### UNIVERSITY OF CAPE COAST

### INFLUENCE OF COMPENSATION MANAGEMENT ON THE

COMMITMENT: THE MEDIATING ROLE OF JOB SATISFACTION AT

THE YOUTH EMPLOYMENT AGENCY

BY

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Dissertation submitted to the Department of Human Resource Management of the School of Business, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfillment of the requirements for the award of Master of Business Administration degree in Human Resource Management

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**JUNE 2022** 

### **DECLARATION**

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: Date:

Name: Israel Eric Mensah

# **Supervisor's Declaration**

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: \_\_\_\_\_\_ Date: \_\_\_\_\_\_

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#### **ABSTRACT**

The study examined the influence of compensation management on employee commitment and controlled for the mediating effect of job satisfaction among workers in Youth Employment Agency [YEA], Accra. The study was quantitatively approached alongside the use of the explanatory research design. The target population included some 280 workers at the YEA. Through simple random sampling technique, 130 structured questionnaires were issued but 126 were retrieved for the data analysis. Pearson product-moment correlation, multiple regression and mediation analysis were conducted using the SPSS for the data analysis in respect of the specific research objectives. The study confirms compensation management has a significant effect on employee commitment and job satisfaction among employees at the YEA. Financial compensation contributes significantly in a positive manner to predicting the change in employee commitment but non-financial compensation fails in this regard. Similarly, compensation management accounts for a statistically significant positive substantial change in job satisfaction among the workers at the YEA, however, this change is caused strongly and significantly by only non-financial compensation. Finally, the study confirms job satisfaction significantly mediates fully and positively the predictive relationship between compensation management and employee job satisfaction at the YEA. It was recommended that management of YEA should conduct periodic job satisfaction audits should be carried out so that timely insights could be provided to guide managerial decision-making as to how to blend pro-HR interventions including compensation management to enhance the state of job satisfaction in order to enhance the state of job commitment among employees at the YEA.

# **KEYWORDS**

Compensation management

Job satisfaction

Commitment

Employees



### **ACKNOWLEDGEMENTS**

I would like to express my sincere gratitude to my supervisor, Dr. (Mrs.) Edna Okorley in the school of Business, for her professional guidance and encouragement with which she guided this study.

I am also grateful to Mr. Lawrence Kusi for his immense support in all endeavors which made this work a success. My sincere gratitude goes to my mum and sister - Mrs. Mary Anastasia – Quao Mensah and Mrs. Theresa Henrietta Ettah for their encouragement and financial support throughout this academic journey.

# **DEDICATION**

To my Son, George King Mensah.



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# LIST OF ACRONYMS

YEA Youth Employment Agency

KMO Kaiser-Meyer-Olkin

FC Financial compensation

NFC Non-financial compensation

JS Job satisfaction

CM Commitment

### **CHAPTER ONE**

#### INTRODUCTION

Employees are the life blood of every organisation, hence the recognition as the most strategy asset of organisations. Employees exchange their efforts for rewards hence the need to manage employee compensation effectively to enhance employee commitment. This empirical study examined empirically, how compensation management affects employee commitment at the Youth Employment Agency in Ghana.

# **Background to the Study**

Human resource is highly instrumental in the execution of corporate strategies (Ocen, Francis & Angundaru, 2017). The value of a competitive assets in human capital becomes eminent in the context of organization. Organization, according to Ashraf, (2020) refers to a group of people whose activities, efforts and interaction are tilted towards a shared purpose. Therefore, having healthy organisational relations at work is key to promoting organisational success.

Compensation refers to the range of non-financial and financial rewards that are given to employees for the services rendered to their organisation or employer (Bhattacharyya, 2009). Compensation is thus tied to the terms of contract of employment between employers and employees (Khan, Aslam & Lodhi, 2011). Compensation management is a major human resource management practice. Compensation management, therefore, refers to the formulation and implementation of policies and strategies that ensure fair compensation of employees in an equitable manner which is consistent with the values of the organisation (Idemobi, Onyeizugbe & Akpunonu, 2011).

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The essence of compensation management ensure that employees are given value for their valuable services rendered to their employers or organisations. There is changing trend of compensation with a shift in focus from financial rewards to non-financial rewards (Khan, Aslam & Lodhi, 2011). Others believe the integration of HR practices with financial management structuring to produce a merit-based compensation systems among organisations (Martono, Khoiruddin & Wulansari, 2018). Through effective compensation, employers attract and retain valuable, talented employees (Dessler, 2008). Compensation management aids firms to set standards that regulate employee behaviour because such standards are tied to job targets (Khan, Aslam & Lodhi, 2011).

Compensation management as a HR practice is strongly linked with employ job satisfaction (Sangwan, 2015). Particularly, Luna-Arocas and Camps (2008) in their empirical study at Valencia, Spain discovered that salary strategies, and job enrichment strategies predicted a positive variance in job satisfaction. Employee job satisfaction refers to the feelings and thought of employees about their workplace and work (Armstrong, 2006). Ashraf, (2020) found that compensation structure mediates the predictive relationship between demographic structure and job satisfaction. Luna-Arocas and Camps (2008) further found that compensation significantly improves employee commitment. In a constantly changing work environment, it becomes essential to examine how workers' attachment or bonds with work develops (Ashraf, 2020). Calls for studies on the relationship between job satisfaction and employee commitment in service sector is far advanced (Ashraf, 2020).

Ocen, Francis and Angundaru, (2017) defined employee commitment as the relative strength of individual's identification and involvement in a particular organization. Organisational commitment is critical to survival of every organisation and therefore ensuring high level of commitment among employees is a serious managerial activity that requires strategic approach to ensure investment made in commitment-oriented programs actually delivers value to the organisation (Naude & McCabe, 2005).

Ocen, Francis and Angundaru, (2017) in their empirical study acknowledged the positive relationship between job satisfaction and employee commitment. Job satisfaction refers to the level of contentment employees feel with their job (Abdullah, Huang, Sarfraz, Ivascu & Riaz, 2021). Therefore, the study contends the more employees become satisfied at work, the more they become committed and thus efficiently discharge their responsibility for the attainment of organisational objectives. This position is explained by the theory of reciprocity. Thus, job satisfaction is recognised as a powerful weapon for influencing employee commitment that effect employee performance as well as organisational performance (Ashraf, 2020). Hence the study as in the case of Ashraf (2020) treated job satisfaction as a mediating factor in the predictive relationship between compensation management and employee commitment.

The government of Ghana, in 2005 established the Youth Employment Agency. This agency is under the Youth Employment Act 2015 (Act 887) with the sole responsibility of supporting the youth between ages of 15 to 35 years through skills training and internship modules to transit from a situation of unemployment to that of employment. The nature of organisation and work

has been in flux because of challenges such as family issues such work-life balance, psychological and health concerns and compensation (Visanh & Xu, 2018) and the Youth Employment Agency is no exception. Thus, the study is premised on the logic that the more employees become more satisfied with compensation management at Ghana Youth Employment Agency, the more they get involved in the operations and activities aside becoming emotionally attached to the brand of their organisation.

The study of commitment in relations to organisational interventions such as compensation is rooted in the theory of reciprocity (Ocen, Francis & Angundaru, (2017). The theory posits the logic that employees become indebted to their employers for receiving sometime of value from their employers and are always ready to compensate by committing their services to helping the employers achieve their objectives. The study is strongly linked to the sustainable development goal eight [SDG8] which focuses on decent work and economic growth. This is based on the analogy that once employees are adequately compensated, proper and decent work is enhanced through protection of labour rights, which can improve employee job satisfaction and commitment, hence translating into better organisational performance and thereby promoting long term economic growth of the Ghanaian economy.

### **Statement of the Problem**

Youth Employment Agency is saddled with HR problems. For instance, is relation to compensation, it was discovered that management of the agency is unable to adopt new motivational packages to motivate the staff of the agency (Osei-Poku, 2019). Besides, compensation packages such as increased salaries, car loans, promotions and fringe benefits were denied the

employees at the YEA although the employed expressed interest in these packages (Osei-Poku, 2019). Added to this, the agency is charged with partisan politics and non-aligned organisational structure (Osei-Poku, 2019). There is also a challenge of lackadaisical attitude rewarding workers in the agency (Sakyiamah, 2015).

Furthermore, many HR experts believe HR issues are now more critical than they were in three years ago (Aladwan, Bhanugopan & D'Netto, 2015) especially in public organisations such as the YEA in Ghana (Agyemang & Ofei, 2013). Kelechi, Akpa, Egwuonwu, Akintaro, Shonubi and Herbertson, (2016) advised for further studies to carried out in other contexts to examine how compensation administration influences employee outcomes. This call was made based on the fact that, some organisations, underpay their workers because of poor compensation administration programme (Kelechi, et al., 2016). Sometimes deliberate effort of management to frustrate employees is done through compensation (Dyer & Schwab, 1982).

Examining the relationship between job satisfaction and employee commitment in different context is a step in the right direction (Ocen & Francis, 2017), with inclusion of other organisational concepts (Ashraf, 2020), hence the consideration of compensation management. According to Asiedu and Folmer (2007) there is low levels of job satisfaction among workers in public organisations in Ghana when compared with that of the situation of employees in private organisations. This low level of job satisfaction among employees in the public sector in Ghana is also ascribed to dissatisfaction with salaries which eventually leads to emotional exhaustion among employees (Abugre, 2014).

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Poor HR practices among public organisations including inequitable compensation structure do cause turnover among employees (Ashraf, 2020). In a comparative study, Ayim, (2015) found that employees in private sector are more committed and engaged than those in public sector in Ghana. This this the case of the Youth Employment Agency? Although there have been studies on HRM practices orientation, little has been written about the challenges and perspectives of developing economies (Santhanam, Kamalanabhan, Dyaram & Ziegler, 2017). Researchers in social science Africa were admonished to make concerted effort to identify the salient features given the interplay of the underlying principles on indigenous African workplace (Abugre, 2014). No tracer studies have been conducted as the agency since its inception (Avura & Ulzen-Appiah, 2016), justifying the choice of the agency in this current study. Based on these submissions, the study south to examine the influence of compensation management of employee commitment after controlling for the

### **Purpose of the Study**

The study sought to examine the influence of compensation management on employee commitment and further examined the mediating role of employee job satisfaction among workers in Ghana Youth Employment Agency, Accra. Specifically, the study aimed at achieving these objectives.

- 1. To examine the relationship among compensation management, job satisfaction and commitment.
- 2. To assess the effect of compensation management on commitment?
- 3. To examine the influence of compensation management on employee job satisfaction.

4. To assess the mediating role of job satisfaction in the relationship between compensation management and employee commitment.

### **Research Questions**

To achieve these specific research objectives, the following specific research questions were asked accordingly.

- 1. What is the nature of relationship among compensation management, employee job satisfaction and employee commitment?
- 2. Does compensation management influence employee commitment?
- 3. Does compensation management predict positive change in employee job satisfaction?
- 4. Does employee job satisfaction mediate the predictive relationship between compensation management and employee commitment?

# Significance of the Study

The study can be a source of many benefits to several but different stakeholders who find this study a resource to guide their decision-making, practice and policy direction. Management of Youth Employment Agency can rely of the findings of this empirical study to manipulate their compensation system to induce desired organisational outcomes including job satisfaction and employee commitment. Dimensions of compensation management that actually improve the state of employee job satisfaction and commitment and those that do not have any significant bearings on employee commitment and job satisfaction would be detected if any hence influencing policy direction.

Workers of the Ghana Youth Employment Agency can detect the aspects of their commitment and job satisfaction that are not encouraging given the state of compensation management at the agency, hence the

providing a blueprint as to how to redirect their work behaviour in order to become more committed. The workers would again will be able to express their degree of satisfaction with compensation management of the agency, hence providing insights to management as to how to organise and implement their compensation system so as to improve employee job satisfaction and commitment.

Government of Ghana, particularly, the Ministry of Finance and Ministry of Employment and Labour Relations can rely on the policy recommendations of this study so as to provide means to ensuring that compensation management achieve its intended aims in government agencies operating in Ghana, particularly the Ghana Youth Employment Agency. Students and researchers alike can utilize this study as major empirical source of literature given the interplay of compensation management, job satisfaction and employee commitment in the public sector of an emergent economy in sub-Saharan Africa. Furthermore, research gaps identified in the study can further be explored and exploited by others in different contexts to add more knowledge on the phenomenon under investigation.

### **Delimitation**

The study sought to examine the effect of compensation management on employee commitment through the indirect intervention of job satisfaction at the Youth Employment Agency. The study targeted permanent employees at the agency as the main population. The population is thus estimated to be about 280 permanent employees (Head Office, YEA, 2021). Simple random sampling technique was used to select the 130 participants. The study employed causal research design given the prediction orientation of the study

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in a non-interventional setting. Structured questionnaires were employed for the primary data collection. The study also relied on pre-validated scales for the measurement of the constructs under investigation. Inferential statistics were employed for the analysis of the formulated research objectives.

### **Organisation of the Study**

The study comprises five major chapters. Chapter One deals with the introductory aspect of the study which essentially provide information on the background of the study, statement of the problem and other remaining sub themes. Chapter Two is concerned with literature review in respect of the interplay among compensation management, job satisfaction and employee commitment. Issues of theoretical perspectives are also examined alongside empirical review and finally proposition of a conceptual framework.

Chapter Three provides information on research methods and typically provide evidence on the research design employed as informed by the research approach and overall purpose of the study. Techniques for the primary data analysis, given the assumptions underlying the usage of such techniques are also given. Chapter Four is concerned with provision of information on results and discussion whilst Chapter Five gives information about the summary of key findings, conclusions made and recommendations offered.

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#### **CHAPTER TWO**

#### LITERATURE REVIEW

### Introduction

The study sought to examine the influence of compensation management on employee commitment after the intervening role of job satisfaction had been controlled for. The previous chapter provided information concerning the introductory aspect of the study. This section provides information concerning the literature review and it is grouped into four main parts including theoretical review, conceptual review, empirical review and conceptual framework. The essence of the literature review is to provide in-depth information about the concepts under investigation, the theoretical position underlying the purported relationships, empirical review for the purpose of comparison and conceptual framework to establish the nature of interaction to be investigated from this empirical study.

### **Theoretical Review**

Empirical study of this nature is underpinned by the theory of reciprocity. This section provides information on the central theme of the theory, the scope of application, assumptions and the application of the theory in the context of the study.

# **Theory of Reciprocity**

The study is underpinned by the theory of reciprocity. The theory of reciprocity offers that the basic structure of reciprocity consists of a kind, treatment given by another and behavioural reaction to that treatment. The is reciprocal interaction is anchored on the idea that fairness norms prevail in a variety of business contexts (Falk & Fischbacher, 2006). The central theme of

the theory is about how people evaluate an experienced action as to whether such as was kind or unkind. The theory of reciprocity further alludes people make inferences from their experiences and encounters which eventually influences their reactions to such experiences and encounters.

The theory of reciprocity also avers the dislike of inequitable distribution also triggers behavioural responses (Bolton & Ockenfels, 2000). The reciprocity process is also associated with positive sentiments towards the other party and they commonly support, manifest or constitute a good social relation in the work context (Kolm, 2000). The essence of reciprocity is to ensure equity in exchange relationships including those between employees and employers (Kolm, 2000). The reciprocity process is also embedded with a series of motivationally interrelated two-way gifts between the exchanging parties where the interrelation involving gifts passing both ways (Kolm, 2000).

The motivation that triggers the exchange of gifts in the reciprocity relation is also influenced by consequences of such exchange where self-interest and the desire for the continuation of the exchange relations are key drivers for the benefits of all parties involved (Kolm, 2000). From another angle, the most primary form of reciprocity is the traditional 'tit for tat' but may go beyond this to incorporate indirect from reciprocal beneficiary's benevolence induced by gift. The intentions for once behaviour reveal whether reciprocal responses are present in the interactive exchange relationship. The inequity aversion approach connotes a consequentialistic perspective (Fehr & Schmidt, 1999) that contradicts the intention-drive behaviour championed by Dufwenberg and Kirchsteiger, (1999).

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Furthermore, the theory of reciprocity assumes fairness-based punishments or rewards can be fully accounted for without consideration of intention. The kindness term measures how kind a person perceives the action by another person. In the context of this study, it is believed when employees perceive the various kinds of compensation they are paid as being fair, and thus becomes satisfied with them, they would inherently like to reciprocate this kindness by improving their commitment. On the other hand, if employees perceive treatment by the organisation as unkind, their level of satisfaction will reduce and then they would like to retaliate by engaging in punitive behaviour that would go a long way to reduce their level of commitment for the organisation.

# Compensation

Compensation encompasses a range of financial and non-financial rewards that are given to employees for the exchange of their services rendered to their employer or organization (Bhattacharyya, 2009). Compensation also consists of all forms of pay that go to employees which arise from their employment (Bhattacharyya, 2009). Compensation structure of organisations is aligned with the goals, objectives and strategies such organisations (DeCenzo & Robbins, 2006). Compensation thus serves as a conduit in which organisations or employers reward employees for the exchange of their knowledge, skills and abilities in terms of the execution of their assigned job responsibilities. According to Cascio, (2006) compensation also represent anything an employee values and desires that the employer is able and willing to offer in exchange for the contribution of the employees.

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There are several criteria used for setting up effective compensation system and these include adequacy of compensation, balanced payment system, cost effectiveness, security, provision of incentives and acceptability between employees and employers (Ivancevich, 1998). A good compensation system has the capacity of creating good and attractive public image of the organizations which eventually make employees feel proud for working in such organizations (Soliman, 2009). It is important to reiterate that the level of employee satisfaction with pay or compensation has ramifications for employee behaviour and organisational outcomes including work stoppages, job satisfaction, absenteeism, presenteeism and employee performance (Ducharme, Singh & Podolsky, 2005).

### **Compensation Management**

Compensation management is critical in a pillar in HRM. Compensation management seeks to formulate and implement strategies and policies that aim at compensating people fairly, equitably, and consistently in accordance with their value to the organisation or their employer or employers (Armstrong, 2005). Thus, compensation management recognises the various investment made in the HR of organisations and thus required value creation for the benefit of the employer or the organisation based on services rendered by the workforce. Compensation management is also concerned with the development of working relationships and psychological contracts that adopts a compensation approach that recognises that there are a number of means by which people can be compensated.

From the perspective of Harrison and Liska, (2008) it is regarded as a well-articulated philosophy, which is anchored on a set of beliefs and guiding

principles that are consistent with the values of the organisation. Compensation management is therefore meant to reap reasonable returns from investment in human capital in the work context (Armstrong, 2005). Therefore, rewards are seen as the centerpiece of employment contracts between workers and their employers. Compensation management is undertaken to manage both direct compensation and indirect compensation at the workplace (Putra, 2021).

Therefore, compensation management involves overseeing the process of providing pay or other benefits to employees for job a job (Madhani, 2022). The compensation process recognises the need for management to understand their budget and determine how much to pay employees. Estimates of income sources for payment in unavoidable strategy that must be carried out. Someone should also be charged with the management of compensation at the workplace. Planning compensation is also a key activity undertaken to ensure effective reward to employees (Ahmed, 2021). Determining fair compensation for workers is required to ensure employees are motivated to work without recourse for dissatisfaction among workers. Managing compensation also requires managers to align compensation to employee performance through performance reviews (Solihah, Indrawati & Hasyim, 2021). The essence is to track employee performance to inform actionable HR policies.

### **Dimensions of Compensation**

Intrinsic reward refers to the various intangible reward and may include being part of a group, a feeling arising from the accomplishment of goals and pride and the satisfaction derived from one's own work. The nature of intrinsic rewards is such that they do not have physical existence and may

include respect, appreciation for work done, professional growth and authority to immediate tasks (Ajmal, Bashir, Abrar, Khan & Saqib, 2015). Extrinsic compensation refers to the tangible component of reward paid to employees and may include salary increments, bonuses, sales commission and so forth. Compared with intrinsic rewards, extrinsic rewards have physical existence and are often expressed in monetary terms (Ajmal, et al., 2015). The essence of extrinsic compensation is to motivate employees to complete their assigned tasks in order to receive the payments (Deci & Ryan, 2012).

Financial compensation also refers to rewards given to employees that are in monetary form. Non-financial compensation is normally an inexpensive reward that is meant to enhance the morale of employees. Financial compensation is linked strongly with extrinsic motivation and may include commissions, merit pay, incentives which are provided to employees based on their respective performance in the organisation (Armstrong, 2008). Performance-based compensation is a form of reward whereby workers are compensated based on their level of performance (Hamukwaya & Yazdanifard, 2014).

In this system, employee performance and competence that the determining factors for deciding the level of increment and rise in rates of progress through salary band (Hamukwaya & Yazdanifard, 2014). Performance-contingency pay is also a variable pay system that ranges from stable base level of pay that is also supplemented by performance-based pay (Ganster, Kiersch, Marsh & Bowen, 2011). From the perspective of the expectancy theory, consideration of performance-based rewards provides the antidotes of improving employee performance exponentially because workers

are more likely to know beforehand, the amount they are entitled to before they even begin working (Ganster, Kiersch, Marsh & Bowen, 2011).

Compensation could also be either direct payment or indirect payment. Direct compensation refers to the situation where employees are paid money directly for the services that they render to their employers or organisations (Dessler, 2008). Notable types of direct payment include bonuses, wages and salaries, and commission. Direct compensation also includes basic pay and contingency pay (Dessler, 2008). Basic pay refers to formally expressed norm rate which can be paid on an hourly, monthly or annually basis and allowance that may include adjustment in cost of living and overtime payment (Armstrong, 2008).

Indirect compensation on the other hand refers to the various forms of non-monetary pay given to employees that may include things from common contractual features to useful, attractive benefits (Danish & Usman, 2010). It also includes both monetary and non-monetary remuneration that are given to employees indirectly from their employers or organisations (Dessler, 2011). Fringe benefits such as milage allowance, supplementary pay allowance, insurance, retirement benefits, car grants (Danish & Usman, 2010), social security, paid holidays, paid vacations, (Byars & Rue, 2008) and so forth all constitute some form of indirect compensation.

### **Job Satisfaction**

Job satisfaction is regarded as a precursor of employee behavioural intentions include employee commitment (Freund, 2005). It is defined as defined as the level of contentment employees feel with their job (Abdullah, Huang, Sarfraz, Ivascu & Riaz, 2021). From this perspective, it becomes

imperative to examine the perception of employees of the degree of employee job satisfaction so that appropriate managerial interventions could be devised to motivate employees to become more satisfied and improve their productivity and performance. Employees form psychological contracts with their employers and whenever the terms of such psychological contract are followed to letter, employees, in turn, become more satisfied. Psychological contract and other related perceptions are perhaps best seen as that a linking mechanism between HR practices such as compensation management and individual attitudes and behaviour (Luna-Arocas & Camps, 2008).

Job satisfaction is also related to job components including working conditions, equitable reward system and communication with colleagues (Kinicki & Kreitner, 2007). Others believe job satisfaction is strongly linked with both intrinsic and extrinsic job-related factors including supervisor cooperation, communication style, working conditions, type of work employees do as well as their duty (Yaseen, 2013; Thompson & Phua, 2012). Employee satisfaction is also a measure of employees' attitude and feelings of employees about their work (Ocen, Francis & Angundaru, 2017). It captures the extent of affective and cognitive perceptions towards the job among employees (Thompson & Phua, 2012).

### **Employee Commitment**

Employee commitment refers to the ability of workers to exhibit strong loyalty and identify with their organisations in so far as their duties and responsibilities are concerned (Ocen, Francis & Angundaru, 2017; Muthuveloo & Rose, 2005). Therefore, employee commitment demonstrates how close employees are to their organisation and the pleasure they enjoy as

being part of such an organization hence their emotional attachment (Ocen, Francis & Angundaru, 2017). The notable classification of employee commitment provides three dimensions of the concept; normative commitment, affective commitment and continuance commitment (Ocen, Francis & Angundaru, 2017).

Normative commitment captures workers' desire to reciprocate the good they have received from their organisation with good corporate working behaviour, attitude and efforts (Singh & Shukla, 2018). Continuance commitment also deals with a situation whereby employees feel they cannot leave their organisations even though options are available for them to leave the organisation (Gupta & Shaw, 2014) particularly when the employee cannot match salary and benefits with other competing employers (Ocen, Francis & Angundaru, 2017). Affective commitment also captures the degree to which employees are emotionally attached with their organization, identify with their organization and get involved in the operations and activities of the organisation (Singh & Shukla, 2018).

# The **Mediating Role** of Job Satisfaction

Unsatisfied workers are the first enemy of the organisation (Nanjundeswaraswamy, 2021). The concept of mediation posits although the independent variable has the power to cause changes in the dependent variable, however, the presence of the mediating variable helps to better explain the effect of the compensation management on employee commitment among the workers in the organisations. Thus, if employees are more satisfied with their compensation, it can cause employees to become more committed (Mabaso & Dlamini, 2018) but the level of commitment would be greatly

enhanced if employees are equally satisfied with their job in the same organization (Ashraf, 2020).

On the contrary, the mediating role of job satisfaction also posits whenever are not satisfied with their compensation, they are more likely to become less committed but when they are again not satisfied with their job and in particular, compensation management, they become even less committed to their organisations and employers. From the reciprocity theory's perspective, whenever employees perceive the compensation they receive from their employers are being fair, they become more satisfied with their employment contract with such employers and are thus motivated to reciprocate such good by committing themselves to supporting the cause of their employers and organisations, hence effective attainment of organisational objectives (Kolm, 2000).

On the contrary, when employees perceive the compensation system as unfair, they become dissatisfied with their job and then become less committed at working for their organisations or employers (Fehr & Schmidt, 1999; Kolm, 2000). This analogy therefore underscores the need to ensure that employees are satisfied at the workplace especially satisfaction with their compensation. This inference is embedded in the reciprocity theory that posits inequitable distribution at the workplace causes behavioural responses (Bolton & Ockenfels, 2000). Therefore, job satisfaction is perceived as the means of expression through which compensation relate to employee commitment in the context of this study. Certain empirical studies have treated job satisfaction and found same in their context (Nanjundeswaraswamy, 2021, Ashraf, 2020;

Mahmood, Akhtar, Talat, Shuai & Hyatt, 2019; Ocen, Francis & Angundaru, 2017).

**Empirical Review: Compensation Management and Employee** 

#### **Commitment**

Mabaso and Dlamini (2018) examined the influence of total rewards on organisational commitment in higher education institutions. Total reward construct was measured with six dimensions including compensation, fringe benefits, work-life balance, performance, recognition and talent development and career opportunities. Quantitative research approach was adopted with the usage of structured questionnaires for primary data collection justified. The study was carried out in the higher education sector of South Africa. 202 returned questionnaires were edited and cleansed before coding was done in SPSS (Version 24.0). The study also tested the reliability of the primary data collected via the structured questionnaire with the use of the Cronbach's Alpha criteria. The Pearson product-moment correlation results proved there were statistically significant positive linear association between the various dimensions of compensation management and employee commitment. The multiple regression analysis proved total rewards collectively accounted for statistically significant moderate change in organisational commitment among the participants.

Ami, Boaten and Yamoah (2015) empirically examined compensation determinants and their collective impact on employee commitment among employees in private tertiary institutions in Ghana. The study used the quantitative research approach to measuring and analyzing the primary data in respect of the specific research objectives. A descriptive survey was employed

as the main research design hence the reliance on the structured questionnaire for the primary data collection. The study targeted charted private institutions in greater Accra metropolis that were affiliated to the University of Ghana. Data analysis was based on 147 cases and the unit of analysis was at the individual level. Both inferential and descriptive statistics were utilized for the primary data analysis. The results proved there was a positive significant predictive relationship between financial rewards and employee commitment.

Ajmal, Bashir, Abrar, Khan and Saqib, (2015) further examined how intrinsic motivation and extrinsic motivation influence employee attitudes such as job satisfaction and employee commitment through the mediating effect of perceived organisational support. The target population included workers in both private and public institutions in Faisalabad, Pakistan. These employees were surveyed through structured questionnaire administration based on a 5-point Likert scale. The study proved both intrinsic and extrinsic rewards were significant positive predictors of employee commitment and employee job satisfaction indirectly through the mediating effect of organisational support.

Newman and Sheikh (2012) evaluated the role of organisational reward in improving employee commitment among employees in major Chinese airlines that were operating in the Henan Province. 500 full-time employees at the various HR departments were randomly selected and issued with the structured questionnaire for primary data collection. The constructs were measured via the use of already existing but validated scales. The reliability of the scale was measured with the Cronbach's Alpha criterion. Covariance-based SEM was configured to test the formulated hypotheses with

strong adherence to the 2-stage model evaluation process. The results proved autonomy, pay satisfaction and satisfaction with supervision all related in a positive and significant manner with affective commitment.

Another empirical study was carried out by Williamson, Burnett and Bartol, (2009) that sought to examine the effect of organisational rewards and collectivism on affective organisational commitment. The study was conducted in universities in the United States with two-wave data collection procedure. Measures for the constructs were obtained from pre-validated scales on a 7-point Likert scale. Data analysis was done through the usage of the LISREL software for the configuration of the structural model. 513 cases were used for the primary data analysis as demanded by the nature of the formulated research hypotheses. All the measurement criteria for SEM were tested and verified before the final consideration of the structural model. The study concluded both collectivism and organisational rewards had significant positive effect on the state of exhibition of affective organisational commitment. Both intrinsic and extrinsic rewards had the power to improve the state of affective organisational commitment among participants.

Ogba (2008) empirically examined the effect of income and age on the level of employee commitment in the banking sector of Nigeria. The study utilized already validated scales for the assessment of the constructs under investigation. Primary data were gathered with the distribution of questionnaires to the participants. The ANOVA results proved there were statistically significant difference in the level of affective commitment, continuance commitment and normative commitment for the various income

levels. Interesting, the study showed lower-income earners had higher overall commitment compared with higher income earners.

### **Empirical Review: Mediating Role of Job Satisfaction**

Nanjundeswaraswamy (2021) empirically examine the effect of leadership style on employee commitment and controlled for the mediating role of job satisfaction. The study used the cross-sectional research design to approaching the study quantitatively. The target population included some 1,120 workers in manufacturing SMEs in India. A structured questionnaire was used for the primary data collection via a 5-point Likert scale rating method. The study strongly utilized existing validated scales for the measurement of the constructs under consideration. SPSS was used for the primary data processing and analysis because of the tools embedded in the application.

The Pearson product-moment correlation results proved a statistically significant positive linear relationship between job satisfaction and employee commitment. The regression results proved job satisfaction improved the level of employee commitment in a positive and significant manner. The mediation analysis through the structural equation analysis via the use of AMOS application proved job satisfaction improved the influence on leadership style on employee commitment significantly.

Ashraf (2020) empirically examined the effect of demographic factors, compensation and job satisfaction on organisational commitment among companies in Bangladesh. Technically, the study conceptualized compensation structure and job satisfaction as mediating factors whilst organisational commitment was treated as the dependent variable. The study

utilized existing already validated scales for the measurement of the key constructs that were contained in the structured questionnaire that was used for the primary data collection. The study was essentially quantitative in nature and Likert-type responses-7-point-were used for the participants to respond to. AMOS software and SPSS software were used for the primary data analysis. Specifically, structural equation modeling was used to test the formulated hypotheses. It was discovered that job satisfaction together with compensation structure positively and significantly mediated the predictive relationship between demographic factors and organisational commitment

Mahmood, Akhtar, Talat, Shuai and Hyatt (2019) conducted an empirical study that examined the effect of specific HR practices on employee commitment and controlled for the mediating role of employee job satisfaction. The study employed the self-completion questionnaire for the primary data from the participants from both private and public banks in Pakistan. A response rate of 66.75% was recorded from 400 participants initially contacted. The study used a 5-point Likert scale for the measurement of the attitude and opinion of the participants concerning the various variables under investigation. Cronbach's Alpha was employed to measure the reliability of the primary data gathered through the structured questionnaires administered.

The study used structural equation modeling to test the formulated hypotheses. The AMOS software was used for the data processing because such application is embedded with the appropriate statistical techniques for such analysis. It was discovered that salary and job satisfaction related significantly and positively. Job satisfaction also had a positive influence on

the state of employee commitment among the participants. Job satisfaction mediated the relationship between non-financial strategies and employee commitment but failed to mediate significantly the relationship between financial strategies and employee commitment.

Ocen, Francis and Angundaru (2017) in their empirical study examined the effect of training on employee commitment and controlled for the mediating role of employee job satisfaction. The study utilized a cross-sectional and correlational research design in conducting the empirical study. The target population included some 10,373 employees in the various commercial banks that were operating at the time of the study in Uganda. The study also used a structured questionnaire for the primary data collection based on a 5-point Likert scale for the measurement of the specific constructs under investigation.

The study used a pre-validated scales for the measurement of the constructs. Cronbach's Alpha was used for the test of the primary data collected via the structured questionnaire administration. SPSS software was applied for the data processing and analysis given its embedded techniques for the analysis of the specific research objectives. The correlation results proved training related positively with employee commitment. Again, there was a positive moderate significant linear the relationship between employee job satisfaction and employee commitment. The study also concluded employee job satisfaction partially mediated the relationship between training and employee commitment.

Another study was carried out by Agustiningsih, Thoyib, Djumailah and Noermijati, (2016) to examine the collective influence of remuneration,

job satisfaction and organisational citizenship behaviour on employee performance at Account Representative and Supervision and Consulting division. Structural equation modeling was configured to test the path model for the formulated hypotheses. The study was essentially quantitative in nature and a 5-point Likert scale was used to measure the opinions of the participants on the variables in the structured questionnaire used for the primary data collection. Participants were selected through the simple random sampling technique. The mediation analysis however showed that job satisfaction failed to mediate the predictive relationship between remuneration and employee performance. Remuneration also failed to significantly predict positive change in organisational citizenship behaviour.

Another empirical study was carried out by Abugre, (2014) to examine the state of job satisfaction among public sector employees in sub-Saharan Africa by testing the Minnesota satisfaction questionnaire in Ghana. the study adopted a survey research design to approaching the conduct of the study among large public organisation in Ghana. The participants were selected from the head office of the targeted institution. Although 200 questionnaires were administered, only 100 usable questionnaires were obtained. Self-administration of the questionnaire was employed. It was discovered there were statistically significant differences in satisfaction based on gender and level of formal education. However, it was found that the HR practices in Ghana had weak effect on the level of employee job satisfaction.

#### **Conceptual Framework**

Conceptually, the purported relationship among the key constructs including compensation management, job satisfaction and commitment is presented in Figure 1. The drafting of the conceptual framework was inspired by the nature of the overall purpose of the study, the theory supporting the nature of the purported relationship among the concepts, the position of the empirical findings and the nature of the formulated research objectives. Technically, compensation management is made up of financial compensation and non-financial compensation and are treated as the independent variables.

With this, it is expected that extent of satisfaction with the compensation management among the workers could cause changes in the state of job satisfaction and commitment among the workers. Thus, the study contends changes in compensation management would induce changes in job satisfaction. Job satisfaction is conceived as the mediating variable and thus it is expected that it has the capacity to transfer the effect of compensation on employee commitment in a more improved manner than what compensation manage can do. Therefore, the study seeks to determine both the direct and indirect effects of compensation on employee commitment at the Youth Employment Agency.

Employee commitment is conceptualized as playing a dependent variable role. Thus, changes in employee commitment are expected to be caused directly by changes in compensation management including financial compensation and non-financial compensation and indirectly through job satisfaction among the research participants. Generally, the study contends there should be some positive relationship among compensation management,

job satisfaction and employee commitment in situation were there are favourable scores for all these concepts in the estimated model. The conceptual framework is presented as Figure 1.

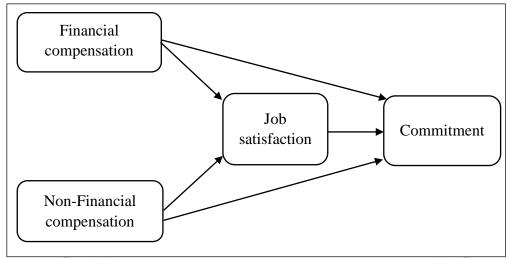


Figure 1: Conceptual Framework

Source: Author's Construct, (2022)

### **Chapter Summary**

The chapter has provided detailed information concerning the literature review. The literature review provided a theoretical base for the study, especially the rationale guiding the purported relationship among the key constructs of the study again, the chapter provided a detailed explanation of the key concepts given their dimensions, operationalisation and measurement. The empirical review solidifies the claims on the purported relationship among the constructs and then constructs a conceptual framework to that effect.

#### CHAPTER THREE

#### RESEARCH METHODS

#### Introduction

The study sought to examine the influence of compensation management on employee commitment after controlling for the mediating intervention of employee job satisfaction among workers at the Youth Employment Agency. A literature review was done in the previous chapter. This chapter however provides information about the research methods that were applied in carrying out this empirical study.

## Research Approach

The study adopted the quantitative research approach in conducting this empirical study (Zaragoza-Sáez, Marco-Lajara & Ubeda-Garcia, 2021). With the use of the quantitative method, the close-ended questioning technique was used for the construction of the items contained in the key constructs considered in this empirical study. Again, contextually, numerical values were employed in the formulation of the rating scale based on a 5-point Likert scale for assessing the opinions of the participants on the items (Lecours, Beaulieu, Poulin, Nastasia & St-Hilaire, 2021). Coding was done with the SPSS application through the use of numerical values hence providing means to inputting the opinions expressed on the items in the structured questionnaire into the SPSS software for data analysis.

Similarly, using the quantitative research approach supported the use of inferential statistical techniques including Pearson product-moment correlation, multiple regression, and mediation model applied in achieving the specific research objectives of the study (Supratman, Entang & Tukiran,

2021). Through the use of the quantitative research approach, the instrument was subjected to a validity and reliability test to check the appropriateness of the scales and the genuineness and quality of the primary data collected with the questionnaire. Assumptions concerning the use of parametric techniques for the primary data analysis were tested with the appropriate statistical techniques.

#### Research Design

Since the study examines how changes in compensation management affect the degree of changes in job satisfaction and employee commitment at the Youth Employment Agency, the study adopted the explanatory research design in carrying out this empirical study. With the explanatory research design, the study contends compensation management is operationalized as an independent variable, job satisfaction as a mediating variable whilst commitment was conceptualised as a dependent variable. The explanatory research design supported the cause-and-effect test of formulated research objectives as seen in the study (Widowati, Istiono & Husodo, 2021).

Similarly, the use of a quantitative research approach in this study is fully backed by the explanatory research design which collaborates with the use of a structured questionnaire for the primary data collection. The choice of the analytical tools for the specific research objectives that were tested in the context of the study. Furthermore, using the explanatory research design provided the means to testing the assumptions underlying the application of the inferential statistics utilized for the primary data analysis in lieu of the formulated research objectives (Rotimi, Ramanayaka, Olatunji & Rotimi, 2021).

#### **Study Area**

The study was conducted at the Youth Employment Agency head office located in Accra, the Capital City of Ghana. It is located at Liberation Towers, Castel Road, Ridge. The Agency was established by Act 887 (2015) with the vision to develop, coordinate, supervise and facilitate job creation for the youth in Ghana (Sakyiwaa, 2019). It supports the youth between 15 to 35 years through skill training and internship modules to transit from situation of unemployment to that of employment. However, the agency is challenged in terms of inadequate funding amid delays in the release of funds of its effective operations including inadequate payment of compensation to workers of the agency (Sakyiwaa, 2019).

This incident of inadequate compensation may as well affect the state of employee job satisfaction level as well as their commitment (Silva, 2006). Analysis of the vulnerability conditions of the youth in Ghana shows, for the most part, the youth are the most vulnerable as compared with the older adults (Adeniran, Ishaku & Yusuf, 2020) in terms of employment especially in the informal sector of the Ghanaian economy. Currently, the Youth Employment Agency employs about 280 staff (Head Office, YEA, 2021).

#### **Population**

The population considered in this study included permanently employed workers at the Youth Employment Agency at the Accra metropolis. The population thus focused on employees in all the various departments at the Youth Employment Agency, Head Office in Accra metropolis. These included some estimated 280 workers (Head Office, YEA, 2021). Clients and

national service persons were not included in the study because they are not compensated directly by the Youth Employment Agency.

#### **Sampling Procedure**

Since the study did not survey all the elements in the sampling frame, it became necessary to select a representative sample size to be studied in the context of this empirical study. Therefore, a scientific rigorous approach needed to be followed to determine the appropriate representative sample size for the empirical study. The G\*Power application was utilized in coming up with the minimum sample size considered in this study. A minimum sample size of 107 participants was subsequently determined based on these parameters depending on the test-family type considered in the study. Test family=F test, Statistical test=Linear multiple regression with fixed model, r2 deviation from zero; Effect size=0.15; err prob=0.05; Power=0.95; Number of predictors=2. A similar approach has been recommended in some similar empirical studies (Thompson, Ahmad & Maynard, 2021).

Once a minimum representative sample size had been determined, it became necessary to determine how the participants would be selected to participate in the study. This informed the choice of the simple random sampling technique for such exercise. With a known number of elements in the sampling frame, serial numbers were then given to the elements. Using a computer application, random numbers were generated based on a cutoff number of 130. All elements in elements whose serial numbers were generated as part of the random numbers were selected and contacted for the primary data collection at the Youth Employment Agency. The use of simple random sampling is a prerequisite for inferential statistical analysis including the

Pearson product-moment correlation, multiple regression and mediation model applied in the context of the study (Parhamnia, Farahian & Rajabi, 2021). It also provides equal chance of selection among the sampling elements (Yilmaz & Rizvanoglu, 2021).

#### Instrument

Primary data was collected with the use of the structured questionnaire as the main instrument for data collection. With the structured questionnaire, close-ended questioning technique was employed for the measurement of the opinions of the participants on the items under the various scales considered in the context of the study. Options were provided on each item from which the participants were asked to select the option(s) that best reflected their opinions on the items on a 5-point Likert scale (Li, Kallas & Rahimani, 2022; Dias, Lopes & Peixoto, 2022). All the respondents answered the same questions

In order to improve the validity and reliability of the scales, the study adapted some empirically validated scales for the measurement of constructs in the context of the study. The items measuring the compensation management were adapted from these sources (Keynan, 2018; Ashraf, 2020). The measures of job satisfaction were adapted from these sources (Abugre, 2014; Ashraf, 2020). Similarly, employee commitment scale was adapted from these sources (Ashraf, 2020; Ocen, Francis & Angundaru, 2017). The instrument is attached at Appendix A. The results in terms of the validity and reliability of the scales are presented as follows.

Kaiser-Meyer-Olkin Measure (KMO) of Sampling Adequacy and Bartlett's Test

**Table 1: KMO and Bartlett's Test** 

	Financial	Non-	Job	Commit
	Compensa	financial	satisfacti	ment
	tion	Compen	on	
		sation		
Kaiser-Meyer-Olkin Measure of	0.913	0.871	0.898	0.913
Sampling Adequacy.				
Bartlett's Approx. Chi-Square	1257.983	1849.96	2202.55	2745.57
Test of		3	8	0
Sphericit Df	45	78	78	91
y Sig.	0.000	0.000	0.000	0.000

Source: Field survey, (2022)

KMO and Bartlett's Test results were tested after the principal component factor analysis had been conducted. These parameters are prerequisites for accepting the validity results in respect of the scales tested. A minimum of 0.5 scores and a p-value <0.05 or =0.05 is required for the KMO and Bartlett's Test respectively in order to proceed with the validity results evaluation (Bhatti, Soomro & Sah, 2021). The results as demonstrated in Table 1 show these assumptions are validly measured =hence the capacity to proceed with the interpretation of the validity results.

Validity: Financial Compensation (FC)

**Table 2: Component Matrix: Financial Compensation** 

		Component
		1
FC1		0.769
FC2		0.831
FC3		0.884
FC4		0.716
FC5		0.814
FC6		0.794
FC7		0.641
FC8		0.447
FC9		0.811
FC10		0.828
Extracti	on Method: Principal Component Analysis.	7

a. 1 component extracted.

Source: Field survey, (2022)

The validity results (Table 2) for the "Financial compensation" construct as measured in the context of this study prove the construct is validly measured given the components scores of the items in the scale (Component scores >0.3) as recommended (Pallant, 2013).

Validity: Non-Financial Compensation (NFC)

**Table 3: Component Matrix: Non-Financial Compensation** 

	Component
	1
NFC1	0.776
NFC2	0.752
NFC3	0.815
NFC4	0.641
NFC5	0.757
NFC6	0.739
+NFC7	0.830
NFC8	0.756
NFC9	0.831
NFC10	0.829
NFC11	0.738
NFC12	0.296
NFC13	0.836

Extraction Method: Principal Component Analysis.

Source: Field survey, (2022)

#### NFC12: Retirement plan

The validity results (Table 3) for the "Non-financial compensation" construct as measured in the context of this study prove the construct is validly measured given the components scores of the items in the scale (Component scores >0.3) as recommended (Pallant, 2013). However, the item labeled "Retirement plan" did not contribute meaningfully to measuring the non-financial compensation hence it was ignored in subsequent analysis such as a test of reliability, data transformation and statistical analysis in respect of the specific research objectives. This decision is based on the fact that the item had a score of less than 0.3.

a. 1 component extracted.

Validity: Job Satisfaction (JS)

**Table 4: Component Matrix: Job Satisfaction** 

	. Component Matrix. 300 Satisfaction	Component
		1
JS1		0.812
JS2		0.722
JS3		0.745
JS4		0.718
JS5		0.759
JS6		0.781
JS7		0.743
JS8		0.705
JS9		0.734
JS10		0.716
JS11		0.749
JS12		0.739
JS13		0.755
Extract	ion Method: Principal Component Analysis.	

a. 1 component extracted.

Source: Field survey, (2022)

The validity results (Table 4) for the "job satisfaction" construct as measured in the context of this study prove the construct is validly measured given the components scores of the items in the scale (Component scores >0.3) as recommended (Pallant, 2013).

Validity: Commitment (CM)

**Table 5: Component Matrix of Commitment** 

	Component
	1
CM1	0.848
CM2	0.868
CM3	0.863
CM4	0.899
CM5	0.862
CM6	0.814
CM7	0.806
CM8	0.758
CM9	0.832
CM10	0.820
CM11	0.820
CM12	0.804
CM13	0.764
CM14	0.476
Extraction Method: Principal Component Analysis	S.
a. 1 component extracted.	5

Source: Field survey, (2022)

The validity results (Table 5) for the "Commitment" construct as measured in the context of this study prove the construct is validly measured given the components scores of the items in the scale (Component scores >0.3) as recommended (Pallant, 2013).

#### **Reliability Results**

**Table 6: Reliability Statistics** 

Constructs	Cronbach's Alpha	N of Items
Financial compensation	0.901	10
Non-financial compensation	0.939	12
Job satisfaction	0.933	13
Commitment	0.956	14

Source: Field survey, (2022)

The reliability results concerning the primary data collected with the validated scales in the context of the study. Observation of the results in Table 6 shows all the constructs were reliably measured based on their respective Cronbach's Alpha score given their respective number of items. The constructs all had Cronbach's Alpha values greater than the minimum threshold of 0.7 hence being regarded as reliably measured.

#### **Data Collection Procedure**

Primary data collection was done through the drop-and-pick data collection method (Debrah & Owusu-Manu, 2021). With this approach, after permission had been granted by management of the Youth Employment Agency for the conduct of the study at their outfit, the participants whose serial numbers were generated as part of the random numbers were personally contacted by the research for the issuance of the questionnaires (Kariuki & Kiiru, 2021). The purpose of the study was fully explained to the participants. The participants willingly agreed to participate in the study. 130 questionnaires were distributed to the participants. Reminder phone calls were made to each participant at least twice within the data collection period. This

played a significant role in influencing the response behaviour favorably for the researcher.

After three times visits to the Youth Employment Agency, all the issued questionnaires were retrieved subsequently. Once the questionnaires were received, careful and extensive cleaning was carried out to ensure that there were no missing values or outliers in the scales so as to boost the accuracy and reliability of the datafile for the data analysis as determined by the specific research objectives considered in the study. Therefore, 126 cases were considered usable and thus, a response rate of 96.92% was recorded for the data collection exercise. Therefore, 126 cases were relied on for the data analysis. The data collection exercise took three months (October-December, 2021) for its completion.

#### **Data Processing and Analysis**

Once the questionnaires had been collected and cleansed, it became necessary to prepare the data file for the primary data analysis in the appropriate statistical software. The study, therefore, relied on the SPSS (Version 25.0) for the data analysis. A codebook was drafted to guide the coding in the SPSS application (Hamel, 2021). With this, the numerical values were employed in representing the various options on the items contained in the respective scales. Subsequently, coding was carried out successfully which was then followed by data entry exercise (Byrne, 2021). Once the data file was ready in the accepted format, a test of assumptions was then conducted in that regard. Reliability and validity tests were carried out as required in studies of this nature. Afterward, a test of normality then followed. The unit of analysis was at the individual level.

In the multiple regression analysis, tests of autocorrelation and multicollinearity were checked as well (Birhanu, Deressa, Azadi, Vira, Van Passel & Witlox, 2021). The first specific objective was measured with the Pearson product-moment correlation coefficient. The second objective and the third objective were measured with the multiple regression technique (Yilmaz & Rizvanoglu, 2021). Objective four was measured with the mediation model 4 specified in the SPSS process macro software (Yeung, Zhou & Chong, 2021; Chowdhury, 2022). The findings obtained were summarized in Tables and Figures which aided the interpretation and presentation of the research findings.

#### **Ethical Consideration**

Several ethical considerations were observed to that the rights and liberties of the various stakeholders that were affected by this empirical study were respected to the highest esteem (Tursunbayeva, Pagliari, Di Lauro & Antonelli, 2021). Formal permission was sought to the primary data collection exercise at the Youth Employment Agency when the researcher submitted an introductory letter from the School of Business to that effect. With permission granted, a brief meeting was held where all the participants were informed of the purported study. The purpose of the study was explained to all participants. The participants then willingly accepted to help by providing data based on the items contained in the instrument.

The questionnaire was designed in such a way that the privacy of the participants was respected (Tursunbayeva, et al., 2021). The identity of the participants was fully protected. The primary data collected was treated as confidential and thus, the data was not made available to third parties. The

researcher guided strongly against data manipulation and thus presented the results as given by the statistical application. To ensure the rights of sources cited in the workers are respected and recognized, referencing was carried out to that effect. A plagiarism report was also generated to ensure that the researcher claims total ownership of the study (Farahian, Avarzamani & Rezaee, 2021).

## **Chapter Summary**

The chapter has provided information concerning the various research methods that were followed to conducting the empirical study. It provides justifications for the choices made in respect of the applicable research techniques, procedures, methods, approaches and designs followed in this regard.

NOBIS

#### CHAPTER FOUR

#### RESULTS AND DISCUSSION

#### Introduction

The study sought to examine the influence of compensation management on employee commitment and further examined the mediating role of employee job satisfaction among workers in Ghana Youth Employment Agency, Accra. The previous chapter provided information concerning the various methodologies that were relied on for the conduct of this empirical study. This chapter however is concerned with providing information about the findings as dictated by the nature of the specific research objectives. It also provides information about the discussions made in respect of the findings of the study regarding the implications of the findings even as empirical inferences are made in that respect.

#### **Demographic Characteristics**

The demographic characteristics of the participants were measured descriptively with frequency as a measure of central tendency and percentage as a measure of dispersion. These statistical techniques are appropriate for testing the demographic characteristics of the participants owing to the nature of measurement scales employed for the measurement of the variables. The findings are presented in Table 7.

**Table 7: Demographic Characteristics** 

Variable	es	Options	Frequency	Percentage
Gender		Male	78	61.90%
		Female	48	38.01%
Working experience		1-5 years	60	47.62%
		6-10 years	54	42.86%
		Above 10 years	12	9.52%
Rank		Senior staff	25	19.84%
		Junior staff	101	80.16%

Source: Field survey, (2022)

The findings in respect of the demographic characteristics of the participants are presented in Table 7. Consideration of the gender distribution shows most of the participants are male (61.90%) although females are equally somewhat represented. Therefore, the views expressed are more likely to be devoid of gender bias in this regard. The gender structure of the workforce reflects a male-dominated institutional structure, hence the need for management of the Youth Employment Agency to relook at how more qualified female workers could be employed and engaged to ensure fairness and equity in this respect.

Also, with respect to the working experience of the participants, it study shows most of them (47.62%) have worked at the Youth Employment Agency between 1-5 years, followed by those with 6-10 years working experience. Only a few (9.52%) have more than 10 years of working experience. This workforce structure proves with proper succession planning, the Youth Employment Agency can harness the human capital available to it so as to improve the employment situation in Ghana in the future. Obviously, given the nature of a typical organisational structure, it is no wonder the study

proves most of the participants are junior staff whilst the remaining 19.84% are in the senior staff category.

# **Test of Normality**

**Table 8: Descriptives** 

Table 8: Desc			Statistic	Std. Error
Commitment	Mean		3.5758	0.05978
	95% Confidence	Lower Bound	3.4579	
	Interval for Mean			
		Upper Bound	3.6937	
	5% Trimmed Mean		3.6193	
	Median		3.7143	
	Variance		0.708	
	Std. Deviation		0.84121	
	Minimum		1.00	
	Maximum		5.00	7
	Range		4.00	e/
	Interquartile Range		1.04	
	Skewness		-0.863	0.173
	Kurtosis		0.482	0.344

Source: Field survey, (2022)

The test of normality was conducted because it is a requirement for parametric statistical analysis of the multiple regression. Observation of the skewness and kurtosis scores prove the datapoints about the distribution of the scores of employee commitment is approximately normally distributed. This is because the scores for skewness and kurtosis are closer to zero (Pallant, 2007). in other words, the skewness and kurtosis scores are within the range of -2.58 and +2.58 (Bhatti, Soomro & Sah, 2021).

Validity Results

# Objective 1: Relationship among Employee Compensation Management, Job Satisfaction and Commitment

The first objective sought to examine the nature of linear association existing among the key constructs including employee compensation management, job satisfaction and employee commitment. This objective was analyzed with the Pearson product-moment correlation technique. The findings are presented in Table 9. The interpretation of the correlation results was based on the recommendations offered by Pallant, (2011).

**Table 9: Correlation Matrix** 

	35	Commitment	FC	FC
Financial	Pearson	0.372**	1	
Compensation	Correlation			
	Sig. (2-tailed)	0.000		7
Non-financial	Pearson	0.351**	0.832**	1
Compensation	Correlation			
	Sig. (2-tailed)	0.000	0.000	7
Job satisfaction	Pearson	0.418**	0.716**	0.822**
	Correlation			
	Sig. (2-tailed)	0.000	0.000	0.000

Source: Field survey, (2022)

The correlation results as shown in Table 9 prove there is a statistically significant positive weak linear association between financial compensation and employee commitment after the effect of other variables considered in the model were statistically controlled for (r=0.372; p=0.000: p<0.05). The linear relationship between financial compensation and commitment being significant shows it is practically and managerially prudent to rely on this finding to make decisions concerning the nature of the relationship between financial compensation and employee commitment in the targeted agency.

This, therefore, proves the result is not attributed to chance but a true reflection of the scientific nature of the empirical relationship between financial compensation and employee commitment at the Youth Employment Agency. This result proves a weak fall in score scores for financial compensation is associated with a weak fall in scores for employee commitment among the participants at the Youth Employment Agency.

On the other hand, proves a weak rise in scores for financial compensation is associated with a weak rise in scores for employee commitment among the participants at the Youth Employment Agency. However, this result does not suggest a causal relationship between financial compensation and employee commitment in the context of the study. It does simply provide a clue that when there are favourable perceptions about financial compensation paid to staff at the Youth Employment Agency, the level of commitment exhibited among workers at the agency also increases significantly but in a small manner. However, in situations where there are unfavourable perceptions of the effectiveness of financial compensation, equally unfavourable manifestation of uncommitted behaviour is exhibited among the workforce of the agency. Empirically, this study supports the collective view expressed by some previous empirical studies that found that there is a positive linear significant association between financial compensation and employee commitment (Sangwan, 2015; Luna-Arocas & Camps, 2008).

Furthermore, the findings prove there is a statistically significant positive weak linear association between non-financial compensation and employee commitment after the effect of other variables considered in the

model were statistically controlled for (r=0.351; p=0.000: p<0.05). The linear relationship between non-financial compensation and commitment being significant shows it is practically and managerially prudent to rely on this finding to make decisions concerning the nature of the relationship between non-financial compensation and employee commitment in the targeted agency.

This, therefore, proves the result is not attributed to chance but a true reflection of the scientific nature of the empirical relationship between non-financial compensation and employee commitment at the Youth Employment Agency. This result proves a weak fall in score scores for non-financial compensation is associated with a weak fall in scores for employee commitment among the participants at the Youth Employment Agency.

On the other hand, proves a weak rise in scores for non-financial compensation is associated with a weak rise in scores for employee commitment among the participants at the Youth Employment Agency. However, this result does not suggest a causal relationship between non-financial compensation and employee commitment in the context of the study. It does simply provide a clue that when there are favourable perceptions about non-financial compensation paid to staff at the Youth Employment Agency, the level of commitment exhibited among workers at the agency also increases significantly but in a small manner.

However, in situations where there are unfavourable perceptions of the effectiveness of non-financial compensation, equally unfavourable manifestation of uncommitted behaviour is exhibited among the workforce of the agency. Empirically, this study supports the collective view expressed by some previous empirical studies that found that there is a positive linear

significant association between non-financial compensation and employee commitment (Bhattacharyya, 2009; Hamukwaya & Yazdanifard, 2014).

Finally, the correlation analysis as illustrated in Table ... prove there is a statistically significant positive moderate linear association between job satisfaction and employee commitment after the effect of other variables considered in the model were statistically controlled for (r=0.418; p=0.000: p<0.05). The linear relationship between job satisfaction and commitment being significant shows it is practically and managerially prudent to rely on this finding to make decisions concerning the nature of the relationship between job satisfaction and employee commitment in the targeted agency.

This, therefore, proves the result is not attributed to chance but a true reflection of the scientific nature of the empirical relationship between job satisfaction and employee commitment at the Youth Employment Agency. This result proves a moderate fall in score scores for job satisfaction is associated with a moderate fall in scores for employee commitment among the participants at the Youth Employment Agency.

On the other hand, proves a moderate rise in scores for job satisfaction is associated with a moderate rise in scores for employee commitment among the participants at the Youth Employment Agency. However, this result does not suggest a causal relationship between job satisfaction and employee commitment in the context of the study. It does simply provide a clue that when there are favourable perceptions about job satisfaction paid to staff at the Youth Employment Agency, the level of commitment exhibited among workers at the agency also increases significantly but in a moderate manner.

However, in situations where there are unfavourable perceptions of the effectiveness of job satisfaction, equally unfavourable manifestation of uncommitted behaviour is exhibited among the workforce of the agency in a moderate manner. Empirically, this study supports the collective view expressed by some previous empirical studies that found that there is a positive linear significant association between job satisfaction and employee commitment (Ocen & Francis, 2017; Avura & Ulzen-Appiah, 2016).

# **Objective 2: Effect of Compensation Management on Commitment**

The second objective sought to examine the influence of compensation management on employee commitment among workers at the Youth Employment Agency. This objective was measured with the multiple regression technique. The analysis of this objective relied on the transformed composite variables obtained which was propelled by the second-order construction of the compensation management concept in the context of the study. The findings are presented as follows.

**Table 10: Model Summary** 

		·- ·			
		1	Adjusted R	Std. Error of	Durbin-
Model	R	R Square	Square	the Estimate	Watson
1	.379 <sup>a</sup>	.144	.135	.78230	1.870
	TV.	0			
a. Pr	edictors:	(Constant),	Non-financial	Compensation,	Financial
Compe	nsation		NOBIS		

b. Dependent Variable: Commitment

Source: Field survey, (2022)

The results of the multiple regression are presented in Table 10. The serial correlation assumption was tested via the Durbin-Watson. To avoid the threat of serial correlation otherwise autocorrelation, the Durbin-Watson score

should be between the 1.5 and 2.5 thresholds (Kumar & Agrawal, 2021; Wang, Yao, Feng, Wang, Zheng, Feng & Xing, 2017). Observation of the result in respect of this in Table 10 shows there is no threat of serial correlation between the predictors (Measures of compensation management) and employee commitment among the workers in the Youth Employment Agency (Durbin-Watson=1.870). The observation of the joint correlation between the measures of compensation management on one hand and commitment among workers at the Youth Employment Agency proves there was a positive but weak linear correlation between the predictors (financial compensation and non-financial compensation) on one hand and employee commitment at the other hand (r=0.379).

The correlation results as shown in Table 10 prove there is a statistically significant positive weak linear association between compensation management and employee commitment after the effect of other variables considered in the model were statistically controlled for (r=0.379; p=0.000: p<0.05). The linear relationship between compensation management and commitment being significant shows it is practically and managerially prudent to rely on this finding to make decisions concerning the nature of the relationship between compensation management and employee commitment in the targeted agency. This, therefore, proves the result is not attributed to chance but a true reflection of the scientific nature of the empirical relationship between compensation management and employee commitment at the Youth Employment Agency. This result proves a weak fall in score scores for compensation management is associated with a weak fall in scores for

employee commitment among the participants at the Youth Employment Agency.

On the other hand, proves a weak rise in scores for compensation management is associated with a weak rise in scores for employee commitment among the participants at the Youth Employment Agency. However, this result does not suggest a causal relationship between compensation management and employee commitment in the context of the study. It does simply provide a clue that when there are favourable perceptions about compensation management paid to staff at the Youth Employment Agency, the level of commitment exhibited among workers at the agency also increases significantly but in a small manner.

However, in situations where there are unfavourable perceptions of the effectiveness of compensation management, equally unfavourable manifestation of uncommitted behaviour is exhibited among the workforce of the agency. Empirically, this study supports the collective view expressed by some previous empirical studies that found that there is a positive linear significant association between compensation management and employee commitment (Widagdo, Widodo & Samosir, 2018; Jamjumrus, 2019; Nawab & Bhatti, 2011).

Co-efficient of determination was used to measure how changes in compensation management influence change in employee commitment if any. This was measured with the r-square co-efficient. The results prove changes in compensation management account for 14.4% positive change in employee commitment among workers in Youth Employment Agency when the effect of other factors in the model were statistically controlled for ( $r^2$ =0.144). Thus, in

the context of this empirical study, compensation management which is made up of financial compensation and non-financial compensation causes a weak positive change in the state of commitment among workers in the Youth Employment Agency. Other factors that have the capacity to affect the level of commitment among workers in the Youth Employment Agency apart from compensation management could possibly account for 85.6% positive change in employee commitment among workers in Youth Employment Agency given the existence of similar conditions as shown in the context of the study.

Table 11: ANOVA

		Sum of	PO	Mean		
Model		Squares	Df	Square	F	Sig.
1	Regression	20.067	2	10.033	16.395	$0.000^{b}$
	Residual	119.338	195	0.612		9
	Total	139.404	197			/

a. Dependent Variable: Commitment

Source: Field survey, (2022)

The findings in Table 11 show the degree significance of the effect of changes in compensation management on employee commitment among workers in the Youth Employment Agency. Observation of the findings in Table 11 proves compensation management causes a statistically significant positive weak change in employee commitment among workers at the Youth Employment Agency (p=0.000: p<0.05). Therefore, the study confirms that compensation management is indeed a vital managerial tool that improves the state of commitment among workers at the Youth Employment Agency although this impact is weak in magnitude. From the reciprocity theory, people make inferences from their experiences and encounters which

b. Predictors: (Constant), Non-financial Compensation, Financial Compensation

eventually influences their reactions to such experiences and encounters (Falk & Fischbacher, 2006).

This confirms that employees at the Youth Employment Agency are reciprocating the good done to them by the agency in terms of their compensation hence the exhibition of commitment in their respective work endeavours. It also means when employees at the Youth Employment Agency sense inequitable distribution of compensation at the work context could triggers behavioural responses by reducing their state of commitment exhibited for their employer (Bolton & Ockenfels, 2000). It also goes to confirm that position that the reciprocity process is also embedded with a series of motivationally interrelated two-way gifts between the exchanging parties where the interrelation involving gifts passing both ways (Kolm, 2000). Holistically, the study confirms the potion of some previous empirical studies that discovered that compensation significantly influence the state of commitment among workers (Mabaso & Dlamini, 2018; Ami, Boaten & Yamoah, 2015; Ajmal, Bashir, Abrar, Khan & Saqib, 2015; Williamson, Burnett & Bartol, 2009).

**Table 12: Coefficients** 

The same of the sa			Standardize				
	<b>Unstandardized</b>		d			Colline	earity
	Coefficie	ents	Coefficients			Statisti	cs
		Std.				Toler	
Model	В	Error	Beta	T	Sig.	ance	VIF
1 (Constant)	2.430	0.209		11.648	0.000		
Financial	0.258	0.119	0.260	2.174	0.031	0.307	3.255
Compensation							
Non-financial	0.132	0.118	0.135	1.126	0.261	0.307	3.255
Compensation							

Source: Field survey, (2022)

The VIF scores show there is no threat of multicollinearity in the specified model (VIF<5) as shown in Table 12. Table 12 shows the contributions of the dimensions of compensation management to predicting the statistically significant positive change in employee commitment at the Youth Employment Agency. It can be seen that only financial compensation made the strongest unique positive contribution to predicting the statistically significant positive but weak variance in employee commitment at the Youth Employment Agency (Beta=0.260; t=2.174: t>1.96; p=0.031: p<0.05). From an unstandardized perspective, it can be seen that a 100% significant rise in favorable scores for financial compensation can cause a 26.0% significant rise in favorable scores for employee commitment at the Youth Employment Agency.

On the other hand, a 100% significant fall in scores for financial compensation can cause a 26.0% significant decrease in favorable scores for employee commitment at the Youth Employment Agency. This finding there establishes a causative predictive relationship between financial compensation and employee commitment in the context of the study. Whenever, management of Youth Employment Agency is able to effectively administer and manage financial compensation including salary, commission, merit-pay for job done, basic pay, increment in basic pay, annual bonus, incentive bonus, rent allowance, social security contribution and clothing allowance, the state of employee commitment also improve significantly but in a weak manner.

This study goes to support the position of some previous empirical studies that collectively allude financial compensation significantly improves employee commitment (Mabaso & Dlamini, 2018; Ami, Boaten & Yamoah,

2015). However, it contradicts the claim that compensation management aids firms to set standards that regulate employee behaviour because such standards are tied to job targets (Khan, Aslam & Lodhi, 2011). On the other hand, the study confirms although non-financial compensation contributes positively to causing the statistically significant positive change in employee commitment, however, such contribution is not statistically significant and thus can be attributed to chance and not a scientific interaction existing among the variables in the estimated regression model (Beta=0.135; t=1.126: t<1.96; p=0.261: p<0.05).

This finding, therefore, shows non-financial compensation including long service recognition, timely payment of overtime, performance-based payment, fringe benefits, merit-based promotion, paid leave, my reward is tied to my work effort, my salary compared with workers in a similar position with competing firms, my salary compared with my colleagues with similar positions within this organisation, job security, specialized in-service training and medical assistance collectively do not significantly improve the state of employee commitment among workers in Youth Employment Agency. It also goes to contradict the position of some previous empirical studies that collectively hold the idea that non-financial compensation influences the level of employee commitment (Ajmal, Bashir, Abrar, Khan & Saqib, 2015; Newman & Sheikh, 2012; Williamson, Burnett & Bartol, 2009).

# Objective 3: Influence of Compensation Management on Employee Job Satisfaction

The third objective sought to examine the influence of compensation management on employee job satisfaction among workers at the Youth Employment Agency. This objective was measured with the multiple regression technique. The analysis of this objective relied on the transformed composite variables obtained which was propelled by the second-order construction of the compensation management concept in the context of the study. The findings are presented as follows.

**Table 13: Model Summary** 

I dole I	o. Iviouci	Sammary					
			Adjusted	R Std. Error of	Durbin-		
Model	R	R Square	Square	the Estimate	Watson		
1	.824ª	.679	.676	.46735	1.686		
a. Pro	edictors:	(Constant),	Non-financ	ial Compensati	on, Financial		
Compensation							
b. Dependent Variable: Job satisfaction							

Source: Field survey, (2022)

The results of the multiple regression are presented in Table 13. The serial correlation assumption was tested via the Durbin-Watson. To avoid the threat of serial correlation otherwise autocorrelation, the Durbin-Watson score should be between the 1.5 and 2.5 thresholds (Kumar & Agrawal, 2021; Wang, Yao, Feng, Wang, Zheng, Feng & Xing, 2017). Observation of the result in respect of this in Table ... shows there is no threat of serial correlation between the predictors (Measures of compensation management) and employee job satisfaction among the workers in the Youth Employment Agency (Durbin-Watson=1.686). The observation of the joint correlation

between the measures of compensation management on one hand and job satisfaction among workers at the Youth Employment Agency proves there was a positive but large linear correlation between the predictors (financial compensation and non-financial compensation) on one hand and employee job satisfaction at the other hand (r=0.824).

The linear relationship between compensation management and job satisfaction being significant shows it is practically and managerially prudent to rely on this finding to make decisions concerning the nature of the relationship between compensation management and employee job satisfaction in the targeted agency. This, therefore, proves the result is not attributed to chance but a true reflection of the scientific nature of the empirical relationship between compensation management and job satisfaction at the Youth Employment Agency. This result proves a strong fall in score scores for compensation management is associated with a strong fall in scores for employee job satisfaction among the participants at the Youth Employment Agency.

On the other hand, proves a weak rise in scores for compensation management is associated with a large rise in scores for employee job satisfaction among the participants at the Youth Employment Agency. However, this result does not suggest a causal relationship between compensation management and employee job satisfaction in the context of the study. It does simply provide a clue that when there are favourable perceptions about compensation management paid to staff at the Youth Employment Agency, the level of job satisfaction exhibited among workers at the agency also increases significantly but in a large manner.

However, in situations where there are unfavourable perceptions of the effectiveness of compensation management, equally unfavourable manifestation of lower level of job satisfaction among the workforce of the agency. Empirically, this study supports the collective view expressed by some previous empirical studies that found that there is a positive linear significant association between compensation management and employee job satisfaction (Ocen & Francis, 2017; Ashraf, 2020).

Co-efficient of determination was used to measure how changes in compensation management influence change in employee job satisfaction if any. This was measured with the r-square co-efficient. The results prove changes in compensation management account for 67.9% positive change in employee job satisfaction among workers in Youth Employment Agency when the effect of other factors in the model were statistically controlled for (r<sup>2</sup>=0.679). Thus, in the context of this empirical study, compensation management which is made up of financial compensation and non-financial compensation causes a substantial positive change in the state of job satisfaction among workers in the Youth Employment Agency. Other factors that have the capacity to affect the level of job satisfaction among workers in the Youth Employment Agency apart from compensation management could possibly account for 32.1% positive change in employee job satisfaction among workers in Youth Employment Agency given the existence of similar conditions as shown in the context of the study.

Table 14: ANOVA

		Sum	of			
Mode	1	Squares	Df	Mean Square	F	Sig.
1	Regression	90.041	2	45.021	206.123	$.000^{b}$
	Residual	42.591	195	.218		
	Total	132.633	197			

a. Dependent Variable: Job satisfaction

Source: Field survey, (2022)

The findings in Table 14 show the degree significance of the effect of changes in compensation management on employee job satisfaction among workers in the Youth Employment Agency. Observation of the findings in Table 14 proves compensation management causes a statistically significant positive substantial change in employee job satisfaction among workers at the Youth Employment Agency (p=0.000: p<0.05).

**Table 15: Coefficients** 

			11/1	Standar		and the same of th	/	
	R -			dized				
		Unstandardized		Coeffici		Collinearity		
		Coefficients		ents		Statistics		
			Std.				Toler	
Mo	del	В	Error	Beta	T	Sig.	ance	VIF
1	(Constant)	.694	.125		5.571	.000		
	Financial	.101	.071	.105	1.431	.154	.307	3.255
	Compensation							
	Non-financial	.705	.070	.735	10.034	.000	.307	3.255
	Compensation							

Source: Field survey, (2022)

Table 15 shows the contributions of the dimensions of compensation management to predicting the statistically significant positive change in employee job satisfaction at the Youth Employment Agency. It can be seen

b. Predictors: (Constant), Non-financial Compensation, Financial Compensation

that only non-financial compensation made the strongest unique positive contribution to predicting the statistically significant positive but weak variance in employee job satisfaction at the Youth Employment Agency (Beta=0.735; t=10.034: t>1.96; p=0.000: p<0.05). From an unstandardized perspective, it can be seen that a 100% significant rise in favorable scores for non-financial compensation can cause a 70.5% significant rise in favorable scores for employee job satisfaction at the Youth Employment Agency. On the other hand, a 100% significant fall in scores for non-financial compensation can cause a 70.5% significant decrease in favorable scores for employee job satisfaction at the Youth Employment Agency.

This finding there establishes a causative predictive relationship between non-financial compensation and employee job satisfaction in the context of the study. Whenever the management of the Youth Employment Agency is able to effectively administer and manage non-financial compensation the state of employee job satisfaction also improves significantly but in a substantial manner. This study goes to support the position of some previous empirical studies that collectively allude non-financial compensation significantly improves employee job satisfaction (Tausif, 2012; Bustamam, Teng & Abdullah, 2014).

On the other hand, the study confirms although financial compensation contributes positively to causing the statistically significant positive change in employee job satisfaction, however, such contribution is not statistically significant and thus can be attributed to chance and not a scientific interaction existing among the variables in the estimated regression model (Beta=0.105; t=1.431: t<1.96; p=0.154: p<0.05). This finding, therefore, shows financial

compensation does not significantly improve the state of employee job satisfaction among workers in the Youth Employment Agency. It also goes to contradict the position of some previous empirical studies that collectively hold the idea that financial compensation influences the level of employee job satisfaction (Rinny, Purba & Handiman, 2020; Mustapha, 2013; Odunlade, 2012). Therefore, the position of some previous studies that financial compensation does not improve employee job satisfaction is strongly supported (Abugre, 2014; Asiedu & Folmer, 2007).

# Objective 4: Mediating Role of Job Satisfaction in the Relationship between Compensation Management and Employee Commitment

The study further sought to examine the mediating role of job satisfaction in the predictive relationship between compensation management and employee commitment at the Youth Employment Agency. SPSS process macro was configured into the SPSS software for the mediation analysis. Model 4 was selected for the simple mediation analysis as recommended by Hayes, (2018). The findings are hereby presented.

**Outcome Variable: Job Satisfaction** 

**Table 16: Model Summary** 

R	R-sq	MSE	F	df1	df2	p
0.8037	0.6460	0.2396	357.6330	1.0000	196.0000	0.0000

Source: Field survey, (2022)

With job satisfaction being the outcome variable, it was discovered that compensation accounted for a statistically significant moderate positive change in job satisfaction among workers at the Youth Employment Agency (r2=0.6460; p=0.000: p<0.05).

Table 17: Model

coeff		se	t	p	LLCI	ULCI
constant	0.6964	0.1305	5.3353	0.0000	0.4390	0.9539
CM	0.8088	0.0428	18.9112	0.0000	0.7244	0.8931

Source: Field survey, (2022)

Table 17 shows the contribution of the predictor to predicting the statistically significant positive moderate change in job satisfaction among workers at the Youth Employment Agency. It can be seen that compensation management made a statistically significant positive contribution to predicting the change in job satisfaction (Beta=0.8088; t=18.9112: t<1.96; p=0.000: p<0.05). Thus, since there is no zero score between the LLCI and ULCI, the contribution of compensation management to predicting the change in employee job satisfaction is recognised as being statistically significant, thereby justifying the position that reliance on the model for informed decision making is the step in the right direction.

The result is not traced to chance but a true state of affair empirically. From an unstandardized perspective, it can be seen that a 100% significant rise in favorable scores for compensation management can cause a 80.88% significant rise in favorable scores for employee job satisfaction at the Youth Employment Agency. On the other hand, a 100% significant fall in scores for compensation management can cause a 80.88% significant decrease in favorable scores for employee job satisfaction at the Youth Employment Agency.

This finding there establishes a causative predictive relationship between compensation management and employee job satisfaction in the

Agency is able to effectively administer and manage compensation the state of employee job satisfaction also improves significantly but in a moderate manner. This study goes to support the position of some previous empirical studies that collectively allude compensation management significantly improves employee job satisfaction (Sangwan, 2015; Luna-Arocas & Camps, 2008; Bhattacharyya, 2009; Hamukwaya & Yazdanifard, 2014).

**Outcome Variable: Employee Commitment** 

**Table 18: Model Summary** 

R	R-sq	MSE	F	df1	df2	p
0.4238	0.1796	0.5865	21.3469	2.0000	195.0000	0.0000

Source: Field survey, (2022)

With employee commitment being the outcome variable, it was discovered that the interaction between compensation management and job satisfaction accounted for a statistically significant weak positive change in employee commitment among workers at the Youth Employment Agency  $(r^2=0.1796; p=0.000: p<0.05)$ .

Table 19: Model

	coeff	se	t	p	LLCI	ULCI
constant	2.1988	0.2186	10.0600	0.0000	1.7677	2.6299
CM	0.1214	0.1125	1.0798	0.2816	-0.1004	0.3432
JS	0.3315	0.1118	2.9664	0.0034	0.1111	0.5519

Source: Field survey, (2022)

Table 19 shows the contribution of the predictors to predicting the statistically significant positive moderate change in employee commitment

among workers at the Youth Employment Agency. It can be seen that the inclusion of job satisfaction in the same model with compensation management caused compensation management not to make a statistically insignificant positive contribution to predicting the change in employee commitment (Beta=0.1214; t=1.0798: t>1.96; p=0.2816: p>0.05). Thus, since there is zero score between the LLCI and ULCI, the contribution of compensation management to predicting the change in employee job satisfaction is recognized as not being statistically significant, thereby justifying the position that reliance on the model for informed decision making is not the step in the right direction.

Furthermore, it can be seen that job satisfaction made a statistically significant positive contribution to predicting the change in employee commitment (Beta=0.3315; t=2.9664: t>1.96; p=0.000: p<0.05). Thus, since there is no zero score between the LLCI and ULCI, the contribution of job satisfaction to predicting the change in employee commitment is recognized as being statistically significant, thereby justifying the position that reliance on the model for informed decision making is the step in the right direction. The result is not traced to chance but a true state of affairs empirically. From an unstandardized perspective, it can be seen that a 100% significant rise in favorable scores for job satisfaction can cause a 33.15% significant rise in favorable scores for employee commitment at the Youth Employment Agency. On the other hand, a 100% significant fall in scores for job satisfaction can cause a 33.15% significant decrease in favorable scores for employee commitment at the Youth Employment Agency.

This finding there establishes a causative predictive relationship between job satisfaction and employee job commitment in the context of the study. Whenever the management of Youth Employment Agency is able to effectively administer and manage job satisfaction the state of employee job commitment also improves significantly but in a moderate manner. This study goes to support the position of some previous empirical studies that collectively allude job satisfaction significantly improves employee job commitment (Luna-Arocas & Camps, 2008; Kinicki & Kreitner, 2007; Yaseen, 2013; Thompson & Phua, 2012). Since the inclusion of job satisfaction renders the contribution of compensation management insignificant, it can be seen that job satisfaction plays a statistically significant full mediating role in transmitting the effect of compensation management on employee commitment at the Youth Employment Agency.

**Outcome Variable: Employee Commitment** 

Table 20: Model Summary

R	R-sq	MSE	F	df1	df2	p
0.3776	0.1426	0.6098	32.5968	1.0000	196.0000	0.0000

Source: Field survey, (2022)

With commitment being the outcome variable, it was discovered that compensation accounted for a statistically significant weak positive change in commitment among workers at the Youth Employment Agency ( $r^2$ =0.1426; p=0.000: p<0.05).

Table 21: Model

	coeff	se	t	p	LLCI	ULCI
constant	2.4297	0.2083	11.6664	0.0000	2.0190	2.8404
CM	0.3896	0.0682	5.7094	0.0000	0.2550	0.5241

Source: Field survey, (2022)

Furthermore, it can be seen that compensation management made a statistically significant positive contribution to predicting the change in employee commitment (Beta=0.3896; t=5.7094: t>1.96; p=0.000: p<0.05). Thus, since there is no zero score between the LLCI and ULCI, the contribution of compensation management to predicting the change in employee commitment is recognized as being statistically significant, thereby justifying the position that reliance on the model for informed decision making is the step in the right direction. The result is not traced to chance but a true state of affairs empirically. From an unstandardized perspective, it can be seen that a 100% significant rise in favorable scores for compensation management can cause a 38.96% significant rise in favorable scores for employee commitment at the Youth Employment Agency. On the other hand, a 100% significant decrease in favorable scores for employee commitment at the Youth Employment Agency.

This finding there establishes a causative predictive relationship between compensation management and employee job commitment in the context of the study. Whenever the management of Youth Employment Agency is able to effectively administer and manage compensation management the state of employee job commitment also improves

significantly but in a moderate manner. This study goes to support the position of some previous empirical studies that collectively allude compensation management significantly improves employee job commitment (Mabaso & Dlamini, 2018; Ami, Boaten & Yamoah, 2015; Ajmal, Bashir, Abrar, Khan & Saqib, 2015; Williamson, Burnett & Bartol, 2009). Since the inclusion of compensation management renders the contribution of compensation management insignificant, it can be seen that compensation management plays a statistically significant full mediating role in transmitting the effect of compensation management on employee commitment at the Youth Employment Agency.

**Table 22: Indirect effect(s) of X on Y:** 

	Effect	BootSE	BootLLCI	BootULCI
JS	0.2681	0.1047	0.0497	0.4604

Source: Field survey, (2022)

The indirect effect is illustrated in Table 21 and thus confirms the position that job satisfaction mediates positively and fully, the predictive relationship between compensation management and employee commitment among workers at the Youth Employment Agency. Therefore, this study confirms the earlier postulation that job satisfaction among workers has the capacity to transmit the positive effect of compensation management on the state of employee commitment at the Youth Employment Agency. From the reciprocity, it was postulated that the motivation that triggers the exchange of gifts in the reciprocity relation is also influenced by consequences of such exchange where self-interest and the desire for the continuation of the exchange relations are key drivers for the benefits of all parties involved

(Nanjundeswaraswamy, 2021, Ashraf, 2020; Mahmood, Akhtar, Talat, Shuai & Hyatt, 2019; Ocen, Francis & Angundaru, 2017; Kolm, 2000).

With improved job satisfaction, the level of commitment among the workers at the Youth Employment Agency is improved and thus, proving that job satisfaction is a key ingredient to fostering and maintaining the state of employee commitment (Fehr & Schmidt, 1999). This finding is strongly supported by some extant literature sources that collectively hold the view that when employees are satisfied with their job, they become more willing to commit their efforts to the development of their organization (Ashraf, 2020; Bolton & Ockenfels, 2000; Dufwenberg & Kirchsteiger, 1999).

From another angle, the most primary form of reciprocity is the traditional 'tit for tat' but may go beyond this to incorporate indirect from reciprocal beneficiary's benevolence induced by gift (Fehr & Schmidt, 1999; Kolm, 2000; Bolton & Ockenfels, 2000). The fully positive significant mediating role of job satisfaction in the context of this study also proves there is some underlying positive relationship between job satisfaction and employee commitment at the Youth Employment Agency as recognised by some previous empirical studies (Ocen, Francis & Angundaru, 2017).

#### **Chapter Summary**

The chapter provided extensive information about the results obtained with respect to the specific research objectives tested in this study. The study confirms compensation management has a significant effect on employee commitment and job satisfaction among employees at the Youth Employment Agency. Financial compensation contributes significantly in a positive manner to predicting the change in employee commitment but non-financial

compensation fails in this regard. Similarly, compensation management accounts for a statistically significant positive substantial change in job satisfaction among the workers at the Youth Employment Agency, however, this change is caused strongly and significantly by only non-financial compensation. Finally, the study confirms job satisfaction significantly mediates fully and positively the predictive relationship between compensation management and employee job satisfaction at the Youth Employment Agency.

#### **CHAPTER FIVE**

#### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

The study sought to examine the influence of compensation management on employee commitment and further examined the mediating role of employee job satisfaction among workers in Ghana Youth Employment Agency, Accra. The previous chapter provided information concerning the results obtained after the primary data analysis as demanded by the nature of the specific research objectives. It also provided information concerning the discussion made for the respective objectives given the positions of some previous empirical studies and their implications. This chapter summarises the findings, draws conclusions in respect of the specific objectives and then offers recommendations based on the findings of the study.

#### **Summary**

The first objective sought to examine the nature of linear association existing among the key constructs including employee compensation management, job satisfaction and employee commitment. There is a statistically significant positive weak linear association between financial compensation and employee commitment after the effect of other variables considered in the model were statistically controlled for. Furthermore, the findings prove there is a statistically significant positive weak linear association between non-financial compensation and employee commitment after the effect of other variables considered in the model were statistically controlled for. Finally, the correlation analysis proves there is a statistically significant positive moderate linear association between job satisfaction and

employee commitment after the effect of other variables considered in the model was statistically controlled for.

The second objective sought to examine the influence of compensation management on employee commitment among workers at the Youth Employment Agency. Compensation management causes a statistically significant positive weak change in employee commitment among workers at the Youth Employment Agency. Only financial compensation made the strongest unique positive contribution to predicting the statistically significant positive but weak variance in employee commitment at the Youth Employment Agency.

On the other hand, the study confirms although non-financial compensation contributes positively to causing the statistically significant positive change in employee commitment, however, such contribution is not statistically significant and thus can be attributed to chance and not a scientific interaction existing among the variables in the estimated regression model.

The third objective sought to examine the influence of compensation management on employee job satisfaction among workers at the Youth Employment Agency. Observation of the findings proves compensation management causes a statistically significant positive substantial change in employee job satisfaction among workers at the Youth Employment Agency. Only non-financial compensation made the strongest unique positive contribution to predicting the statistically significant positive but weak variance in employee job satisfaction at the Youth Employment Agency.

On the other hand, the study confirms although financial compensation contributes positively to causing the statistically significant positive change in

employee job satisfaction, however, such contribution is not statistically significant and thus can be attributed to chance and not a scientific interaction existing among the variables in the estimated regression model. The study further sought to examine the mediating role of job satisfaction in the predictive relationship between compensation management and employee commitment at the Youth Employment Agency. The indirect effect confirms the position that job satisfaction mediates positively and fully, the predictive relationship between compensation management and employee commitment among workers at the Youth Employment Agency.

#### Conclusions

The study confirms compensation management is improving the state of commitment among workers at the Youth Employment Agency. Specifically, financial compensation enhances employee commitment but non-financial compensation fails in this regard. Similarly, compensation management causes substantial improvement in job satisfaction among the workers at the Youth Employment Agency, however, this change is caused strongly and significantly by only non-financial compensation. Finally, job satisfaction helps to better transmit the positive effect of compensation management to improving employee job satisfaction at the Youth Employment Agency.

#### **Recommendations**

Based on the findings of the study as demanded by the specific research objectives considered in this study, the following recommendations are being given to the various stakeholders that may rely on the insights gained from this study for their decision-making purposes as well as practice.

Management of the Youth Employment Agency should continue the implementation of its current compensation management strategies in an efficient manner because the study proves there exist some underlying significant linear but positive relationships between financial compensation management and employee commitment and between non-financial compensation and employee commitment. These relationships signal positive association between the components of compensation management and the level of commitment among workers at the Youth Employment Agency.

Furthermore, the study proved compensation management accounted for a statistically significant positive but weak variance in employee commitment at the Youth Employment Agency, signaling that reliance on compensation to improve employee commitment is product managerial option, hence the need for management of the organization to fully implement compensation management as operationalised in the context of this study. However, special attention should be focused on financial compensation measures considered in the context of the study including salary, commission, merit-pay for job done, basic pay, increment in basic pay, annual bonus, incentive bonus, rent allowance, social security contribution and clothing allowance if the state of employee commitment is to be improved significantly in a positive and weak manner.

Management of the Youth Employment Agency should put in place measures that can enhance the conditions affecting financial compensation at the workplace so as to position these elements to be have a better impact on the state of commitment among workers at the Youth Employment Agency. However, it is advisable for management of the Youth Employment Agency

not to rely on non-financial compensation elements contextualised in this study if they are to improve the state of commitment among workers. This recommendation comes as a result of the fact that the study proved non-financial compensation do not significantly contribute to predicting the statistically significant positive but weak change in the level of employee commitment at the Youth Employment Agency.

Additionally, the study proved compensation management accounted for a statistically significant positive but substantial variance in employee job satisfaction at the Youth Employment Agency, signaling that reliance on compensation to improve employee job satisfaction is product managerial option, hence the need for management of the organisation to fully implement compensation management as operationalised in the context of this study. However, special attention should be focused on non-financial compensation measures considered in the context of the study including long service recognition, timely payment of overtime, performance-based payment, fringe benefits, merit-based promotion, paid leave, my reward is tied to my work effort, my salary compared with workers in a similar position with competing firms, my salary compared with my colleagues with similar positions within this organisation, job security, specialized in-service training and medical assistance if the state of employee job satisfaction is to be improved significantly in a positive and substantial manner. Management of the Youth Employment Agency should put in place measures that can enhance the conditions affecting non-financial compensation at the workplace so as to position these elements to have a better impact on the state of job satisfaction among workers at the Youth Employment Agency. However, it is advisable

for management of the Youth Employment Agency not to rely on financial compensation elements contextualised in this study if they are to improve the state of job satisfaction among workers. This recommendation comes as a result of the fact that the study proved financial compensation do not significantly contribute to predicting the statistically significant positive but substantial change in the level of employee job satisfaction at the Youth Employment Agency.

The study again proved job satisfaction fully and positively mediates the predictive relationship between compensation management and employee commitment among workers at the Youth Employment Agency, hence management of the Youth Employment Agency are strongly advised to manipulate their managerial interventions including compensation system so as to improve the state of job satisfaction among workers in the organisation. Periodic job satisfaction audits should be carried out so that timely insights could be provided to guide managerial decision-making as to how to blend pro-HR interventions including compensation management to enhance the state of job satisfaction in order to enhance the state of job commitment among employees at the Youth Employment Agency.

#### **Limitation and Suggestion for Further Studies**

The study relied on a quantitative research approach hence limiting the scope of generalisation from the qualitative perspective. Conducting either a mixed or qualitative research in this regard, at the Youth Employment Agency or in other public institutions in Ghana is commendable.

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# **APPENDIX A: QUESTIONNAIRE**

#### Introduction

My name is Israel Eric Mensah, a postgraduate student at the University of Cape Coast. I am conducting this to assess the influence of compensation management on the commitment of workers at the Youth Employment Agency and then consider the mediating intervention of job satisfaction. This study is part of partial fulfilment for the award of Master of Business Administration in Human Resource Management. This study is for academic purposes only and your expressed opinions on the items in this questionnaire could go a long way in helping me to successfully complete this programme. Thanks in advance for this awesome support.

Instructions: kindly tick  $\lceil \sqrt{\rceil}$  where needed.

# **Demographic Characteristics**

- 1. Gender a. Male [] b. Female
- 2. Working experience a. 1-5 years [] b. 6-10 years [] c. Above 10 years []
- 3. Rank a. Senior staff [] b. Junior staff []

# **Compensation Management**

4. How satisfied are you regarding the following dimensions of compensation management?

Where: 1-Not satisfied; 2=Slightly satisfied []; 3=Moderately satisfied []; 4=Satisfied; 5=Highly satisfied []

No	Financial Compensation Variables	1	2	3	4	5
1	Salary					
2	Commission					

3	Merit-pay for job done					
4	Basis pay					
5	Increment in basic pay					
6	Annual bonus					
7	Incentive bonus					
8	Rent allowance					
9	Social security contribution					
10	Clothing allowance					
No	Non-Financial Compensation Variables	1	2	3	4	5
1	Long service recognition			Ī		
2	Timely payment of overtime			İ		
3	Performance-based payment			Ī		
4	Fringe benefits					
5	Merit-based promotion		1	6		
6	Paid leave	7	/	2		>
7	My reward is tied to my work effort		3	7	$\langle$	
8	My salary compared with workers in a similar position		6	111	1	
	with competing firms	S	9			
9	My salary compared with my colleagues with similar	7				
	positions within this organisation					
10	Job security					
11	Specialized in-service training					
12	Retirement plan					
13	Medical assistance					
						Ш.

#### **Job Satisfaction**

5. What is your state of agreement with these statements?

Where: 1=Not at all agree; 2=Slightly agree; 3=Moderately agree; 4=Agree; 5=Highly agree

No	Job Satisfaction Variables	1	2	3	4	5
1	I find real enjoyment in my job					
2	I am fairly well satisfied	7				
3	I like my job better than the average worker					
4	My pay and the amount of work I do					
5	The chance of advancement on the job					
6	The way my job provides for steady employment			ĺ		
7	Being able to keep busy all the time			1		
8	The competence of my supervisor in making decisions					
9	The freedom to use my own judgment			-		
10	The working conditions	/	/	1		>
11	The praise I get from doing a good job			7	<	
12	The feeling of accomplishment I get from the job		0		1	
13	The way my boss handles his/her workers					

# Commitment

6. How likely are you to demonstrate these attitudes and behaviours in this organisation?

Where: 1=Not at all likely; 2=Slightly likely; 3=Moderately likely; 4=Likely; 5=Extremely likely

No	<b>Employee Commitment Variables</b>	1	2	3	4	5
1	It would be hard for me to leave my department right					
	now, even if I wanted to					
2	I feel obliged to remain with my current employer					
3	I would be happy to spend the rest of my career with					
	this department	9	7			
4	Even if it were to my advantage, I feel not to leave my organisation	X				
5	I really feel as if this department's problems are my own					
6	I feel a strong sense of "belonging" to my department			Ì		
7	I feel that I have too few options to consider leaving this department		Ŋ			
8	I feel "emotionally attached" to this department		7	-		
9	I would feel guilty if I left my organisation now	7		2		>
10	I feel homely in my department			7	$\langle$	
11	This organisation deserves my loyalty		(		1	
12	If I had not put so much of myself, I might consider	Š	V			
	working elsewhere					
13	This department has a great deal of personal meaning					
	for me					
14	I owe a great deal to my organisation					