

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN
COMPENSATION SYSTEMS AND
EMPLOYEE PERFORMANCE AT
COSMOPPOINT COLLEGE IN
PENINSULAR MALAYSIA**

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ABSTRACT

Compensation covers everything that an employer offers to an employee in return for their service. Compensation system for employees plays a significant role in various areas of the workplace and can affect employee performance, productivity, turnover rate as well as worker's morale. Since Cosmopoint College has 25 years' experience in the higher education field, the management has established a compensation system to boost the performance of both employee and organisation. The main purpose of this study is to determine the relationship between the compensation system and employee performance among employees at Cosmopoint College in Peninsular Malaysia. The elements of compensation that were examined in this study include base pay, bonus and benefits, job promotion, the delegation of work, and appreciation and recognition. A total number of 127 employees from 190 employees working in Cosmopoint College were selected as the sample for this study using a stratified random sampling method. Hypotheses were measured using statistical analysis; Pearson Correlation and Multiple Regression. Based on the overall result, the mean and the standard deviation of all variables were good. The result has shown that there were significant relationships between five elements of compensation systems and employee job performance. The correlation was between 0.2 and 0.59 and it indicated that there was a weak and moderate correlation. The findings of the multiple regression analysis indicated that only three independent variables; bonus and benefits, delegation of work, and appreciation and recognition had a significant relationship in influencing employee performance while the other two independent variables that are base pay and job promotion had no significant relationship in influencing employee performance.

Keywords: *compensation system, employee performance, base pay, bonus and benefits, higher education.*

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