Performance Management and Compensation as Drivers of Organization Competitiveness: The Philippine Perspective

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Abstract

With the influx of foreign multi-national companies in the Philippines and the inevitably increasing competition as a result of globalization, Filipino-owned small and medium enterprises (SMEs) are confronted with the challenge of changing paradigms of bureaucracy, centralization, stability, static and rigid policies and procedures, and sheer complacency with traditional practices. The study was conducted to determine the extent of implementation of select performance management and compensation practices in Filipino-owned SMEs and its underlying relationships with organizational competitiveness. This study found that human resource management practices in performance management and compensation, particularly employee benefits were all found to be significant predictors of organizational competitiveness. This finding signify that Filipino-owned companies are giving more emphasis on employee benefits to support its thrust of achieving competitiveness, further suggesting that employees are more motivated to perform if employee benefits that allows flexibility and convenience are provided.

Keywords: performance management; compensation; employee benefits; organizational competitiveness; human resource management practices; Philippines

1.0 Introduction

With the influx of foreign multi-national companies in the Philippines and the inevitably increasing competition as a result of globalization, Filipino-owned small and medium enterprises (SMEs) is confronted with the challenge of changing paradigms of bureaucracy, centralization, stability, static and rigid policies and procedures, and sheer complacency with traditional practices. The dynamic market environment, which spans beyond the borders of the Philippines, forces local SMEs to adapt and respond to the change forces not only to survive but to gain competitive advantage, not only for the immediate and intermediate time frames but rather one that is sustainable for a longer period of time.

Competitiveness has become the norm in these challenging and turbulent times. Noe, Hollenbeck, Gerhart & Wright (2010, p.4) defines competitiveness as “a company’s ability to maintain and gain market share in its industry.” Achieving competitive advantage has become the rule in a market saturated with players. With competition being a “key element in any analysis of the specific or task environment of the organization,” competitive advantage “refers to something that an organization does extremely well, a core competency that clearly sets it apart from competitors and gives it an advantage over them in the marketplace” (Schermherhorn, 2010, p. 66). How companies are able to attain a certain level of performance and organizational effectiveness becomes a measure of organizational competitiveness. Organizational effectiveness encompasses all measures indicating satisfaction of shareholders’ interests – acceptable returns for stockholders; products or services of value for the customers; equitably compensated humane and motivating work for the employees; and environment-friendly and ethical business practices for the society (Noe, Hollenbeck, Gerhart and Wright 2010a).
Empirical researches have provided evidence that decisions on recruitment and selection, employee compensation, training and development, and performance management directly influences employees’ motivation to perform. Most organizations that aim for competitiveness delimits its investments, spending and acquiring not only tangible assets and resources but also investing in modern and strategic human resource management practices (Noe, Hollenbeck, Gerhart and Wright 2010b). Given these expectations and specific measures, we assume the extremely crucial role of human resources in achieving organizational competitiveness. Human resource management has evolved to become one of the strategic means in bringing competitive advantage to the firm (Huselid 1995; Huselid, Jackson and Schuler 1997; Noe, Hollenbeck, Gerhart, & Wright, 2010b) from merely regarding it as an administrative function.

1.1 Role of Compensation in Achieving Organizational Competitiveness

Embedded within firms are unique stores of intangible human assets that likely influence the way firms compete and the firm’s compensation systems moderate the effects of these intangible human assets on firm competitive behavior (Offstein, Gnyawali and Cobb 2005). Compensation is defined by Mondy (2010, p. 268–269) as the “total of all rewards provided to employees in return for their services,” the overall purposes of which are to attract, retain, and motivate employees. As compensation is comprised of both fixed and variable components as well as employee benefits and services, an optimum combination of these elements is ideal to maximize influence on employee performance and ultimately, organizational competitiveness.

Contributing to the importance of compensation is its effect on the quality of an employee’s performance and the intensity of an employee’s engagement. While employee performance has been frequently described, employee engagement is a more recent concept that is associated with initiative and other organizational citizenship behaviors. Schermerhorn (2010, p.349) defines employee engagement as “a heightened emotional connection with the organization and that influences an employee to exert greater discretionary effort in his or her work.” and further mentions that engagement results to lesser turnover, increased productivity, stronger loyalty, and enhanced customer service.

The effects of compensation is explained by many established motivation theories. The equity theory, for instance, considers total rewards in relation to employee inputs as one measure against which rewards of other employees in relation to their inputs are compared to. Any perceptions of equity or inequity will result to coping mechanisms on the part of the employee to normalize the perceptions. These coping mechanisms may manifest on their level of performance and engagement. On the other hand, expectancy theory introduces the instrumentality and valence factors to motivation. Instrumentality is “a person’s belief that successful performance will be followed by rewards and other work-related outcomes” while valence is “the value a person assigns to the possible rewards and other work-related outcomes” (Schermerhorn 2010, p. 357).Individuals who value a reward tend to perform better than individuals who do not value the reward as much (Arvey 1972).These concepts imply that management must carefully explain the rewards associated with high performance and consistently give rewards commensurate to employee performance. Furthermore, management must include compensation components that answer to employees’ needs in their rewards package.

Perhaps the most obvious link of pay to motivating employees to provide products and services that are of value to customers are the variable pay programs.Increasingly, organizations are using variable pay plans to reward employees for the results that they achieve (Heneman 2000). This however requires that employees must “perceive a strong relationship between their performance and the rewards they receive if motivation is to be maximized” (Robbins 2003, p. 201). Robbins (2003) further considers group and organization-wide incentive schemes as effective reinforcements, encouraging employees to transcend beyond their personal aspirations and pursue the best interests of the organization.It must be noted, however, as Begbie, Bussin and Schurink (2011) suggests, the implementation of the incentive schemes is more crucial in motivating or demotivating employees to perform as compared to just simply having one.

To demonstrate the influence of compensation, we highlight empirical findings on its impact to employee, group, and organizational behaviors that ultimately redounds to organizational competitiveness. Financial rewards, together with some level of work challenge, seem to influence an employee’s intention to remain in the workforce for a long time (Proper, Deeg and van der Beek 2009).
Companies vary in their decisions about pay contingency or variability but decide similarly in terms of base pay and that variable pay, rather than base pay, is strongly associated with financial performance (Gerhart and Milkovich 1990). When organizational behavior modification interventions have been systematically applied over the years using both financial and non-financial rewards, it was found that performance increased by an average of 17 percent (Luthans and Stajkovic 1999). It must be noted that employees have different perceptions on various types of rewards in terms of its ability to motivate. For instance, non-monetary rewards significantly influence an employee’s willingness to engage in extra-task performance (Chiang and Birtch 2008). Meanwhile, direct compensation fully mediated the relationship between indirect compensation and performance (Namasivayam, Miao and Zhao 2007) while best performers link average employee pay to performance (Rayton 2003).

A statistically significant and positive relationship was found to govern rewards and motivation implying that if rewards being offered to employees were to be altered, then there would be a corresponding change in satisfaction and work motivation while the periodical salary increments, allowances, bonuses, fringe benefits and other compensations on regular and specific periods keep their morale high and makes them more motivated (Danish and Usman 2010).

In studies on rewards and job satisfaction (Galanou, Sotiropoulos, Georgakopoulos and Vasilopoulos 2011; Ghazi, Ali, Shahzada and Israr 2010), a common premise is that when employees are satisfied, they feel a sense of fulfillment, achievement and joy in their jobs which are considered to be positive factors to employee productivity and creativity as well as organizational profitability. Job satisfaction is further premised to encourage employees to be committed and steadfast to the organizations where they work and belong (Malik, Nawab, Naem and Danish 2010). This is essential if firms aim for competitive advantage through their human capital.

Another compensation model being used by more managers and academics alike is total rewards strategy. Total rewards encompasses all the elements of rewards that has monetary value, employee learning and development opportunities, quality of the work environment, and other employee benefits and privileges. Organizations would attain significant returns with the appropriate use of the integrated total rewards strategy. Such approach will not only enhance staff performance but also address some compensations issues that firms face (Jian, Xiao, Qi and Xiao 2009). Moreover, “as a part of human resources management practice, total reward has also been introduced into varieties of enterprises to improve their competitiveness so that they will have the abilities to survive in the global marketing warfare” (Jian, Xiao, Qi and Xiao 2009, p. 178).

On the other hand, employee benefits is defined as any form of compensation provided by the organization other than wages or salaries that are paid for in whole or in part by the employer (Ju, Kong, Hussin and Jusoff 2008). Much of the relationship of employee benefits practices and organizational competitiveness is anchored on motivation, particularly on Herzberg’s two – factor model consisting of motivation and maintenance factors and Vroom’s Expectancy Theory.

According to Herzberg’s theory, while motivators are more related to job content, maintenance factors are mainly related to job context. Job context is similar to extrinsic motivators which Newstrom and Davis (2002) describes as external rewards that occur apart from the nature of work, providing no direct satisfaction at the time the work is performed. Examples of these are retirement plans, health insurance, and vacations. Absence of maintenance factors result to high negative feelings such as job dissatisfaction which may consequently cause lower job performance. Studies have shown that extrinsic rewards positively influence employee motivation (Zaman, Hafiza, Shah and Jamsheed 2011; Tippet and Klovers 2009).

In Vroom’s theory, rewards which include extrinsic ones mentioned as examples in Herzberg’s theory must be regarded as valuable to the employee so it can elicit higher and better job performance. Vroom calls this concept valence, where a higher valence can most likely increase the employee’s motivation to perform (Martires and Fule 2000).

Empirical studies further support the positive relationship between employee benefits and performance which serves as proxy for organizational competitiveness. For example, it was found that retirement benefits positively influences performance (Kwak and Lee 2009). Furthermore, knowledge of benefits is associated with enhanced benefits satisfaction and mediates the effect of explanations about benefits on satisfaction (Markova & Jones ND).
1.2 Role of Performance Management in Achieving Organizational Competitiveness

Performance management and evaluation is a well-established element of any organizational system of human resource management (McKenna, Richardson and Manroop, 2011). Performance is described by Lebas (1995) as “the potential for future successful implementation of actions in order to reach the objectives and targets”. Meanwhile, performance management is the “process through which managers ensure that employees’ activities and outputs contribute to the organization’s goals” (Noe, Hollenbeck, Gerhart, & Wright 2010a, p. 215). Many contemporary organizations are placing a greater emphasis on their performance management systems as a means of generating higher levels of job performance (Gruman and Saks, 2011). Performance management systems, along with other human resource management programs, directly impact key organizational outcomes such as financial performance, productivity, product or service quality, customer satisfaction, and employee job satisfaction. This prompts for an adaptable performance management system that is rooted to strategic goals if organizations aim for favorable results in these success indicators. The idea of alignment makes the association between performance and organizational competitiveness very clear.

Empirically, this relationship has been well established. Introduction of a performance management system in IT companies in India has brought about the considerable impact on organizational effectiveness (Maiya, Krishnamurthy and Sukhesh 2011). Performance measurement systems do mirror the firms’ strategic objectives given stable operating conditions (Euske, Lebas and McNair 1993). Meanwhile, Evans (2004) postulates that a well-designed performance measurement model, which includes deciding which measures and approaches for examining and evaluating results are applicable, is essential in the alignment of an organization’s actions with its strategic direction. Firms with more developed performance measurement systems elicit better customer, financial, and market performance. To ensure that the desired alignment between performance and the goal of organizational effectiveness is achieved, some firms make use of modern technology-based performance management systems (Carr and Hasan 2008), benchmarking (Tantau, Fratila and Grigore 2010) and the balanced scorecard (Tatar 2011). If an enterprise can make best use of performance management in enterprise management, performance management will play an invaluable role in the process of achieving enterprise strategic objective (Chen 2011).

1.3 Contingency Fit

The alignment of compensation and performance management practices brings us to the concept of contingency perspective of fit of human resource management practices. Citing Baron and Kreps (1999); Chenevert and Tremblay (2009); and Jackson and Schuler (1995), Kim, Sutton and Gong (2011) shares that the contingency perspective of fit holds that human resource practices must be aligned with specific external and/or internal contingencies in order to impact firm performance. There are two types of fit: vertical and horizontal fit. Vertical fit is being referred by Chenevert & Tremblay (2009) as the extent to which the human resource systems is aligned with business strategy; while the horizontal perspective of fit describes the extent to which the human resource practices are aligned with one another (Kim, Sutton and Gong 2011) such that human resource management practices on compensation alone may not endow an organization with competitive advantage.

Compensation practices, as an antecedent of organizational effectiveness, must be well-supported by other human resource management practices such as performance management. On the other hand, aligning performance management to support organizational goals and integrate with other systems proved to be the most critical differentiator in system effectiveness (Sumlin 1998). Performance management systems supported with positive distributive justice perceptions on HRM practices, such as due process characteristics, organizational culture, pre-appraisal leader–member exchange (LMX), perceived organizational support (POS), impression management behaviors of raters, perceived basis of LMX, and perceived type of information raters use (Erdogan 2002), better enhance the expected outcomes of performance management programs. Hence, the link between performance and pay should be strongest where performance is more accurately observed (Ewing 1996).

Based on the foregoing literature review, the following framework presented in Figure 1 demonstrates the relationships of compensation, performance management, and organizational effectiveness. Compensation, along with performance management practices, is viewed as a determinant of organizational performance which subsequently defines organizational effectiveness. At the same time, performance management initiatives are implemented to determine the allocation of rewards (Ioana and Raluca 2011).
Performance is measured at the individual level and the organizational level. Specifically, proxies for individual employees’ performance include productivity and level of employee engagement among a few; while proxies for organizational performance include financial performance, product or service quality, customer satisfaction, and employee job satisfaction.

Moreover, this model assumes that organizational competitiveness is determined by individual and organizational performance.

2.0 Research Objectives

In the context of the foregoing model, this study sought to determine the underlying relationships of performance management and compensation practices with organizational competitiveness. The conceptual framework of the study is presented in Figure 2. In this framework, compensation refers to pay-related practices. Though employee benefits are part of compensation, it is separated from pay-related compensation practices to isolate and identify its peculiar effects to organization competitiveness.

Given this study framework, the study specifically tested the following hypotheses:

- **H₁**: Performance management practices are moderately implemented to drive organizational competitiveness.
- **H₂**: Compensation practices are moderately implemented to drive organizational competitiveness.
- **H₃**: Employee benefits practices are moderately implemented to drive organizational competitiveness.
- **H₄**: The likelihood of organizational competitiveness increases as favorable perceptions on performance management practices increase.
- **H₅**: The likelihood of organizational competitiveness increases as favorable perceptions on compensation practices increase.
- **H₆**: The likelihood of organizational competitiveness increases as favorable perceptions on employee benefits practices increase.

It must be noted that in statistically testing these propositions, moderate implementation is pegged at a value of 3.50.

3.0 Methodology

The study basically made use of the descriptive research design, surveying 30 Filipino–owned small and medium enterprises in the Philippines. Majority of the companies come from Luzon while 30% came from Mindanao and 3% came from Visayas. Furthermore, the firms came from a diverse mix of industries including shipping, employment agencies, food services, construction, power distribution, retail, hospital services, and manufacturing.

Data collection was primarily done utilizing a questionnaire developed by Edralin (2010) which was based on the Hewitt Associates Best Employer model. The instrument bearing 14 items for performance management and compensation practices had a statistically acceptable reliability score of 0.84 as indicated by its Cronbach Alpha. A total of 1,910 employees were asked to answer the survey using a 5-point Likert Scale. Following Edralin (2010), the level of rating on the performance management and compensation practices was measured using the following conversion scores:

Moreover, competitiveness in this study was measured using a five-point Likert Scale consisting of ten statements describing practices of highly competitive firms.

- **H₁** to **H₃** were tested using the one-sample T test to determine if the overall mean response of the respondents in each of the performance management and compensation practices vary from the assumed value of $x = 3.50$.
- **H₄** to **H₆** were tested using the ordinal logistic regression.

4.0 Results and Discussion

4.1 Achieving Organizational Competitiveness

The overall level of implementation of a rigorous and effective performance management system indicated extensive implementation. This function was rated through three specific practices.
As shown in Table 2, Filipino-owned firms have clearly adopted coaching along with formal performance evaluation and leaders providing constructive performance feedback to members. Upward and lateral performance evaluation within firms is only moderately implemented. This is further confirmed by the $p$ – value of this specific practice of 0.824 which is greater than any acceptable value of $\alpha$. These findings suggest that Filipino – owned firms are still somewhat hesitant to provide straightforward feedback on performance which may be influenced by the Filipino cultural attribute of valuing and maintaining smooth interpersonal relations with colleagues.

One sample T test results yielded an overall $p$ – value of 0.000 which is significant at $\alpha = 0.001$, hence the hypothesis that performance management practices are moderately implemented to drive organizational competitiveness ($H_1$) is rejected. The overall mean indicates that performance management practices in Filipino – owned SMEs are extensively implemented.

Meanwhile, as indicated in Table 3, each of the specific compensation practices are being extensively implemented by Filipino – owned firms to achieve organizational competitiveness. It must be noted however that profit sharing, though yielding a mean rating that indicates extensive implementation, has a $p$ – value significant only at $\alpha = 0.05$ compared to the other practices. This implies that firms are still somewhat hesitant to share a portion of the profits which could be due to a prioritization of plowing back earnings to the business for growth and expansion purposes.

Overall, compensation practices were rated as extensively implemented. It obtained a $p$ – value in the one sample T test which is significant at $\alpha = 0.001$ thereby rejecting the hypothesis that compensation practices of Filipino – owned SMEs are moderately implemented to drive organizational competitiveness ($H_2$).

Table 4 presents the mean ratings of six practices in employee benefits as drivers of organizational competitiveness. The mean scores show that each practice is extensively implemented except for the offering of a good retirement package for employees which has a mean of 3.45 indicating that it is only moderately implemented. This is further supported by its $p$ – value in the one sample T test which is significant only at $\alpha = 0.05$ compared to most of the other practices in this HRM function.

On the other hand, though the mean of the “practice of offering high package fringe benefits that can be converted to cash” signify extensive implementation, its $p$ – value of 0.191 in the one sample T test denotes moderate implementation as it is greater than $\alpha = 0.05$. This finding suggests that generally, Filipino – owned firms are not fully adopting this practice as a means to achieve organizational competitiveness. This may be due to cost considerations or the inability to evaluate the incremental benefit of converting benefits to cash against the cost of the cash conversion hence the wariness of adopting such practice.

Overall, the practices on employee benefits were rated as extensively implemented and obtained a highly significant $\alpha = 0.001$, henceforth rejecting the hypothesis that employee benefits practices are moderately implemented to drive organizational competitiveness ($H_3$).

### 4.2 Drivers of Organizational Competitiveness

The regression analysis using ordinal logistic regression resulted to a log likelihood of the final model of $-1,455.146$ which is used to compare nested models and to determine whether the regression coefficients of all predictors in the model are zero simultaneously. The model yielded a likelihood ratio is 845.04 with 3 degrees of freedom considering that there are three predictors in the model. The $p$ – value of the likelihood ratio is highly significant at $\alpha = 0.001$ suggesting that performance management, compensation and employee benefits, taken together, has no effect on organizational competitiveness. The Pseudo $R^2$ of the model is 0.2250.

The coefficients which are in log – odds units in the parameter estimates indicate that performance management, compensation and employee benefits practices have a positive effect on the likelihood of achieving organizational competitiveness. It must be noted that the bundle of practices that yielded the highest coefficient is employee benefits with 1.1380920. It is subsequently followed by performance management and compensation, respectively.
Considering that the log-odds coefficient in the regression model are highly significant at \( \alpha = 0.001 \), the obtained odds ratios reflect employee benefits practices as the most significant contributor to organizational effectiveness. This means that the odds for more intensive implementation of employee benefits practices increasing the likelihood of achieving organizational competitiveness is 2.12 times greater than the odds when Filipino-owned SMEs don’t engage in as much employee benefit practices. This leads to the acceptance of the hypothesis that the likelihood of organizational competitiveness increases as favorable perceptions on employee benefits practices increase (H_6). Performance management and compensation practices are also significant factors to organizational competitiveness at \( \alpha = 0.001 \) but to a lesser extent. The odds for more intensive implementation of performance management and compensation practices increasing the likelihood of achieving organizational competitiveness is 1.666 and 1.399 times greater than the odds when Filipino-owned SMEs don’t engage in as much performance management and compensation practices, respectively. This prompts us to accept the hypotheses that the likelihood of organizational competitiveness increases as favorable perceptions on performance management (H_4) and compensation (H_5) practices increase.

5.0 Conclusion and Recommendations

Amidst the strongly compelling trends of globalization and stiff competition today, the study has shown that Filipino-owned enterprises are starting to appreciate the value that human resource management can strategically bring in their pursuit of organizational competitiveness. Well-aligned human resource management practices that encourage and motivate individual and, consequently, exemplary organizational performance do help achieve the goal of organizational competitiveness.

Specifically, performance management, compensation, and employee benefits were all found to be congruently significant predictors of organizational competitiveness. However, among these bundle of human resource management practices, those that pertain to employee benefits was ascertained to be the most significant driver. This finding signify that Filipino-owned companies are giving more emphasis on employee benefits to support its thrust of achieving competitiveness, further suggesting that employees are more motivated to perform if employee benefits that allows flexibility and convenience are provided.

In the light of these findings, it is recommended that companies continue to adopt more flexible and convenient employee benefits, particularly enhancing programs that pertain to offering high package fringe benefits that can be converted to cash and to design an attractive retirement package for its employees to improve the overall ability of employee benefits to positively contribute to organizational competitiveness. Furthermore, considering that performance management and compensation practices are also significant predictors of organizational competitiveness though to a lesser extent, it is also recommended that Filipino-owned firms also start embracing the practice of 360° feedback in performance evaluations requiring managers to be evaluated by lower-level employees as well as the inclusion of peers in the performance evaluators. It is also recommended that companies start studying possible schemes for profit sharing to improve the overall ability of compensation practices to drive competitiveness.

Highlighting the human capital as a source of organizational competitiveness, research on human resource management in a strategic context would further shed light on which practices have more impact. In other words, assessing the impact of other human resource practices such as recruitment, selection, training and development, employee wellness and labor relations should also be explored. This is extremely useful to firms who have limited complementary resources to implement human resource initiatives. It would likewise be worthwhile to investigate the difference between highly competitive firms and those who are not based on the implementation of human resource management practices and consequently discriminate between these two types of firms. This will hopefully further provide empirical evidence on the value of strategic human resource management as a potent tool to achieve business success.
6.0 References


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**Figure 1.** Integrative Model of Compensation and Performance Management for Organizational Competitiveness

![Integrative Performance Management System](image)
Figure 2. Conceptual framework

Table 1. Level of ratings on the performance management and compensation practices and their corresponding qualitative descriptions

<table>
<thead>
<tr>
<th>Range</th>
<th>Qualitative Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.00 – 1.83</td>
<td>Poorly implemented</td>
</tr>
<tr>
<td>1.84 – 2.67</td>
<td>Fairly implemented</td>
</tr>
<tr>
<td>2.68 – 3.51</td>
<td>Moderately implemented</td>
</tr>
<tr>
<td>3.52 – 4.35</td>
<td>Extensively implemented</td>
</tr>
<tr>
<td>4.36 and above</td>
<td>Very extensively implemented</td>
</tr>
</tbody>
</table>

Table 2. Rigorous / Effective Performance Management

<table>
<thead>
<tr>
<th>Practices</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>One sample T test (Test value = 3.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>T</td>
</tr>
<tr>
<td>The company prefers continual coaching rather</td>
<td>3.76</td>
<td>0.830</td>
<td>13.558</td>
</tr>
<tr>
<td>than over-reliance on formal performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>evaluation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The managers provide constructive feedback on</td>
<td>3.82</td>
<td>1.194</td>
<td>11.584</td>
</tr>
<tr>
<td>their performance.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company provides an opportunity for</td>
<td>3.49</td>
<td>1.032</td>
<td>-0.223</td>
</tr>
<tr>
<td>employees to evaluate their managers and their peers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Mean</td>
<td>3.6899</td>
<td>…</td>
<td>12.438</td>
</tr>
</tbody>
</table>

Note: *** Significant at $\alpha = 0.001$
### Table 3. Compensation

<table>
<thead>
<tr>
<th>Practices</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>One sample T test (Test value = 3.5)</th>
<th>T</th>
<th>p - value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay-for-performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company provides financial rewards other than salary.</td>
<td>3.7378</td>
<td>...</td>
<td>12.687</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company gives cash incentives not only to recognize good performance but also to encourage employees.</td>
<td>3.6500</td>
<td>1.0720</td>
<td>5.932</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company properly acknowledges and adequately compensates overtime.</td>
<td>3.7500</td>
<td>1.4880</td>
<td>7.272</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td><strong>Incentive Plans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company is likely to offer incentive or variable pay.</td>
<td>3.8200</td>
<td>0.8550</td>
<td>16.483</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company provides profit sharing programs.</td>
<td>3.6330</td>
<td>0.6999</td>
<td>6.670</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Mean</strong></td>
<td>3.7500</td>
<td>1.0250</td>
<td>2.157</td>
<td>0.031*</td>
<td></td>
</tr>
</tbody>
</table>

Note: * Significant at $\alpha = 0.0$; *** significant at $\alpha = 0.001$

### Table 4. Employee Benefits

<table>
<thead>
<tr>
<th>Practices</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>One sample T test (Test value = 3.5)</th>
<th>T</th>
<th>p - value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flexible Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company offers flexible benefits that are tailored-fit to the diverse needs of the employees.</td>
<td>3.5895</td>
<td>...</td>
<td>5.180</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company offers high package fringe benefits that can be converted to cash.</td>
<td>3.7800</td>
<td>0.848</td>
<td>14.198</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company offers a good retirement package for its retiring employees.</td>
<td>3.5300</td>
<td>1.080</td>
<td>1.309</td>
<td>0.191</td>
<td></td>
</tr>
<tr>
<td><strong>Convenience</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company offers on-site personal services such as ATMs, dry cleaners, banking services, etc.</td>
<td>3.7920</td>
<td>...</td>
<td>19.993</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company offers casual or business casual dress code.</td>
<td>3.6800</td>
<td>0.975</td>
<td>7.947</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td>The company offers wellness programs for the employees.</td>
<td>3.9700</td>
<td>0.847</td>
<td>23.951</td>
<td>0.000***</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Mean</strong></td>
<td>3.6935</td>
<td>...</td>
<td>13.399</td>
<td>0.000***</td>
<td></td>
</tr>
</tbody>
</table>

Note: * Significant at $\alpha = 0.05$; *** significant at $\alpha = 0.001$

### Table 5. Ordinal logistic regression results

<table>
<thead>
<tr>
<th></th>
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<td>Coefficient</td>
<td>Std. Error</td>
<td>Odds Ratios</td>
<td>Std. Error</td>
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Note: *** Significant at $\alpha = 0.001$