A PATH-ANALYTIC STUDY OF THE FACTORS LEADING TO EXECUTIVES' JOB SATISFACTION VIA COMPENSATION IN THE LEBANESE BANKING SECTOR

BY
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A PATH-ANALYTIC STUDY OF THE FACTORS LEADING TO EXECUTIVES' JOB SATISFACTION VIA COMPENSATION IN THE LEBANESE BANKING SECTOR

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TO THOSE WHO INSPIRED ME AND I DEEPLY LOVE
TO
"MY PARENTS"
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CHAPTER I

INTRODUCTION

The management of people is an integral factor for the success of any organization. It is really the heart of management not something that can be delegated solely to a single department. This is because "All the activities of any enterprise are initiated and determined by the persons who make up that institution. Plants, offices, computers, automated equipment, and all else that a modern firm uses are unproductive except for human effort and direction. Of all the tasks of management, managing the human component is the central and most important task, because all else depends on how well it is done."¹ Moreover, management is a hierarchy of persons, ranging from the chairman of the board and chief executives down through tactical or middle management to first level supervision or lower

management. Because the human resources are the most important resource in an organization, they need to be organized, motivated, coordinated, and controlled, so that they can achieve effective and competing goals making use of the limited resources available. Based on this, the importance of management and managers shows up.

**Importance of Management and the Role of Managers.**

The importance of management is based upon the fact that modern society has developed through the foundation of specialized institutions and organizations which provide the goals and services it desires. Moreover, these institutions are guided and directed by the decisions of one or more persons who are designated as "managers" and "executives". It is they who allocate scarce resources to alternative and competing ends. "Managers, through their skill and judgement, determine the means-end relationships; they have the authority (as granted by society) and the responsibility (as accepted by them) to build or destroy cities, to wage peace or war, to purify or pollute the environment. They establish the conditions for the provision of jobs, incomes, products, services, protection, health care, and knowledge."².

In fact, they are the mainstay of management. Because they are the mainstay of management, and because the success or failure of any organization depends to a large extent upon the decisions they make, managers should be aware of their responsibilities and should be motivated to perform them well.

**Importance and Various Approaches to Motivation.**

Motives are the source of action in people. If a leader wishes to incite his followers to reach a certain goal, he must motivate them by holding out the promise of rewarding them once the objective is attained. What rewards do people seek in life? In fact, they seek to fulfill their wants, drives and needs. People's needs can only be satisfied by their engaging in behaviors. In many situations, individuals are faced with a number of need-satisfying behaviors from which they choose the one that they expect would lead to the highest outcome. Expectancy theory is based on the assumption that "Individuals attempt to choose those behaviors that are attractive to them". This theory could be represented in a probabilistic framework. First, the probability that if individuals put forth effort, they will be able to attain the required level of performance. Second,

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if the level of performance is attained, the probability that it will lead to acquiring outcomes; third, the attractiveness of the outcomes, seen as resulting from performance; and fourth, the degree to which some outcomes may have additional attractiveness because their acquisition in turn leads to the obtaining of other desired outcomes. Given these steps, the motivational force to behave in a certain way is greatest when:

1- The individual believes that performance at the desired level is possible.

2- The individual believes that the behavior will lead to outcomes.

3- Those outcomes have positive value.

In fact, motivation can be defined as "a willingness to expend energy to achieve a goal or a reward". This leads us to state that "the behavior that is perceived as rewarding will tend to be repeated, whereas behavior that goes unrewarded will tend to be extinguished". Figure 1-1 presents a general model of the basic motivation-behavior sequence. The model shows that motivation can be seen as the force on the individual that encourages performance in a certain

---


manner. Thus, motivation leads to a level of effort by the individual. Moreover, effort alone is not enough. An individual's performance is the result of his effort, his ability and the constraints imposed on him by the environment (working conditions, behavior of others and so on). As a result of performance, the individual attains certain outcome that leads to satisfaction in the job. As this process of performance reward occurs, time after time, "the actual events serve to provide information that influence the individual's perceptions and thus influence motivation in the future".

Fig. 1-1

The Basic-Motivation-Behavior Sequences.

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Source: Schlesinger et al., p.235.

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* Schlesinger et al., p.235.
Motivating Top Managers and Their Compensation.

Motivating top managers has always been an important issue that concerned organizations and interested the researchers of the field. Higher managers often receive a "pay package" rather than a straight salary. Thus, they may be compensated not only by salaries, but by bonuses (which sometimes amount to more than their salaries), stock option plans, and various forms of deferred compensation, in addition to regular pensions. In general, a higher manager's pay depends not only on his position, but on industry and on company size.

Similar to other human resources, top managers are not only motivated by financial incentives, but also by nonfinancial ones as well. They, for example, always seek achieving self esteem and self actualization.

It's worth mentioning here that for the purpose of this research, compensation will be defined as that pay package which includes the salary, and fringe benefits that managers receive to be motivated in their work, and bonuses will be considered as the reward that they get from their job.

Ibid, p. 590.
Need for the Study.

The need for the study stems from the very basic fact that pay is important as a power to motivate behavior, the higher the pay, the more will be its power to motivate. While the literature contains clues to the nature of relationship between compensation and performance as well as job satisfaction, it is virtually silent on the question of motivating top managers in the banking industry in Lebanon. Management salary levels established by the various organizations are increasingly supplemented by various forms of compensation which have incentive aspects. Bonus plans based on company profits, stock options, and other incentive tools are getting more important. Since these usually involve top-management decisions and sometimes restricted to those whose decisions have a clear impact on business units or profit centers, then they will vary with underachievement and overachievement of the top managers.

Statement of the Problem

Although compensation is believed to be a very important factor for motivating managers, it hasn't yet been established as standard guide for the executive. It is often recognized that equitable
compensation within the framework of organization has received less systematic attention. Moreover, noncash forms of reward, besides the cash forms, have now become accepted features of compensation structure design, especially in the large enterprises belonging to various sectors (financial, manufacturing, merchandising, and so on). The combination of such indirect pay arrangements, however, has created a kind of unclear impact through which the attitudes and desires of the "executive-recipient" can be seen only vaguely, if at all. "Somewhere behind a screen of tax preference shares, and dividend unit scheme lies a pattern of employee tastes and perceptions that is growing increasingly harder to detect, or to even contemplate intelligently".  

Statement of Hypotheses.

This research will address the following hypothetical statement:

1- Higher compensation leads to better performance.
2- Higher compensation leads to better job satisfaction.

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Purpose of the Study.

This research intends to study the effect of compensation as a motivating factor on the performance of executives in the Lebanese commercial banks. Since job satisfaction plays a significant role in affecting the performance of the top managers, the importance of compensation, including salary and fringe benefits, as a leading factor to job satisfaction will be tested empirically. Thus, this research will be concerned with the impacts of financial aspects of motivating top managers through compensation. As Elliot Jacque states "The problem of status and payment is made more complex because it evokes powerful emotions about economic security and about the value attributed to one's own work as compared with that others." In addition to this, the study will answer the following questions:

1- How does the Lebanese executive feel about his total pay package?
2- If he has the choice, what sort of pay profile will he put together for himself?

CHAPTER II

REVIEW OF LITERATURE

General Overview of Compensation and Job Satisfaction

To almost everyone, financial and nonfinancial incentives make a difference for what they seem to show. Do employees in general and managers in particular see their pay as a clear signal that the organization intends to treat them fairly, to offer incentives that can appeal to an inner-directed individual, and to share equitably gains derived from high productivity?

The fringe benefits and services provided to employees and managers "relate to job context rather than job content." Moreover, like money, these indirect rewards matter greatly to many employees and to their union representatives. In regard to benefits and services, "a chief executive's area of freedom is not as large as it used to be. Nowadays, it consists chiefly in deciding whether to do more than is legally required and in devising new ways to work with
employees for the benefit of the entire organization and each individual as a whole person”. Within ranges, performance evaluation is often used to determine what an individual's pay should be, especially for salaried personnel. Executives salaries, incentive bonuses and perquisites are deserving nowadays a separate treatment, as it is the growing trend for improving ways and salary supplements namely "fringe benefits".

As was mentioned before in chapter I, managers play a significant role in determining or affecting the well being of an organization. Managers give directions, provide support and protection to staff, resolve conflicts, and practice compromise. They have to like "being out there", identifying problems, organizing to bring resolution, taking risks, and making decisions where only half the information is available. That's why motivating them, using financial incentives, is of crucial importance to help their performance forward. Because of the importance of this issue, a substantial body of research was directed towards dealing with the various aspects of executives' compensation as a motivating factor. This chapter intends to shed light upon the

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various literature provided about this subject, the factors affecting compensation namely, individual and organizational factors, the effect of this motivating aspect upon job satisfaction, and consequently, upon performance.

**Job Satisfaction as a Dependent Variable.**

Every organization is concerned about job satisfaction for two reasons. First, many managers feel morally responsible for maintaining a high level of job satisfaction in their organizations, whether people find their work satisfying or frustrating, challenging or boring, meaningful or pointless is a strong personal concern for managers. Second, they are concerned about the impact that job satisfaction has on performance.

Job satisfaction can be defined as "the amount of overall positive effect or feelings that individuals have toward their jobs".² Basically, it is determined by the discrepancy between what individuals expect to get out of their jobs and what the job actually offers. However, Lock gives a comprehensive definition of job satisfaction as a "pleasurable

positive emotional state resulting from the appraisal of one's job or job expectancy."^3

An extensive review of literature indicate that the most important factors which lead to job satisfaction are:

1- Work itself: the extent to which the job provides individual with interesting tasks, opportunities learning, and to the chance to accept responsibility.

2- Compensation: the amount of financial renumeration that is received and the degree to which this is viewed as equitable vis-a-vis others in the organization.

3- Promotion opportunities: the chances for advancements in the hierarchy.

4- Supervision: the abilities of the superior to provide managerial assistance, and behavioral support.

5- Co-managers: the degree to which fellow managers are technically proficient and socially supportive."^4

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In this study, job satisfaction will be used as a measure of the organizational effectiveness in providing its managers with what motivates them and leads them to better performance. In other words, job satisfaction will be dealt with as a dependent variable.

Factors Leading To Job Satisfaction.

In the late 1950's Professor Herzberg and his research associates conducted careful interviews with two hundred engineers and accountants worked for eleven different companies in the Pittsburgh area. This research was designed to test the concept that man has two sets of needs:

1- His lower-order needs to avoid loss of life, hunger, pain, and other deprivations.
2- His needs to grow psychologically.

When the results of the research were analyzed, the researchers found that one group of factors accounted for high levels of job satisfaction. These were labeled motivators because they seemed to be effective in motivating the individual to superior performance and effort. These factors were achievement, recognition, work itself, responsibility, and advancement. All of these satisfiers related to job content. Another group of factors, labeled hygienic
factors, seemed to focus on discontent with their work situation. These factors pertained to the job context, these were company policy and administration, supervision, salary, interpersonal relations and working conditions, the practical implications of this research are that the hygienic factors provide an essential base on which to build. If employee's wage, fringe benefits, working conditions, eating facilities, job rights, and status systems are inadequate, they will feel uneasy and dissatisfied. However, if all these hygienic needs are taken care of adequately, the people will not necessarily be satisfied.⁵

Job satisfaction has been a matter of growing interest of those concerned with the quality of working life and organization in terms of its efficiency and productivity (Brayfied and Crockett, 1955; Vroom 1964; Lock 1976; Nowday 1981; Scarpello and Campbell, 1983) and to the employee in terms of his health and well being (Kornhausser 1965; Gardell 1971; Singer and Rutenfranz 1972; Coburn 1975; Shiphey 1979; Keon and McDonald 1982; Furnham and Schaeffer 1984; Hodgson 1985).⁶

Raymond Lee and Elizabeth K. Wilber studied the effect of age, education, job tenure, compensation and job characteristics (skill variety, task identity, task significance, autonomy, and feedback from the job) on the job satisfaction by using a multivariate analysis, they found that age has a strong effect on the job satisfaction. Older employees were more satisfied with their jobs than younger employees. Moreover, compensation, education, and job tenure do not alter the relationship of job satisfaction and age significantly. However, the combination effect of compensation, education, job tenure and job characteristics have a significant impact on job satisfaction ($F=10.938$ at significance level of $p=0.001$).

Also Clifford Mottaz conducted a study on the factor that determines job satisfaction. He took job satisfaction as dependent variable and the following items as independent variables:

1- Task autonomy.
2- Task significance
3- Task involvement.

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4- Compensation.
5- Superior support.
6- Co-manager support.
7- Working conditions.
8- Promotion.

Mottaz findings showed that the predictive power of the regression model is quite strong since $R^2=.664$, thus, the results indicated that the factor in the model taken collectively, has significant impact on the job satisfaction.\(^9\)

A. Khaleque and M.A. Rahman conducted a research on the importance of job facets on job satisfaction.\(^10\) Taking job satisfaction as dependent variable, the following items were considered as independent variables:
1- Good relation with co-managers.
2- Duration of work.
3- Work environment.
4- Recognition for good work.
5- Job security.
6- Desired job.
7- Autonomy.
8- Fringe benefits.

\(^9\) Ibid, pp. 359-378.
\(^10\) See Khaleque and Rahman, pp. 402-416.
9- Promotional opportunities.
10- Proper supervision.
11- Job status.
12- Opportunity for exchange of information with the higher authority.
13- Management policy.
14- Participation in the management.
15- Wage.

The result of the research showed that 50% of the respondents considered poor compensation as the most important cause of job dissatisfaction. It found that promotional opportunities, fringe benefits, pay, and management policy seem to be weaker sources of job satisfaction but stronger sources of job dissatisfaction.11

**Importance of Compensation as a Leading Factor Towards Job Satisfaction**

Compensation is a significant factor in job satisfaction since it not only helps people to attain their basic needs but it is instrumental in providing upper-limit need satisfaction. When pay fulfill the executives’ needs, satisfaction is likely to result. However, the satisfaction that an individual obtains from working in a particular job depends upon many

characteristics of that job, such as, the status, the challenge, the salary and the fringe benefits. A number of research studies have indicated that both individuals and groups differ in terms of the perceived importance of pay and the effectiveness of money as a motivator. Traditional approaches to compensation and benefits have started from the assumption that most managers in an organization are essentially alike in their needs, their motivation, and their responses to different types of rewards. A contingency approach assumes that managers are quite different: some respond primarily to extrinsic rewards (pay), others respond primarily to intrinsic rewards (achievement) and still others respond best to a combination of extrinsic and intrinsic rewards which by its turn will lead to job satisfaction.\textsuperscript{12}

Corporate compensation is designed mainly to attract and retain highly qualified talents, to induce superior performance, and to generate greater profit to the firm. The principal forms of financial incentives and supplements to direct salary are:

1- Incentive Bonuses: Year end cash bonuses are a

very popular form of compensation. The fund of money from which bonuses are paid, is often a predetermined portion of profits. The amount granted to each executive is based upon the individual's performance and upon his salary level.

2- Performance shares: It is a stock bonus that is paid to the executive several years in the future if his preestablished goals for two or more years are met.

3- Deferred compensation: Deferred compensation usually takes the form of a bonus in cash or a stock or a pension supplement. These are paid after retirement.

4- Perquisites: Perquisites include such benefits as personal use of a company automobile, personal use of a company-owned apartment, lodge, and free medical examinations.

Finally, an excellent means to facilitate a contingency based reward system is flexible compensation or cafeteria compensation. Thus, the manager is told how many compensation cost units have been granted to him, and perhaps also the required minimum in such areas as cash compensation, retirement, and health insurance. He is then allowed to use the remaining compensation units to "shop" from
among the offered much as "one would select a meal in a cafeteria".  

Factors Affecting Compensation

Researchers, from an economic perspective, have focused on whether sales or profits explain chief executive compensation (Cisell and Caroll, 1980; Murphy, 1985; Prasad 1974). S. B. Prasad conducted a study by using a multivariate methodology to the analysis of 823 corporations. He took the total renumeration of the top management group of the firm over the book value of assets as the dependent variable. In his model, the independent variables were sales revenue, net profits, and cash flow. His study led to the conclusion that profits and sales are significant determining factors of executive

renumeration, but there are other variables which in sum are of equal importance since $R^2=0.5$. However, Prasad made his study after he had looked over the past researches. He found that McGuire, Chiu and Elbing followed a correlational methodology when they employed a data for 45 unidentified large industrial corporations. They found that compensation was positively related to sales and unrelated to net profit, and subsequent research has confirmed their finding (Ciscel 1974; Cosh 1975; Meeks and Whilling 1975). Lewellen and Hunstman study contradicted McGuire, Chiu and Elbing's. They studied the relationship between compensation and multiple measures of corporate performance including sale, assets, profits and rate of return. The conclusion was that profits have a strong influence on executive rewards but sales appeared to have none; a conclusion that contradicted that of McGuire, Chiu, and Elbing. Masson (1971) found a positive significant

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relationship between rewards and changes in the rate of return and earning per share. He concluded that a significant number of firms used shareholders return as an important determinant of compensation. In addition, Murphy (1985) tested the relationship between stock price and compensation in a longitudinal study of 73 firms. His primary analysis which employed raw rate of return as a performance measure indicated a positive relationship between various components of compensation and performance. In two supplementary analyses, he substituted a risk adjusted rate of return in which a firm's return was compared to the average return of its class, a portfolio of firms with similar betas. He also used an industry relative performance measure in which a firm's return was compared to the average return of its industry. Although results showed that different performance measures affected components of compensation differently, Murphy found support for the use of raw rates of return in predicting overall top management compensation. Benston (1985), reported that there is no relationship between company size and performance and top management’s compensation in a longitudinal study of 29 conglomerates. He explained the lack of

17. Ibid, p. 647.
correlation on the basis that top executives' personal wealth is generally heavily dependent on the stock holdings and thus on the value of their firm's stock. Coughlan and Somidth (1965) offered a similar argument in their study of 249 corporations. As their primary performance measure, they used abnormal return based on comparison between performance in current and previous measurement periods. They found a statistically significant relationship but were able to explain only 5.4% in compensation. They argued that the purpose of compensation is to provide income security to executives rather than to reflect variation in a firm's performance. A strong relationship between compensation and performance is therefore unlikely and unnecessary because stock awards to executives provide the connection between compensation and stock performance.\(^{20}\)

Gomez-Mejia, Tosi, and Hinken (1987) provided data suggesting that ownership may complicate the relationship between firm size, performance, and compensation. Using both returns to shareholders and profitability as a performance measure, they found that in firms with a dominant external shareholder

\(^{19}\) Ibid. p. 647.
defined as an individual or organization holding at least 5% of a firm's stock performance was a significant predictor of CEO's compensation. In management-controlled firms, in which no shareholder held as much as 5%, firm size, not performance, predicted salary, bonuses and total compensation. In his model the dependent variable was compensation, and the independent variables were:

1- Performance and scale as annual sales volumes, annual total profits, annual percentage in sales, return on equity, earning per share.

2- Whether the company is management controlled or externally controlled.

3- CEO's compensation which has three components salary, bonuses and long-term income.

4- Outside hire and no outside hire, (i.e), attracting an executive from another organization may have a separate effect on compensation level. The result was that executives in externally controlled firms receive, more compensation for performance ($R^2 = .229$) and less for scale of operation ($R^2 = .154$) than their counterparts in firms without dominant stockholders ($R^2 = .005$) for scale of operation, and ($R^2 = .058$) for

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performance. Their main conclusion is that outside dominant stockholders view firm as investment and have the power and the incentive to align the compensation of hired CEO’s with performance of firms.

Simon (1957) argued that organizations attempt to maintain appropriate salary differentials between management levels and establish these pay differentials not in absolute terms, but as ratios. Consequently, the compensation of chief executive officers should be greater in large firms because they tend to have more executive levels. Baumol (1959) noted that managers setting their pay levels relatively free of the influence of owners are more likely to place their interests above those of the owners who impose little penalty. Managers will seek to maximize sales and use this rather than performance as a basis for pay for three reasons:

1- Large size may be used to justify high pay.

2- Executives may have a double standard about how pay should be determined.

3- Size is a risky basis for setting executives’ pay than performance which is subject to many uncontrollable forces outside the managerial sphere of influence. Economic theory suggests that executive pay and company size should be related (Robert 1959),

22. Ibid, p. 52.
thus, an executives' marginal revenue product is the excess of the firm's total profits under that person's direction over what it would be under the direction of the best alternative executive plus the amount that would have to be paid to secure the latter's services. This total amount represents the upper limit the firm would be willing to pay the executive. The lower limit of the executives' compensation would be the sum of what the individual could be commanded in the next best employment opportunity. Robert took two assumptions:
1- Perfect information and mobility.
2- Continuation of alternative jobs open to executives and executives available to firms.

The upper and lower limits will converge and the executive will receive compensation equal to their MRP.24

Behavioral researchers in the areas of psychology, and human resources management have typically examined individual factors such as age, education, management level, and length of tenure (Dyl 1985; Lawler and Porter 1966, Mahoney 1964).25 Dyl (1985) examined the relationship between several demographic characteristics of CEO's, and CEO's pay among a sample of 500 firms. He concluded that

"none of the demographic variables were statistically related to the level of compensation". Mahoney (1979) studied pay differentials between executives grades and concluded that a difference between two levels is normally equivalent to a 30 to 40%. Thus, many organizational levels imply high pay at the top. The assumption that large firms will have more executive levels than small firms, is not an unfounded assumption; it is consistent both with the span-of-control theory and with the findings of Blau (1970) and Child (1973) that firm size and number of levels are highly correlated.\textsuperscript{26} Lawler argued that pay can be a powerful performance incentive because it can be used to satisfy so many needs.\textsuperscript{27} However, attractive money, Lawler contended, cannot motivate performance unless it is contingent on performance. Lawler also acknowledges that managers may not control all of the factors that affect their units' performance concluding that under such circumstances subjective judgements by superior and objective unit performance data should be combined into a managerial performance

\textsuperscript{26} Gomez-Meja, Tosi, and Hinkin, pp. 51-52.

measure on which pay could be based.\textsuperscript{28}

Another study made by John R. Deckop in determining the CEO compensation.\textsuperscript{29} He took three variables as a measure of firm performance; sales, profits, and market equity, and three other variables as a measure of market factors, internally hired CEO, externally hired CEO and founder CEO; in addition to two personal characteristics CEO's age, and tenure. Finally, he specified the consumer price index to take inflation into consideration when CEO compensation is determined. Data was collected on a cross sectional basis. By using a certain statistical equation, results had demonstrated that sales are statistically insignificant, and profits are all positive. These results are consistent with the study of Lewellen and Hunstman who concluded that profit is a better predictor of CEO compensation than sales.\textsuperscript{30} The effect of market equity value is negligible. The means by which the CEO attained his position appear to make a

\textsuperscript{28} Ibid, p. 263.
\textsuperscript{30} Kerr, and Bettis, p. 646.
difference. Externally recruits were apparently paid significantly more than both internal recruits and founders. CEO's age and years of service as a CEO had little effect on compensation.\textsuperscript{31} Moreover, Kerr and Bettis study employed abnormal rather than raw rate of return as its measure of corporate performance. They use the time event approach and collected data on CEO's salary and bonus compensation. To test the change in CEO's salaries and bonus vis-a-vis the abnormal returns, they use two regressions equations. The first equation, was for salary and the other one for bonuses. Taking the abnormal return as independent variable, the result was $R^2=.006$ for salary, and $R^2=.011$ for bonus.\textsuperscript{32}

To test the change in CEO's salaries and bonus levels vis-a-vis the overall market movement, they used two equations also: one for salary and the other for bonus. Taking abnormal return as an independent variable, and another variable (Borb) which is equal to one for the bear market, and equal to zero for the bull market. The results were $R^2=.012$ for salary.

$R^2=.010$ for bonus.

\textsuperscript{31} Deckop, pp. 225.

\textsuperscript{32} Kerr, and, Bettis, pp. 651-660.
Thus, the results suggested that, in general, boards of directors do not consider performance of a firm's stock when changing CEO's salaries and bonuses. Neither overall market movements nor abnormal returns were associated with adjustments in compensation. Results also suggest that boards ignore their responsibility to shareholders and increase compensation to CEO's regardless of a stocks performance.\(^{33}\) This study provided an important test to the conclusion of Coughlan and Schmidt's findings. Although they found a significant positive relationship between normal return and salary plus bonus \(R^2\) of their regression equation was only .054 suggesting that from a practical point of view abnormal returns were not an important determinant of CEO's compensation in their sample. Kerr and Bettis result appear to support this conclusion.\(^{34}\)

Another study was done by Pearce and Perry on the effect of merit pay as a means for rewarding managers. By using a certain statistical equation, the results of a longitudinal analysis of tying managerial pay to organizational performance had shown that the merit pay program had no effect on organizational performance, suggesting that merit pay can be

\(^{33}\) Kerr, and Bettis, p. 661.  
\(^{34}\) Ibid, pp. 647-648.
appropriate method of improving organizational performance. However, data was available two years before and after introducing a new compensation system.25

Finally, Rajagopalan and Prescott examined the main effect of economic, behavioral and strategic constructs and their interactions in explaining variation in level of top management cash compensation. The research compromised 226 executives from the top three levels of 90 U.S based companies. However, the sample was divided into three industry groups. The study's dependent variable was operationalized as total current cash compensation which was defined as the sum of annual salary, bonus, directors fee, and cash value of fringe benefits. The dependent variables were age, tenure, level in the hierarchy, stock ownership, firm size, as measured by book value of net assets at year end. Firm profitability as a percentage return on stockholders' equity. The strategy construct as measured by firm advertising intensity, was operationalized as advertising and promotion expenses as a percentage of net sales. Firm research and development intensity is measured by research and development expenses as a percentage of net sales. Finally, the extent of

diversification was operationalized as a continuous variable. Multiple regression with a linear specialized and moderated regression were the major analytic techniques used to test the research hypothesis. The equation is:

\[ C = 0.008 \text{ age} - 0.022 \text{ tenure} - 0.179 \text{ stock} + 0.576 \text{ level I} + 0.194 \text{ level II} - 0.398 \text{ assets} + 0.156 \text{ ROE} + 0.215 \text{ adv/sales} - 0.028 \text{ R&D/Sales} + 0.145 \text{ Divers}. \]

\[ R^2 = 0.53 \]

Moderated regression analysis indicated that an industry structure has significant effect on the relationships between antecedent variable and compensation, but these effects are not pervasive. Finally, the study found that high diversifiers compensated significantly more than low diversifiers in the total sample.  

The previous chapter was a presentation of the literature provided by the various researchers concerning the subject of executive compensation. That chapter also presented the various factors that were reported by the previous researches as leading to or affecting compensation. Individual characteristics (age, sex, education, etc...), organization characteristics (structure, size, productivity, profitability, etc...), and managerial performance

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Rajagopalan, and Prescott, pp. 517-534.
among others were reported to be important factors
determining compensation. Moreover, poor compensation
and fringe benefits were found to lead to job
dissatisfaction and thus, poor performance, whereas,
good compensation rates will lead to better job
performance.

The purpose of the next chapter is to present the
methodology followed for gathering and analyzing the
data.
CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

The Basic Approach

This study had been conducted as a result of an interest in determining the critical factors namely compensation elements which lead to better performance among executives and managers in the Lebanese Banking Sector. Based on previous studies, as it was mentioned in the previous chapter, compensation is used as the mean for measuring executives' satisfaction. Moreover, the study also intends to identify the various aspects related to job performance and job satisfaction namely demographic, and other characteristics.

As an initial step, the basic model proposed for this research is portrayed in Fig. 3.1.

Fig. 3.1

Research Basic Model: Compensation-Satisfaction Model

Abilities

Compensation -- Effort -- Performance -- Outcomes -- Job Satisfaction

Rewards -- Satisfaction

Environmental

Constraint

-35-
Sources of Information and Survey Design.

The main source of information for this research was the commercial banks in Lebanon. Questions were directed to general managers as well as to other level of managers in order to get information needed for the study. The questionnaire is divided into parts including demographic characteristics, compensation aspects, and various questions measuring effort, abilities, environmental constraints, job performance, outcomes rewards, and job satisfaction. Within each part, item questions were designed to build each specific measure. A sample questionnaire is referred to in Appendix A.

Sample and Data Collection

A questionnaire was distributed to managers working in the banking sector. They were drawn from a sample of 24 banks operating in West Beirut (See Table 3.1). One hundred and ten questionnaires were distributed to managers working in these banks. Completed questionnaires were again taken back from managers. The process involved meeting with the respondents, explaining the nature of the study and
Table 3.1

**Name of banks included in this study.**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Banque du Liban et D'outre Mer.</td>
</tr>
<tr>
<td>2</td>
<td>Arab Bank Limited.</td>
</tr>
<tr>
<td>3</td>
<td>Byblos Bank.</td>
</tr>
<tr>
<td>4</td>
<td>Credit Libanais.</td>
</tr>
<tr>
<td>5</td>
<td>Banque National de Paris.</td>
</tr>
<tr>
<td>6</td>
<td>Fransabank.</td>
</tr>
<tr>
<td>7</td>
<td>Banque de la Mediterranee</td>
</tr>
<tr>
<td>8</td>
<td>Bank of Beirut and the Arab Countries.</td>
</tr>
<tr>
<td>9</td>
<td>Societe General Libano-Europeenne de Banque.</td>
</tr>
<tr>
<td>10</td>
<td>Banque Saradar.</td>
</tr>
<tr>
<td>11</td>
<td>British Bank of the Middle East.</td>
</tr>
<tr>
<td>12</td>
<td>Saudi Lebanese Bank.</td>
</tr>
<tr>
<td>13</td>
<td>Lebanon and Gulf Bank.</td>
</tr>
<tr>
<td>14</td>
<td>Banque Beyrouth pour le Commerce.</td>
</tr>
<tr>
<td>15</td>
<td>Al Mawarid Bank.</td>
</tr>
<tr>
<td>16</td>
<td>Banque Misr et Liban.</td>
</tr>
<tr>
<td>17</td>
<td>Commercial Facilities Bank.</td>
</tr>
<tr>
<td>18</td>
<td>Globe Bank.</td>
</tr>
<tr>
<td>19</td>
<td>Banque Libano-Francaise.</td>
</tr>
<tr>
<td>20</td>
<td>Societe Banquaire Libanaise.</td>
</tr>
<tr>
<td>21</td>
<td>Allied Business Bank.</td>
</tr>
<tr>
<td>22</td>
<td>Madina Bank.</td>
</tr>
<tr>
<td>23</td>
<td>Bank of Commerce and Credit International.</td>
</tr>
<tr>
<td>24</td>
<td>Banque de l'Essor Economique.</td>
</tr>
</tbody>
</table>

then arranging for a follow-up visit after a few days to clarify any questions and pick up the complete questionnaires. A lot of managers showed high resistance to fill the questionnaire because they believed that some items were very confidential.
Research Variables.

The variables which are taken in this study are:

1- Motivation which refers to "the readiness of a person to seek some specific goal and implies needs with the individual which cause readiness". Here, compensation, namely salary and fringe benefits, will be taken as a motivating factor leading to better performance because "where pay is closely related to performance and it is seen by others in the organization as a form of recognition it may operate as a very potent motivator". However, compensation is measured by 3 items (questions no, 9, 11, 12).

2- Effort which is the force that each individual put in his work in order to surpass all the complexity of his job. It is measured by 3 items (questions 16 to 18).

3- Abilities as a variable is measured by 7 items ( questions 16 to 22 ) related to experience and skills.

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4- Environmental constraint which is measured as an individualistic reaction to the characteristics of the work environment that threatens the individual. It is measured by 6 items (questions 23 to 28).

5- Performance which can be viewed as an activity in which an individual is able to accomplish successfully the task or goal assigned to him, is subject to the normal constraint of the reasonable utilization of available resources. It is measured by 4 items (questions 29 to 32).

6- Outcomes rewards which is the reward that each individual expects when he puts effort and he believes that high performance will lead to the outcome he desires. It is measured by 3 items (questions no. 10, 33, 34).

7- Job satisfaction which measures the attitudes that each individual has toward such task dimension as the organization immediate supervision, compensation, fellow-mangers, and work itself. It is measured by 15 items (questions 35 to 49).

The first eight questions are designed to collect data from each manager about sex, marital status, age, educational level, job experience, the number of subordinate reporting to him, his job title, and the nationality of his bank. In addition, the factors which affect compensation namely, size of deposits, annual profits, if the manager was founder, and externally or internally hired, are measured by 3 items (questions 13 to 15). Moreover, questions 13 to 49 are measured using Likert-type scale ranging from strongly disagree to strongly agree. The mean for every statement was used as a measure for each variable.

**Limitations of the Questionnaire.**

Throughout the study a great effort was done so as to make the results reliable and unbiased. Despite these efforts the study has some major limitations which are related to security reasons, the selection of banks was restricted to West Beirut region. Such a limitation prevented a wider selection of the respondents. Moreover, this study was addressed not only to the general manager, but also to the department heads in order to have a wider sample size taking into consideration that the sample size is \( n = 92 \).
Data Analysis.

Responses were analyzed using facilities of the statistical package SPSS (Statistical Package for Social Sciences). Using this facilities, a descriptive analysis was used to:

1- Determine the major characteristics of the selected sample by using percentage analysis, and frequency distribution.

2- Investigate the relationship between compensation, performance, and job satisfaction. To achieve this, correlation techniques were used.

3- Build a regression equation that explains the variation in the executives' job satisfaction, which was considered as the dependent variable, with the rest of variables being independent.

4- See what are the direct and indirect effects of the independent variables to the explained variation of the dependent variable namely job satisfaction by using a uni-directional recursive system.
Having identified the design and the methodology of this research, the variables to be included, and the analysis tools to be used, listing the findings and implications of the study and evaluating them, in the light of the hypothesis to be tested, will be the main concern of the following chapter.
CHAPTER IV

ANALYSIS OF BASIC FINDINGS

In this chapter, the hypotheses to be tested are as follows:

1- Does higher compensation lead to better performance?.
2- Does higher compensation lead to better job satisfaction?.

In addition to the research questions which are:
3- How does the Lebanese executive feel about his total pay package?.
4- If he has the choice what sort of pay profile will he put together for himself?.

The size of the sample upon which the study was conducted is 92 managers. It is worth mentioning here that a residual analysis was applied on the data. This analysis showed that 7 cases (records) should be deleted. This might be attributed to the fact that some managers had given random responses on the questionnaires they were asked to fill out. As a result, the sample size to be considered is n = 85.
Percentage Analysis

Table 4-1

A distribution of the personal characteristics of the sample by sex

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>59</td>
<td>69.4</td>
</tr>
<tr>
<td>Female</td>
<td>26</td>
<td>30.6</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

Concerning the profile of the respondents, a descriptive analysis using the frequency distribution was done to study the managers' characteristics as to sex, marital status, educational level, and so on. Table 4-1 shows that 69.4% of the respondents are male, and 30.6% are female.

Table 4-2

A distribution of the personal characteristics of the sample by marital status

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>23</td>
<td>27.1%</td>
</tr>
<tr>
<td>Married</td>
<td>60</td>
<td>70.6%</td>
</tr>
<tr>
<td>Divorced</td>
<td>1</td>
<td>1.2%</td>
</tr>
<tr>
<td>Widowed</td>
<td>1</td>
<td>1.2%</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4-2 shows the marital status of the sample of respondents. The majority of the respondents are married (70.6%), 27.1% are single, 1.2% are widowed, and 1.2% are divorced. However, the average age as could be shown in Table 4-3 is 36 years.

**Table 4-3**

A distribution of the personal characteristics of the sample by age

<table>
<thead>
<tr>
<th>Age ≤ or = 37</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age &gt; 37</td>
<td>30</td>
<td>35.3</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

Mean = 36.
Mode = 30.
Maximum age = 65.
Minimum age = 34.

Coming to the educational level, it could be found that 10.6% have high school or less, 56.5% have BS degree, 25.5% have MS degree, and 7.1% have post graduate certificates (See Table 4-4).
Table 4-4
A distribution of the personal characteristics of the sample by educational level

<table>
<thead>
<tr>
<th>Educational level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school or less</td>
<td>9</td>
<td>10.6</td>
</tr>
<tr>
<td>BS Degree</td>
<td>48</td>
<td>56.5</td>
</tr>
<tr>
<td>Graduate school</td>
<td>22</td>
<td>25.9</td>
</tr>
<tr>
<td>Post graduate</td>
<td>6</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Experience is an important factor. It could play a major role in determining certain aspects regarding employees at various levels such as promotion, pay level, fringe benefits.

Tables 4-5 and 4-6 present the respondents' experience with the bank, and with other institutions respectively. 67.1% of the respondents have less or equal to 11 years of experience in the bank, and 32.9% have more than 11 years of experience (See Table 4-5). In addition, 70.6% of the respondents have less or equal to 3 years of experience in other institutions, and 29.4% have more than 3 years of experience (See Table 4-6). However, The results indicate that the average number of subordinates is 7 (See Table 4-7).
Table 4-5
Distribution of the personal characteristics of the sample by experience in the bank

<table>
<thead>
<tr>
<th>Experience ≤ or = 11</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>57</td>
<td>67.1</td>
</tr>
<tr>
<td>Experience &gt; 11</td>
<td>28</td>
<td>32.9</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4-6
Distribution of the personal characteristics of the sample by experience in other institutions

<table>
<thead>
<tr>
<th>Experience ≤ or = 3</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60</td>
<td>70.6</td>
</tr>
<tr>
<td>Experience &gt; 3</td>
<td>28</td>
<td>29.4</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4-7
Distribution of the personal characteristics of the sample by number of subordinates

<table>
<thead>
<tr>
<th>No. ≤ or = 7</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63</td>
<td>74.3</td>
</tr>
<tr>
<td>No. &gt; 7</td>
<td>22</td>
<td>25.7</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

Mean = 7
Table 4-8
Distribution of the personal characteristics of the sample by job title

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>General manager</td>
<td>30</td>
<td>35.3</td>
</tr>
<tr>
<td>Head of department</td>
<td>55</td>
<td>64.7</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>

64.7% of the respondents are department heads where as 35.3% are general managers as could be derived from the frequency distribution shown in Table 4-8.

It is also worth mentioning here that 11.8% of the respondents work in a foreign bank where as 88.2% work in a Lebanese one, as shown by Table 4-9.

Table 4-9
A distribution of the personal characteristics of the sample by nationality of the bank

<table>
<thead>
<tr>
<th>Nationality of the bank</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanese</td>
<td>75</td>
<td>88.2</td>
</tr>
<tr>
<td>Foreign</td>
<td>10</td>
<td>11.8</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>
Table 4-10

Distribution of the personal characteristics of the sample by monthly salary in Lebanese Pounds

<table>
<thead>
<tr>
<th>Salary</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 150,000</td>
<td>19</td>
<td>22.4</td>
</tr>
<tr>
<td>150,000 ≤ sal &lt; 200,000</td>
<td>22</td>
<td>25.9</td>
</tr>
<tr>
<td>200,000 ≤ sal &lt; 300,000</td>
<td>22</td>
<td>25.9</td>
</tr>
<tr>
<td>≥ 300,000</td>
<td>22</td>
<td>25.9</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Table 4-10 shows the frequency distribution of salary among the managers. It indicates that 19 out of 85 (22.4%) get less than L.L 150,000 per month, 25.9% get between L.L 150,000 and L.L 200,000. 25.9% get between L.L 200,000 and L.L 300,000, and 25.9% get more than L.L 300,000 per month.

Outcomes rewards measured by bonuses are believed to affect job satisfaction. In this study, 14.1% get less than L.L 150,000 per month, 8.2% get between 150,000 and 200,000, 7.1% get between 200,000 and 300,000, 34.1% get above L.L 300,000, and 36.5% of the respondents did not mention that they get bonuses in L.L. (See Table 4-11).
Table 4-11

Distribution of the personal characteristics of the sample by yearly bonuses in L.L.

<table>
<thead>
<tr>
<th>Bonus in L.L.</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>31</td>
<td>36.5</td>
</tr>
<tr>
<td>&lt;150,000</td>
<td>12</td>
<td>14.1</td>
</tr>
<tr>
<td>150,000&lt;bonus&lt;200,000</td>
<td>7</td>
<td>8.2</td>
</tr>
<tr>
<td>200,000&lt;bonus&lt;300,000</td>
<td>6</td>
<td>7.1</td>
</tr>
<tr>
<td>&gt;300,000</td>
<td>29</td>
<td>34.1</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>

On the other hand, 1.2% get between $100 and 200 as bonus per year, 1.2% also get between 200 and 300, 34.1% get above $300, and the rest 63.5% did not mention that they get bonuses in US dollars as it was mentioned in Table 4-12.

Table 4-12

A distribution of the personal characteristics of the sample by yearly bonuses in US dollar

<table>
<thead>
<tr>
<th>Bonus in $</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>54</td>
<td>63.5</td>
</tr>
<tr>
<td>&lt;100</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>100&lt;bonus&lt;200</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>200&lt;bonus&lt;300</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>&gt;300</td>
<td>29</td>
<td>34.1</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100.00</td>
</tr>
</tbody>
</table>
Table 4-13

Fringe benefits
provided by the banks

<table>
<thead>
<tr>
<th>Types of benefits</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Insurance</td>
<td>79</td>
<td>92.9</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>23</td>
<td>27.1</td>
</tr>
<tr>
<td>Pension Plans</td>
<td>13</td>
<td>15.3</td>
</tr>
<tr>
<td>Housing Allowances</td>
<td>10</td>
<td>11.8</td>
</tr>
<tr>
<td>Transportation/Travelling</td>
<td>80</td>
<td>94.1</td>
</tr>
<tr>
<td>Dollar Subsidies</td>
<td>13</td>
<td>15.3</td>
</tr>
<tr>
<td>Stock option &amp; Stock purchase</td>
<td>2</td>
<td>2.4</td>
</tr>
<tr>
<td>Expense Account</td>
<td>6</td>
<td>7.1</td>
</tr>
<tr>
<td>Others (tuition for children)</td>
<td>8</td>
<td>9.4</td>
</tr>
</tbody>
</table>

Table 4-13 shows the percentage of the fringe benefits provided by all banks to their managers. As we can notice medical insurance and transportation allowances rank the highest among the fringe benefits obtained by managers (92.9% and 94.1% respectively).

This is concerning the fringe benefits provided to managers. Yet the managers interviewed had an opinion about the fringe benefits they would like to get. In other words, the preference that managers are ready to
make in their profile is shown in Table 4-14.
Most of the first respondents have placed medical
insurance as the first priority (68.2%) followed by
life insurance and transportation (21.2%) each,
expense accounts (18.8%), housing allowances, pension
plans, dollar subsidies (16.5%) each, and finally
stock option and stock purchase (11.8%). Such pay
profile that managers put for themselves can reflect
the hard situation most people are passing through in
Lebanon (high cost of living, lack of stable security
situations and their impact upon certain aspects
especially the economic conditions as demonstrated by
the low purchasing power, the low exchange rate of the
Lebanese pound against other foreign currencies, and
so on).

<table>
<thead>
<tr>
<th>Types of benefits</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Medical Insurance</td>
<td>58</td>
<td>68.2</td>
</tr>
<tr>
<td>2-Life Insurance &amp; Transportation</td>
<td>18</td>
<td>21.2</td>
</tr>
<tr>
<td>3-Expense Account</td>
<td>16</td>
<td>18.8</td>
</tr>
<tr>
<td>4-Housing allowances</td>
<td>14</td>
<td>16.5</td>
</tr>
<tr>
<td>5-Pension Plans</td>
<td>14</td>
<td>16.5</td>
</tr>
<tr>
<td>6-Dollar Subsidies</td>
<td>14</td>
<td>16.5</td>
</tr>
<tr>
<td>7-Stock Option &amp; Stock Purchase</td>
<td>10</td>
<td>11.8</td>
</tr>
</tbody>
</table>
Now what is the level of satisfaction derived by the Lebanese managers from the pay package they are receiving?

The results of the survey show that 70.6% of the respondents are dissatisfied with their pay level, 17.6% are satisfied, and 11.8% showed no response. Moreover, 60% of the respondents are dissatisfied with their fringe benefits, 29.4% are satisfied, and 10.6% showed no response.

67.1% of the respondents expect to have bonus at the end of each year whereas 12.9% don't expect it, while 20% showed no response. 57.7% of the respondents consider their bonuses as a main component of their compensation package, and 30.6% do not consider it as a main one, while 11.7% showed no response. (These results are referred to in tables 4-15, 4-16, 4-17, 4-18).

Table 4-15

<table>
<thead>
<tr>
<th>Satisfaction with pay level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsatisfied</td>
<td>60</td>
<td>70.6</td>
</tr>
<tr>
<td>Uncertain</td>
<td>10</td>
<td>11.8</td>
</tr>
<tr>
<td>Satisfied</td>
<td>15</td>
<td>17.6</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>
### Table 4-16

Satisfaction with fringe benefits

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsatisfied</td>
<td>51</td>
<td>60</td>
</tr>
<tr>
<td>Uncertain</td>
<td>9</td>
<td>10.6</td>
</tr>
<tr>
<td>Satisfied</td>
<td>25</td>
<td>29.4</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

### Table 4-17

Expectation of having bonus

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>11</td>
<td>12.9</td>
</tr>
<tr>
<td>Uncertain</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Agree</td>
<td>57</td>
<td>67.1</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>

### Table 4-18

Considering bonus as a main component of compensation

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>26</td>
<td>30.6</td>
</tr>
<tr>
<td>Uncertain</td>
<td>10</td>
<td>11.7</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>57.7</td>
</tr>
<tr>
<td>Total</td>
<td>85</td>
<td>100</td>
</tr>
</tbody>
</table>
Regression Analysis

After investigating the various aspects that are related to executives' satisfaction, this study will answer the main research question which deals with identifying the critical factors that are likely will lead to job satisfaction. This section will describe the various steps followed in order to reach a regression that is most likely to form a reasonable fit for the model presented in the previous chapter.

The first step followed was to enter all the variables and find the most likely variables to be included in the equation. However, including a large number of independent variables in regression model is never a good strategy. So, a correlation matrix and a stepwise method were implemented to select the appropriate variables.

The Correlation Matrix

In order to avoid multicollinearity among independent variables, preparing a correlation matrix for all variables was an important step since large coefficients could always signal the existence of multicollinearity which could substantially affect
the results of multiple regression analysis. The correlation matrix presented in Table 4-19 showed relatively low correlation coefficients among variables.

Table 4-19
Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>X9</th>
<th>XFB</th>
<th>XEF</th>
<th>XAB</th>
<th>XEC</th>
<th>XJP</th>
<th>XOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>X9</td>
<td>1.000</td>
<td>.227</td>
<td>.113</td>
<td>.182</td>
<td>.020</td>
<td>.320</td>
<td>.010</td>
</tr>
<tr>
<td>XFB</td>
<td>.227</td>
<td>1.000</td>
<td>.127</td>
<td>-.020</td>
<td>.199</td>
<td>.043</td>
<td>.217</td>
</tr>
<tr>
<td>XEF</td>
<td>.113</td>
<td>.107</td>
<td>1.000</td>
<td>-.042</td>
<td>.450</td>
<td>.160</td>
<td>.165</td>
</tr>
<tr>
<td>XAB</td>
<td>.182</td>
<td>-.020</td>
<td>-.042</td>
<td>1.000</td>
<td>-.038</td>
<td>.339</td>
<td>-.120</td>
</tr>
<tr>
<td>XEC</td>
<td>.020</td>
<td>.199</td>
<td>.450</td>
<td>-.038</td>
<td>1.000</td>
<td>.257</td>
<td>.444</td>
</tr>
<tr>
<td>XJP</td>
<td>.320</td>
<td>.043</td>
<td>.160</td>
<td>.339</td>
<td>.257</td>
<td>1.000</td>
<td>.113</td>
</tr>
<tr>
<td>XOR</td>
<td>.010</td>
<td>.217</td>
<td>.165</td>
<td>-.120</td>
<td>.444</td>
<td>.113</td>
<td>1.000</td>
</tr>
<tr>
<td>XJS</td>
<td>.218</td>
<td>.119</td>
<td>.302</td>
<td>.094</td>
<td>.467</td>
<td>.575</td>
<td>.478</td>
</tr>
</tbody>
</table>

Results of Regression Analysis

After preparing the correlation matrix, the regression analysis will start. The stepwise method was selected to follow the inclusion of the independent variable one by one into the equation according to their significance as possible indicators of the job satisfaction (XJS). The regression function worked on 7 independent variables:
X9 = Salary.
XFB = Fringe Benefits.
XRF = Effort.
XAB = Abilities.
XEC = Environmental Constraints.
XJP = Job Performance.
XOR = Outcome Rewards.

In step number one, the regression function in SPSS included XJP as a variable that could possibly be used as an indicator of XJS. The regression output in step 1 resulted in a factor of determination, $R^2 = .33041.$ which means that 33% of the variations in executives' job satisfaction could be explained by variation in their performance. The F ratio in the output was computed as: \[ F = \frac{\text{Sum of Squares}}{\text{Mean Square}} = \frac{15.27854}{.37304} = 40.95684. \]

The F statistics or significant $F = 0.000.$ In step number 2, the regression include XEC in the model followed by XOR. A list of the overall regression output could be referred to in appendix B. The final regression output resulted in the inclusion of three variables only XJP, XEC, and XOR. A list of these variables, their coefficient $(B),$ Test Statistics $(T),$ and the critical $T$ (Sig T.) is presented as follows:
Table 4-20

Coefficients, T Statistics, and Critical T

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>T</th>
<th>Sig T</th>
</tr>
</thead>
<tbody>
<tr>
<td>XOR</td>
<td>.22737</td>
<td>3.977</td>
<td>.0002</td>
</tr>
<tr>
<td>XJP</td>
<td>.66635</td>
<td>6.189</td>
<td>.0000</td>
</tr>
<tr>
<td>XEC</td>
<td>.20812</td>
<td>2.200</td>
<td>.0307</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.03130</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The last step in the regression output, along with the information about the variable coefficients just listed, helped in deriving a regression model equation as follows:

\[ XJS = -1.03130 + 0.66635 \times XJP + 0.20812 \times XEC + 0.22737 \times XOR. \]

\[ R^2 = .531 \quad 53.1\% \]

\[ F = 30.58116 \quad \text{Sig. } F = .0000 \]

Significance of Regression Equation

\[ R^2, \text{ the coefficient of determination, is equal to } 53.1\%. \text{ This implies that the variation in } XJS \text{ could be explained by these three variables. By using the analysis of variance, the usefulness of the regression equation can be tested by using the } F\text{-distribution. From the output presented } F = 30.58116 \text{ where } \text{Sig } F = 0.0000 \text{ which is minimal. As a result, it could} \]
be concluded that there is a relationship between the job satisfaction and the three variables included in the equation. This result shows that the regression model is a significant one.

Significance of Regression Coefficients

The significance of the correlation coefficients could be derived from examining the significance of the T Statistics. This significance is listed above under Sig. T. Taking into consideration that the level of significance is equal 0.05, then one would conclude that a statistically significant relationship exists between each of the included variables (holding other constant), and the dependent variable XJS.

Interpretation of the Equation

The interpretation of this equation is quite straightforward. The value of $B = .66635$ indicates that for each added value in job performance (while other variables remain constant), executives' job satisfaction would directly vary by the value of .66635. The positive sign shows that there is a
positive relation between job performance and the level of executives' satisfaction. The higher the executives' performance, the higher will be the degree of satisfaction. The same interpretation method could be applied on the variable XEC. The positive beta coefficient for this variable suggests that the more satisfied the manager is with his environment, the more likely will be his/her tendency to feel satisfied in his work. Outcomes rewards was also included as significant factor that would lead to XJS. The more rewards the managers get, the more satisfaction he will have.

In fact, the above mentioned findings draw a very basic conclusion, and that is the level of compensation (Salary and fringe benefits) does not really contribute to the achievement of job satisfaction. Such a finding could be attributed to the assumption that the banks which operate in Lebanon, as represented by the sample selected, are not really aware of the importance of the concept of compensation. They lack the methods for properly applying it, in addition to the existence of other factors (security situation, economic fluctuations, stress of life) that really overweight the importance of the compensation terms provided. In testing the basic compensation-satisfaction model by using regression analysis, it was found that only 3
variables out of 6 were significant. This would lead us to say that the theory of compensation and its effect upon job satisfaction does not apply in this study.

A further test using the correlation analysis demonstrated this findings:

<table>
<thead>
<tr>
<th></th>
<th>Correlation between compensation and job satisfaction XJS</th>
</tr>
</thead>
<tbody>
<tr>
<td>X9</td>
<td>0.2175</td>
</tr>
<tr>
<td>XFB</td>
<td>0.1189</td>
</tr>
</tbody>
</table>

1- Tailed Signif: *0.01  **0.001

As could be noticed in Table 4-21, there is no significant relationship between job satisfaction, salary, and fringe benefits at the significance levels (P=0.01 and P=0.001). This result is consistent with Herzberg's theory of motivation.

Furthermore, another correlation analysis (Table 4-22) could show that fringe benefits do not have a significant relationship with job performance. However, salaries have a significant relationship with job performance at the 90% level of certainty (P=0.01). This might be attributed to the fact that salaries are certain and better handed than the fringe benefits which might fluctuate, or not be properly managed.
Table 4-22

Correlation between compensation and job performance

<table>
<thead>
<tr>
<th>X9</th>
<th>0.3198</th>
</tr>
</thead>
<tbody>
<tr>
<td>XFB</td>
<td>0.0433*</td>
</tr>
</tbody>
</table>

1-Tailed signif: * 0.01     ** 0.001

A final test using the correlation analysis showed that there is a significant relationships between size of deposits, annual profits, and fringe benefits at the 90% level of certainty as shown in Table 4-23. However, there is no significant relationships between manager position (whether the manager is externally/ internanly hired or founder in the bank). In addition, there is no significant relationship between annual profits, size of deposits, and manager position with salary (See Table 4-24).

Table 4-23

Correlation of size, manager position, profits, with fringe benefits

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>.2843*</td>
</tr>
<tr>
<td>MNG pos.</td>
<td>.0443</td>
</tr>
<tr>
<td>Profit</td>
<td>.2583*</td>
</tr>
</tbody>
</table>

1- Tailed Signif: * 0.01     **0.001


Table 4-24
Correlation of size, manager position, profits, with salary

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>.0311</td>
</tr>
<tr>
<td>MNG posit.</td>
<td>.1713</td>
</tr>
<tr>
<td>Profit</td>
<td>.1132</td>
</tr>
</tbody>
</table>

1- Tailed Signif: *0.01    ** 0.001

Recursive System

Recursive system is a unidirectional causal model in which the causal effect is one way from the exogenous variables to the endogenous ones.¹ According to Hubert Blalock, we should not talk of cause and effect, but we should think causally through a recursive system.² Since it is recommended by experts such as Kirlinger and Pedhuzur that researchers should use multivariate analysis because:

"Multiple regression is often the best method of analysis of non-experimental data.... Some investigators may say that much behavioral data can and should be analyzed with frequency and percentage crossbreak analysis, and we agree with them. Unfortunately, such analysis is limited. The most it can intelligibly do is to present relations among three variables at a time, and such three-way crossbreaks are difficult to grasp and interpret".³

Since the main theme is to test whether this theory is consistent with reality mainly in the banking industry in Lebanon. Therefore, this research is using the causal analysis and a unidirectional recursive system as it was constructed in chapter 3.

**Decomposing the Correlation Coefficient**

In taking the job satisfaction as the endogenous variable, to be explained by the exogenous variables mainly job performance, environmental constraint, and outcomes rewards, this project developed the following mathematical equations which are appropriate for the recursive system shown in Fig.4-1. The equations are:

1. \( Z_1 = R_1 \)
2. \( Z_2 = P_{21}Z_1 + R_2 \)
3. \( Z_3 = P_{31}Z_1 + P_{32}Z_2 + R_3 \)
4. \( Z_4 = P_{41}Z_1 + P_{42}Z_2 + P_{43}Z_3 + R_4 \)

However, the relationships of job satisfaction and the other independent variables is explained as follows:

A- The relation between job satisfaction and environmental constraint is positive and around average \( r_{41} = .467 \). In using the causal analysis this
Fig. 4-1

Recursive model
simple relation was broken into:

1- Direct effect between environmental constraint and job satisfaction which is equal to $P_{4_1} = 0.19201$. Thus, this relation is relatively low.

2- Indirect effect between job satisfaction and environmental constraint through job performance which is equal to $P_{4_2} P_{2_1} = 0.048724 \times 0.257 = 0.12522068$

3- The relation between environmental constraint and job satisfaction through outcomes rewards which is shown by $P_{4_3} P_{3_1} = 0.33762 \times 0.44372 = 0.149808764$

4- The indirect relation between job satisfaction and environmental constraint through job performance, outcomes rewards, and environmental constraint which is equal to $P_{4_3} P_{3_2} P_{2_1} = 0.33762 \times -0.00787 \times 0.257 = -0.0006828$

So the final equation is as follow:

$r_{4_1} = P_{4_1} + P_{4_2} P_{2_1} + P_{4_3} P_{3_1} + P_{4_3} P_{3_2} P_{2_1}$

$0.467 = 0.19201 + 0.12522068 + 0.149808764 + (-0.0006828)$

B- In discussing the relation between job performance and job satisfaction, it is found that:
1- The simple relation, which is equal to $r_{42} = .575$, could be decomposed into a direct effect where $P_{42} = .487824$.

2- An indirect effect between job performance and job satisfaction through environmental constraint. It is equal to $P_{41} * P_{21} = .19201 \times .257 = 0.0493465$.

3- An indirect effect between job performance and job satisfaction through outcomes rewards which is equal to $P_{43} * P_{31} * P_{21} = .33762 \times ( -0.00787) = -0.002657$.

4- An indirect effect between job satisfaction and job performance through environmental constraint and outcomes rewards at the same time which is equal to $P_{43} * P_{31} * P_{21} = .33762 \times .44372 \times .257 = 0.0385008$.

Thus the final equation is:

$$ r_{42} = P_{41} * P_{21} + P_{42} + P_{43} * P_{31} * P_{21} + P_{43} * P_{32} $$

$$ .575 = 0.0493465 + .487824 + 0.0385008 + 0.002657 $$. 

C- The relation between outcomes rewards and job satisfaction which could be broken into direct, and indirect effect as follows:

1- An indirect effect between job satisfaction and outcomes rewards through environmental constraint which is equal to $P_{42} * P_{31} = .19201 \times .44372 = 0.085198$
2- A direct effect between outcomes rewards and job satisfaction is equal to $P_{43} = .33762$.

3- An indirect effect between outcomes rewards and job satisfaction through job performance and environmental constraint is equal to $P_{42} * P_{32} * P_{21} = .48724 * .44372 * .257 = 0.00555629$.

4- An indirect effect between outcome rewards and job satisfaction through job performance which is equal to $P_{42} * P_{32} = .48724 * (-0.00787) = -0.0038345$.

5- An indirect effect between outcome rewards and job satisfaction through job performance and environmental constraint is equal to $P_{41} * P_{32} * P_{21} = .19201 * (-0.00787) * .257 = -0.0003833$.

The final equation is as follows:

$$P_{43} = P_{31} * P_{32} + P_{41} * P_{32} * P_{21} + P_{42} * P_{31} * P_{21} + P_{42} * P_{32} + P_{43}.$$  

$$ .478 = 0.085198 + (-0.0003833) + 0.00555629 + (-0.0038345) + .33762.$$  

Finally, this causal model states that the difference in job performance leads to the difference in outcome rewards, but according to our empirical finding the relation is indirect through environmental constraint. there is no direct relation between job performance and outcome rewards except through environmental constraint.
Modifying the Theoretical Background

The empirical findings of this study reveal that there is no direct relationship between job performance and outcome reward since this relation is very weak (-0.00787). The modified causal model is shown in Fig. 4-2 in which the path between job performance and outcome reward is deleted.

Fig. 4-2

Modified Model

```
  XJP
   \   
    \  
     \ 
      \ 
      XOR

  XJP
   \   
    \  
     \ 
      \ 
      XRC

  XOR
   \   
    \  
     \ 
      \ 
      XJS

The equations for this model are as follows:

1- \( Z_1 = R_1 \)
2- \( Z_2 = P_{21} \cdot Z_1 + R_2 \)
3- \( Z_3 = P_{31} \cdot Z_1 + R_3 \)
4- \( Z_4 = P_{41} \cdot Z_1 + P_{42} \cdot Z_2 + P_{43} \cdot Z_3 + R_4 \)
```
The analysis of the above model implies the following:

A- The relation between environmental constraint and job satisfaction is broken into:
1- Direct effect which is equal to \( P_{41} = 0.19201 \)
2- An indirect effect between environmental constraint and job satisfaction through job performance which is equal to \( P_{42} \times P_{21} = 0.48724 \times 0.257 = 0.1252206 \).
3- An indirect effect through outcome rewards which is equal to \( P_{43} \times P_{31} = 0.33762 \times 0.44372 = 0.1498087 \).

The equation is now:
\[
P_{41} = P_{41} + P_{42} \times P_{21} + P_{43} \times P_{31}
\]
\[
0.467 = 0.19201 + 0.1252206 + 0.1498087.
\]

B- The relation between job performance and job satisfaction is broken into:
1- Direct effect which is equal to \( P_{42} = 0.48724 \).
2- An indirect effect through environmental constraint which is equal to \( P_{41} \times P_{21} = 0.19201 \times 0.257 = 0.0493465 \).
3- An indirect effect through environmental constraint and outcomes rewards which is equal to \( P_{43} \times P_{31} \times P_{21} = 0.33762 \times 0.44372 \times 0.257 = 0.0385008 \).

The final equation is:
\[
\gamma_{42} = P_{41} + P_{41} \times P_{21} + P_{42} \times P_{31} \times P_{21}. \\
0.575 = 0.48724 + 0.0493465 + 0.0585008.
\]

C- The relation between outcomes rewards and job satisfaction can be broken into:

1- Direct effect which is equal to \( P_{43} = .33762 \).

2- Indirect effect through environmental constraint that is equal to \( P_{41} \times P_{31} = .19201 \times .44372 = 0.0851986 \).

3- An indirect effect through environmental constraint and job performance that is equal to \( P_{42} \times P_{31} \times P_{21} = 0.48724 \times 0.44372 \times 0.257 = 0.05556292 \).

\[
\gamma_{43} = P_{41} \times P_{31} + P_{41} \times P_{32} \times P_{21} + P_{42} \times P_{31} \times P_{21} + P_{43}. \\
.478 = 0.0851986 + 0.0555629 + 0.33762
\]
CHAPTER V

CONCLUDING REMARKS AND RECOMMENDATIONS

Concluding Remarks

This research tried to investigate the effect of compensation upon the performance of managers in their banking operations and upon their job satisfaction. The importance of this study was derived from the fact that motivation has a significant effect upon the productivity of human elements. Using compensation as a measure of motivation, its relationship to effort and its effect upon performance and job satisfaction were studied.

In this research, job satisfaction was used as the dependent variable. Using the regression analysis an equation was established to find out the factors that are most likely to be associated with this dependent variable. The results obtained showed us that job satisfaction is a factor of environmental constraint, job performance, and outcome reward. The coefficient of determination, $R^2$, derived was 53% which was considered a significant one. Compensation namely, salary and fringe benefits, were not included in the equation. Such a result was attributed to the fact that compensation in our banks is not handled
properly. This result also showed that the theory of the Basic Motivation-Behavior Sequence doesn't apply on the sample of bank selected for our study.

Another conclusion in our study was that higher compensation does not lead to job satisfaction which is consistent with Herzberg's theory of motivation that money and fringe benefits do not lead to job satisfaction. It was also found that high salary may lead to better performance, but there is no relationship between fringe benefit and performance. Moreover, the Lebanese executives were generally unsatisfied with their total pay package, but they showed certain preferences concerning their fringe benefits profile. Their preferences were really concentrated around the medical insurance, life insurance, transportation allowances, expense account, and dollar subsidies.

**Recommendations**

This study was confined to banks operating in West Beirut only due to security reason, the thing that formed a major limitation in our findings. Moreover, to make the sample representative, the study addressed department heads along with the chief executive which is also another limitation for studying the satisfaction of the chief executive only.
A further research is recommended to include a wider area of investigation so that the sample of the chief executive could be more representative. Another recommendation is to include other independent factors not included in this study. While interviewing the managers, they express their opinion about the effect of certain factors upon the level of compensation such as inflation, cost of living, dollar rate, political stability, and others. Such factors could be included in another research to give a clearer view about the compensation itself, the factors that affect it, and the factors that it affects. In addition, boards of directors should show a higher responsibility and concern about the compensation package offered to managers since this will enhance their effort and their performance in consequence.
APPENDIX A:

QUESTIONNAIRE

My name is Nadwa Rahim. I am a graduate student at Beirut University College (BUC). I am conducting a research of the factors leading to executives' performance and job satisfaction via compensation in the Lebanese Banking Sector. Your answers will be completely confidential, and the responses will be used only for statistical purposes. Your cooperation is highly appreciated. When you finish, please return the survey to the person who is coordinating this effort.

1. Sex: ....Male .....Female
2. Marital Status:
3. Age: ..........years.
4. Educational Level:
   a. High school or less.
   b. Bachelor's degree.
   c. Graduate school.
   d. Post graduate.
   e. Others (please specify).
5. Years of experience:
   a. With the bank ......... years
   b. With other institution ......... years
6. Number of subordinates reporting to you? .........
7. Job title: ..................
8. Your bank is: ..... Lebanese ..... Foreign

9. Monthly salary:
   a. Less than L.L. 150,000
   b. 150,000 but less than 200,000
   c. 200,000 but less than 300,000
   d. 300,000 and above.

10. Other compensation (Bonuses and/or others) per year:
    1. If it is in Lebanese pound.
       a. Less than L.L 150,000
       b. 150,000 but less than 200,000
       c. 200,000 but less than 300,000
       d. 300,000 and above.
    2. If it is in Dollars.
       a. Less than $100
       b. 100 but less than 200
       c. 200 but less than 300
       d. 300 and above.

11. Please check the fringe benefits provided to you by your bank.
    a. Medical insurance.
    b. Life insurance.
    c. Pension plans.
    d. Housing allowances.
    e. Transportation/travelling allowances.
    f. Dollar subsidies.
    g. Stock options and stock purchase.
    h. Expense account.
    i. Others (please specify) ......................

12. List the above mentioned fringe benefits with respect to their importance to you? (please use the above mentioned letters).
    1. ..................
    2. ..................
    3. ..................
    4. ..................
    5. ..................
6. ....................
7. ....................
8. ....................
9. ....................

In the following questions please indicate your agreement or disagreement with each of the following items by circling the number to the right of each statement that corresponds most closely to your desired answer.

1= Strongly Disagree (SD).
2= Disagree (D).
3= Uncertain (U).
4= Agree (A).
5= Strongly Agree (SA).

13. The size of deposits affects the rate of compensation. 1 2 3 4 5
14. If the manager was hired from outside the bank, the compensation rate he gets will be higher. 1 2 3 4 5
15. The higher the annual profits, the higher will be the opportunities to get better compensation rate. 1 2 3 4 5
16. I don't have enough authority to carry out the responsibilities assigned to me. 1 2 3 4 5
17. I am not able to satisfy the conflicting demands of various people I supervise. 1 2 3 4 5
18. Sometimes, I have to do things in my job that are against my better judgment. 1 2 3 4 5
19. I have been placed in a job that suits me very well.

20. I could have handled a more challenging job than the one I am doing.

21. My skills and abilities exceed those of my future colleagues.

22. My past experiences and accomplishments increase my confidence in my abilities to perform successfully in this organization.

23. I don't know what opportunities for advancement or promotion exist for me.

24. I can't always get the information needed to carry out my job.

25. I don't know just what the people I work with expect of me.

26. I receive conflicting requests from different people.

27. I get along well with the people I work with.

28. For my kind of job, the working conditions are fine.

29. I feel that the job I am performing is contributing to the bank success.

30. It is easy for me to complete a meaningful piece of work.

31. The more effort I invest in my work, the better my performance will be.

32. My job situation enables me to determine the level of my performance.
33. I expect to have bonus at the end of each year. 1 2 3 4 5
34. The bonus I get from my job is a main part of my compensation package. 1 2 3 4 5
35. Professionally speaking, my job exactly satisfies my self-expectations. 1 2 3 4 5
36. I don’t mind working for another organization as long as my job is the same. 1 2 3 4 5
37. I am satisfied with the success I have achieved in my career. 1 2 3 4 5
38. My job falls within the scope of my expectations. 1 2 3 4 5
39. Overall, I would say that my personal needs have been met with my current career. 1 2 3 4 5
40. I am satisfied with my rate of promotion during my career. 1 2 3 4 5
41. I am satisfied with the pay level I get from my Job. 1 2 3 4 5
42. I am satisfied with the supplementary pay, fringe benefits, I get from my job. 1 2 3 4 5
43. I am satisfied with the status that I have achieved in my job. 1 2 3 4 5
44. I frequently think of changing my job. 1 2 3 4 5
45. Personally, I am very much involved in my job. 1 2 3 4 5
46. Most of my interests are centered around my job. 1 2 3 4 5
47. I like to be absorbed in my job most of the time 1 2 3 4 5
48. To me, my job is only a part of who I am.  
49. I am strongly attached to my present job which would be very difficult to break.

50. Do you have any comment concerning your compensation (salary, bonuses, and fringe benefits) not mentioned in this questionnaire? (please specify).
APPENDIX B:

REGRESSION OUTPUT

Variable(s) entered on step number

1- XJP  Job Performance

Multiple R  .57481
R square  .33041
Adjusted R²  .32234
Standard error  .61077

Analysis of variance

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F = 40.95684  Signif F = .0000

Variables in the Equation

Variable  B  SE B  Beta  T  Sig T

XJP  .78611  .12284  .57481  6.400  .0000
(constant)  -.02057  .49973  -.041  .9673

Variables not in the Equation

Variable  Beta  In  Partial  Min Toler  T  Sig T

X9  .03752  .04344  .89770  .394  .6948
XFB  .09422  .11504  .99813  1.049  .2974
XEF  .21553  .26002  .97452  2.438  .0169
XAB  -.11420  -.13131  .88525  -1.199  .2338
XBC  .34181  .40369  .93396  3.996  .0001
XOR  .41822  .50781  .98718  5.338  .0000

Variable(s) entered on step number

2- XOR  Outcomes rewards

Multiple R  .70928
R square  .50308
Adjusted R²  .49046
Standard error  .52936

Analysis of Variance

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Variables not in the Equation

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Variable (s) entered on step number
3 - XEC  Environmental Constraints

Multiple R  .72876
R Square    .53110
Adjusted R²  .51373
Standard error  .51738

Analysis of Variance

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Variables not in the Equation

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BIBLIOGRAPHY


