



Influence of Indirect Compensation on Employees Productivity in Private Higher Education Institutions in Pakistan

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Abstract

The compensation is an important and essential element of the human resource management function or processes. Compensation does a crucial job in any association whether the pay is immediate or indirect; it impacts the general execution of the workers and results in the efficiency of the Organization. It is significant for Organizations in the present working conditions that they should hold their potential and key employees for getting more benefit and profitability and for holding the potential employees. Holding the key and important employees in the Organization by facilitating them through indirect compensation will increase their satisfaction with their jobs which results in increased loyalty for their Organization and this also facilitates the Organization in the form of increased efficiency and profits. Besides this, HEC is additionally attempting to help the extension of higher educational institutions and universities in Pakistan so as to improve the standard of universities in the nation and to advance the ways of learning and improvement to the higher and advance levels of education in Pakistan. For accomplishing the task, the data is collected through primary and secondary sources across Pakistan. The questionnaires were distributed among 283 respondents of Private Higher Education Institution by using the snow ball sampling in Pakistan which includes both the staff and Faculty Members. Reliability, Regression and EFA are the Statistical tools used in this Research Study for examining the impact of indirect compensation on the productivity of employees. All the research hypotheses are accepted and only one hypothesis is insignificant as most of the respondents are young because they do not focus or planned their Retirement because of young age.

Keywords: Indirect Compensation, Productivity, Employee Security benefit, Higher Education.

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Introduction

The compensation is an important and essential element of the human resource management function or processes. The main functions of human resource management is to plan, organize, lead and control, acquire, develop, train, compensate and retaining key employees within the Organization. (Supriyatin, 2013) Compensation does a crucial job in any association whether the pay is immediate or indirect; it impacts the general execution of the workers and results in the efficiency of the Organization. Compensation has a significant impact on workers' expectations for everyday comforts and it encourages the employees to comprehend that their commitments are valued by their manager. It has a critical method in influencing employee's conduct, how viably the workers utilize their capability to work for the improvement of their Organization. (Noe, et al., 1996) There are two subdivision of compensation which are named as Direct and In-Direct Compensation and these two are additionally characterized under the heads of Non-Financial and the Financial Compensation in given by the services rendered by employees for their organization. (Suwatno & Priansa, 2011)

It is significant for Organizations in the present working conditions that they should hold their potential and key employees for getting more benefit and profitability and for holding the potential employees, the Organization need to give them both direct and indirect compensation as the two sorts of pay expands the employee productivity and their viability and they become increasingly encourage to play out their level best to accomplish the objectives and purpose of the Organization. (Mathis, Robert, & John, 2003). Otherwise there has been huge numbers of resignation of employee's base on the less amount of compensation given to them by their Organizations. (Kharismawati, 2014)

An Organization can empower its employee for better and improved execution by giving them and preparing and causing them to accept that they are the more significant resource of the Organization.

By doing these workers assurance will increase and their effectiveness and profitability will also increase

and they will better execute their potential for the better achievement of the targets and objectives of the Organization. (Martocchio & Joseph, 2000) Thus compensation also has important effect on workers' efficiency in Private Higher Educational Institutions of Pakistan.

HEC Pakistan is officially known as Higher Education Commission of Pakistan. The body is purposively created, free and independent which help, direct, certify and manage the endeavors of any higher educational institutions.

In addition, HEC Pakistan is presently liable for approach of training, verification and quality assurance so as to meet the prerequisites of worldwide gauges just as to give certify and accredited scholastic degrees, given foundation bases and help to grow new higher educational institutions. Besides this, HEC is additionally attempting to help the extension of higher educational institutions and universities in Pakistan so as to improve the standard of universities in the nation and to advance the ways of learning and improvement to the higher and advance levels of education in Pakistan. (Official Web Site HEC Pakistan). A large segment of the Organizations where workers are cheerful and happy with their pay and other advantages offered to them by their Organizations are appear to perform higher and their profitability level expanded and they performed well and they show higher efficiency and better execution. Similarly, some of workers are not happy with their pay offered to them by their Organization. The difficult work put by them in their working environment and they are not remunerated well by their Organization. There is numerous evidence which showed that Employees who are satisfied and content with their current occupations and their workplace performed well in their Organizations. And there is good working connection between the employees, Managers and their Organizations. This Research study would assist and give the significant data and thoughts to the strategy makers in the Organization to understand the significance of Indirect Compensation and take activities and create systems that would encourage the employees to perform better and their happiness towards their work

would expanded. This will help Organizations to make their Indirect Compensation as an amazing asset to expand the efficiency of their employees and help them to perform better and with full enthusiasm.

Research Objectives:

The indirect compensation is divided into four variables such as Employment Security Benefits, Health Protection Benefits, Retirements Benefits and Personnel Recognition Benefits (Byars, Lloyd, & Rue, 2008). Therefore some of the important objectives of this research are as under:

- To find out whether employment security benefits have an effect on employee productivity in Private Higher Education Institutions of Pakistan.
- To determine whether health protection benefits have an effect on employee productivity in Private Higher Education Institutions of Pakistan.
- To investigate whether retirement benefits have an effect on employee productivity in Private Higher Education Institutions of Pakistan.
- To evaluate whether recognition does enhance employee productivity in Private higher Education Institutions of Pakistan.

Hypothesis:

H₀₁: There is insignificant impact of Employment Security Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{a1}: There is significant impact of Employment Security Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H₀₂: There is insignificant impact of Health Protection Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{a2}: There is significant impact of Health Protection Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{o3}: There is insignificant impact of Retirement Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{a3}: There is significant impact of Retirement Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{o4}: There is insignificant impact of Personnel Recognition Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

H_{a4}: There is significant impact of Personnel Recognition Benefits on the Productivity of employees of Private Higher Education Institutions of Pakistan.

Research Model:

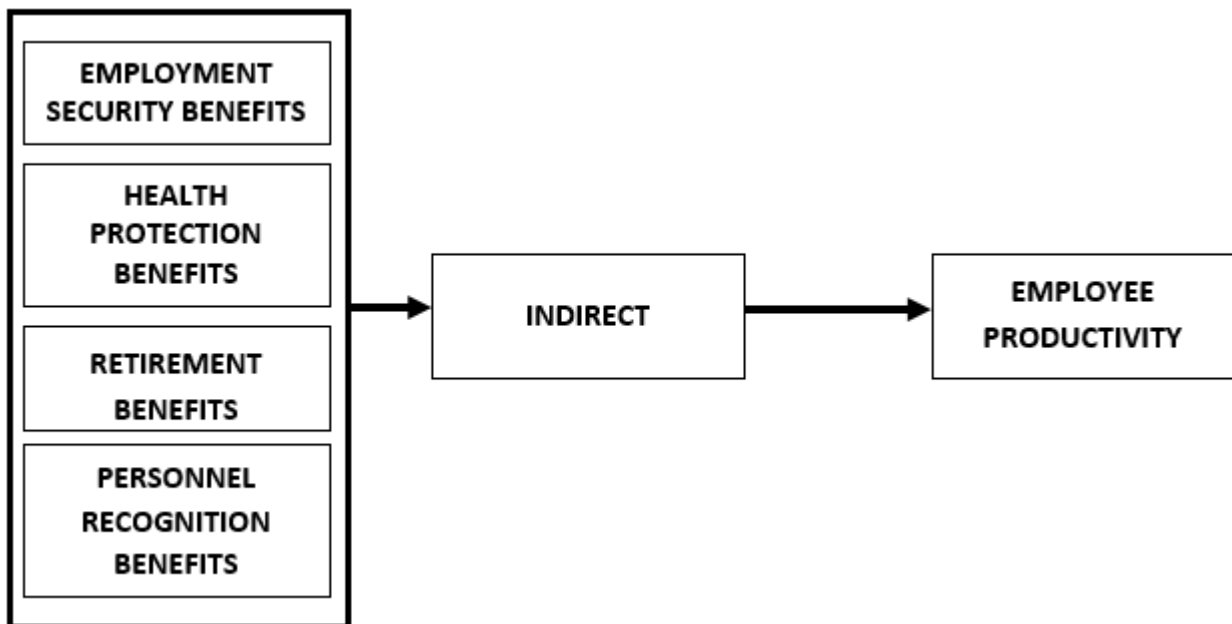


Figure 01: Research Model

Literature Review

Productivity is defined as the financial measure of effectiveness which shows the value of overall production by the people, organizations or businesses in connection to the value of the contribution done by them (De, A., & Griffin, 2001). There are a lot of smaller businesses who are not offering all fringe benefits to their employees however they demotivate their employees. So to improve the proficiency of the Employees and holding the potential Employees indirect compensation or Fringe Benefits are significant for Organizations to improve the proficiency, viability and profitability of Employees. This will raise the confidence of the Employees and which will bring about the improvement in the efficiency and profitability of the Organization. (Bond & Galinsky, 2006). Productivity as a definitive and specific results wanted from the worker. Results are determined on the bases of products or services delivered for internal or outside customers yet it isn't usually a similar that can be in the form of financial related accomplishments that have an effect on society as far as cost, quality, amount or time. He included that we can decide the efficiency and productivity by estimating the length of time an average worker requires to deliver a particular level of production and for group of workers how they invest energy and time in specific activities with the end goal or purpose of production in the Organization. (McNamara, 2003). It is hard to quantify the productivity of Employees separated from this, efficiency and productivity of Employees have an immediate and primary effect on the profits, earnings and income of the Organization. A business can comprehend the capacities of Employees during the underlying prospective employee meet-up or initial job interview. However, there are various different ways that can assist and help the Employees with making the best use and raise their abilities at the work place (Lake 2000).

It has been very vital for employees of the Organization to have a clear understanding of the reward system and procedures of their Organization. Compensation in totality is very prominent incentive in linking work place performance of the employees which leads towards the rewards system.

Compensation method and systems within the organizations plainly reflect that employees get incentives

directly based on how the employee achieve or perform their work effectively in their job place are recognized as pay-for-performance plans (Berger, 2009). Indirect Compensation is defined as an indirect monetary and non-monetary incentives or benefits given to the employees of the Organization for providing their services within their organization for their jobs and this count as integral part of Employee Compensation. Other terminology used or symbolizes Indirect Compensation are called as fringe benefits, employee services, supplementary compensation and supplementary pay (Dessler & Gary, 2017). The Indirect Compensation which has been given to the employees by their Organizations in these days at their workplace are stated as under (Byars, Lloyd, & Rue, 2008).

Employee compensation is not only about pay or benefits given to the employees, for example, wages and salaries. Although it also consists of non-pay benefits. These non-pay benefits are normally describing as employee security benefits and also occasionally called as “perks”. There are also other benefits in addition to the previously mentioned which are also crucial to employees such as pensions, and which are usually given in the organization. Secondly mention to this is fewer important benefits given to the employees such as private health insurance benefits (Cole, 2002). He said that the work related benefits given to the employees are connected thoroughly and mainly have an important impact on employees working in the work place. Hence, when all the basic and important needs of the Employees are satisfied which results in increased the productivity of the Employees and the Organization will be capable for getting its targets and goals. Employment Security Benefits are further divided into Overtime, Annual leaves, Maternity leaves and Educational and House Allowances (Byars, Lloyd, & Rue, 2008). Overtime is mostly defined as the payment made to the employees over and above their regular salary and wage rates where the premium should be one and a quarter to two times of the salary or wage of the employee. It may also be used amid to the others, where the nature of the allocated everyday tasks to the employees are rely on the season oriented pace of the work assigned to them, like

some of the work seasons are heavily overburdened with more activity than the others. Overtime have to be calculated wisely and structured very carefully by the Management of the Organization so that it could not be used wrongly or incorrectly by the employees and it have to be rewarding, useful and valuable for employees (Tyson, 1999).

Annual leave is basically the duration or the time period in the year in which an employee can take or avail the time off from the work place or the Organization. Employee's becomes entitled for the annual leaves after every twelve consecutive months of their service within their organization. The annual leaves which has been given to the employees by their Organization for physical and mental healing purpose and which help the employee to improve his or her energies and which will increase their efficiency and effectiveness in their workplace. Annual leaves are used or avail by the employees without negatively damaging his seniority or benefits in his or her Organization however it is the most important requirements of the service. In addition to this, the regular complete pay, an employee who avail at least one-half of his annual leave, will has to be given annual leave allowance once a year by their Organization, the rate of the leave allowance will be specified by the Government from time to time. (Code of Regulations for Civil Servant Revised , 2006). A female employee working in Organization is granted three months' maternity leave apart from her Annual Leaves, she is eligible for the leaves with the prior permission of the employer during the time period when she is sick or unwell. Female employee has always given full pay remuneration in the duration of her maternity leaves and also other benefits for which she is entitled. Numerous employers recommend maternity benefits to their female employees who give birth to children. In contrast to this situation, a reasonably fewer number of employees adopt children, then in the interest of fairness a rising number of organizations organize for assistance for those employees who adopt children (Woodward, 2000). For instance, elder employees, this assistance in the form of compensation package is highly significant. These important benefits will help out the family to

cherish more, similar to maternity benefit and annual vacation pay, etc. (Andrews, 2009).

Employees always seek interest in educational and tuition support assistance benefits provided by their employer and employers are also known this need of their employees. These series of programs are started by the employer to educate their potential employees and attract and retain the experienced and skillful work force in their organization. These programs basically grant some or all cost and support in financing the formal educational courses or degree programs of their employees and this also cover up the expenses of books and extra educational material (Mathis, Robert, & John, 2003). Many of the organizations offer their employees the company housing or house rent allowance to help, support and fulfill the essential and fundamental need of their employees which is a roof of their own house over one's head and provide them the chance to gain the reasonable accommodation facilities. Senior employees of the various organizations are given the accommodation facility by their own organization. Though, many of the other organizations refund the rental expenses to their employees. When the basic and fundamentals needs of the employees are fulfill, they turn into contented employee which increase their productivity within their Organization (Andrews, 2009).

The health and the wellbeing are closely connected with the efficiency of employees and on the whole nation's economy. It point out that employers must be known of this connection and has to be focused on improving the worker health by increasing the workers' health protection and health support drive programs and lots of employers has given the consent to their employees to take advantage of the sick leaves for a number of days with not losing or deduction in their wage. (Baase, 2009). The Researches has shown the fact that there is a far bigger association between the health and productivity of employees in their working atmosphere and this was not accepted in the previous era. For example, there are numerous studies which have shown the fact that on average for every one dollar spent on workers' medical/pharmacy budgets spend by the employers has save two to three dollars of health

associated productivity expenses of the Organization (Loeppke, Taitel, Haufle, Parry, Kessler, & Jinnett, 2009). Retirement plans which are given by the organizations to their employees in addition to help and support them as a tax privileged means of storing and saving retirement income, which increase the efficiency, effectiveness and productivity of the employees. Pensions also given to employees by their employers which have a positive impact on the behavior of workers. The new, young and energetic workforce becomes more enthusiastic and honest towards their work and the organization encourages and supports the senior employees to retire on a timely basis (Ippolito & Richard, 1997).

One of the most common misconception which is establish in most of the Organization is that keep holding the senior employees of the organization is too much costly and they are less helpful and valuable than the young and energetic new work force. It has also been proved with the researches that retaining and holding the older and senior employees gives immense benefits to the Organizations (Feinsod & Davenport, 2006). Worker prosperity and goodness has been illustrating as an important segment of welfare, contentment, satisfaction and the development of human resources which is usually based on both the societal and financial factors as far as the employee well-being within the organization is concerned. Suppose an employee adore his time off, gets rest and get pleasure from spare time activities, gets healthy food and focuses on his wellbeing, he will absolutely and ultimately be more useful and productive in the work place. If the Worker is containing ease at home life surely the worker would have the benefit of a healthy work life (Mishra & Bhagat, 2007). The Compensation costs like salaries, wages, and other benefits given to the employees have an enormous and increasing segment in working costs but still, productivity may be decline among those workers of the organization who has been given more attractive salaries and welfares assistance by their Organizations. Workers creativeness with balanced salary has been associated with their performance in their workplace. The benefits in the workplace must be given to employees which is linked to their productivity and efficiency at the working

environment. For pleasing and fulfilling the Individual Employee necessities and wants, the Organization automatically reinforces and have a strong motivational value added of this benefit (Allis & Ryan, 2008).

Methodology

In this Research, the method which is used is Quantitative Approach. This can exactly and correctly compute the impact of Indirect Compensation on the Productivity of Employees. In this research, the questionnaires are circulated among the respondents or the target population in which the respondents select their chosen choices and from which the results are taken out. (Svensson, 2003). It also consists of deductive approach which issued in a way that investigates and gathers the data of this research. (Bryman & Bell, 2007).

The Descriptive method is used in this research work which has been showing the relationship and link between dependent and independent variables. A descriptive study is basically linked the occurrence with which something occur or showing the relation between variables (Bryman & Bell, 2003). The Research design which is used is in this Research study is correlational. In Correlation research is supportive in taking out the end result or doing the real forecast which will be supportive in the decision making (Shaughnessy, Zechmeister, & Zechmeister, 2000). The core aim of this research study is to establish or identify the impact of Indirect Compensation on Employees productivity in Higher Education Institutions in Pakistan. There are on the whole two kind of sources used in this Research study, which consist of primary and secondary sources. The data collection instrument comprises of close ended questionnaires and likert scale is used in the research questionnaires to collect and gather the primary data. And the Secondary data is composed of diverse source like Local Libraries, National and International Research Journals, Local Newspapers and Magazines, Research Thesis, Press Releases and Electronic Resources. The Research study was conducted on the employees working in Private Higher Education Institutions in Pakistan. To construct a reliable and proper research, it is carried out on both

the staff and faculty members of Private Higher Education Institutions in Pakistan. The sample size Two Eighty-Three (283) Staff and Faculty Members of Private Higher Education Institutions was selected. The Statistical Tools used in this research study is Reliability, Regression and EFA. Reliability is describing as the standardization of measurement and is usually estimate by the test–retest reliability method. Reliability is enhanced with a lot of interrelated material on a measure and by computing variety of samples of people and throughout uniform testing measures (Shanghverzy, 2003).Regression analysis is normally used for the upcoming forecast and prediction. It is used to distinguish between the relationship among the dependent and independent variables and explain how independent variables are correlated with the dependent variable comprehend their relationships. (Armstrong S. J., 2012).

Exploratory factor analysis (EFA) is described as the statistical method which is used for finding out the original understanding of a quite huge set of variables. EFA is a statistical method which is used in factor analysis and its main purpose is to find out the original relationships among measured variables (Norris & Lecavalier, 2009). The sampling technique used in this research is Snowball sampling technique. Snowball sampling is described as a non-probability sampling method in which respondents or participants identify the other potential participants for the Research study (Kurant, Markopoulou and Thiran, 2010). In order to examine answers of the respondents, a survey questionnaire has been adopted from (Kamau, 2013; Emmanuel 2013; Ahmed & Ahmed, 2014)

Data Analysis

Demographics:

This chapter starts with the discussion on the demographics summary of the respondents and the Research survey discloses that out the sample size of 283, there were 208 men and 75 women participated in this Research Study. There were 17 respondents ‘between the age of 22 to 30 years, 167 respondents were between the age 31 to 40, 50 respondents were between the ages of 41 to 50 and 49 respondents

were above 51. As far as their qualification is concerned 17 respondents were having Bachelor's degrees, 101 respondents were having Masters Degrees, and 117 respondents were having MS/M.Phil. degrees and 48 respondents were having Ph.D. degrees. There were 58 respondents having the experience between 1-3 years, 83 respondents having the experience between 4-6 years, 75 respondents having the experience between 7-10 years and 67 respondents having the experience above 10 years.

Gender Table 1

Valid	Male	208	73.5	73.5	73.5
	Female	75	26.5	26.5	100.0
	Total	283	100.0	100.0	

For this research study the Researcher selected the sample size of total 283 respondents, the results are as under: male n= 208 (73.5%) and female n= 75 (26.5%). Detail frequencies and percentages of all respondents are also mentioned in table 1.

Age group Table 2

Valid	22 to 30 years	17	6.0	6.0	6.0
	31 to 40 years	167	59.0	59.0	65.0
	41 to 50 years	50	17.7	17.7	82.7
	51 and above	49	17.3	17.3	100.0
	Total	283	100.0	100.0	

In the table 2, there were four categories of respondent age groups were designed as (22-30 years, 31-40 years, 41-50 years and 51 and above years). The age groups ratios and percentages are as; between 22-30 years n=17 respondent (6%), between 31-40 years n=167 (59%) respondents, between 41-50 years n=50 (17.7%) respondents and between 51 and above years n=49 (17.3%).

Qualification Table 3

Valid	Bachelor	17	6.0	6.0	6.0
	Master	101	35.7	35.7	41.7
	MS/M.Phil	117	41.3	41.3	83.0
	PhD	48	17.0	17.0	100.0
	Total	283	100.0	100.0	

As mentioned in the Table 3, the details of qualification and percentages of all respondents are as: Bachelors 17 (6%), Masters 101 (35.7%), MS/M.Phil. 117 (41.3%) and Ph.D. 48 (17%)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 3 years	58	20.5	20.5	20.5
	4 - 6 years	83	29.3	29.3	49.8
	7 - 10 years	75	26.5	26.5	76.3
	Above 10 years	67	23.7	23.7	100.0
	Total	283	100.0	100.0	

As mentioned in the table4, the breakup of the working experience and percentages of all the Respondents are as: Respondents having 1-3 years workingexperience are 58(20.5%), Respondents having 4-6 years' experience are 83(29.3%), Respondents having 7-10 years' experience are 75(26.5%) and Respondents having above 10years' experience are 67(23.7%)

Reliability Investigation:

Reliability is describe as the degree from which a research process generate the similar conclusion or results each time Reliability describes the "repeatability" or "uniformity" of research procedures (Trochim, 2006). The satisfactory value of alpha in reliability analysis is 0.7 in the case of ability tests (Kline, 1999).

Statistically it has been proved that reliability is always calculated through Cronbach's Alpha plus it also state inner uniformity among the variables that in which way they are closely associated with

the set of variables as a cluster and Cronbach's Alpha of 0.7 is universally acceptable in researches (Bryman & Bell, 2011). If the Value of Cronbach's Alpha is 0.6 this is also acceptable because reliability is always measured through Cronbach's Alpha which also shows the relationship among the variables (Hair, Black, Babin, & Anderson, 2010)

Reliability Analysis Table 5

	No of Items	Chronbach's Alpha
Reliability	17	0.605

Exploratory Factor analysis:

Exploratory Factor Analysis (EFA) is the statistical way which is used for finding out the underlying configuration of a relatively huge set of variables. The EFA method describe as a procedure in factor analysis whose original purpose is to figure out the underlying relationships among the variables.

KMO and Bartlett's Test Table 6

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.667
Bartlett's Test of Sphericity	Approx. Chi-Square	2568.543
	Df	120
	Sig.	.000

KMO should be greater than 0.5 and significant value of Bartlett's test should be less than 0.05. These both criteria are fulfilling the applicability of EFA. After applying the EFA model, EFA produces or made 5 factors which are shown below.

Table 7

	PRB	EP	RB	HPB	ESB
Q14	.852				
Q13	.820				
Q12	.703				
Q3		.879			
Q2		.878			
Q1		.528			
Q10			.687		
Q9			.508		
Q11			.494		
Q7				.721	
Q6				.638	
Q8				-.603	
Q5					.793
Q4					.622

Regression:

Regression analysis is the most common term use for analyzing and forecasting in the field of Research. Regression analysis is mainly used for knowing which of the independent variables are correlated with the dependent variable and to determine the means of these relationships. (Armstrong S.

Regression Analysis and ANOVA Table 8

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.791	4	3.198	15.210	.000 ^a
	Residual	58.447	278	.210		
	Total	71.238	282			

a. Predictors: (Constant), EB, PRB, RB, HPB

b. Dependent Variable: EP

J., 2012).

In the Table 8 (ANOVA) shows the significance of the Regression Model. The hypothesis Regression Analysis are:

H0: Regression Model is inappropriate

H1: Regression Model is appropriate

The above sig value in Table 8 is less than 0.1 which indicates that the null hypothesis is being rejected and thus it points out that the Regression Model is appropriate.

Model Summary Table 9

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.424 ^a	.180	.168	.45852

a. Predictors: (Constant), EB, PRB, RB, HPB

b. Dependent Variable: EP

In this type of Research, the value of adjusted R square is 16.8%, there are other 84 factors which can affect the Dependent variable in this Research. In this Research we are identifying the impact of Independent variables on Dependent variable.

Coefficients Table 10

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.048	.307		3.420	.001		
	PRB	.342	.079	-.296	-4.351	.000	.638	1.568
	RB	.039	.102	.022	.385	.701	.936	1.068
	HPB	.798	.105	.516	7.633	.000	.647	1.547
	ESB	.144	.085	-.094	-1.691	.092	.954	1.049

a. Dependent Variable: EP

If the significant values are less than 0.1, it means they are significant. PRB, HPB and ESB are having significant impact on the EP and only RB are having insignificant impact on the dependent variable. With the one-unit increase in Personnel recognition benefits, employee productivity will increase with 0.342 units. Likewise, with the one-unit increase in HPB; employee productivity will

increase with 0.798 units. With the one-unit increase in employee security benefits; employee productivity will increase with 0.144 units. Furthermore, the result shows that there is no multicollinearity in the data as the values of Variance Inflation Factor (VIF) are less than 10. Therefore, the regression equation is:

Employee productivity = α + Personnel Recognition Benefits (0.342) + HPB (0.798) + Employee Security Benefits (0.144)

Discussion

In this discussion we will discuss the Impact of Indirect Compensation on employees' productivity in Private Higher Educational Institutions in Pakistan. We do the Reliability statistical test through which we conclude its value as 0.605. Statistically it has been demonstrated that Reliability is constantly determined through Cronbach's Alpha, in addition to this it is stated that how various variables are intently or closely connected with the arrangement of the set of variables as a cluster. The value of Cronbach's Alpha which is 0.7 is universally acceptable in researches (Bryman & Bell, 2011). If the value of Cronbach's Alpha is 0.6 then it is also acceptable in researches as the reliability is constantly calculated through Cronbach's Alpha which is also reflecting the connection among the different variables (Hair, Black, Babin, & Anderson, 2010). KMO should be larger than 0.5 and significant value of Bartlett's test should be lesser than 0.05. Both of these criteria's are satisfying the applicability of the research statistical tool EFA. The sig value is less than 0.1 which shows that the null hypothesis is being rejected and thus it points out that the Regression Model is appropriate. If the significant values are less than 0.1, it means they are significant. PRB, HPB and ESB are having significant impact on the EP and only RB are having insignificant impact on the dependent variable.

Employee compensation is not only about pay or benefits given to the employees, for example, wages and salaries. Although it also consists of non-pay benefits. These non-pay benefits are normally describing as employee security benefits and also occasionally called as “perks”. There is also other benefits in addition to the previously mentioned which are also crucial to employees such as pensions, and which are usually given in the organization. Secondly mention to this is fewer important benefits given to the employees such as private health insurance benefits (Cole, 2002). The health and the wellbeing are closely connected with the efficiency of employees and on the whole nation’s economy. It points out that employers must be known of this connection and has to be focused on improving the worker health by increasing the workers’ health protection and health support drive programs and lots of employers has given the consent to their employees to take advantage of the sick leaves for a number of days with not losing or deduction in their wage. (Baase, 2009). The health and the wellbeing are closely connected with the efficiency of employees and on the whole nation’s economy. It points out that employers must be known of this connection and has to be focused on improving the worker health by increasing the workers’ health protection and health support drive programs and lots of employers has given the consent to their employees to take advantage of the sick leaves for a number of days with not losing or deduction in their wage. (Baase, 2009). For instance, elder employees, these assistances in the form of compensation package are highly significant. These important benefits will help out the family to cherish more, similar to maternity benefit and annual vacation pay, etc. (Andrews, 2009). So the population of our Research study is mostly young people and they hardly think about their Retirement benefits. That is why the hypothesis is rejected. Although with the one-unit increase in Personnel recognition benefits, employee productivity will increase with 0.342 units. Likewise, with the one-unit increase in HPB; employee productivity will increase with 0.798 units. With the one-unit increase in employee security benefits; employee productivity will increase with 0.144 units.

Furthermore, the result shows that there is no multi-collinearity in the data as the values of Variance Inflation Factor (VIF) are less than 10.

Conclusion & Recommendation

This Research study look at the impact of indirect compensation on employee productivity in Private Higher Education Institutions in Pakistan and from this research, it has been discovering and originate that the p-values for all the variables are found and seen to be less than 0.05, which indicates that Indirect Compensation is significantly affect the employee productivity. The Research study also established that the employment security benefits are positively contributed to the development of the employee's self-esteem thus it reflects that the employment security benefits have a positive effect on employee productivity. The study also revealed that health of the employees is closely associated to the productivity of the employees as a result, it shows that Health protection benefits have positively effect on employee's productivity. The Research study has also declared that Pension strongly influenced the employees performance, given the Fresh and new workers a realistic idea to positively working for their organizations and hence support the elder workers to retire on a suitable and appropriate time so it comes on the conclusion that the retirement benefits have positive impact on employee productivity but it has been shown unimportance in our Research Study because the majority of our respondents are youth and they almost not consider about their Retirement Age, they usually focused on their current life requirements of their career and Education. So, the Research study has demonstrated that rewarding and encouraging the workforce for fulfilling their job done in a proper manner which improves and enhances the productivity of Employees. As a result, it can be concluded that employee recognition benefits have a positively influence on the productivity of Employees.

The Research study is fundamentally done to study the impact of Indirect Compensation on Employee Productivity. In spite of the fact that the Research study is carefully reach to its point yet there

are unavoidable constraints and inadequacies of this Research. There is absence of access to the Research journals and the Research study is done on the Private Higher Education Institutions just and the Employees of Public Sector universities are excluded this Research. The Study is connected with Education Industry just and different Industries are excluded in this Research. The Research study has revealed the conclusion which propose that all Private Higher Education Institutions has supposed to keep on given the security benefits to all their Employees because they positive influence the productivity of Employees and which will enhance on their whole performance. This Research study also suggests that Private Higher Education Institutions must continue given the health protection benefits, current retirement package and employee recognition programs to their employees because it helps the Institutions to generate loyalty and help the Organization to increase their productivity. It is also suggested from this Research study findings and conclusion that more Researches studies would be done in future on the employees of Public Sector Universities.

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