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**THE MEDIATING EFFECT OF ORGANIZATIONAL
JUSTICE ON THE RELATIONSHIP BETWEEN
COMPENSATION STRATEGY AND
EMPLOYEE PERFORMANCE
AMONG ACADEMIC
STAFF IN IRAQI
UNIVERSITIES**



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FIRAS SALMAN KHUDHAIR

SULTAN IDRIS EDUCATION UNIVERSITY

2023



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RELATIONSHIP BETWEEN COMPENSATION STRATEGY AND
EMPLOYEE PERFORMANCE AMONG ACADEMIC STAFF
IN IRAQI UNIVERSITIES.

FIRAS SALMAN KHUDHAIR

THESIS SUBMITTED IN FULFILLMENT OF THE REQUIREMENT FOR THE
DEGREE OF DOCTOR OF PHILOSOPHY

FACULTY OF MANAGEMENT AND ECONOMIC
SULTAN IDRIS EDUCATION UNIVERSITY

2023



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ABSTRACT

This study aimed to investigate the effect of compensation strategy (CS) on employee performance in Iraqi universities. In addition, the study identified the mediating role of organisational justice (OJ) on the relationship between compensation strategy (CS) and employee performance (EP). The population of this study comprised of 29,435 academic staff from 22 Iraqi universities in the middle and southern territory of Iraq. A sample was selected by using stratified random sampling. A sample which include 400 academic staffs was selected by using stratified random sampling technique.. A questionnaires was developed and verified for its construct validity and reliability based on the arbitrators of six (6) experts. Structural Equation Modeling SEM analysis was performed to answer research questions by testing the hypotheses. Findings revealed that CS dimensions, namely financial compensation ($\beta=0.216$, $p<0.001$) and non-financial compensation ($\beta=0.512$, $p<0.001$), had positive and significant effect on employee performance. Meanwhile, organisational justice fully mediated the relationship between compensation strategy and employee performance. The effect of financial compensation on employee performance in the presence of a mediator (organisational justice) was positive and significant ($\beta=0.110$, $p=0.003$). The results also indicated that the effect of non-financial compensation on employee performance in the presence of a mediator (organisational justice) was positive and significant ($\beta=0.288$, $p<0.001$).. In conclusion, compensation strategy indicators play an important role in increasing employees performance, and organisational justice serves as an influent mediator in the relationship between compensation strategy and employee performance. Clearly, these findings have the potential to guide the Iraqi universities to focus on appropriate compensation strategy indicators that enhance its employees performance.



KESAN KEADILAN ORGANISASI TERHADAP HUBUNGAN ANTARA STRATEGI PAMPASAN DAN PRESTASI PEKERJA DALAM KALANGAN KAKITANGAN AKADEMIK DI UNIVERSITI-UNIVERSITI DI IRAQ

ABSTRAK

Kajian ini bertujuan untuk mengkaji kesan strategi pampasan (CS) ke atas prestasi pekerja di universiti-universiti di Iraq. Di samping itu, kajian ini juga mengenal pasti peranan perantara keadilan organisasi (OJ) terhadap hubungan di antara antara strategi pampasan (CS) dan prestasi pekerja (EP). Populasi kajian ini terdiri daripada 29,435 ahli akademik daripada 22 universiti di bahagian tengah dan selatan Iraq. Sampel kajian yang melibatkan 400 staf akademik telah dipilih menggunakan teknik persampelan rawak berstrata. Satu set soal selidik telah dibangun dan disahkan untuk kesahan konstruk dan kebolehpercayaan berdasarkan penilaian enam (6) orang pakar. Analisis Pemodelan Persamaan Struktur SEM telah dijalankan untuk menjawab persoalan kajian dengan menguji hipotesis kajian. Hasil kajian menunjukkan bahawa indikator CS, iaitu pampasan kewangan ($\beta=0.216$, $p<0.001$) dan pampasan bukan kewangan ($\beta = 0.512$, $p<0.001$), mempunyai kesan positif dan signifikan terhadap prestasi pekerja. Sementara itu, keadilan organisasi juga memediasi sepenuhnya hubungan antara strategi pampasan dan prestasi pekerja. Selanjutnya, kesan pampasan kewangan terhadap prestasi pekerja dengan kehadiran perantara (keadilan organisasi) adalah positif dan signifikan ($\beta = 0.110$, $p = 0.003$). Hasil kajian juga menunjukkan bahawa kesan langsung pampasan bukan kewangan terhadap prestasi pekerja dengan kehadiran perantara (keadilan organisasi) adalah positif dan signifikan ($\beta = 0.288$, $p < 0.001$). Kesimpulannya, indikator strategi pampasan memainkan peranan penting dalam meningkatkan prestasi pekerja, manakala keadilan organisasi merupakan perantara yang berpengaruh dalam hubungan antara strategi pampasan dan prestasi pekerja. Jelas, dapatan ini berpotensi untuk memberi panduan kepada universiti-universiti di Iraq untuk memfokus pada indikator strategi pampasan yang sesuai bagi meningkatkan prestasi pekerja mereka.



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LIST OF ABBREVIATION

AIC	Akaike Information Criterion
AMOS	Analysis Moment of Structures
AP	Adaptive Performance
AVE	Average Variance Extracted
AVE	Average Variance Extracted
C.R	Critical Ration
CFA	Confirmatory Factor Analysis
CFi	Comparative Fit Index
CHI-Square	Badness of Fit
CP	Contextual Performance
CS	Compensation Strategy
DF	Degree Of Freedom
DJ	Distributive Justice
EFA	Exploratory Factor Analysis
EP	Employee Performance
FC	Financial Compensation,
GOF	Goodness-Of-Fit
HEI	Higher Education in Iraq
IFI	Incremental Fit Index
IJ	Interpersonal Justice
MI	Modification Indices
NFC	Non-Financial Compensation
NFI	Normed Fit Index



OJ	Organisational Justice
PJ	Procedural Justice
p-Value	Model Probability
RMSEA	Root Mean Square Error of Approximation
SEM	Structural Equation Model
SPSS	Statistical Package for The Social Sciences
TLI	Tucker–Lewis Index
TP	Task Performance
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSC	United Nations Security Council
VIF	Variance Inflation Factor

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The role of higher education's in terms of society's progress is vital. It shapes the minds, moulds behaviours, as well as develops distinctive capabilities in the human being to better serve society better (Iqbal et al., 2017). A high level of education is among the major sectors of every nation (Meléndez et al., 2019; Yeni et al., 2019). Hence, without higher education institutions that afford a high quality of education and qualified academic staff, no country can achieve the desired development and growth. Hence, higher education institutions are considered the core of development and progress in any country in various aspects of life (Sabah, 2013). For decades, paying employees according to productivity has been the cornerstone of industrial and economic growth. Employee performance has long been managed in part by financial incentives. Yet, during the past 25 years, additional aspects of compensation have emerged to provide employers more flexibility in rewarding and, consequently,



motivating employees. For instance, performance is described by Armstrong and Taylor (2010) as "behaviour that achieves results. Moreover, performance is influenced by performance management, which gives individuals the knowledge they need to enhance their performance and assists them in understanding what excellent performance is. By recognising and rewarding good performance and offering incentives to enhance it, reward management affects performance. In addition, the goal of this research study is to understand how these rewards affect employee performance and how well the present reward system inside the organisation serves this aim. This research study is the foundation for my dissertation. Atatsi et al, (2019) explained the significance of workplace rewards as follows:

The employment relationship is centred around a reward. While many individuals claim they enjoy their jobs and would continue working even if they won a substantial sum of money in the lottery, the majority of us work in large part because it is the only way we can make the money we need to support our families and ourselves. Therefore, how much and in what form we are paid is a very important subject to us (Atatsi et al., 2019). Therefore, the awards we give for both individual and team performance are crucial in establishing how successful our reward scheme will be. Wilson (2003) says that systems, programmes, and practises that have an impact on people's behaviour are included in rewards and their purpose. The goal of reward systems is to offer a systematic means of delivering positive consequences. The positive vision is to offer consequences for contributions that lead to the desired performance. A clearer understanding of the contribution that a workforce may make to the organisation's overall business objectives and how it could be developed to maximise competitive advantage resulted from the definition of human resource





management in the mid-1980s. This study's objective is to determine whether various reward systems have positive consequences and whether these consequences lead to improved or worsened performance. "The main concept of performance management is that work groups and individuals realise what they have to do to make their contribution to the overall effectiveness of the organisation," according to De Cordova et al. (2016). The organisational objectives must be clearly related, which requires effective communication of clear, distinct goals.

Accordingly, strong organisational justice could make an institution reach great places through which organisational competencies can be developed, and in turn, competitive advantage can be achieved (Fatih, 2018). Thereby, the broad theoretical and empirical concept of organisational Justice is explored in this study to understand how organisational Justice influences higher education institutions. In recent years, Iraq has witnessed numerous challenges and conflicts that caused great damage to its infrastructure, including the educational system. Higher education institutions are one of the sectors that suffered from large destruction, which requires major developments to recover the damage. These initiatives include of improving academic staff performance and educational quality at higher education institutions. (Sabah, 2013).

Based on a review of current papers, this study tries to clarify the characteristics involved in assigning the appropriate reward structure to an individual employee or team. Reward management is complicated, problematic, and highly vulnerable to external factors like culture, economic conditions, and individual employee preferences. What applies to, is effective at, and improves performance for





one employee or team could not have the same impact on other employees in the same situations. The advantages and drawbacks of performance management and performance appraisal systems have been widely covered in published literature. As organisational structures cross national boundaries and cultural boundaries, these become increasingly complex and challenging to manage. In this situation, the reward systems we use can be crucial to reaching the desired level of performance.

1.2 Background of the study

As per to Hameed and Waheed (2011), employees are an important component of an organisation, and the performance of an organisation relies on the performance of its employees. Every organisation uses the maximum of its resources to develop the performance of its employees. The performance depicts how an individual utilise their unique potential or actual knowledge, skills, as well as capacities with a particular end in mind to attain their objectives or desires. In an organisation, it is the level of utilising the capacity of people with specific goals to finish a task effectively within a specific timeframe (Mohammed & Ibrahim, 2019). Recently, many universities, including universities in Iraq, have been concerned with their employees' performance. This concern is due to employee performance's effects on the quality of the work and organisational performance (Salman, 2015). Apart from that, Issa and Jamil (2010) opined that the progression toward global classification by Iraqi universities is lagging, and the possible reason behind this situation is the inadequate performance of employees.





The performance of employees can be described as their level of output or productivity, which can be determined based on the standards set by their organisation. Employee performance also has an impact on the effectiveness of the organisation and can improve the correlations between employees' performance and development. When the employees and their development are given enough consideration, a satisfied feeling is created for the employee. As a consequence, employees will be more dedicated to their job, and their performance will be boosted considerably (Champathes, 2006; Okab, 2017). As a result, an organisation's performance relies on the performance of its employees as well as the effective conduct of processes, such as acquiring the knowledge, abilities, and skills necessary to carry out the organisation's aims and strategies.



Iraq is an unstable country, and its economy is weak. There is political instability in the country. Besides, the country is in the deep grip of growing political turmoil, increasing violence, ongoing sectarian conflict, social instability, and economic decline. All of these problems are directly or indirectly the product of a weak, polarised and non-uniform education system. Iraq today faces many problems, such as poverty, insecurity, sectarianism, chaos, and financial and administrative corruption. The causes of these problems are extremism, lack of public awareness, illiteracy, and disguised illiteracy, which is reinforced by an ineffective educational system. The vital role of education in Iraq has been neglected, which has led to the deterioration of the economy, health, and all aspects of life. Education has been dealt with in a sectarian manner and with a backward mentality (Ahmed & Areej, 2018; Bashir & Radhi, 2018).





The education budget was not put to the service of education and the establishment and equipment of schools, which weakened the basis of quality in the education system. Consequently, the education system failed to extricate the country from the growing economic, political and social quagmire (Mahmud, 2013). The problems associated with the education system in Iraq are administrative corruption, inefficiency and lack of sufficient resources, wrong educational and educational policies, poor quality system, poor educational facilities, lack of teacher competence, failure to implement education policies, education without a philosophy or direction, low enrollment rates, and dropouts. Widespread political interference outdated and inadequate curricula for real learning, mismanagement and supervision, and a lack of educational, administrative, and academic research. The above problems can be solved by formulating rational policies and plans and ensuring proper implementation of the policies (Suhaila & Hatham 2019; Hanan, 2020)

The intellectual and scientific hubs of civilization are higher education institutions (HEIs), including universities. These organisations run on behavioural and scientific aspects. Their primary focus is building up the generations and developing the cultural and scientific awareness of society (Al-Bahadli, 2018). They concentrate on science-related education to change students' way of thinking and work on developing science and technology, which contributes to the development of human life. As educational markets in the recent era are very competitive, universities continually upgrade their educational process to improve their level and services through the effect of compensatory ways to boost the performance of employees within universities (Abou-Moghli, 2019).





Compensation strategies improve employee performance through the application of compensation systems and retention strategies to enhance employee performance (Demerouti et al., 2014). However, the failure of organisations to allow employees to contribute ideas in the decision-making process can also hinder their performance. Employees will fail to enable the part of the organisation that applies and creates rational outcomes on an issue related to their institution, thereby also hampering employee performance (Yamoah, 2013; Han, 2010). In the United States, compensation is one of the oldest social insurance programmes. It was developed in the early 19th century. In 1910, a conference was held in Chicago by representatives from various state commissions to draft the Employees' Compensation Law, which was later used as a blueprint for employee compensation in universities (Samnani & Singh, 2014; Hwang & Kleiner, 2002). Companies in Canada typically start developing compensation plans that include both non-financial and financial advantages as well as incentives to improve performance (Jean et al., 2017). Meanwhile, in Japanese companies, the amounts of compensation increments are determined by collective bargaining with employees. Here, factors like organisational performance and increased rate of consumer prices are considered (Aryee & Chen, 2004).

Aside from the above aspects, the evaluation of compensation might be based on employee needs. According to Webb-Day et al. (2014), Values of interdependence and ingroup harmony typically foster a preference for equality or need-based reward distribution in collectivistic cultures. Given the variations in employee performance and contextual and organisational value systems within organisations, allocating resources according to need has been shown to work in



developing countries, cross-cultural comparisons, and perhaps Arabic countries like Iraq (Evans et al., 2010; Sama & Papamarcos, 2000; Nowakowski & Conlon, 2005). On the basis of research findings on compensation strategy and organisational justice, scholars such as Bloom (2004), Al-Zu'bi (2010), and Chris et al. (2016) found A strong connection exists between employee performance and compensation strategy. However, despite the discovery of several research examining the connection between compensation and employee performance, such as Rinny et al., 2020; Hameed et al., 2014; Iptian et al., 2020; Candradewi & Dewi, 2019; Osibanjo et al., 2014). Studies that use organisational justice as the mediator variable to show the true effects of compensation strategies on employee performance are still lacking. Thus, the current research will study organisational justice as the mediator between compensation strategy and employee performance at Iraqi universities.

Universities are the home of construction, where science, knowledge, and enlightenment are installed. They also represent the cultural aspects of the educational system. Universities are one of the major sources of knowledge used by both teachers and students. However, in Iraq, higher education institutions are facing a severe challenge that reflects the difficult condition of the country's educational system. Studies indicated that staff members are not treated sufficiently according to their academic development. Despite employees being the main resources of the organisation and responsible for organisational success or failure, the administration always provides them with low incentives (Salman, 2018). Organisations should concentrate on attracting and retaining their employees by rewarding them appropriately. Janabi and Urban (2011) opined that the willingness of a company to keep or dismiss its employees depends on compensation packages offered by the



organisation. Al-Haidari (2011) argued that to attain and retain the best outcome from the employees, institutions should be enhanced by providing or offering a variety of rewards to the employees. In both developed as well as developing countries, several researchers, for instance Osibanjo et al., 2014; Naidu & Satyanarayana, 2018; Jean et al., 2017; Michael et al., 2016; Candradewi & Dewi, 2019) found that with an appropriate compensation package and reward system, it is easy to satisfy employees and strengthen their willingness stay in the organisations.

This study aims to focus only on one single set of respondents in the selected universities. The academic staff at HEIs in Iraq is the study's target population. Because academic staff set the pace and are the most active and valuable assets in every academic institution, they are picked (Oyebanji, 2009). The main input of the present study is to extend compensation strategy literature by laying out the mediator effect of organisational justice on the compensation strategy and employee performance nexus. Thus, this performance is anticipated to shed light on how academic staff at Iraqi universities might be motivated to perform better to boost the level of performance of Iraqi universities.

1.3 Problem statement

In any organisation, employees are regarded as prime resources through which the aims and objectives of the organisation are attained. Academic staff are employees utilised by higher educational institutions (HEIs) to perform effective teaching and learning as



well as various other duties. Therefore, ensuring academic staff performs well is crucial for HEIs to attain their objectives.

Additionally, it is crucial that HEIs pay attention to employee compensation because employees who are satisfied perform better (Mabaso & Dlamini, 2017; Demerouti et al., 2014; Darma & Supriyanto, 2017). Othman and Abdullah (2016) stated That the greater the amount of compensation paid to employees, the better the quality of their job performance. The management of academic institutions needs highly skilled employees who will operate effectively within the university. In fact, compensation is a significant element that can motivate and contribute to the progress of an organisation's success, which, in turn, influences the attitude of employees to work. Salman (2018) mentioned that compensation is a motivating factor that attracts and retains employees. Thus, an organisation needs to develop various means to reward its employees (Negash et al., 2014). In Iraqi universities, academic staff confronts many difficulties (Saleh, 2021). such as insufficient infrastructure, inadequate research environment, inconsistency in salary and allowance, and changes in policy implementation, all of which affect their performance (Al-Husseini, 2015; Jameel & Ahmad, 2020). Additionally, comments on personnel evaluation reports, the emphasis placed by management on specific administrative styles, workload, and insufficient support from top management is reported to contribute to the unhappiness of employees due to the academic job structure and compensation (Jwan & Hussein, 2018).

Al-Husseini and Elbeltagi (2015) likewise found a weakness in academic staff performance, as represented by the salary of academic staff in Iraqi universities,



which was very low compared to the salary of academic staff in developed countries (Al-Bahadli, 2018). In addition, the academic staff has gone on incessant strikes many times, which has contributed to their low performance. Moreover, performance management by the director and the administration was lacking, resulting in poor staff performance and poor work quality (Al-Bahadli, 2018). Türk (2008) also opined that employee compensation determines job performance in higher institutions if goals are to be achieved.

Similarly, researchers found some common issues behind the decline in the scientific research in Iraq and level of education. These issues include a lack of research work, lack of equality in promotional facilities amongst faculty members, lack of participation in international conferences, and lack of objectivity of the organisation and faculty members (Abduljabbar, 2011; Mahmud, 2013; Al-Husseini & Elbeltagi, 2015). According to Jwan (2018), HEIs continuously face several educational constraints, such as budget crises that cause many budgets to be cut down for universities; salaries for staff and faculty, funding for equipment, research, and supplies, travelling funds, projects, as well as constructions have been massively reduced. Thus, many universities face deterioration and weakness due to this shortage, which has, in turn, caused low performance from the employees and the management, as noticed by the Ministry of Higher Education and Scientific Research in Iraq (Hussein & Benhin, 2015).

Justice is a multi - dimensional phenomenon that attracts attention among academic professionals in the context of institutional dynamics because it denotes fair opportunities and outcomes for all employees. These professionals must



continually identify the elements that encourage employees to use all of their effort to foster efficiency and performance. In this regard, organisational justice plays a crucial part in enabling HEIs to give their employees a supportive and fair work environment (Khan, Shukor & Ismail, 2016). Organizational justice is essential because it supports employee professionalism and helps employees gain a competitive edge. Distributive, procedural, and interactional justices have all been studied with respect to how people see justice (Benson & Martin, 2017).

Given that previous studies (Al-A'wasa, 2018; Pan et al., 2018; Krishnan et al., 2018; Al Rawashdeh, 2013; Zainalipour et al., 2010) used organisational justice as an independent variable, organizational justice will be used as a stepping stone variable in the current study's analysis of the relationship between employee performance as well as compensation strategy. Additionally, it will investigate the problem of poor employee performance at Iraqi universities by using organisational justice as a moderator variable in the relationship and develop suggestions to improve the problem. Prior research found that academic staff performance and compensation are significantly connected (Chris et al., 2016). Part of that, though several studies have found a significant relationship between compensation and employee performance, there are no studies on the actual impacts of compensation strategies on academic staff performance by implementing organisational justice as the mediator variable. In order to better understand the relationship between compensation plan and employee performance, this study will also look at organisational justice.

For three decades, universities in Iraq have been facing many obstacles that hinder the development of high education in this country. The lack of qualified teaching staff has affected the quality of education, so has the absence of organisational justice in Iraqi universities that encourages distributive, procedural, as well as interactional justice and the destruction of infrastructure and ongoing security dangers. All these factors affect employee performance in Iraqi universities. It is found that Iraqi universities need to reinforce organisational justice. However, there are no studies on the actual impacts of compensation strategies on employee performance by implementing organisational justice as the mediator variable (Amer & Sana, 2018). This study, therefore, will examine organisational justice as a mediator between compensation strategy and employee performance. Consequently, our study attempts to close the gap by investigating the impact of compensation strategy through organisational justice on employee performance in Iraqi universities. Additionally, the findings of this research are anticipated to assist and facilitate management in delivering the sufficient needs of academic staff in Iraqi universities.

1.4 Research objectives

This study's aim is to determine how academic staff performance at Iraqi universities is impacted by compensation strategy by employing organisational justice as a mediator. The specific objectives of this research are as follows :

1. To examine the effect of compensation strategy on employee performance amongst academic staff in Iraqi universities.
2. To examine the effect of compensation strategy on organisational justice amongst academic staff in Iraqi universities.
3. To examine the effect of organisational justice on employee performance amongst academic staff in Iraqi universities.
4. To examine the mediating effect of organisational justice on the relationship between compensation strategy and employee performance amongst academic staff in Iraqi universities.

1.5 Research questions

The following questions will be answered in the study to fulfil the research objectives and research gap.

1. What is the effect of compensation strategy on employee performance amongst academic staff in Iraqi universities?
2. What is the effect of compensation strategy on organisational justice amongst academic staff in Iraqi universities?
3. What is the effect of organisational justice on employee performance amongst academic staff in Iraqi universities?
4. What is the mediating effect of organisational justice on the relationship between compensation strategy and employee performance amongst academic staff in Iraqi universities?



1.6 Research hypotheses

The purpose of this study is to examine the effect between compensation strategy and academic staff performance by using organisational justice as a mediating factor. Based on the nature of the study, the following hypothesis will be tested.

i. Direct effect

H1: Compensation strategy has a significant positive effect on employee performance.

H1a: Financial compensation has a significant positive effect on employee performance.

H1b: Non-financial compensation has a significant positive effect on employee performance.

H2: Compensation strategy has a significant positive effect on organisational justice .

H2a: Financial compensation has a significant positive effect on organisational justice.

H2b: Non-financial compensation has a significant positive effect on organisational justice.

H3: Organisational justice has a significant positive effect on employee performance.

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ii. Indirect effect

H4: Organisational justice mediates the relationship between compensation strategy and employee performance.

H4a: Organisational justice mediates the relationship between financial compensation and employee performance.

H4b: Organisational justice mediates the relationship between non-financial compensation and employee performance.

1.7 The conceptual research framework

The independent variable for this conceptual framework is compensation strategy, which will be measured via non-financial and financial compensation (Osibanjo et al., 2014). Financial compensation includes salary, incentives, allowances, and bonuses, while non-financial compensation includes workplace surroundings, career development opportunities, training, employee empowerment, and participation. The compensation strategy was hypothesised to be associated with organisational justice as measured via means of interactional, procedural, and distributive justice (Niehoff & Moorman, 1993; Colquitt, 2001; Iqbal, 2017). According to the current study, organisational justice and compensation strategy may influence employee performance and behaves as the mediator variables that link the relationship between both academic staff performance as well as compensation strategies. Academic staff performance is the dependent variable and will be measured utilizing adaptive performance, task performance, as well as contextual performance (Koopmans et al., 2012; Pradhan & Jena, 2017; Charbonnier-Voirin & Roussel, 2012).



Based on the rule of equity, organisational justice is referred to as the number of rewards received that corresponds with employees' performance inputs, such as effort, experience, and responsibility (Pritchard, 1969). Compensation among the elements for employees to ask for employment because employees should be compensated for their services as well as the efforts they show in their performance. According to Palaiologos et al. (2011), the second association is between employee performance and organisational justice. Management performance in institutions is the most noticeable issue that helps enhance productivity and guarantee competitive advantage. Justice also helps in managing academic staff performance by highlighting the link between organisational justice and employees' productivity/outcomes. It can then be best clarified by equity theory (Suliman & Al Kathairi, 2012). Three categories—distributive, procedural, as well as interactional justice—are used to classify organisational justice. The development of distributive justice creates consistency between outcomes and the standards used to allocate these outcomes (Janssen et al., 2010). Procedural justice helps elevate acceptability and academic staff performance when they discover that decisions made by the institution are fair. In a similar manner, interactional justice is treating employees fairly and with dignity while defining outcomes (Usmani & Jamal, 2013).

The third association is that between employee performance and compensation strategy. In a past study, Tinaikar (2017) reported that the outcomes show a strong link exists between academic staff performance and retention and compensation strategies. Conversely, Osibanjo et al. (2014) suggested that an audit on compensation packages at various stages should be done by management and decision-makers to attain employee satisfaction and avoid a high employee turnover





rate. According to Ramanathan (2012), Compensation and performance have a comparatively significant relationship and how well workers perform because performance also depends on bonuses and employee ownership. In light of this argument, the current study explains the indirect effect between compensation strategy and academic staff performance in Iraqi universities using organisational justice variable that acts as mediator. The fourth association in the conceptual framework is that between compensation strategy and academic staff performance, organisational justice acts as a mediator.

The selection of organisational justice as a mediator variable rest on the assumption that compensation strategy and organisational justice lead to better employee performance. Institutions must use the justice phenomenon in a competitive environment if they want to motivate employees from different cultural backgrounds to perform better. Moreover, the employees who are treated fairly by their organisation respond to organisational citizenship behaviours and go above and beyond expectations (Wang, Liao, Xia, & Chang, 2010). It is acknowledged that the force of justice found in institutions raises employees's performance levels by strengthening their commitment and fostering trust between employees as well as management on the one hand and among themselves on the other. This phenomenon's growing significance is mostly a result of its connection to employee performance as well as other behavioural outcomes (Noblet, Maharee, & Rodwell, 2012). Performance management in organisations has emerged as the key issue that ensures competitive advantage and productivity improvements in the competitive market. In this light, the relationship between employee performance as well as organisational justice can be seen as another way that the justice phenomenon aids in managing



employee performance (Arman, Latif, & Ali, 2014). When there is an unequal distribution of resources or rewards, employees will demonstrate their efforts down to the most minute level. In this thesis, organisational justice will be used as a mediator to investigate how compensation strategies affect academic staff performance in Iraqi universities. Equity theory, expectancy theory, as well as agency theory are the three theories that have been utilised in this study. The expectancy theory by Vroom (1964) has been used to create a conceptual model for this study. Expectancy theory refers to the behaviour an individual will choose to achieve specific outcomes. Equity theory by Adams (1965) provides guidance on building a construct of the perception of pay equity. Agency theory, which was introduced in early 1970, will be implemented as well. This theory indicates the interactions between two parties. It is the theoretical base applied to developing the construct conceptual model in this thesis.

This study empirically investigates compensation strategy and its effects on employee performance. Thus, it is essential to build a conceptual framework that is capable of pulling together the concepts of compensation, organisational justice, as well as employee performance. Additionally, the conceptual framework builds a foundation to concentrate on the specific variables of the research. Moreover, the goal of this study's conceptual framework was to examine how salary and employee performance relate to one another by using organisational justice as a mediator variable. Those variables were selected on the basis of the previous study on compensation as well as its impact on employee performance. Osibanjo et al. (2014) mentioned that the independent variable is compensation strategy with its two dimensions, which are non-financial and financial compensation, whereas the

dependent variable is employee performance with its dimensions of task performance, contextual performance, as well as an adaptive performance. Organisational Justice acts as the mediator variable with several dimensions, including procedural, distributive, and Interactional Justice (Niehoff & Moorman, 1993; Colquitt, 2001; Iqbal, 2017). The conceptual framework of this research can be seen in Figure 1.1.

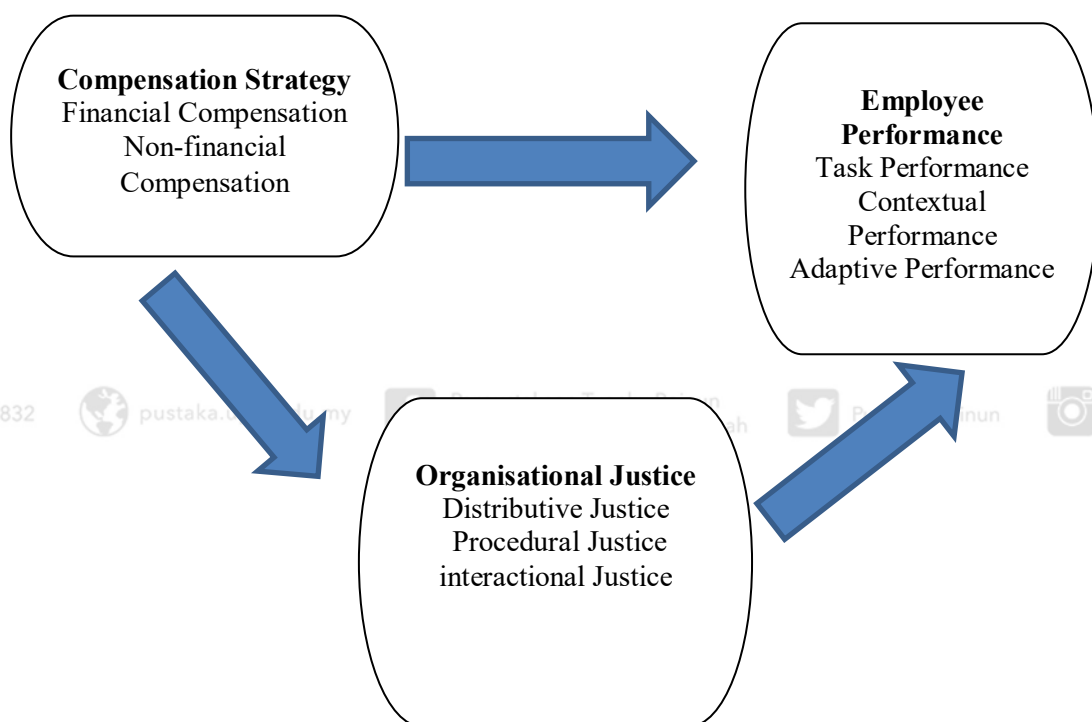


Figure 1.1. Conceptual Framework

1.8 Significance of the study

The theoretical as well as practical aspects of this investigation are equally important. As it develops a paradigm that takes into account CS aspects, OJ practises, and employee performance, the current study will be helpful for academics.



This would open up a possibility for additional study. Practitioners working at Iraqi universities and management of another Iraqi organisation would profit from this study since it would give them concrete proof of the role that computer science (CS) plays in employee performance, making it a strategic tool rather than a technical function. Additionally. The significance of this study is also derived from its goals and anticipated outcomes. It aims to improve EP in Iraqi universities by applying OJ to improve employee performance.

Practically, this study is significant for improving academic staff performance in government universities. The findings could assist policymakers generate standardised regulations for the use and acceptance of compensation strategies by organisations in Iraq, which could support their expansion and increase their efficiency. The investigation of OJ's mediating function in the association between CS as well as employee performance is another addition of the research. Decision-makers will better comprehend OJ's function in boosting and improving employee performance attributable to the study's findings. This study examines the compensation method, organisational fairness, and their effects on academic staff performance at Iraqi universities. The main focus is on academic staff performance. An appropriate compensation strategy will enhance academic staff's performance, which may improve the institutions' ability to overcome challenges from their current and future competitors. This study can help the studied universities and those concerned with the subject of compensation strategy by focusing on areas that need more attention, thereby reflecting positively on universities in Iraq.



Using a quantitative research methodology, this study adopts an empirical approach to investigate the influence of organisational justice as a mediator on the connection between compensation strategy as well as academic staff performance. Insights on how to enhance academic staff performance are expected to be one of the study's main contributions to the body of knowledge in this area. This study applies the SEM technique to examine the interrelationships among the study variables and determine their significant contribution to existing knowledge.

Both Iraqi universities and other organisations will gain from this study. Academics will be better equipped to conduct future study in the area because of their improved knowledge and perception of the impact of organisational justice on the association between compensation strategy as well as academic staff performance. The education sector has suffered a great deal in Iraqi due to brain drain, poor organisation, and ineffective academic staff performance (Sufian Munther Saleh, 2020). In terms of supportive policies that may yield better results in Iraqi higher education, this study significantly acts as a source for Iraqi universities, the Ministry of Education, and even organisations.

1.9 Scope of study

The performance of academic staff at Iraqi universities is examined in this study using organisational justice to determine the effects of compensation strategy. Iraq's universities are crucial to the country's economic growth. Organisations always want to satisfy their employees through compensations, such as incentives, rewards, and salary,

as well as arrange different types of training and development programmes to achieve their mission and vision. Organisations always try to ensure the best academic staff performance so as to stay strong in the competitive environment. The best academic staff performance can be obtained by ensuring organisational justice .

This study was conducted in Iraq. Respondents are individuals representing academic staff, which is centred on academics in 22 Iraqi universities. Because academic staff members set the pace and are the most active, lively, and crucial assets in any academic institution, they are selected. The study population is chosen from Middle and South Iraq. At the same time, western and northern universities are avoided owing to their different language and culture, in addition to wars and poor conditions.

1.10 Operational definitions

The following lists the definitions and descriptions of the key terminology used in this study.

1.10.1 Employee performance

Employee performance is determined based on the amount of task accomplishment done by the employee (Nmadu, 2013). In this research, employee performance is known as the level of achieving and completing the individual functions in an organisation in order to determine the individual's fulfilment or satisfaction with the job requirements.

Employee performance is measured through adaptive performance, task performance, and contextual performance.

a. Task performance

Task performance mainly defines the efficiency and effectiveness in performing a task that gives input to the technical core of the organisation, either by directly applying a certain technological process or indirectly providing it with required services or materials (Borman & Motowidlo, 1993; Schwent, 2010). In the current study, task performance is defined as an individual's performance of work or of the various activities as well as tasks that make up their work.

b. Contextual performance

Behaviour or attitude that supports the ambience is said to be a contextual performance.

Examples of contextual performance are assisting colleagues, volunteering for tasks, and defending the organisation (Borman & Motowidlo, 1993; Pradhan & Jena, 2017).

According to this study, contextual performance defines the actions that increase effectiveness of the organisation in many ways. It forms the psychological and social context of the organisation.

c. Adaptive performance

Adaptive performance is when an individual can adapt to the work situation and surroundings (Hesketh & Neal, 1999; Stokes et al., 2010). In this research, adaptive performance is defined as the work environment for adapting and understanding changes in the workplace .

1.10.2 Organisational justice

Organisational justice is the employee's assumption of justice practices in an institution that requires immediate fair actions to the situation (Niehoff & Moorman, 1993; Iqbal, 2017). In this study, organisational justice is defined as an individual or collective recognition of labour laws by determining the professional rules and fair actions that should be applied to all employees. Organisational Justice is measured through distributive, procedural, and interactional justice.

a. Distributive justice

Distributive justice refers to the emotion and behaviour of an employee that reflects what they have received and attained (Colquitt, 2001). According to this study, distributive justice refers to the fair and equitable distribution of burdens and benefits among all members of society.

b. Procedural justice

Procedural justice defines the equality of resources that allow decision-making to be conducted. These decisions should be fair, consistent, unbiased, accurate, and acceptable (Greenberg, 1990; Greenberg & Colquitt, 2013). In this research, procedural justice is defined as the adoption and application of decisions in accordance with fair procedures.

c. Interactional justice

Interactional justice reveals to the individual's emotion that their demands are recognized and that the reasoning behind the decision-making process is sound. Furthermore, it relates to how individuals are treated and communicate with one another

(Greenberg & McCarty, 1990; Usmani & Jamal, 2013). Interactional justice in this study is described as the manner in which a manager handles their employees with respect, appreciation, and attention to their rights and interests in everything they care about.

1.10.3 Compensation strategy

Compensation is the remuneration attained by an employee for their input and involvement in the organisation. The aim of compensation is to provide balance in work–employee relations by providing rewards in terms of non-monetary and monetary benefits to the employees. Compensation can boost the motivation of employees to perform better, therefore enhancing organisational effectiveness (Patnaik & Padhi, 2012). In this research, compensation strategy is defined as an individual's attainment of their contributions. Compensation can be determined on the basis of two basic factors: the value of the work performed by an employee and the degree of their work performance, wage, and incentive systems. Compensation strategy is measured through non-financial and financial compensation.

a. Financial compensation

Financial compensation refers to the worker's salaries, incentives, and rewards, which are believed to have significant impacts on employee performance (Sofyan, 2012; Tanjung, 2015). In this research, financial compensation is defined as the money prizes or increases in the salary of employees as motivation because of their contributions towards achieving the goals of the organisation.



b. Non-financial compensation

Non-financial compensation is a word used to describe a frequent type of reward that emphasises the need for employees to get a rate on their performance, responsibility, self-development, and influence in the organisation (Armstrong, 1999; Idris et al., 2017). In this research, non-financial compensation is defined as non-financial returns and privileges provided by the organisation to employees .

1.11 Summary

This research examines the impact of organisational justice pay on academic staff performance in Iraqi universities. There are five chapters in this study. Furthermore, The study's history, the research problem, the research objectives, and the research questions are all discussed in Chapter 1. It also discusses the four research hypotheses proposed in this study, the conceptual framework, the significance of the study, which is essential for Iraqi universities, and the scope of research. This study's primary goal is to investigate the impact of salary on academic staff performance utilising organisational justice as a mediator.

