

The effect of compensation on staff performance at National Bank of Oman

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ABSTRACT

This study aims to evaluate the effect of the compensation system on staff performance at the National Bank of Oman. Compensation refers to the combined amount of cash and non-cash payments made to staff in return for their work to the organization. Staff performance is described as how well a staff performs their job obligations and completes their assigned tasks. This study collects data from both primary and secondary sources. A quantitative method through questionnaire was used to collect data, while the secondary data was acquired through several resources such as journal articles, books, and reports. It is also possible that the incentive system's goal is to keep staff in the bank. Staff satisfaction, loyalty, retention, and attrition are all influenced by the compensation system. It also influences the bank's ability to recruit top talent. According to this report, Staff at the National Bank of Oman perform their duties with excitement because they expect reward or compensation from the bank. It has been discovered that there is a clear relationship between compensation and staff performance.

Key words,

Effect, compensation, Staff performance, National Bank of Oman

Introduction

Human resource management's primary role is to provide and maintain the required human resource balance for the smooth operations of the organization. HR job also covers several modern and distinct fields in addition to the conventional practices of recruiting, selection, and training and development. One of the most important aspects of human resource administration is compensation management. Compensation is a type of remuneration provided to workers in exchange for their labor, and it is often the foundation of a productive workforce.

Statement of research Problem

This study will help the National Bank of Oman to better understand the potential for raising staff performance from the compensation system, which will lead to the improvement of the organization's governance and job quality

Research Aims Objectives

1. To evaluate the effect of compensation system on staff performance at National Bank of Oman.
2. To Measure staff satisfaction of compensation system in National Bank of Oman.
3. To identify the factors affecting compensation management in National Bank of Oman.
4. To provide recommendation to enhance staff performance through compensation in National Bank of Oman.

Research Questions:

1. What are the effect of compensation system on staff performance at National Bank of Oman?
2. What are the staff satisfaction of compensation system in National Bank of Oman?
3. What are the factors affecting compensation management in National Bank of Oman?
4. How National Bank of Oman could enhance staff performance through compensation system?

Scope and Significance of the study

This study will focus on the National Bank of Oman in better understanding to analyze the effects of compensation on staff performance, which will result in improved bank governance and job quality. This is research will help the National Bank of Oman to understand the possibility of improving staff performance through a compensation system.

Literature Review

Over the last ten years, the bank's strict recruiting processes have meant that only those of superior technical skills and personalities have joined the staff. The bank has a well-structured and consistent performance management scheme in place, ensuring that staff are highly motivated and dedicated while still being held personally responsible for their accomplishments Added a variety of compensation-related incentives and awards to recognize and honor performance.

Compensation

According to Shankaraiah and Al Hakmani 2010, Compensation is critical in recruiting, inspiring, and maintaining top talent. Effective staff is more remained to be in an organization for a longer period if they are compensated well. Suggested that organizations should consider compensation financial incentives such as salaries because they have a significant impact on staff productivity and retention. Staff morale will improve if they are well compensated. Compensation management factors external and internal. (Sushmita,2019)

Staff performance

Staff job satisfaction is affected by a diversity of factors, Compensation is one factor. (DIRKS,2020) Compensation is described as monetary or nonmonetary compensation provided to staff for their contribution to the organization. Compensation administration is significant for ensuring staff satisfaction at work.

Methods

In this research I will use descriptive research while qualitative research is typically thought of as a form of quantitative research, it can also be used for descriptive purposes. Descriptive research attempts to characterize a population, condition, or phenomenon in a systematic and reliable method. This research will conduct a quantitative analysis in this study. The target population in the study is the head office National Bank of Oman employees in Al-Azaiba, Muscat. There is around 800 staff in the bank. In the sampling technique, the researcher will use chose Probability sampling, specifically random sampling type.

Results

Sample Descriptions

Table 1 shows Respondent’s gender, males account for 28,49% of respondents, while females account for 27,49%. The ratio is considered close between the two categories, and the bank cares about equality between males and females. Figure 1 reveals that respondents between the ages between (20-29) are 54%, respondents between the ages between (30-39) years are 22%, respondents between the ages between (40-49) are 11%, respondents between (50-59) years are 9%, and respondents between the ages of 61 and above are 4%. the highest percentage between (20-29), this is considered that the bank supports the youth group to take fresh ideas that can help in the development of the bank. Table 2 describes the length of time that staff has worked for the bank. Through the chart, the number of years of experience who answered the questionnaire on staff with (less than 4 years) of experience ranged are 51%, (5-10 years) of work experience was 31%, (11-17 years) of work experience was 13%, and (18 and above) was 5%. that show the largest is percentage (less than 4 years) that mean it works to employ a larger number of suitable staff.

Figure 1. Respondent’s Age

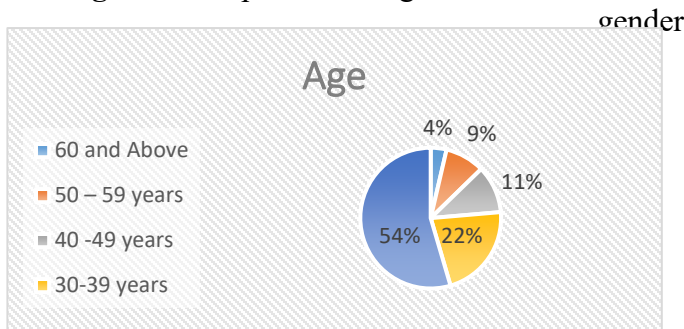


Table 1. Respondent’s

Gender	Frequency
Male	27
Female	28
Total	55

Table 2. Respondent’s Years of Experience

Years of Experience	Frequency
Less than 4 years	28
5-10 years	17
11-17 years	7
18 and above	3
total	55

Frequencies of Compensation Satisfaction

Compensation provided to me helps in keep working in this organization.

The Questionnaire shows that 27% of respondents strongly agreed that compensation is a prerequisite for the staff's continued work. While 45% of staff agreed. The number of neutral staff was 22%. On the other hand, the number of staff who disagree was 6%, and nobody chooses (strongly Disagree). Through the ratio, it can be said that compensation is important to the employee and can continue to work.

Compensation provided by my company can improve staff and organization relationship

The survey showed that 27% of the respondents strongly agreed that compensation improves staff relationships with the organization. While 45% of the staff agreed. The number of neutral staff was 22%. On the other hand, the number of employees in violation was 6%, and 0 responded (strongly disagree). Through the ratio, it can be said that compensation can improve an organization's relationship with employees.

Compensation provided to me has a great impact on my productivity.

The survey shows that 27% of the respondents strongly agreed that compensation has an effect on staff productivity. While 45% of the staff agreed. The number of neutral staff was 20%. On the other hand, the number of employees in violation was 6%, and 2 responded (strongly disagree). From the high percentage of respondents, we can say that compensation has a great role and importance on staff productivity.

Compensation provided to me motivate me to work harder

According to the chart, the number of respondents 13% strongly agrees that compensation would help them work hard. Also, a greater percentage of staff agree 22%. The percentage of neutral employees was 16%. On the other hand, there were 3% of workers who were in breach, and only 1 of them replied (strongly disagree). Because of the large number of respondents, paying compensation contributes to the staff's seriousness to work.

Compensation of my company can increase its competitiveness

The result shows that number of respondents who strongly agree that compensation increases the competitiveness of the organization stands at 26%. The percentage of respondents was most in agreement, with the number of respondents reaching 47%. The number of neutral respondents reached 18%. On the other hand, the number of respondents disagreed with 9%, and there were no

strongly disagreed. It can be concluded that compensation contributes to increasing the organization's competitiveness.

Compensation of my company keeps staff efficient for long time

This data on the chart refers to the compensation keeps staff efficient for a long time. The result shows that 27% of respondents answered strongly agree. Also, it shows the largest number they answer agree which is 38%. The number of Neutral is shown 22%. other respondents answered disagree 7% and strongly disagree are 6%. Through the answers, it can be said that compensation maintains and helps in the efficiency of employees for a long time.

Staff morale improves if they are compensated appropriately

The data in the previous chart showed that 25% strongly agree that adequate compensation improves employee morale. 44% answered, agree. The neutral answers were 11%. On the other hand, 3% of the respondents disagree and strongly disagree. The respondents' answers showed that adequate compensation improves employee morale.

I am satisfied from the compensation provided by company

The above chart shows the respondents' answers to the extent of their satisfaction with the compensation provided by the organization. The respondents strongly agree answered 22%. also 34% agree with respondents. the Neutral answers are 17%. The answers of those who disagree showed 2% and 5% strongly disagree. From the result, it can say a large percentage of the compensation provided by the company.

Frequencies of Staff performance

Compensation helps me improve my productivity.

The chart shows the number of respondents that compensation helps the employee improve his productivity. 31% of the respondents strongly agree, 40% also agree. The number of neutral respondents is 22%. There are no answers that do not agree, on the other hand, the answers were strongly disagreeing with 7%. From the clear data, it can be said that compensation helps improve employee productivity.

Staff satisfaction in the workplace is an impact on the success of the organization

Through the chart shows the satisfaction of staff in the workplace has an impact on the success of the organization. The number of respondents 27% who answers strongly agreed. Also, 31% agreed. 25% for neutrals. 15% of the respondents disagree and 2% strongly disagree. Obvious results, staff satisfaction has an impact on the success of the organization.

Compensation helps me gain new skills at work.

The survey showed that 29% of respondents strongly agree that compensation helps an employee to acquire new skills at work. While 47% of the employees agreed. The number of impartial employees was 18%. On the other hand, the number of employees in violation was 2%, and a

strong disagreement was reported at 4%. Through the ratio, it can be said that compensation can help the employee acquire new skills at work.

Staff satisfaction affects the productivity of the organization

The chart above shows the number of respondents who strongly agree that employee satisfaction affects an organization's productivity of 24%. The proportion of respondents was the answer agree which 42% responding. The number of neutral respondents reached 27%. On the other hand, the number of respondents was opposed by 3%, and there was 4% strong disagreement. It can be concluded that employee satisfaction can affect the productivity of an organization.

Staff satisfaction is essential to the continuity and maintenance of employees in the organization

The result shows the respondents' answers that employee satisfaction is essential for the continuity of the employees and their maintenance in the organization. The percentage of strongly agree 24%. Also, they agree, 45, which is the highest percentage. Its neutral percentage was 20%. 11% disagree and 0 strongly disagree. Thus, it can be said that the satisfaction of the employees is important to the organization to maintain them and their continuity.

Compensation contributes to increasing staff efficiency and satisfaction

Data in the previous chart showed that 31% strongly agree that adequate compensation improves employee morale. 44% replied agree. Neutral responses were 16%. On the other hand, 9% of the respondents strongly oppose it and 0 strongly oppose it. It can be concluded from the answers that compensation can increase employee satisfaction and efficiency.

Staff satisfaction enhances the competitiveness and efficiency of the organization

The graph above shows the number of respondents who strongly agree that employee satisfaction enhances the organization's efficiency and competitiveness, which stands at 20%. The proportion of respondents was most consistent, with 45% responding. The number of neutral respondents reached 25%. On the other hand, 6% of respondents disagreed, and 4% opposed a strong disagree. It can be concluded that employee satisfaction is important to the organization considering that it helps in enhancing competitiveness and efficiency.

Frequencies of Compensation Factors

My compensation is determined according to the labor market

The data in the previous chart pertains to the salary is determined by the labor market. Where the result 26% strongly agree and 36% agree. The percentage of respondents is neutral at 12%. A

few respondents disagree 9% and 7% strongly disagree. From the answers, it can be concluded that the staff salary is determined according to the labor market.

My compensation is influenced by economic growth/degrowth

According to the results shown in the chart, 24% strongly agree that compensation is influenced by economic growth/degrowth. Also, most respondents' answers agree were 44%. neutral percentage 16%. However, 14% disagree and 2% strongly disagree. From the results, it can conclude that compensation can be affected by economic growth if it increases or decreases.

Compensation has a relationship with the job value, which is based on the staff work value

The results of the survey showed that compensation has a relationship with the job value, which is based on the staff work value since most of the staff with 20% strongly agree and 51% agree. The neutral percentage was 25%. The percentage of the respondents showed of disagreeing and strongly disagree was 2%. Through the different answers, can be concluded the compensation had a relationship with the job value.

The organization provides compensation according to the different wages of the employees

The result shows the percentage of respondents, the answers of strongly agree were 22% that the organization provides compensation according to the different wages of the staff. Also, the percentage of agreeing was 47%. The neutral was 24%. However, the percentage in disagree 2% and strongly disagree 5%. From the result can be deduced, the organization provides compensation according to the different wages of the employees.

Compensation is determined according to the level of competition in the labor market

The following results show the compensation is determined according to the level of competition in the labor market. with the statement above 22% of the answers strongly agree, and 51% agree. The percentage of neutral is 18%. On the other hand, 5% disagree and 4% strongly disagree. From the result, the organization determines the compensation according to the competition in the labor market.

The amount of compensation awarded to employees is determined by the amount of work laid down

The result shows the percentage of respondents, the answers of strongly agree were 20% that the organization determines the amount of compensation awarded to staff according to the amount of work laid down. Also, the percentage of agreeing was 45%. The neutral was 20%. However, the percentage in disagree 6% and strongly disagree 9%. As result, the organization determines compensation for staff according to the size and amount of the work specified.

Discussion and Conclusion

The key value of the compensation scheme, according to the survey results, is to balance the material needs of staff with the strategic goals of the National Bank of Oman. In this sense, the compensation scheme should be competitive to the staff group that the bank requires. wherefore, the higher the compensation offered by the National Bank of Oman to its staff, the greater the staff efforts to enhance their efficiency. Meanwhile, if the staff compensation is raised, they will almost certainly continue to boost efficiency in the business rather than leaving.

Limitations

This study has certain limitations, which can be summarized as the use of a quantitative approach and the length of time it took to achieve.

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