

# The impact of fair Compensation on (Abdul-Aziz Hamad Alfares&Sons Company) Employees' performance

## Introduction

The human resources are considered one of the most important production factors that support the success of organizations. Therefore, the concern for individuals and the work on achieving their requirements, and searching for means and ways to help improve their job performance.

One of the biggest challenges facing any organization is its ability to recruit and retain employees and develop their performance. Because the decision to remain them can have a profound effect on the conduct of the activities of the organization and the financial path of the organization and the increase in the employee turnover.

(Finnegan, 2010) Willyerd & Meister (2010) noted that issues of talent shortage and retention have developed at the forefront of the issues dealt with organizations globally, the direction growing to attract and retain Talent is imperative, in order for organizations to survive .

See Lawyer (2008), professor of business administration and organizational behavior at Southern University California, talent means in our time that people are the competitive advantage in the organization and that an overwhelming number of different companies do not derive their competitive advantages from offering the lowest prices or the latest technology Or the best product, but it derives from being flexible and innovative, and these competitive advantages are their true source Talented.

The study (2009, Frangou & Kontoghiorghes) indicated that the factors that influence Employee retention, specifically job and job satisfaction, are the same factors that affect compliance Retaining talent.

For the purpose of preserving and retaining employees within the organization, organizations must have a strategic compensation department linked to human resource management to assist human resource managers and enhance the effectiveness of employees to attract and retain employees. (Mohammed D Ahmed 2017)

This study came to examine the compensation management strategy and its impact on employees by examining them in an attempt to connect the variables and reaching a result that enhance the effectiveness of compensation in retaining employees.

I will collect the Data from Secondary Sources: They are sources that I turn to in the event that the primary sources are unable to provide me with the necessary information, they are divided into:

Published sources: They consist of official reports and publications, reports and semi-official publications, reports and special publications.

Unpublished sources: include references, books, indexes, journals and scientific periodicals.

Electronic Resources: They are sources that rely entirely on information technology to put data, and it is mentioned that their origin is paper collections that have been automated.

### Objectives of the study:

The current study seeks to attempt to uncover the impact of compensation management strategy in the governorate; the talents are subject to the existence of a modified, variable spiritual capital, through the following:

1- Review the conceptual framework of the study variables (compensation management strategy, preservation Talents , and spiritual capital) as reported in the theoretical literature.

- 2- Determine the level of the basic study variables (compensation management strategy, and maintain Talents, and spiritual capital
- 3 - Determine the direct impact of the compensation management strategy on retaining talent.

Compensation is the reward given to employees in return for their services rendered and it is often the cornerstone of a productive workforce. The quality and performance of your company's talent pool is usually directly dependent on how well you execute your compensation planning strategies.

A compensation package does not necessarily mean rewarding in the monetary form. It also includes flexible benefits, **medical care**, **work-life balance**, as well as **employee perks**. Today's employees not only work for the money, but also place equal emphasis on other aspects of compensation. a good compensation package ensures:

**Retention** : a compelling compensation plan helps to reduce the turnover rate of the company. Employees will be more incentivized to stay in their role and this saves potential expenses related to turnover.

**Motivation:** Compensation is the primary motivating factor for employees to continuously push themselves to strive for greater heights. It offers them a reason to work hard and keep driving towards achieving the next milestone. On the other hand, employee performance and efficiency can be drastically affected if a good compensation package is absent.

(Since **1964 Vroom Victor's** Expectation theory highlights the mandatory collection of compensation administration Process performance, and the compensation management system provides an incentive for hard work so that good performance is demonstrated and done Get a good salary in return. Compensation management can stimulate and pool human resource efficiency Between improved employee performance and company benefits. In another indication of the importance of compensation, it seeks to Achieving external

equality with other organizations this is what makes the compensation management strategy a tool attracting and retaining talent (Aqili, 2009)

The research shows that employee's retention trends have outpaced traditional salaries, benefits, and compensation (group gale 2006).

and that it is their private spiritual life that strengthens and revives work, "the McKinsey study revealed(Mckinzey 1962) showed that companies that have adopted Spiritual Work programs showed improvement at work The rate of rotation has decreased (Najm & Al Raffi, 2008), And based on the aforementioned,

This study came to examine the compensation management strategy and its impact on preserving talent by examining the modified role of spiritual capital in an attempt to connect the variables and reaching a result that enhance the effectiveness of compensation in retaining talents.

### Compensation Management Strategy of Abdulaziz Hamad Alfres & Sons Co.

It is one of the important functional areas for human resources which includes salaries and wages which are Critical factors in motivating employees to achieve goals (Adeoye, 2014)

Procedural definition: formulating and implementing strategies and policies that aim to compensate individuals in an equitable and continuous manner according to its value to the organization, it includes four components:

1/ **salary level**, additions (On salaries, salary structure, work benefits and benefits) salary Level It is the average rate of payment that includes wages, salaries and bonuses in the organization's jobs (, Noe Hollenbeck, G. & Wright, 2015) the prevailing salary levels in the **Alfares company** compared to the salary levels in other organizations for the same job of retaining talent.

2/ **Additions to salaries**: It is the financial payments that the employee receives in addition to his salary and wages and his other compensation (Akili, 2009) .

### 3/ **Salary Structure :**

It is the set of wage rates that are provided for various types of jobs, skills or performance in the organization. The hierarchy of the various basic jobs within the company and the salaries paid for those jobs compared to other competing organizations for the same job .

### 4/ **Advantages and Benefits**

It is the group of non-monetary compensation that is granted by the organization in exchange for the service provided by the employees  
(IFRS Foundation, 2010)

It is a group of non-monetary moral incentives provided by **Alfares Company** to employees In order to increase attracting and retaining talent.

### 5 / **Job Satisfaction**

Job satisfaction is the extent to which an individual feels positively or negatively about the internal and external aspects of the job  
(Hunt, Chonko, and Wood, 1985)

The individual's attitude towards his job resulting from several factors surrounding this function represented B (level of supervision, promotion, working conditions) that affect the intention to remain in **Alfares Company**.

### 6 / **Communication**

Organizational communication is defined as sharing, communicating or exchanging ideas between employees (Al-Masad,(2003)

A social management process that includes sharing talents and informing them of a message **Alfares Company** and its objectives through (opening communication channels, enhancing communication, developing communication) that affect Too much of the talent desire to stay with the company .

## **Conclusion:**

the effect of compensation on **Alfares Company** employees motivation is positive and significant. This means that efforts to increase compensation given to employees will be a driving factor in improving employee motivation; that compensation has a positive and significant effect on work motivation. Good compensation should apply the principles of fairness and fairness, the amount of compensation should be related to the relative value of a job or occupation.

Provision of compensation is of course also adjusted to the size of the sacrifice, or the risk of work done, the higher the sacrifice, or job risk, then the compensation should also be higher. Compensation should also be reasonable and able to meet the standard of living of the employee's needs reasonably. This means that a fair and acceptable compensation amount, both financial and non-financial compensation will increase employee motivation, but employee work motivation will decrease if the compensation received by employees is not sufficient to meet the needs of employees. So it can be concluded that the higher the compensation given will increase employee work motivation.

The results of this study (The impact of fair Compensation on (Abdul-Aziz Hamad Alfares&Sons Company ) Employees' performance

Compensation has a positive and significant effect on employee job satisfaction. A good compensation system, in addition to being fair and worthy should also be more attractive, competitive and motivate. Compensation must be attractive to employees, able to compete with other companies, in accordance with the size of the responsibilities undertaken or the level of complexity of work and can stimulate employees to better achievement because of a value of appropriate or higher rewards. This means that the size of the compensation received by employees will result in high employee job satisfaction, the higher the compensation received for the work done then the employee job satisfaction will also increase.

