COMPENSATION, EMPLOYEE PERFORMANCE AND ORGANIZATION PERFORMANCE IN GUARANTEE TRUST BANK (GT BANK) PLC.

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Abstract
In this paper, we moved away from the questionnaire and interview data gathering approach to test the fundamental assumption of HRM practices as they impact both employee and organizational performance using financial data. We argued that performance is better appraised "a posteriori". Thus, we extracted financial data from the annual financial report from year 2002 to 2012 and the Pearson Correlation method is used to analyze the data. The analysis reveals that there is a positively strong and statistical significant relationship between, firstly, compensation and employee performance (0.815); secondly, compensation and organizational performance (0.666); and lastly, between employee performance and organizational performance (0.903). However, the findings should be treated with caution as these relationships do not imply a causal one. Importantly, the results strengthen the fundamental role of HRM practice of compensation as one of the important drivers of employee performance that culminates into the overall improved organizational performance.
Keywords: Compensation, organization performance, employee performance and HRM Practice.

1. INTRODUCTION

One of the central practices of high-performing human resource management (HRM) is the ability to design a compensation system that fosters the competitiveness of an organization. As globalization and technological changes revolutionized our workspace, there is a corresponding need for organizations around the world to acquire the required manpower to cope with the globally competitive business environment. The capability of an organization to stay more competitive resides not only in the ability to access, acquire and retain quality and high-performing workforce but importantly, to reward them

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adequately than other competitors. Designing an attractive compensation package is an essential responsibility of the human resource (HR) unit of a high-performing workforce. This challenge is often dealt with by the HRM practices of compensation management – effective management of the organization manpower and setting the appropriate reward system that reinforce effectively organizational objectives as well as the workforce.

The conventional assumption is that compensation in organization influences the quality of the people who apply, the quality of those hired, the likelihood of job acceptance, the motivation and performance level of the workforce and the quality of who stays with the organization (Gupta and Shaw, 2014; Samnani and Singh, 2014). In the long run, this also has a corresponding effect on the economic performance of the organization (Resurrection, 2012; Yan and Sloan, 2016). The offshoot of this assumption is that compensation system of an organization influences employees' effectiveness, efficiency and innovativeness (Onishi, 2013) and consequently, the profitability and competitiveness of an organization. But in event of economic crisis and organizational restructuring, the employee compensation is usually the first point of call in order to reduce operational costs and boost profitability. This is because compensation is often constitute a huge operational cost in most organizations, especially in the service industry, and an important HRM practice (Van Jaarsveld and Yanadori, 2011).The need for organizations to be globally competitive through attracting and retaining the most talented high-performing workforce is a critical challenge. This talented high-performing workforce comes with a cost.

Though, large studies (Chang, Ou and Wu, 2004; Huselid, 1995; Seip and McNown, 2015; Yan and Sloan, 2016) have been carried out to examine the relationship between compensation and employee performance and the corresponding effects on organizational performance. This study however departs from these previous studies by assuming that performance is best measured "a posteriori" rather than the "a priori" approach that has characterized survey-based research in HRM practices and performance. Often, survey-based research used questionnaires to elicit information about the performance of the employee and the organization, such approach is inherent with bias as the employee and organizational performance can best be understood after the performance had been carried out (a posteriori). This bias informs the use of organizational financial information as recommended by Huselid (1995) for the study of HRM practice research.

2. THEORETICAL UNDERPINNING

Fundamental theories have been evolved to explain the influence of compensation on employee performance as well as the corresponding effects on the overall organizational performance. These theories evolved from the HRM practice theories such as the expectancy theory, agency theory and the economic model of efficiency wages. The expectancy theory, for example, posits that there are three essential factors that must be met for compensation to be motivational. The first is that the reward must be attractive; secondly, the requested tasks must be within the expectation of the employee; and thirdly, the perceived probability that on successful completion of the required tasks, the employee will get the rewards (Samnani and Singh, 2014). This implies that the anticipation that there is an attractive reward for successfully completing a task as expected influences the employees to give their best performance to the task. Consequently, it is expected that there will be a corresponding effect on both the performance of the employee and the organization. Where this expected reward is not there, the employee may not give the best in the performance of the tasks and correspondingly, the organizational goals and objectives is affected negative.

The agency assumption (Akdere and Azevedo, 2005), on the other hand, moved away from the anticipation of an attractive reward to recognize the differences in the objectives of both the organization and the employee. The premise upon which the theory is built is that the major aim of the organization is to maximize profit while the employee seeks to maximize utility. The implication is that since the employee is an agent of the owner of the organization, the organization must pay the employee a premium for taking on any risk in pay uncertainty because the employees are risk averse. The fundamental trade-off in the assumption is that employees' effort is good for the organization and bad for the employee while pay (compensation) is bad for the organization but good for the employee (Larkin, Pierce and Gino, 2012). However, in the long run, *ceteris paribus,* both the organization and employee is expected to benefit. Importantly, the organization and its owner must compensate the employee adequately to bring out the best from the employee and to avert an unproductive attitude that is dangerous for the growth of the organization.

The efficiency wage theory however moved away from the industrial relations understanding that informed the expectancy and the agency theory of the relationship between compensation and employee performance on one hand, and compensation and organization performance on the other. The theory reckons that organization may find it profitable to pay greater wages than competitive wages to unionized employees to maintain industrial peace (Lawrence, 1986). The implication of this theory is that non-unionized organization often pays higher wages than necessary to attract top-talents for the purpose of avoiding unionization. Thus, organization gets healthier and more productive worker if they pay higher wages (Lawrence, 1986). The theory that the payments of wages in excess of market clearing since premium wages can help reduce turnover, prevent employee malfeasance and collective action, attracts high-quality workforce and facilitate the elicitation of effort by creating a feeling of equitable treatment among employees.

The general assumption upon which these theories are built is that there is a link between compensation and how employees respond to tasks in an organization and the corresponding implication on organizational performance (profitability). Where the compensation is relatively higher than the marketing clearing, the effect on the employees is an improved performance as well as the organization performance. However, these assumptions have their shortcomings. For example, the assumption that attractive compensation or bonding mechanism can solve effort elicitation, turnover and adverse selection problems in an efficient manner is flawed. This is because employees are not only motivated by the attractiveness of compensation as there are some intrinsic elements in the job that motivates the employees to give their best in the performance of the job (Sing, 2016; Turner, 2017). Such intrinsic element includes the work environment or supervisory approach. It becomes critical to examine variables beyond compensation. The certainly has given credence to practices inherent in HRM as an embodiment of complex managerial process that is engender to elicit the best from employees. Of such practices is the compensation, often describes as the reward system. There are copious evidence linking organizational performance as well as employee performance to the organization compensation system

3. PRIOR EMPIRICAL STUDIES

Studies have examined, empirically, the method of the relationship between compensation and employee performance, on one hand, compensation and organization performance as well as the relationship employee performance on organization performance. For example, Onishi (2013) examines how monetary compensation plans for employee inventions affect research and development productivity. Based on the revelation of an increase in revenue-based compensation plans that pay according to contribution to organizational sales, profits and royalties, the panel data analysis of 360 Japanese indicates that the monetary incentives based on patent performance are effective in enhancing the motivation of employee inventions. Basically, monetary incentive enhances employee desire to evolve patentable inventions that improve organization competitiveness. In a similar understanding, Resurrection (2012) examines the extent of the implementation of selected performance management and compensation practices in Filipino-owned SMEs and the underlying relationship with organizational competitiveness. The study found that HRM practices of performance management and compensation, particularly, employee benefits were significant predictors of organizational competitiveness.

Seip and McNown (2015) raised the question of whether employees' compensation varies with corporate profit and connect with the potential factors that can help explain the recent decline in compensation relative to profit - if compensation increases, does employees' performance increases? The study shows that varying relationship between employee compensation and corporate profit. For example, between 1963 -1983, the increase in compensation with rising profit has been greater than the decrease following the decrease in profit in the USA. But between 1983 -2013, the decrease in compensation has been less than the increase in compensation. By implication, the study suggests that compensation increase has a corresponding influence on the corporate profitability.

In the educational sector, Nawab and Bhatti (2011) examine the influence of employee compensation on job satisfaction and their commitment to the organization among teachers in Pakistani universities. The findings from the study reveal that, firstly, there is a positive significant relationship between employee compensation and job satisfaction, and secondly, there is a positive significant relationship between employee compensation and organizational commitment. These findings basically imply that compensation influences employee perception of job satisfaction with their job and it also makes them to be committed to the organization. Like Nawab and Bhatti (2011), Osibanjo, Adeniji, Falola and Heirsmac (2014) examine the effect of compensation packages on employees' job performance and retention in selected private universities in Ogun state, Nigeria, they found that, apart from incentives offering addition to wages or salaries and are usually directly related to performance, there is a strong correlation between salary, bonus, incentives, allowance and fringe benefits and the employees performance.

More recently, Nzyoka and Orwa (2016) examine the relationship between total compensation and employee performance in an insurance organization in Kenya, Mayfair Insurance Company Limited. Specifically, the study focuses on the relationship of various components of compensation including basic pay, incentives, benefits, non-financial rewards including career development. Using the descriptive statistics, the study found that there is a positive significant relationship between total compensation and employee performance. Like Nzyoka and Orwa (2016), Yan and Sloan's (2016) examination of the impact of employee compensation on financial performance on non-profit organization found a positive relationship.

Beyond this positive significant relationship between compensation and employees performance, Gunawan and Amalia (2015) found a significant negative effect of wages on employees' performance in their examination of the effect of wages on employees' performance. Using a sampling size of 100 employees of a manufacturing company, they realized that the significant negative relationship is as a result of a moderator - quality work life, which weakens the wage effect (compensation). This simply means compensation is not the only factor that influences employee performance. Rather there are other intrinsic factors such as quality of work life. In a close call, Samnani and Singh (2014) examine performance-enhancing compensation practices and employee productivity. They contend that compensation may breed counter-productive behaviors in a desperate attempt to meet the set performance benchmark.

There are situations where employers set the employee pay and benefits based on a level of employee productivity. Though these compensation practices typically produce high performance, the means through which the performance increases or are achieved may be associated with unintended and undesirable consequences. For example, there were events in the Nigerian Banking industry where banks set unrealistic deposits target for their marketing officers. These targets lead these officers into various unscrupulous acts in order to attract large deposits to the Bank so as not only to keep their jobs but also to meet the set targets. The reality is that performance-related pay may have a greater effect at lower organizational levels, where job responsibilities are less ambiguous, contradicting the assumptions that contingent pay plan will be more effective at the higher level organization (Perry, Engbers and Jun, 2009).

The challenge however with these empirical researches is often found in the methodology. This is because they build, largely, primary data. Huselid (1995) has raised the need for a different approach for data gathering. Huselid reckons that employee performance is best measured 'a posteriori' rather than the 'a priori' approach that has characterized HRM practices research. This study takes a clue from the previous studies' limitations and used the financial information of GT Bank Plc published annual reports to form the source of the secondary data. This approach is aimed at setting a new methodology frontier for HRM practices research that has been characterized by primary data.

4. METHODOLOGY

In order to examine the real influence of compensation on both employee performance and corporate performance, the secondary data gathering method is used as recommended by Huselid (1995). Data for the study is sourced from the GT Bank Plc's published annual financial reports from 2002 to 2016. Moreover, to move away from the over-reliance on primary data sources (use of questionnaire and interviews) that have characterized HRM practices research, this method is adopted. The challenge with such research (use of questionnaire and interviews) as identified by Huselid is that employee performance measure via the questionnaire give room for respondent bias.

Thus, a performance analysis using published annual financial reports is adopted; the information in the financial reports is often relied on as a vital data for market participants. Yet, this does not mean that there are no problems with the secondary data - often, the bias in the original data may question the credibility of the findings from the secondary data.

The extracted data are contained in Table. 1.

TABLE 1: DATA FROM THE PUBLISHED ANNUAL FINANCIAL REPORTS OF GT BANK PLC FROM 2002 – 2017

S/N	Year	No. of Employees	Salaries and Benefits (₦'000)	Gross Earnings (₦'000)	Earnings Per Share (₦)
1	2002	413	893,418	11,168,687	1.3
2	2003	615	1,308,206	16,522,413	1.8
3	2004	760	2,010,078	18,917,299	1.38
4	2005	1103	2,536,261	25,459,000	1.12
5	2006	1269	3,448,453	33,615,000	1.42
6	2007	1871	5,180,751	49,051,000	1.62
7	2008	3154	15,220,149	151,689,107	1.85
8	2009	3711	18,414,598	162,550,418	1.27
9	2010	3746	16,932,927	112,396,831	1.36
10	2011	3565	20,484,007	126,471,509	1.69
11	2012	3747	23,660,091	223,064,885	3.05
12	2013	4651	23,761,448	242,665,011	3.17
13	2014	4929	29,442,101	278,520,814	3.32
14	2015	5144	27,721,723	301,850,111	3.51
15	2016	5206	29,453,465	414,616,000	4.67
16	2017	5237	32,832,341	419,226,000	6.03

The analysis consists of a bivariate correlation analysis (Pearson's correlation). This analytical method allowed us to measure, firstly, the linearity of the relationship between compensation and employee performance, and secondly, compensation and corporate performance of GT Bank Plc. The fundamental assumption from the study is that compensation influence employee performance in GT Bank Plc. Compensation, as an encompassing concept, captures the financial and non-financial rewards employees receive for rendering their services for the organizational goal and objective. Where these employees are adequate compensated, it is assumed that their performance level should increase (Seip and McNown, 2015; Resurrection, 2014; Onishi, 2013). For the purpose of this study, our study variables (compensation, Employee performance and corporate performance) are operationalized as:

Compensation: This study operationalizes compensation as "salaries and benefits" of the employees. Though Huselid (1995) further reckon that the challenge with this operationalization and measurement is that there are number of items not directly related to wages and salaries expenses and excluded some wages directly to production in an organization. In the study, the compensation is conceptualized as "Salaries and benefits" as stated in the GT Bank Plc annual financial report. This "salaries and benefits" excludes selling, general and administrative expenses as mentioned by Huselid as a critical challenge in the measurement of High Performance Work Practices. From the GT Bank Plc annual financial reports, the Salaries and benefits encompasses the salaries, allowance and pensions paid annually to the employees who are made up of the executive directors, management and non-management employees. This study extracts annual figure (in million naira - ₦) for "salaries and benefits" for fifteen (16) years period (2002 – 2017). The figures are standardized through the natural logarithm for further analysis.

Employee Performance: This study operationalized employee performance as "Like compensation, employee performance is operationalized as the average contribution of each employee to the annual net profit of GT Bank Plc, that is, net profit per employee (dividing GT Bank Plc annual net profit by the annual number of employee). This approach is rarely adopted in HRM practice research as these studies are significantly primary data reliance. However, this measurement is similar to Koch and McGrath's (1996) measurement of labor productivity – divided net sales by the number of employees.

Corporate Performance: Similar to employee performance, corporate performance is operationalized as the annual net profit. Beyond the recommendation by Huselid (1995), financial measurement of organizational performance has been hinge on profitability – often, the net profit. Studies by Yan and Sloan (2016) and Chang, Ou and Wu (2004) have employed similar measure to examine organizational performance. There are other economic/financial measure such as net sales, return on investment (ROI), return on capital and earning per share. But because of the behavioral nature of HRM practice research, these measurement are rarely used. Thus, this study adopts the "net profit" as measure of corporate performance of GT Bank Plc.

TABLE 2: VARIABLE CONCEPTUALISATION

Year	Compensation (₦'000)	Employee Performance ((₦'000)	Organizational Performance (₦)
2002	6893418	27042.83	1.3
2003	1308206	26865.71	1.8
2004	2010078	24891.18	1.38
2005	2536261	23081.60	1.12
2006	3448453	26489.36	1.42
2007	5180751	26216.46	1.62
2008	15220149	48094.20	1.85
2009	18414598	43802.32	1.27
2010	16932927	30004.49	1.36
2011	20484007	35475.88	1.69
2012	23660091	59531.59	3.05
2013	23761448	52174.80	3.17
2014	29442101	56506.56	3.32
2015	27721723	58680.04	3.51
2016	29453465	79641.95	4.67
2017	32832341	80050.79	6.03

Data Standardisation

For the data standardization, the data from the variable conceptualization (table 2) were transformed with logarithm (Log10). Each data set, Compensation (Log_Comp), Employee Performance (Log_EmpPerf) and Organizational Performance (Log_OrgPerf) was subjected to normality test to check the skewness of each data set. The skewness (Log_Comp), Employee Performance (Log_EmpPerf) and Organizational Performance (Log_OrgPerf)

TABLE 3: DATA STANDARDISATION

Year	Log_Comp	Log_EmpPerf	Log_OrgPerf
2002	6.838435	4.432052	0.113943
2003	6.116676	4.429198	0.255273
2004	6.303213	4.396046	0.139879
2005	6.404194	4.363266	0.049218
2006	6.537624	4.423071	0.152288
2007	6.714393	4.418574	0.209515
2008	7.182419	4.682093	0.267172
2009	7.265162	4.641497	0.103804
2010	7.228732	4.477186	0.133539

2011	7.311415	4.549933	0.227887
2012	7.374016	4.774748	0.4843
2013	7.375873	4.717461	0.501059
2014	7.468969	4.752099	0.521138
2015	7.44282	4.76849	0.545307
2016	7.469136	4.901142	0.669317
2017	7.516302	4.903366	0.780317

Analysis and Results

The table below presents the means and standard deviations among the study variables (compensation, employee performance and organizational performance). This is followed by the statistical analysis (Pearson Correlation analysis) to determine the level of relationship between, firstly, compensation and employee performance. Secondly, the between compensation and organizational performance is examined, while lastly, employee performance and organizational performance.

TABLE 4: DESCRIPTIVE AND INFERENTIAL STATISTICS

DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
Compensation	16	6.12	7.52	7.0343	.47329
Employee Performance	16	4.36	4.90	4.6019	.18687
Organizational Performance	16	.05	.78	.3221	.22662
Valid N (listwise)	16				

TABLE 5: CORRELATION ANALYSIS OF THE RELATIONSHIP BETWEEN COMPENSATION AND EMPLOYEE PERFORMANCE

CORRELATIONS

		Compensation	Employee Performance
Compensation	Pearson Correlation	1	.851**
	Sig. (2-tailed)		.000
	N	16	16
Employee Performance	Pearson Correlation	.851**	1
	Sig. (2-tailed)	.000	
	N	16	16

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

Interpretation

From the table 5 above, the relationship between compensation and employee performance is examined using the Pearson's correlation (R) method. The table shows that there is a significant relationship between compensation and employee performance (r = .000; p = 0.851). Base on this (coefficient of correlation of 0.851 – 85.1%), it implies that compensation has a positive and a statistically significant relationship with employee performance in GT Bank Plc.

TABLE 6: CORRELATION ANALYSIS OF THE RELATIONSHIP BETWEEN COMPENSATION AND ORGANIZATIONAL PERFORMANCE

CORRELATIONS

		Compensation	Organizational Performance
Compensation	Pearson Correlation	1	.666**
	Sig. (2-tailed)		.005
	N	16	16
Organizational Performance	Pearson Correlation	.666**	1
	Sig. (2-tailed)	.005	
	N	16	16

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

Interpretation

Similarly, the table 6 above examines the relationship between compensation and employee performance using the Pearson's correlation (R) method. The table shows that there is a significant relationship between compensation and employee performance (r = .000; p = 0.666). Base on this (coefficient of correlation of 0.666 – 66.6%), it implies that compensation has a positive and a statistically significant relationship with organization performance (financial performance) in GT Bank Plc. This finding from the correlation analysis further strengthens the earlier result from table that compensation does have significant influence on employee performance.

TABLE 7: CORRELATION ANALYSIS OF THE RELATIONSHIP BETWEEN COMPENSATION AND EMPLOYEE PERFORMANCE

CORRELATIONS

		Organizational Performance	Employee Performance
Organizational Performance	Pearson Correlation	1	.903**
	Sig. (2-tailed)		.000
	N	16	16
Employee Performance	Pearson Correlation	.903**	1
	Sig. (2-tailed)	.000	
	N	16	16

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

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Interpretation

The relationship between compensation and organization performance is examined using the Pearson's correlation (R) method as demonstrated in the table 7 above. The analysis also shows that there is a significant relationship between compensation and organizational performance (r = .000; p = 0.903). Base on this (coefficient of correlation of 0.903 – 90.3%), it implies that employee performance has a positive and a statistically significant relationship with the organizational performance (financial performance) in GT Bank Plc.

5. DISCUSSION AND CONCLUSION

Previous research work on HRM practices from both the academics and HR practitioners has given credence to it as a critical organizational practice that ensures better performance of both the organization and the employees, that is, the impact of HRM practice of compensation on organization performance is due to the influence on employee performance. This study provides supportive evidence of this assertion in the Nigerian Banking Industry. Though, the results from the analysis are consistence with other works on HRM practices and employee performance; HRM practices and organizational performance; and employee performance and organizational performance. However, the methodological approach is obviously different as data for the study were extracted from the financial information of GT Bank Plc.

Firstly, the study examines the relationship between compensation and employ performance using the correlation analysis. Compensation, measured by "Salaries and benefits" paid by GT Bank Plc from 2002 to 2017, and whether such payment has correlational influence on employee performance, measured by the "gross earnings per employee". Based on the Pearson Correlation analysis of 85.1% (Table 5), the study concludes that compensation does have significant influence on employee performance of GT Bank Plc. This means that for every one-standard-deviation increase in compensation, there is a corresponding increase of 85.1% in the grossing earnings contribution per employee in GT Bank Plc. This is also in agreement with previous studies (Osibanjo et al 2014; Ressurection, 2012) that have found a positive and significant relationship between compensation and employee performance.

Secondly, like previous studies that argued for the strong and positive relationship between compensation and organization performance, this study also examine such relationship. Compensation is measured as "salaries and benefits" while the organizational performance is measured using the GT Bank Plc annual "earnings per share". From the analysis, the Pearson Correlation is 66.6% (Table 6). Thus, the study concludes that there is a positive relationship between compensation and organizational performance. Importantly, this simply means that 66.6% of the variation in organizational performance (Earning Per Share) is explained by compensation, that is, salaries and benefits paid to employees of GT Bank Plc. The finding is similar to Yan and Sloan (2016), Seip and McNown (2015), Tsai (2005) and Chang et al (2004) who have all found a positive and significant relationship between compensation and financial performance of organizations.

Lastly, the relationship between employee performance and organizational performance is examined. The fundamental assumption, *ceteris paribus,* is that improved employee performance should culminate into increased organizational performance. Like earlier analysis, the Pearson Correlational method is used and the analysis reveals a relationship level of 90.3% (Table 7). This implies that employee performance has a strong and positive relationship with the performance (EPS) of GT Bank Plc, that is, 90.3% of the variation in GT Bank Plc's earning per share can be explained by the performance of the employees. This finding is in agreement with findings from Seip and McNown (2015) and Resurrection (2014) who had earlier found similar relationship between employee performance and organizational performance.

From this discussion, the study concludes that there is a strong positive relationship among compensation, employee performance and financial performance of GT Bank Plc. However, these results must be accepted with caution. Firstly, the relationship found is not necessarily a causal one. This is because there may be some inherent elements within GT Bank Plc that are not captured in the annual financial reports. For example, Gunawan and Amalia (2015) reckon that factors such as work-life balance, leadership style, office structure, team formation, and other social factors do have a significant influence on the level of employee productivity beyond those economic indicators of salaries and benefits. There are obviously real-life situations where employee abandons a high paying job for one that offers more socially enduring one, that give work-life balance. Or where, due leadership and management style, employee opted out of a highly paid job for a lower one.

Also, the economic theory of 'diminishing returns' must be weighed in the analysis and implementation of compensation strategy. Though, the study findings suggest a strong link between improved or increased employee performance and organizational performance to increase or improve compensation, this does not imply that organizations should continuously increase employee compensation (Salaries and Benefits) in order to get the best out of the employee for the growth of the organization. Salaries and benefits represent are among the largest operational costs in most organizations, and when the law of diminishing returns take its course, compensation (increased) may not necessarily translate into improved performance but a greater economic burden to the organization.

It becomes imperative that, though important, compensation as a HRM practice must be treated with extreme caution.

Notwithstanding the compelling evident from the study data and findings, the use of an individual organization to inform a generalization of an industry is obviously weak. This certainly has necessitated the need for future study to employ a broader data gathering and analysis technique, for example, the use of industry data and cross sectional analysis as used by Huselid (1995). Such broader methodological approach can give a more robust generalization about the study. There is obviously few, if any, cross sectional study (using the secondary data) of the relationship between HRM Practice of compensation and employee performance and organization performance on one hand, and the relationship between employee performance and organizational performance on the other hand, especially from the developing economies. More importantly, these limitations do not mean that the result findings are flawed. Rather, it further strengthens the fundamental role of HRM practice of compensation as one of the important drivers of employee performance that culminates into the overall improved organizational performance.

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