low level in gender (M = 1.3432; SD =.47619). Moreover, there are a variety of reasons why men work at public universities and organizations more than women do, and these reasons are frequently impacted by societal, cultural, and individual variables. Historical gender biases that favor males in particular businesses, as well as differences in professional objectives or choices, family obligations, cultural expectations, along with workplace dynamics are all reasonable explanations.

B. Age:

Table (3): Shows the Frequency and Percentage of participant's Age

Age					
		Frequency	**Percentage**	**Mean**	**Std. Deviation**
Valid	21-30	19	11.2	2.1302	.65980
	31-40	117	69.2		
	41-50	25	14.8		
	More than 50	8	4.7		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output.

As shown in the (Table 3) the majority of the participants (n = 169, 69.2% of them) were between the ages of 31-40, while only 4.7% of them were between the ages of more than 50, followed by 11.2% of them were between ages of 21-30, and 14.8% of the participants were between the ages of 41-50. Table (3) also shows that, the respondents are low level in age (M

= 2.1302; SD =.65980). Since Soran University was only founded in 2009, it hired a large number of young people, which resulted in a workforce that was largely made up of young individuals. Because of the KRG's economic crisis, recruiting at governmental institutions may have slowed or paused, resulting in fewer job opportunities.

C.Marital Status

Table (4): Shows the Frequency and Percentage of participant's Marital Status

Marital Status					
		Frequency	**Percentage**	**Mean**	**Std. Deviation**
Valid	Single	53	31.4	1.6864	.46534
	Married	116	68.6		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output

Table (4) shown that, the respondents are low level in marital status (M = 1.6864; SD =.46534). Table (4) also demonstrated the distribution of participants according to their Marital status, out of 169 respondents, 53 (31.4) of them were single, and 116 (68.6) of them were married. The difference between single and married ratios may be due to the fact that most of those employed at Soran University are over 20 years of age and are therefore married.

D.Level of Education

Table 5: Shows the Frequency and Percentages of Participant's Level of Education

Level of Education					
		Frequency	**Percentage**	**Mean**	**Std. Deviation**
Valid	Secondary	7	4.1	5.2781	1.15452
	Diploma	4	2.4		
	High Diploma	18	10.7		
	Bachelor	69	40.8		
	Master	48	28.4		
	PhD	23	13.6		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output.

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Table (5) indicated that, the respondents are high in level of education (M = 5.2781; SD = 1.15452). Table (5) also shown the distribution of participants according to their educational background. The majority of participants 69 (40.8) had a bachelor's degree (n=169), while only 4 (2.4) of them were holding a Diploma's degree, followed by 48 (28.4%) Master's degree, 23 (13.6%) PhD's degree, 18 (10.7%) of them had higher diploma, and 7 (4.1%) of them had a secondary degree. Because of Soran University's strict recruiting procedures, emphasis on academic achievement, and requirement for qualified workers to uphold the institution's reputation and academic standards, the majority of its staff members probably possess advanced degrees. Furthermore, continual professional development opportunities and a culture of continuous learning might assist personnel achieve high qualifications.

E. Work Experience

Table (6): Shows the Frequency and Percentages of Participant's Work Experience

Work Experience					
		Frequency	**Percentage**	**Mean**	**Std. Deviation**
Valid	Less than 5	15	8.9	3.0118	.95112
	5-10	21	12.4		
	11-15	89	52.7		
	16-20	35	20.7		
	More than 20	9	5.3		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output

Table (6) shown that, the respondents are moderate level in work experience (M = 3.0118; SD =.95112). Table (6) also showed the distribution of participants according to their years of work experience. The majority of the participants 89 (52.7%) of them had 11-15 years of work experience, whereas only 15 (8.9%) of them had less than 5 years of work experience. Although Soran University was founded in 2009, many of its workers had 11-15 years of work experience owing to past engagement in academics, research, or similar sectors prior to joining the institution. Furthermore, the institution may have attracted experienced professionals looking for new chances in higher education, which contributes to the preponderance of personnel with extensive job experience.

F. Monthly Salary

Table (1): Shows the frequency and percentage of participant's Monthly salary.

Monthly salary					
		Frequency	Percent	Mean	Std. Deviation
Valid	less than500000	4	2.4	2.6627	.90559
	500000-1000000	86	50.9		
	1001000-1500000	51	30.2		
	1501000-2000000	19	11.2		
	More than 2000000	9	5.3		
	Total	169	100.0		

Source: Attracted from SPSS 26 Output

Table (7) shows that the respondents have a moderate level monthly salary (M = 2.6627; SD =.90559). Additionally, the table displays the distribution of participants based on their monthly salary. The highest proportion of respondents, comprising 86 (50.9%), reported a monthly salary of 500,000-1,000,000, while the lowest proportion, 4 (2.4%), reported a monthly salary less than 500,000. This distribution is consistent with the typical salary range for ordinary employees, who constitute the majority of survey respondents.

4-2. Normality Test: The residuals histogram and P.P. plot display a symmetrical pattern around the diagonal, with numerous spots tightly aligned along the line. This implies that the residuals have a normal distribution, which satisfies a crucial linear regression assumption.

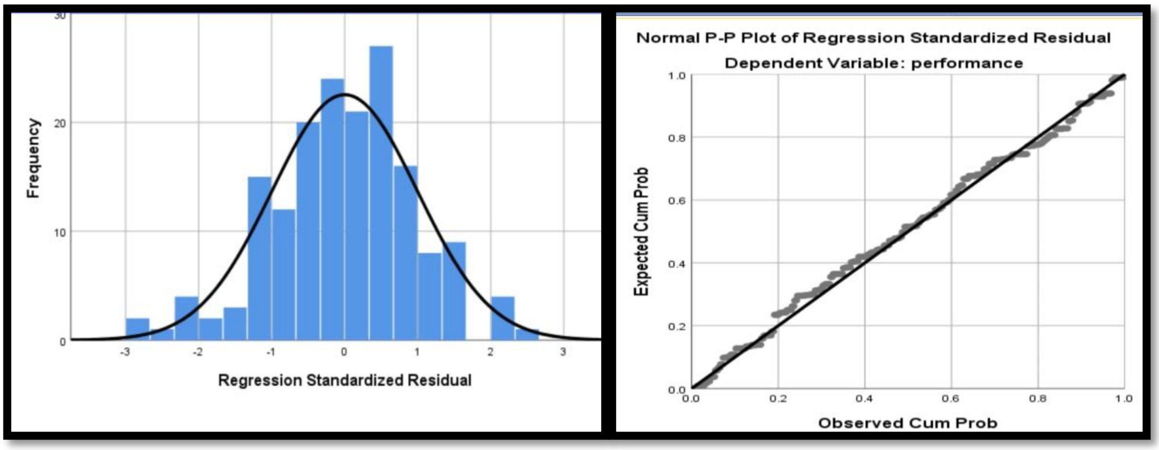

Figure 1: Normal distribution of the data (Source: Attracted from SPSS 26 Output).

Source: attracted from SPSS 26 output

4-3. Reliability Analysis (Cronbach's Alpha): A reliability analysis examines if survey questions accurately measure the same concept. To prove reliability, the Cronbach Alpha Test assesses measurement consistency and stability. Data analysis and interpretation outcomes with a Cronbach's Alpha value over 60% are reliable. If Cronbach's Alpha is over 60%, data analysis and interpretation are credible. Research instruments with Cronbach's Alpha coefficients near one are dependable (Salman et al., 2023). Hair et al. (2016) suggested using the Rule of Thumb to assess reliability analysis in light of Table 8's strengths:

Table (8): Strength of Association Determination

Alpha Coefficient Range	Alpha Coefficient Range
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9 >	Excellent

Source: Hair et al., (2016)

The values of Cronbach's alpha for the research constructs are presented in Table 9. As a result of the fact that the Cronbach's Alpha study rates for the research are more than 0.6, the formulas have been approved as being sufficiently reliable.

Table (9): Results of Cronbach's Alpha

Cronbach's Alpha	N of Items	Item – Total Statistics			
.752	6				
Dimensions	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item – Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Salary	16.6065	8.428	.163	.137	**.790**
Promotion	16.9749	7.105	.470	.300	**.722**
Incentive	17.1065	6.743	.606	.407	**.686**
Training	16.6317	6.746	.691	.498	**.670**
Work Environment	17.1760	6.093	.544	.466	**.703**
Job Satisfaction	17.1317	6.521	.529	.418	**.705**

Source: Attracted from SPSS 26 Output.

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4-4. Correlation Analysis: Pearson correlation is applied to approve or reject hypotheses (1 to 4). Hypothesis number one states that "there is a statistically significant correlation among compensation system and employee performance at (α≤ 0.05)."

Table (10): Strength of the Correlation Strength with Reference

Correlation Coefficient	Interpretation
1	Perfect
0.7-0.9.9	Strong
0.3-0.699	Moderate
0.1-0.299	Weak
0	no correlation

Source: (Dancey & Reidy, 2007).

The statistical analysis reported in Table 10, and as shown in Table (11), indicates that there is a moderate relationship (r=0.494**, p<0.05) between the overall compensation system and employee performance. Thus, hypothesis number one is approved which states that there is a statistically significant correlation between compensation system and employee performance (α≤ 0.05). Additionally, this implies that the two variables will act similarly with a higher likelihood than would be predicted if they were random. Nevertheless, this does not mean that a high-paying compensation system is substantially connected with employee performance. However, the compensation system is not the cause of employee performance, implying that there is a probable relationship that should be examined further. It might be possible to identify a linking factor that establishes a causal relationship between the two components. Regarding the relationship that exists between employee performance and the dimensions of the compensation system.

Table (11): The correlation between CS and EP

Correlation	Employee Performance (EP)	Sig. (2-tailed)
Compensation System (CS)	0.494^{**}	0.00
**. Correlation is significant at the 0.01 level (2-tailed).		
N=169		

Source: Attracted from SPSS 26 Output.

The results of the correlation between employee performance and the parameters of the compensation system are shown in Table 12. The result of testing relationship displays three important findings: 1) salary is statistically

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not significantly related to employee performance (r=0.083, p>0.05), therefore H2 is rejected. 2) Promotion is significantly related to employee performance (r=0.385, p<0.05), therefore H3 is accepted. 3) Incentive is significantly related to employee performance (r=0.581, p<0.05), therefore H4 is accepted. These results show that salary dimension, promotion, and incentive are significantly correlated to employee performance.

Table (12): The correlation between Dimensions of CS and EP

Correlations	EP	p-value	Rank
Salary	0.083	0.286	3
Promotion	0.385**	0.000	2
Incentive	0.581**	0.000	1
**. Correlation is significant at the 0.01 level (2-tailed).			
Pearson Correlation			
N=169			

Source: Attracted from SPSS 26 Output.

4-5. Regression Analysis: Simple linear regression is used to accept or reject hypotheses 5–8. Hypothesis number 5 states that "Compensation system has a statistically significant impact on employee performance at (α≤ 0.05)."

Table (13): The regression between CS and EP

CS	Unstandardized Coefficients		Standardized Coefficients	R Square	T-test	F-test	Sig.
	B	Std. Error	Beta				
	0.643	0.088	0.494	0.244	7.31	53.93	0.00
a Dependent Variable: EP							

Source: Attracted from SPSS 26 Output.

As discovered in Table (13), the value of r square for CS is 0.244, it indicates that the 24% of EP value changes can be explained by the changes of CS and the rest of the changes can be explained by other factors that are not mentioned in our study model. Because the standardized beta value is 0.494, a one standard deviation change in CS causes a 0.494 standard deviation change in EP. Additionally, the p-value of CS (0.00) is statistically significant because it is less than the reference p-value of 0.05. Consequently, hypothesis number (5) is approved which states that the “Compensation system has a statistically significant impact on employee performance at (α≤ 0.05)."

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Table (14): The multiple Regression between dimensions of Compensation System and Employee Performance

Dimensions of Compensation System	Unstandardized Coefficient		Standardized Coefficient	R Square	F-test	T-test	P-value	Rank
	B	Std. Error	Beta					
Salary	0.082	0.076	0.083	.007	1.18	1.08	0.286	3
Promotion	0.346	0.064	0.385	.148	28.99	5.41	0.000	2
Incentive	0.541	0.059	0.581	.338	85.28	9.15	0.000	1

Source: Attracted from SPSS 26 Output

H6: Salary has a statistically significant impact on employee performance at (α≤ 0.05).

As demonstrated in table (14) the value of r square for salary is 0.007, it shows that the 007% of EP value changes can be explained by the changes in salary and the rest of the changes can be explained by other factors that are not mentioned in our study model. Because the standardized beta value is 0.083, a one standard deviation change in salary causes a 0.083 standard deviation change in EP. Additionally, the salary's P-value (0.286) is statistically not significant because it is more than the reference p-value of 0.05. Consequently, hypothesis number (6) is not approved which states that, “Compensation system has a statistically significant impact on employee performance at (α≤ 0.05).

H7: Promotion has a statistically significant impact on employee performance (α≤ 0.05).

As shown in Table (14) the value of r square for promotion is 0.148, it means that the 14% of EP value changes can be explained by the changes of promotion and the rest of the changes can be explained by other factors that are not mentioned in our study model. Because the standardized beta value is 0.385, a one standard deviation change in promotion causes a 0.385 standard deviation change in EP. Additionally, the promotion's P-value (0.000) is statistically significant because it is less than the reference p-value of 0.05. Consequently, hypothesis number (7) is supported and approved which states that “Promotion has a statistically significant impact on employee performance at (α≤ 0.05).

H8: Incentive has a statistically significant impact on employee performance (α≤ 0.05).

As displayed in Table (14) the value of r square for the incentive is 0.338, which means that the 33% of EP value changes can be explained by the changes of incentive and the rest of the changes can be explained by other factors that are not mentioned in our study model. Because the standardized beta value is 0.581, a one standard deviation change in incentive causes a 0.581 standard deviation change in EP. Additionally, the incentive's P-value (0.000) is statistically significant because it is less than the reference p-value of 0.05. Consequently, hypothesis number (8) is supported and accepted which states that Incentive has a statistically significant impact on employee performance at ($\alpha \leq 0.05$).

Table (15): Summary of Hypothesis Testing

Number	Developed Hypothesis	Test Results
1	Salary has a statistically significant impact on employee performance ($\alpha \leq 0.05$).	Rejected
2	Promotion has a statistically significant impact on employee performance ($\alpha \leq 0.05$).	Accepted
3	Incentive has a statistically significant impact on employee performance ($\alpha \leq 0.05$).	Accepted

Source: Prepared by the Researchers

4-6. Discussion: The main objective of this study is to find out the impact of compensation system on employee performance. Based on the correlation and regression outcomes of the study, the highest value was given to incentive as a compensation system dimension, while the lowest value was given to salary, followed by promotion dimension. There are several reasons why the incentive dimension is the most effective factor in employee performance, including: respondents believed that, bonuses /allowances are ways organizations can improve their employee's performance; their manager appropriately appreciates their efforts at work; their organization awards certificates of appreciation to efficient employees; and when an employee achieves his or her goals, or makes more efforts Soran university pays him or her amount of money in addition to his or her salary as an incentive. Conversely, there are some reasons why salary is the least effective dimension, such as: the salary they earn may not reflects the value they bring to Soran university; paying is not a vital factor which affects their performance; they believe that more salary it means not more performance

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on their duty; and they believe that low salary cannot lead them to employee turnover.

When comparing the outcomes of this study with the previous studies it can be said that there are some similarities and contrasts between this results and previous ones that have been applied in various situations and fields. Regarding the research's proposed hypothesis, the research's results discovered a statistically significant relationship between compensation system and employee's performance among Soran university employees at ($\alpha \leq 0.05$). It can be said that, compensation system has a substantial influence on performance of worker in Soran university as a public university. These results show the similarity to the reviewed results conducted by (Calvin, 2017, Adeoye and Omosanya, 2018; Kadir et al., 2019; Bii, 2022). According to their findings, compensation system was found to be significantly and positively connected to worker performance. These outcomes are different to the result of Rashid (2018) as he discovered that, there is a weak but positive connection among compensation and organizational performance.

The outcomes of this study also discovered that; compensation system has a statistically significant influence on worker performance. These results are similar to the results of Baledi and Saed (2017) as they discovered, compensation system has statistically significant impact on worker performance. On the other hand, these results differ to the results of Bii (2022) as the researcher discovered that, the performance-based compensation had a negative significant influence on worker performance.
In addition, both dimensions of compensation system such as promotion and incentive have significant influence on worker's performance; these results show the similarity to the reviewed results conducted by (Kadir et al., 2019). According to their findings, both promotion and incentive compensation system dimensions were found to be significantly and positively connected to employee performance. Moreover, when researchers compare the outcomes of this study with previous ones, in terms of which dimension has the most impact and which ones has the least impact, it can be identified that in the most studies salary has received the highest score and impact (Hassan et al. 2023) but they differ in terms of the highest score and impact with this study, because salary has received the lowest score in this study.

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Although incentive was one of the most influential dimensions of compensation system that received the highest score and salary has received the lowest ones in this research, it is slightly different compared to other studies, for instance, according Mohammed (2020) promotion was one of the most influential dimensions of compensation system that received the highest score and incentive has received the lowest ones.

Based on the findings and discussions, there are a number of important factors to take into account when analyzing how the compensation system affects worker performance:

A. Motivating performance: A good compensation system can be a strong motivating factor for employees to improve their performance, as it links individual performance with financial rewards.
B. Attracting and retaining talent: A good compensation system can help attract new talent and qualified professionals, and also help retain them by providing a work environment based on financial fairness.
C. Enhancing commitment and participation: When employees feel that the compensation system is based on individual and group performance, they become more committed and involved in achieving the organization’s goals.
D. Promoting creativity and innovation: An innovative and flexible compensation system can encourage employees to think outside the box and provide creative solutions to complex problems.
E. Improving employee satisfaction: When employees consider the compensation system fair and transparent, this can increase their satisfaction and motivate them to deliver better performance.
F. Impact on organizational culture: The compensation system is essential in influencing organisational culture, as it reflects the organization’s, values and priorities. A well-organized system can reward desired behaviors, promote justice, and match employee goals with organisational objectives, while a poorly constructed system can cause dissatisfaction and reduce trust.
G. Motivation to achieve strategic objectives: the compensation system has the potential to assist in directing efforts towards the accomplishment of the organization's goals and the improvement of strategic performance.

5. **Conclusion**: The objective of the study is to discover the effect of the compensation system on worker performance. A compensation system is a structured framework developed by an organization to decide the financial and non-financial benefits offered to its workers in exchange for their efforts

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and contributions. Employee performance pertains to the degree of efficiency and output exhibited by a person in fulfilling their work duties inside a company. A quantitative approach was used to accomplish the objective of the study. Additionally, a total of 169 questionnaires were collected among employees of Soran university. Furthermore, the Pearson Correlation and Simple Linear Regression were used through SPSS software to either approve or reject the research's hypotheses.

The research supports the first hypothesis and indicates that “there is a statistically significant correlation among compensation system and worker’s performance in Soran University at ($\alpha \leq 0.05$)”. The findings also showed that among the three compensation system dimensions, incentive had the greatest rank, while salary had the lowest rank, followed by promotion. Furthermore, suggesting that higher levels of compensation system are associated with increased employees’ performance in organizations. This implies that employees who are more compensated with their jobs are more likely to work with morality. Finally, an excellent compensation system may considerably increase "morale", which has a positive impact on employee performance.

5-1. Recommendations: The findings suggest that the institution should enhance its incentive program, as it had the most significant relationship with staff performance. Implementing performance-based incentives and recognition linked to particular accomplishments may enhance employee motivation. Although salary had a less significant effect, the overall compensation structure could be improved by incorporating more meaningful non-salary incentives to increase employee engagement. Furthermore, enhancing the promotion system to guarantee that professional and academic milestones result in career advancement would further align employee performance with organizational objectives. The compensation method will work better as long as it is regularly checked and changed based on feedback and performance reviews.

5-2. Limitation of the Research: Increasing employee performance at Soran university is the focus of this research, which contributes to a better knowledge of pay structure. Limitations occur in spite of the efforts that have been made to guarantee objectivity and trustworthiness. Because the findings are unique to Soran University, it is possible that they cannot be generalized to other educational institutions. A limited sample size is another limitation of the study, and it solely investigates the connection between remuneration and performance, ignoring other aspects such as organizational culture or leadership. In the future, research should investigate these additional aspects in order to gain a more comprehensive knowledge of the factors that affect worker performance.

5-3. Future Research: The following points may be examined in future study. The same research may be conducted in different regions as people's interests and preferences evolve. It is crucial to emphasize that data was acquired using self-report measures, which may include response biases and limit the generalizability of the results. That is why future studies may examine using various sources of data or alternate research approaches, such as conducting qualitative interviews. This might help provide an extensive overview of what motivates individuals to perform at their best. Furthermore, future studies should investigate increasing the sample size.

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