

The Effect of Training, Compensation and Organizational Culture on Employee Performance: A Study on Corporate Sector in Pakistan

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Abstract

The purpose of research is to determine the effect of training, compensation and organizational culture on performance of employees of Engro Corporation Sahiwal, Pakistan. The study is an explanatory research to explain the relationship among variables through hypothesis testing. The research is held in Engro Corporation Sahiwal. The sample size of research is 100 respondents. The independent variables are training, compensation and organizational culture. The dependent variable is employee performance. The research results are based on descriptive analysis, it can be determine that the training followed by the employees is measured on its target particularly for the content of the material and best time duration. Compensation is valued in good level, particularly on the financial compensation. Organizational culture is significantly responded based on factor, norms and shared values. Training and compensation have relationship with work performance but there is no dependency level. But organizational culture has significant relationship with employee performance. The largest influence comes from organizational culture.

Key Words: Training, Compensation, Organizational Culture, Employee Performance.

Introduction

An organization's environment has ups and falls in the compensation and training provided to their employees increases the chances to perform well as workplace. Any enterprise without supporting the employees who have potential for work and took their responsibilities seriously cannot be able to fit in the business world. So, the HR staff for compensation and training must be qualified and its obligation of organization (Thaief, 2015).

Training and development has a distinct role in attaining an organization's objectives. Training is a process which includes the learning of skills, increasing the knowledge, concepts, rules, or the molding of attitudes and behaviors to increase employee's productivity (Raja Abdul Ghafoor Khan, 2011). Few people argue the importance of training and development on the employee's performance and productivity. Training means what you are (no matter good or bad) at present, and where you will be in future. Training is important to make sure that staff has required skills and capability for career development (Sabir, 2014). In these days employees training and development become very important for efficiency and effectiveness of an organization because employees are the tools for gaining competitive advantage. Those employees have good performance who has more experience so expertise must share their experience with new employees, it helps in understanding different situations to enhancing their technicality and competency at work. Therefore a process should continue to enhance intellectual and technical development of employees, and training is a major step of this process (Falola, 2014). So improper training and development of employees has great impact on an organization's productivity, as the success of the organization entirely depends upon competent and technically skilled staff. Training and development process is very important in enhancing employee's performance and productivity. The objective of the study is to see the effect of training and development in an employee's performance. So, training and development are the key element in enhancing performance and productivity of employees (Elnaga, 2014).

Compensation is an important issue that should be given to employees because it directly and indirectly related to success and achieving competitive advantage for an organization. Compensation is rewarded and the benefit that is paid to employee and also same monetary rewards to increase the performance and motivation of employees (Hameed, 2014). Basically compensation is of two types of financial and non-financial compensation. Financial compensation consists of direct and indirect compensation. Direct compensation means good salary, commissions and bonus and all the reward other than direct financial compensation or indirect compensation. Nonfinancial compensation means those rewards that relate to other than financial needs such as recognition, achievement and personal growth. It means all types of financial and non-financial awards granted to employees by employers and helps in motivating employees (Sabir, 2014). Becoming an effective employer is a great deal, and having the employees sincere and motivated is a difficult task at the start. There are many researches about the effect of compensation on employee performance has done, but the results are not consistent (Yamoah, 2014). There are several people working on the relationship of compensation and employee performance. This relationship shows that compensation either financial or non-financial has great effect on motivation, loyalty, sincerity and performance of the employee. On the other side of picture lack of compensation would result in absenteeism, turnover, and department strikes and most importantly on the low performance of employees. Therefore compensation is a key for an organization to keep and hold its skilled and talented employees. In order to remain competitive, employees must perform highly and provide high productivity. Retention of employees means providing direct and indirect compensation so that employees encourages to work hard and provide high productivity.

Organizational culture means different assumptions that commonly share with the employees within the organization. Two major assumptions are beliefs and values. Beliefs are based on reality and experiences. Values are worth dying and desired by all employees. Beliefs and values are collectively form organizational culture (Ng'ang'a, 2012). Every organization has its own workplace environment, so culture also differs from organization to organization. Employees within organization shares the same values and

beliefs, but they differ from other organization's values and beliefs. A good organizational culture results in success of organization and have good impact on employee's productivity. The organizational culture guides employees that how the things should be done. Mostly, people think of culture as an individual behavior (Khattak, 2013). The objective of the study is to find the relationship between organizational culture and employee's performance. A strong organizational culture increases employee's productivity.

Background of Study

As many researchers had written articles about manager influence, organizational commitment, employee's behavior, employer's behavior, and employee motivation have great impact on employee performance and productivity. Here training, compensation and organizational culture have an impact on employees and their performance. It means when employees are provided with proper training to polish employee's skills and abilities and provide them proper compensation either financial or non-financial benefits and employees have shared norms and values and organizational culture is supporting then it will increase their performance and productivity, which helps in achieving organization's goals and also helps in gaining competitive advantage.

Many researches indicate that there is a significant positive impact of the impact of training, compensation and organizational culture on the employee's performance. And the results also find out that employee's productivity and performance are low due to improper training, compensation and weak organizational culture. This lack of training, compensation and non-supporting culture is due to lack of motivation, personal assessment and goal identification, consistency and adaptability.

So in the light of the above studies and findings, this study attempts to investigate the impact of training, compensation and organizational culture on the employee's performance in the corporate sector in Pakistan.

Problem Statement

This study relates to investigate the impact of training, compensation and organizational culture on the employee's performance at the corporate sector in Pakistan. (Thaief, 2015)

Significance of Study

This study describe all-encompassing nature of training, compensation and organizational culture and its impact on employee's productivity and organizations performance at the corporate level in Pakistan. Moreover, the study offer verifications of what other researchers have resulted in an employee's performance and productivity. The research chooses corporate sector of Pakistan because it significantly fit in this sector.

The benefits Pakistan obtains from this study are much important such as if the relationship between training, compensation, organizational culture and employee productivity, establish in corporate sector in Pakistan, then it would increase overall productivity in Pakistan which is a significant economic benefit. On the other hand improved productivity result in introducing new products, which will give the Govt. Of Pakistan new and greater tax opportunities. It also results in developing employee career and promoting efficiency and effectiveness in the work environment (Twumasi-Ankrah, 2012).

Research Objectives

1. To find out the relationship between Training and Employee performance.
2. To investigate the relationship between Compensation and Employee performance.
3. To describe the relationship between organizational culture and Employee performance.

Research Questions

1. What is the relationship between Training and Employee performance?
2. What is the relationship between Compensation and Employee performance?
3. What is the relationship between organizational culture and Employee performance?

Literature Review

Training

Researcher focuses on the impact of training and development on employee performance. Training and development is a difficult process, which helps in improving the performance of employees in the organization and ineffective training results in poor performance of employees. This study uses random sampling and quantitative approach and collect data through questionnaire. Finding shows that working condition and resources effects on training of employees. It recommends that management support, feedback to employees and training sessions should be improved and it has positive impact on employee performance (Franklin Dang Kum, 2014).

Employees are blood of any organization. Success and failure of business depends upon performance of its employees. Hence, top management knows the importance of training on performance. This study focus on effect of training on employee performance and how it can improve performance through training. The study adopted qualitative approach and further the paper understand the theoretical framework and models that relates to employee performance through training (Elnaga, 2013).

Researcher conduct this study on Telecommunication Sector in Pakistan to examine the impact of training on employee performance. For this research, 360 questionnaires were distributed among 5 telecommunication companies. This study concludes that if organization invest in right type of training then it can increase productivity as well as competencies and skills. In addition, training is seen as a useful means of coping with changes fostered by technological innovation; market competition, organizational structuring and most importantly it has an important impact on employee productivity (Sultana, 2012).

Employees are major assets of every organization. The success of the industry depends on its performance of its employees. Now top management also know the importance of investing in training for increasing employee's productivity and make them able to face competitive environment. The study uses random sampling techniques and questionnaire to collect data and SPSS 19. This study shows positive relationship between training and performance and results shows that more employees are trained more they will perform (Hafeez, 2015).

The purpose of this study is to investigate the effect of the huge investment made in training on job performance of judicial staff. Researcher uses primary and secondary data for this study. The finding of study shows that training was negligible by judicial service of Ghana for employees. It recommends that more training should be provided to its employees to ensure that employees have access to training and development (Kennedy, 2009).

According to this study training is a key factor for making an organization profitable. Most of business have now proper training classes on regular basis. The major purpose of training is to increase its employee's skills in order to make the business successful and more profitable. The purpose of the study is that training provided to hotel employees by its HR department is actually helping them to increase their performance at work task (Ameeq-ul-Ameeq, 2013).

The main objective of study was to find out the effect of training on employees' productivity. This paper is quantitative in nature and it collect data from primary sources that questionnaires surveys. Two variables

were used training and development (Independent) and employees' performance and productivity (Dependent). SPSS was used to see the reliability and consistency. Results show that there is a significant relationship between training and development and employee performance and productivity (Neelam Tahir, 2014).

Compensation

The purpose of this study was to analyze the effect of compensation and career development on employee performance and motivation to work as a moderating variable. It uses a sample size of 80 employees and a convenient sampling method and it uses MRA as a data analysis tool. Results show that compensation has an impact on employee performance whereas career development, motivation has no impact on performance of employees (Pratiwi, 2015).

In a competitive environment, an organization must provide compensation to its employees to increase productivity and motivation in order to remain successful. It was in line with this that the study aimed at examining the effect of a compensation plan on workers' performance in Nigerian food and beverage manufacturing companies. It uses questionnaires to collect data and data was analyzed through frequency table and chi-square. The results show that compensation has a significant impact on employee performance (Oladejo M.O, 2016).

The purpose of the study is to see the effect of compensation on organizational commitment, organizational commitment on employee performance. The population of this research was workers of LAWU as many as 139. Random sampling was used and the sample size was 126. Data was analyzed through Structural Equation Model. The findings show that compensation has no significant impact on employee performance but has a significant impact on motivation and organizational commitment (Muhamad Rizal, 2014).

Reward and compensation play an important role in an employee's motivation and performance. The performance of employees of an organization depends upon how it manages its reward and compensation system. Survey design was adopted. The target population was 220 members of Nairobi. Random sampling was used. SPSS 16 was used to analyze the data. The results show that rewards and compensation have both an effect, positive and negative on an employee's performance (Mbaya, 2011).

This study examines the issue of indirect compensation by studying a reputable institution, that is, Central University College, which has not experienced any labor unrest so far. The objective of the study is to see the impact of indirect compensation on employee productivity. It collected data through interviews, questionnaires and other sources such as the internet and journals. This study recommends that an organization should pay attention towards compensation because it increases an employee's productivity (Ruby, 2012).

According to this study, non-financial compensation is the satisfaction which an employee receives from the work environment which has a significant impact on an employee's performance. Both primary and secondary data were used for this study. This research shows that most of the firms provide non-financial compensation which is related to both the job and the job environment. It also recommends that the job environment should be friendlier by management in order to achieve motivation (Adeoti, 2006).

Organizational Culture

This paper discusses that organizational culture in terms of norms, shared values and beliefs has an effect on an employee's performance in terms of thinking, feeling and behavior. The place of study consists of 6 zones and 36 states of NAFDAC in Nigeria and it assumes that organizational culture has a positive impact on the performance of employees (Agwu, 2014).

According to this study, the researcher investigated the impact of organizational culture on the performance of employees of Mogadishu Universities. This study was conducted through a survey and the target population was

three universities and sample size of 70 respondents. Data was collected through questionnaires and analyzed through SPSS. The results were strong positive correlation between organizational culture and employee performance (Ali Ibrahim Mohamed, 2013).

The prior objective of this study is to investigate the effect of organizational culture on employee productivity and performance of multinational enterprise in telecommunication sector of Bangladesh. The paper recommends that organizational culture has significant influence on employee performance and productivity (Mohammad Jasim Uddin, 2013).

The research study the relationship between organizational culture and performance of employees and it identify a clear relationship between them. The main objective of study is to measure strong relationship between organizational culture and productivity. Findings shows certain dimensions of culture have been identified so far and research shows that value and norms of an organization were based upon employee relationship (Awadh, 2013).

The objective of writing the study is to identify the impact of organizational culture directly or indirectly on performance of employee. This is survey based study an also based on primary and secondary data. The results shows that organizational culture has the significant positive impact on performance of employee at selected software houses in Pakistan (Fakhar Shahzad, 2013).

Model



Research Hypothesis

- H1: There is a significant relationship between training and employee performance.
- H2: There is a significant relationship between compensation and employee performance.
- H3: There is a significant relationship between organizational culture and employee performance.

Research Methodology

The research was conducted on the employees of Engro Corporation.

Research Design: Descriptive research design is used for this study and quantitate approach is used with survey method

Population: Employees of Engro Corporation Sahiwal are selected for data collection.

Sampling technique: Convenient sampling is used to

Sample size: 95 employees are selected as sample size to collect data that represent whole population.

Data collection method: Survey method is used.

Research Instrument: Instrument used to collect data meets two requirements, validity and reliability. Questionnaire are used as main data collection instruments and the results are valid and reliable.

Data Analysis

Reliability Analysis

Cronbach's Alpha is calculated to verify the reliability of collected data. The Cronbach's Alpha value is higher than 0.6 which verify the reliability. The calculated value of alpha is 0.942 which is more than 0.6 which shows consistency in data collected and the scale applied to research model.

Cronbach's Alpha	N of Items
.942	28

Correlation Analysis

There is significant correlation between training, compensation, organizational culture and employee performance. Because the values should be in between -1 and 1. The values of correlation are exactly 1.

		Training	Compensation	Organizational culture	Employee performance
Training	Pearson Correlation	1	.680**	.720**	.682**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
Compensation	Pearson Correlation	.680**	1	.819**	.751**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
Organizational culture	Pearson Correlation	.720**	.819**	1	.835**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
Employee performance	Pearson Correlation	.682**	.751**	.835**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100

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

Regression Analysis

To test the hypothesis linier regression analysis is used to describe the relationship between training, compensation and organizational culture on employee productivity. There variables are entered for regression analysis. R square value is 0.719 and R value is 0.848. The regression coefficient are given in table.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.719	.710	.35949

a. Predictors: (Constant), Organizationalculture, Training, Compensation

The results are construed as follows;

H1: The first hypothesis is about the significant relationship between training and employee performance and the hypothesis is rejected because coefficient value 0.095 and significance of 0.90.

H2: The analysis results indications the coefficient value of 0.103 and significance of 0.088. The results shows negative relationship of compensation with employee performance. So the hypothesis is rejected.

H3: This hypothesis is accepted on the bases on coefficient value of 0.097 and significant value of 0.000.

This shows a significant positive relationship of organizational culture on employee performance. This confirms the results accept the hypothesis.

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	.229	.219		1.045	.298
	Training	.163	.095	.137	1.712	.090
	Compensation	.178	.103	.167	1.726	.088
	Organizational culture	.566	.097	.599	5.859	.000

a. Dependent Variable: Employee performance

Conclusion

The research results of study shows that Engro Corporation has optimistic future in Pakistan. Management of Engro has taken many steps to increase employee performance. So it is difficult to create effect of training on employee performance. Finding of study shows that organizational culture has positive impact on employee performance in Engro Corporation Sahiwal of Pakistan. So it is very important for company. The finding also shows that training and compensation has no significant impact on performance of employees. The practical implementation of training compensation and organizational culture shows that only organizational culture effect performance of employees.

Research Gap

This research is conducted in Engro Corporation Sahiwal. The research is conducted in specific city and in specific organization, it should be conducted at broader level and on other companies. Further research is also required on training and compensation either in Engro Corporation or in any other companies, sector.

Recommendations

Engro Corporation Sahiwal is an important food company in Pakistan. The research suggest following recommendations:

1. Management of Engro Corporation should focus on training programs to enhance employee performance.
2. Management of Engro Corporation should also focus on providing more financial and non-financial compensation to enhance employee performance.
3. More independent variables i.e. motivation, rewards can be explored in this area.

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