(Online) ISSN 2712-0554
Original Research
Heritage and Sustainable Development
Vol. 7, No. 2, 2025, pp.839-854
https://doi.org/10.37868/hsd.v7i2.1357

The effect of equitable compensation strategy on job performance in Al-Hassan Industrial Estate (HIE)

Mohamed Mahmoud Khtatbeh[1]*, Shadi Altahat[2], Amro Alzghoul[3], Sahar Moh'd Abu Bakir[4]
[1,3,4] College of Business, Amman Arab University, Amman, Jordan
[2] Faculty of Business, Philadelphia University, Jordan

*Corresponding Author: khtatbehmohamed912@gmail.com, m.khtatbeh@aau.edu.jo.

Received Apr. 29, 2025
Revised Jul. 4, 2025
Accepted Jul. 10, 2025
Online Jul. 30, 2025

Abstract

This study aimed to investigate employees' perceptions of equity in their compensation for the work they perform, comparing it to other jobs within the organization, and to examine its impact on their performance. The study utilized quantitative research methods to study the connections between the independent, dependent, and mediating variables. Previous research in the field, particularly in developing countries like Jordan, has identified a notable gap in knowledge. This gap prompted the researcher to undertake this study with the aim of addressing this deficiency. The study is based on Adam's equity theory. Data was collected via a self-administered questionnaire from 353 employees within the target population. Structural equation modelling (SEM) was utilized to analyze and explore the relationships between the study variables using Analysis of Moment Structures (AMOS) and the Statistical Package for the Social Sciences (SPSS). The study findings unveiled a significant and positive correlation between compensation system and job performance, equity and job performance, as well as between compensation and equity. Furthermore, the results indicated that equity serves as a mediator in the relationship between job performance and compensation. The anticipated outcomes of the study are expected to address the literature gap effectively and subsequently enhance employee performance. The findings demonstrate the importance of equitable compensation in improving the employees' performance.

Keywords: Compensation, Equity, Job performance, Al-Hassan Industrial Estate (HIE)

1. Introduction

Enhancing employee performance stands as a pivotal factor profoundly influencing an organization's success and reputation, particularly in the current rapidly evolving work landscape [1], [2]. Over recent years, the significance of employee performance has escalated, positioning it as a paramount variable across all organizational domains and administrative spheres [3]. Research [4] emphasized the pivotal nature of employee performance within the fundamental framework of the workplace, highlighting its critical contribution to organizational success. This contribution extends to both operational effectiveness and managerial efficacy, as the achievement of an organization heavily relies on the individual accomplishments of its employees, closely tied to their performance [5]. The specifications of each job establish expectations for employee performance, including satisfactory completion of all required duties and tasks, whereby every employee is responsible for the tasks he performs [6]. From the employee's perspective, job performance mainly reflects their behaviors and actions stemming from their accomplishments [7] [8]. Thus, job performance comprises an employee’s actions in the context of the organization, demonstrating the effort and skills available in the employee [3].

The importance of this subject matter is emphasized due to its standing as the most extensively researched topic in the fields of human resources and organizational behavior. It has attracted a lot of attention from researchers across diverse contexts and scenarios [9]. Generally, job performance denotes an employee's effectiveness in fulfilling their responsibilities and may encompass their ability to attain organizational objectives within their workplace [10]. Consequently, employees serve as the cornerstone of any organization; their level of engagement with the organization serves as a primary motivator for them to deliver high-performance outcomes, thus contributing to the overall achievement of the organization and the accomplishment of its purposes [11]. Therefore, organizations must recognize the significance of employees beyond the tasks they perform, as employee performance stands as a critical driver in realizing organizational goals [12].

Organizations, whether in the private or public sector, widely acknowledge the importance of achieving an equilibrium between the organization's contributions to its employees and the contributions made by its employees to the organization. This balance highlights the need for implementing an equitable compensation arrangement that encourages employees to improve their performance and, in turn, boost efficiency [13]. Consequently, an organization that gives employees incentives and fair pay that is commensurate with their labor is expected to promote employee satisfaction and performance [3].

In a related context, [14] emphasized the significance of the performance of employees within Jordanian organizations. They highlighted the necessity for Jordanian organizations, akin to their international counterparts, to keep a competitive edge by putting their employees' health first. As effective human resource performance leads to streamlined task completion, factors that enhance performance can bolster these companies' competitiveness amidst international competition. In a distinct study, [15] aimed to determine the contributing variables directly impacting employee satisfaction and performance. These variables included wages and salaries, job satisfaction, organizational culture, stress, growth, and promotion. Training and job security. The findings highlighted that employees in the industrial sector of Jordan primarily prioritized wages and salaries, alongside their employment rolls, over other factors.

Employee performance sits at the core of how well any organization functions, and it matters even more in factories and manufacturing plants where every hour of work counts towards the bottom line. When compensation policies across the Al-Hassan Industrial Estate, home of several heavy-labor firms, are inconsistent, workers lose motivation, quit more often, and overall productivity takes a hit. Yet, solid data that directly ties perceived pay fairness to performance outcomes in this unique socio-economic and organizational setting is nearly nonexistent. Because of this information shortage, managers struggle to build human resource practices that are both equitable and effective in boosting output. This study tries to fill those blank pages in a few ways. First, it gathers and presents local evidence on how fair pay systems affect worker performance within the estate. Second, it strengthens the thin body of research on pay fairness in Jordan's industrial scene by offering results that global studies often overlook. Finally, the report dishes out clear, actionable tips for HR leaders and policy-makers on designing and rolling out pay packages that are just, cut turnover intentions, and lift both morale and productivity.

2. Literature review

In today's crowded industrial landscape, how well employees perform often separates thriving organizations from those that struggle. Among the many factors that shape this performance, the way people are paid affects their motivation, job satisfaction, and long-term commitment more than most [16]. When pay is seen as fair, it does more than reward effort: it builds a workplace culture grounded in trust and loyalty that leaders desperately want to maintain [17]. Even so, solid research exploring the link between equitable pay practices and actual productivity in Jordan's industrial zones, especially in the factories and workshops, remains surprisingly thin [18]. To address this gap, the following section reviews the available studies and maps out how these variables connect in the local context.

2.1. Compensation

Compensation for the contributions made by employees plays a crucial role in shaping the employment relationship. In fact, the term "employ," as defined by Merriam-Webster ("to provide with a job that pays wages or salary"), inherently suggests that payment is both an essential and defining element of this relationship [19].

Factors include the number of ranks, the differences in pay among ranks, and the measurement used to specify those differences to define the structure, which should encourage efficient workflow [20]. This concept is a weighty component of an organization. Pay will be higher in the case of promotion, more inspiring work, and larger responsibility when employees rise in the hierarchy [21]. However, the problem when designing an organizational structure involves employing people to help accomplish organizational objectives. In particular, the structure should clarify the relationship between any job in the organization and the main objectives. At the same time, this configuration should permit employees to see the connections between their work and other work as well as the main objectives of the organization. Pay systems are formulated with specific objectives in mind, encompassing efficiency, equity, morale, and compliance with regulations. Efficiency may be achieved through fostering performance improvement, enhancing product quality, and elevating customer satisfaction [22].

An essential factor for an organization facing intense global competition is the identification and retention of highly qualified employees through a convenient and effective compensation system that promotes them to achieve better [23]. Therefore, organizations are dedicating considerable effort to developing modern and innovative compensation systems and strategies directly tied to enhancing both job and organizational performance [24].

Organizations manage their employee compensation differently [25]. Some organizations pay the minimum wages that will attract the required number of employees according to the type of work, while other organizations pay much higher than those reflected in the labor market. The authors added that various factors affect the employee's compensation in an organization, such as government legislation, economic policies, the financial capacity of organizations, the number of available workers in the labor market, and job requirements, in addition to the cost of living, inflation, and productivity.

2.2. Job performance

Job performance is indeed a cornerstone of organizational success, requiring an inclusive examination of the factors that drive high performance. These factors play a pivotal role in the organization's ability to attain its goals and objectives [4]. Not all actions undertaken by employees align with the concept of performance [1]. They highlighted the significance of differentiating between behavior and the outcomes stemming from performance. According to their research, the behavioral aspect of performance pertains to actions undertaken by individuals in the workplace, while the outcomes aspect is associated with the results stemming from these behaviors. As stated by [26], job performance encompasses the array of actions, activities, and behaviors that employees engage in, directly contributing to the success of organizational aims. Hence, performance is the outcome of individual or collective actions.

Job performance serves as a foundation for raises, additional compensation, evaluations, and adjustments in salary and wages, essentially serving as a benchmark for advancement and rewards [22]. They added that performance could prove a tool for avoiding penalties and the extent of change in the scale of salaries and wages, serving the needs of employees to prove themselves. Researchers [27] also connected employees to organizational success or failure, naming them as the determining factor in this area. Hence, organizations must prioritize efforts to attract and retain qualified and experienced personnel, ensuring they are adequately rewarded for their contributions [23].

Human resources is a crucial component of business organizations, facilitating daily activities and operations. In this light, several studies have shown that organizational efficiency and effectiveness depend mainly on the effectiveness of employees [28], [29]. In their analysis of this topic, they noted that intense competition among global organizations requires the attraction and retention of qualified, competent employees through an effective compensation system that incentivizes them to perform at their highest level.

2.3. Equity

Equity pertains to the fairness and consistency of remuneration connections of various positions, abilities, or capabilities within the same organization [30]. This characteristic is influenced by many factors because employee is compensated equivalent to their production. Equity pertains to distributive justice to considerations concerning the outcomes of rewards and encompasses the process of allocating resources within an organization. The perception of justice largely hinges on one's input and the rewards received [31]. Moreover, [32] describes equity as addressing distributive justice factors associated with resource distribution within the organization and outcomes of rewards. Conversely, procedural justice relates to the steps and procedures involved in constructing the pay structure.

Jobs and employees' skills make their own contributions to company objectives; managers compare them based on this idea [33]. The authors added that equity pertains to pay rates for both types of employees who are doing equal or unequal work. Employees' capabilities are affected by the internal pay relationship, impacting in turn the efficiency of the organization [34]. This process is primarily aimed at balancing the compensation provided for a particular job with the compensation provided to employees at higher and lower levels. Job classification, management level, status level, and comparison of factors work together to ensure equity [35].

In addition, [32] revealed that the sense of justice and equity could be expressed as the perception of employees and their understanding of their work in terms of salaries and wages, promotion, and other benefits compared to their colleagues within the organization. The authors added that achieving internal equity depends mainly on the organization providing the appropriate benefits to its employees, commensurate with their jobs and compared with other jobs within the organization [36]. It was further suggested that internal equity is perceived when employees believe they are paid a wage or salary that reflects the intrinsic value of their job. This sense of equity arises when employers acknowledge the importance of the roles and tasks performed.

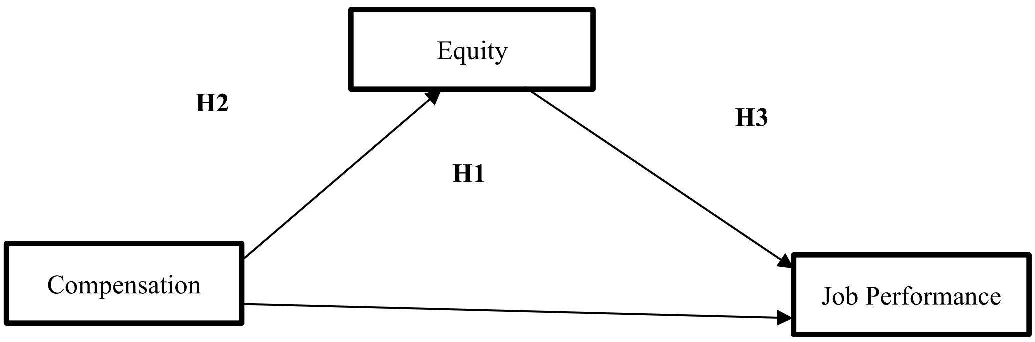

Figure 1. Research framework

Hypotheses will be formulated to examine the link between compensation as an independent variable and job performance as a dependent variable, with equity as a mediator.

2.4. Compensation and job performance

The accomplishment of any organization depends on numerous factors. Perhaps the most crucial is to extract the potential of the company's human resources and motivate them to engage these abilities [37]. Compensation is a vital organizational factor concerning employee performance. This tool helps management to motivate, retain experienced, efficient employees, and reduce workers' intention to leave their work [23]. Employees feel motivated if they think that they will be paid for the work they do. Researchers have outlined several factors that can spur employees to better performance, especially incentives and compensation. Several findings have consistently demonstrated a significant and positive relationship between salaries and wages and employee performance [38].

In the same vein, [39] pointed out that remuneration and wages are among the most decisive factors that have the ability to extract the energies and improve the performance of employees in their jobs, leading to increased productivity and achieving the goals of the organization. Research [40] argued that compensation, along with incentive packages, directly influences employee efficiency and performance levels. Their study found that this factor enhanced job satisfaction and job performance, consequently boosting productivity. They further posited that when employees are aware of the compensation and incentive structure, ensuring they receive fair wages, their performance will improve, consequently improving both the quantity and quality of their work. Based on the research findings in this area, it is hypothesized that:

H1: A significant positive link exists between compensation and job performance in Al-Hassan Industrial Estate.

2.5. Compensation and equity

Numerous studies have investigated the compensation system in relation to equity and justice in terms of distribution within organizations. These studies surveyed employees' perceptions of fairness in their remuneration. The overall results indicated that wages and salaries are distributed based on several factors. The most important of these were seniority and similarity of jobs, in addition to the length of service and contribution. Employees emphasized that their perception of fairness in compensation they received motivated them to enhance their performance and fostered job commitment [41].

Research [42] pointed out that employees who feel that the ratio between inputs and outputs is unfair will develop a perception of inequity. In the same vein, [43] also declared that negative perceptions of justice in the distribution of wages lead to a lack of commitment to the job and intention to leave work and look for another job elsewhere. Therefore, the researcher proposes the following hypothesis:

H2: A significant and positive link exists between compensation and equity in Al-Hassan Industrial Estate.

2.6. Equity and job performance

Adam's equity theory posits that employees seek fairness and perceive justice in their interactions with both colleagues and the organization. Equity is perceived when an employee's outcomes are perceived to be proportional to their inputs compared to those of their peers [42]. Additionally, [44] conducted a study to investigate the influence of perceived inequity on employee behavior at work and to evaluate the extent of correlation between employees' perceptions of equity and job performance. The study utilized integrity and injustice as metrics for assessing inequity. Findings revealed that employees adjust their output, leading to decreased performance when they perceive inequity. The study also revealed a noteworthy relationship between employees' perception of equity and job performance, indicating that perceiving equity is linked to improved job performance. Researchers [45] directed an analysis examining the correlations between perceived compensation justice, job satisfaction, institutional commitment, and intentions to leave among marketing administrative staff. They found that the perception of compensation justice significantly influences organizational outcomes, with a positive relationship observed with job satisfaction. Moreover, marketing directors who perceived fair allocation of compensation reported elevated levels of job satisfaction, subsequently leading to a positive impact on organizational commitment and a decrease in turnover intention. Consistent with the majority of research findings on the correlation between job performance and perception of equity, which consistently indicate a significant and positive relationship between them, the researcher hypothesizes that:

H3: A significant and positive link exists between equity and job performance in Al-Hassan Industrial Estate.

As demonstrated in the prior expectations, there exists a connection between compensation and job performance [46], and a link between equity and job performance [44], in addition to a relationship between compensation and equity [41], which suggests that if three different variables have a positive relationship with one another, one of these variables may mediate the relationship between the other two, the researcher hypothesizes that:

H4: Equity mediates the link between compensation and job performance in Al-Hassan Industrial Estate.

3. Methodology

This study aims to explore the relationship between equitable compensation and job performance, considering how fairness in financial rewards, benefits, and recognition can enhance employee output and organizational effectiveness. The study utilized quantitative research methods to study the connections between the independent, dependent, and mediating variables. A questionnaire was administered to targeted respondents to gather their perspectives on the variables under investigation. The study population comprised local workers employed in industrial companies situated within Al-Hassan Industrial Estate. According to the report of Industrial Estates Company of Jordan (JIEC), there are 136 industrial companies operating in various industrial sectors which are divided into six sectors; include food industries, engineering industries, cotton and textile industries, printing and paper industries, chemical industries and other industries that comprise of sectors employing workers do not exceed 6% of the total number of workers, with a total of 5,580 Jordanian workers that comprise 18.5 % of the total number of workers.

The method of random sampling is a procedure based on the random selection of respondents so that each part of the population has the same opportunity to be chosen [47]. Using a probability sampling design, the study systematically collected samples by distributing questionnaires to respondents. The study sample comprised 361 employees, a size recommended by [48]. Out of 380 questionnaires distributed using a systematic random selection method, 353 were returned. Among these, 346 were deemed valid for analysis, resulting in a response rate of 98%, which was considered sufficient for the study. A Likert "five-point scale" was adopted, starting from one "strongly disagree" to five "strongly agree" in order to measure the response rates of respondents to the questions related to the variables of this study. To analyze and find the relationships between the study variables, structural equation modelling (SEM) was employed. SEM is a data analysis method that aids researchers in examining data and plays a crucial role in presenting the study's results. The study's statistical analysis method was applied using SPSS version 23, as well as AMOS version 23.

4. Results

4.1. Descriptive analysis

The results of the respondents' profiles as it is revealed in Table 1 below:

Table 1. Respondents' profile

Gender	Frequency (n)	Percent (%)
Male	192	54.40
Female	161	45.60
Age	Frequency (n)	Percent (%)
18 to 27	123	34.84
28 to 37	134	37.96

Gender	Frequency (n)	Percent (%)
38 to 47	77	21.81
48 to 57	13	3.68
58 to 67	6	1.70
Marital Status	Frequency (n)	Percent (%)
Single	175	49.58
Married	164	46.46
Divorced/Widow	14	3.97
Experience at Company	Frequency (n)	Percent (%)
1 to 5	229	64.87
6 to 10	66	18.70
11 to 15	28	7.93
16 and above	30	8.50
Education Level	Frequency (n)	Percent (%)
Diploma	57	16.15
High School	156	44.19
Bachelor's degree	131	37.11
Graduate Studies	9	2.55
Position	Frequency (n)	Percent (%)
Management	128	36.26
Field Worker	225	63.74
Daily working hours	Frequency (n)	Percent (%)
8	302	85.55
9	26	7.37
10	12	3.40
12	13	3.68
Monthly Salary	Frequency (n)	Percent (%)
100 to 200	12	3.40
201 to 300	179	50.71
301 to 400	61	17.28
401 to 500	46	13.03
501 and above	55	15.58

Table 2. Standard deviation, Pearson correlations, and means among variables

Variables	1	2	3	M	SD
Compensation	1	0.179**	0.791 **	3.0980	1.00703
Job Performance	0.179**	1	0.268**	3.4355	.87356
Equity	0.791 **	0.268**	1	4.2465	.52965

N = 353, ** Pearson correlations are significant at $p < 0.001$.

Within Table 2. As expected, there was a positive Pearson correlation between compensation and both job performance (r = 0.179) and equity (r = 0.791). Moreover, there was a positive Pearson correlation (r = 0.268) between equity and job performance. Consequently, these findings provided support for H1, H2, and H3.

4.2. Composite reliability (CR), Cronbach's α, and average variance extracted (AVE)

Table 3. CR, α, and AVE

Variables	Compensation	Job Performance	Equity
CR	0.9093	0.7851	0.9090
α	0.908	0.884	0.910
AVE	0.6682	0.5011	0.5915

A was used to verify for reliability in Table 3 above. The results showed that α was over the 0.60 criterion. Additionally, the measurement mode's convergent validity was examined, and the scale items' CR was determined to be above the 0.70 criterion [49]. Furthermore, the AVE exceeded the cut-off point of 0.50 [50].

4.3. Confirmatory factor analysis (CFA)

CFA acts as the first stage in structural equation modelling (SEM) for data pre-processing, allowing researchers to assess the consistency and accuracy of each underlying variable within the measurement framework. CFA acts as a prerequisite for the measurement model, ensuring that items and their corresponding constructs are accurately assessed [49]. Additionally, CFA is utilized to examine the correlation between two constructs. If significant multicollinearity is detected, it suggests a lack of discriminant validity among the variables [49].

Table 4. CFA

Constructs	Code of Items	Factor Loadings	M	SD
Compensation	Q1 COMPENSATION	0.752	3.18	1.176
	Q2 COMPENSATION	0.879	3.03	1.167
	Q3 COMPENSATION	0.749	3.30	1.116
	Q4 COMPENSATION	0.86	3.03	1.208
	Q5 COMPENSATION	0.838	2.93	. 1.218
Equity	Q1 EQUITY	0.583	3.90	0.867
	Q2 EQUITY	0.837	3.31	1.139
	Q3 EQUITY	0.71	3.52	1.023
	Q4 EQUITY	0.821	3.17	1.135
	Q5 EQUITY	0.727	3.61	1.006
	Q6 EQUITY	0.817	3.38	1.159
	Q7 EQUITY	0.852	3.17	1.2
Job Performance	Q1 PERFORMANCE	0.654	4.29	0.631
	Q2 PERFORMANCE	0.717	4.36	0.624
	Q3 PERFORMANCE	0.777	4.22	0.762
	Q4 PERFORMANCE	0.804	4.25	0.759
	Q5 PERFORMANCE	0.772	4.28	0.706
	Q6 PERFORMANCE	0.676	4.15	0.738
	Q7 PERFORMANCE	0.603	4.38	0.647
	Q8 PERFORMANCE	0.52	4.05	0.855

CFA, which was examined to analyze factor loadings, is also displayed in Table 2 [51]. The results revealed in Table 2 above show that all factor loadings were significant and adequate, with the factor loadings ranging from 0.52 to 0.88.

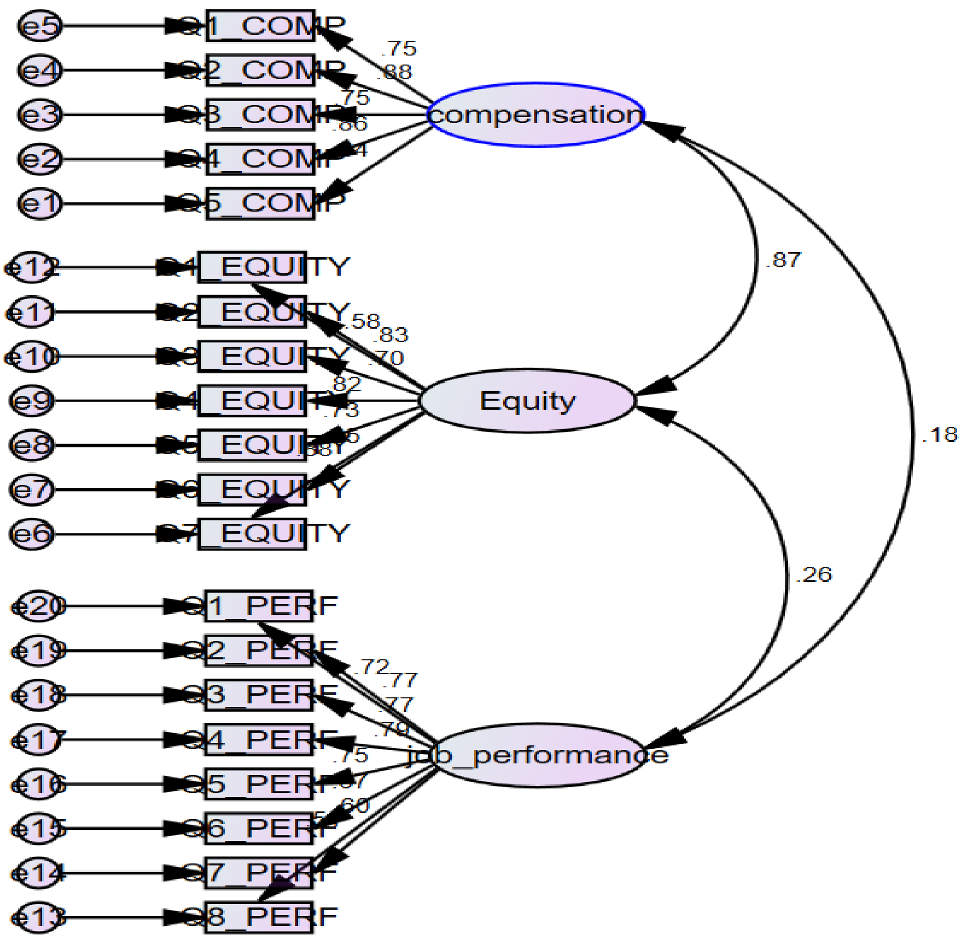

Figure 2. Measurement model

Table 5. Goodness fit for the model

Measurement Model	**Structural Model**	**Cut-Off Points**
Chi-square = 436.639	Chi-square= 436.639	
“Degree of freedom” Df = 165, p = 0.000	“Degree of freedom “ Df = 165, p = 0.000	
“Goodness of fit“ GFI = 0.889	“Goodness of fit “ GFI = 0.889	1 = perfect fit
“normed fit index” NFI = 0.908	“normed fit index” NFI = 0.908	1 = perfect fit
“relative fit index” RFI=894	relative fit index RFI=894	1 = perfect fit
“comparative fit index” CFI = 0.940	comparative fit index CFI = 0.940	1 = perfect fit
“root mean square error of approximation”	“root mean square error of approximation “	“Good fit < 0.08

Measurement Model	**Structural Model**	**Cut-Off Points**
RMSEA = 0.068	RMSEA = 0.068	
relative χ2 (=CMIN/df) CMIN/df = 2.646	relative χ2 (=CMIN/df) CMIN/df = 2.646	Good fit between 1 and 5
“Standardized Root Mean Square Residual” SRMR = .0545	“Standardized Root Mean Square Residual “ SRMR = .0545	Good fit < 0.08
“Common method bias” CMP = 0.39		Does not affect the study’s data < 0.50

Using the AMOS program, the research verified the "goodness of fit" of the proposed model by comparing the proposed hypothesis on CFA and SEM. The goodness of fit was applied to evaluate the measurement and structural models, as revealed in Table 5 [52]. Compensation, job performance, and equity. The structural model includes three latent components and 20 indicators (5 items for compensation, 7 items for Equity, and 8 items for Job performance). The structural model showed a good fit, as shown in Table 5. After verifying that the measurement model also showed a good fit, the suggested model demonstrated experience and a good fit, as indicated by the results in Table 5. In comparison to the "partially mediated model," the "fully mediated model" showed a good fit to the data when we applied it. This suggested model does not attain any obvious advance in fit over the "partially mediated model," despite the fact that it is a good fit to the data, which shows the application of the “partially mediated model”. Compensation has a positive and good correlation with job performance. The "partially mediated model" is a more appropriate model for analyzing this data, especially when it aligns.

4.4. Total effect, direct effect, and indirect effects of the research variables

Table 6. Direct and indirect effects of the research variables

Exogenous Variables	Endogenous Variables	Total Effect	Direct Effect	Indirect Effect
Compensation	Job performance	0.182	-0.248	0.430
Compensation	Equity	0. 878	0.878	0.000
Equity	Job performance	0.490	0.490	0.000

These results (shown in Table 6) demonstrated that there was a significant and positive path coefficient between compensation and job performance ($b = 0.182$, $p < 0.001$). R^2 (Compensation) = 3% of the variance (which means H1 received support) is also made clear. The outcome supported Hypothesis 2 by demonstrating that compensation had an impact on equity. ($p \leq 0.001$, $b = 0.878$) H2 received strong support since it explains R^2 (Equity) = 63% of the variance. Job performance had a positive and substantial effect on equity ($b = -0.490$, $p < 0.001$), explaining R^2 (Job performance) = 7% of the variance (which means H3 received support).

According to Hypothesis 4, the link between job performance and compensation is mediated by equity. The addition of equity, the mediator variable, to the model resulted in a large and positive increase in the impact of compensation on job performance. The indirect effect of the link between compensation and job performance was substantial ($b = 0.430$, $p < 0.001$). Regarding [53] methodology, the partially mediated model was validated as the overall effect of the link between compensation and job performance was significant ($b = 0.182$, $p < 0.001$).

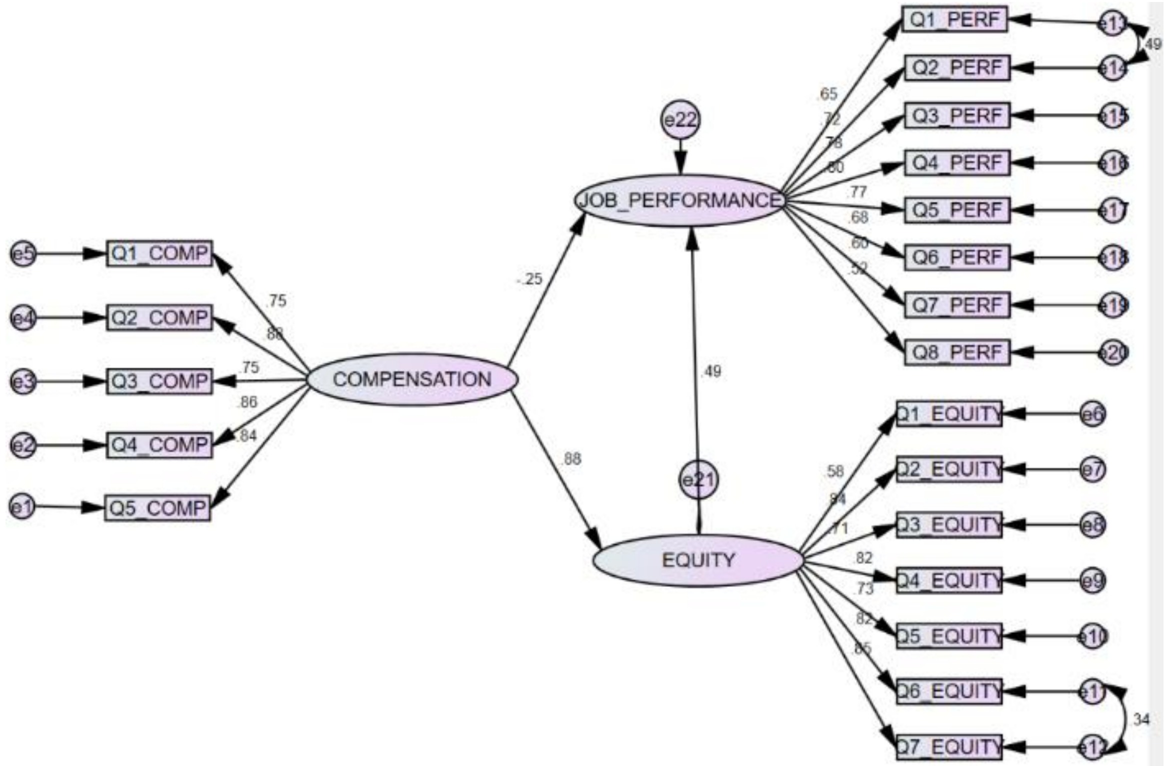

Figure 1. Structural model

5. Discussion and conclusion

Organizations generally seek to gain a competitive advantage and increase productivity. A primary factor that an organization must focus on to achieve its goals is the level of performance of its employees. The current research study intended to recognize the factors related to employee performance, especially in terms of compensation and the degree to which employees are satisfied with their remuneration. The current study highlights the link between compensation and job performance and the effect of equity on this relationship. The study results demonstrated that compensation was among the most important factors that increased employee satisfaction. Likewise, the findings showed that the procedures and decisions taken by the organization in determining the value of these payments heavily influenced employees' satisfaction, affecting their performance level. Therefore, the study result is consistent with [37], who identified a positive link between the employee remuneration systems and their performance. This relationship provides organizations with a chance to construct an appropriate compensation system that leads to increased employee performance, in turn prompting higher productivity and competitiveness. This study outcome is also in line with [38], [39], which also showed that compensation is among the significant factors that greatly affect employee performance. The results also line up with the [40] study, which found that a company's compensation system and incentive packages positively affect employee performance.

Also, the findings of the study showed a significant positive link between compensation and equity. This result indicates that employees have a perception of fairness and equity towards the compensation they received for their jobs based on the procedures and factors that were taken into account during the construction of the compensation system. Such construction involves the duties required for each job, the qualifications necessary for its occupant, and other decisions and procedures. This finding is in line with [42] equity theory and many of the studies counted in the literature review. For example, the result is consistent with [41]'s finding that equity plays a vital role in the compensation system. The study also showed a significant and positive link between justice, procedures, and decisions that are taken to construct the compensation system. This result also lines up with [43], which identified a significant link between the compensation in an organization and the perception of fairness among employees toward the distribution and amount of payment for each job. This finding is consistent with Adam's equity theory and many previous studies conducted, such as [44], [45] studies which found a positive and significant relationship between the perception of equity among employees and their job performance. A mediating role for equity was also observed between compensation and job performance, with a standardized indirect effect. These study results are consistent with [42] equity theory, demonstrating that employees who have a perception of equity in their payment will increase their performance. These findings also coincide with [53], [54], [55], [56], a study proving that if positive relationships exist between three different variables, one of these variables could have the possibility to mediate the link between the other variables.

Moreover, the employees' feeling of equity across these procedures and decisions, in addition to their perception of justice for the payments that they received relative to the work they did and in comparison with other similar jobs within the organization, increased their performance. A practical response to these results would have organizations working to apply all the criteria related to constructing fair compensation through the procedures followed and the values of these payments as a result.

Therefore, implementing the findings of this study within industrial organizations, whether governmental or private, and prioritizing equity in compensation can potentially enhance job performance and bolster productivity. The study draws upon equity Theory and the pay model, asserting that internally fair and aligned compensation can influence job performance. Since these factors haven't been extensively examined together, the study delves into detail, supported by a theoretical framework, focusing on a population in a developing country to elucidate its impact on employee performance. Also, the study utilizes a quantitative research method, developing a questionnaire to gather the necessary data. The researchers endeavored to collect data from the largest number of respondents from multiple factories to increase study reliability and adequately meet the study objectives. In addition, the research model is developed and employed in industrial companies operating in Jordan, the place of conducting this study was conducted. Meanwhile, it could be employed in another developing country close to Jordan in its general employment situation.

Declaration of competing interests

The authors declare that they have no known financial or non-financial competing interests in any material discussed in this paper.

Author contribution

The contribution to the paper is as follows: Mohamed Mahmoud Khtatbeh: study conception and design; Amro Alzghoul: data collection; Shadi Altahat: analysis and interpretation of results; Sahar Moh'd Abu Bakir: draft preparation. The author approved the final version of the paper.

Funding information

No funding was received from any financial organization to conduct this research.

Acknowledgements

The authors express their gratitude to the AL-Hasan Industrial Estate for their collaboration and provision of the essential data required to conduct this study.

Ethical approval statement

Our institution does not require research ethics approval for reporting individual cases or case series.

Informed consent

Informed consent for the publication of personal data in this article was obtained from the participants.

References

[1] S. Alqarni, H. Hamsan, R. Rasdi, and H. Rahman, "A Systematic Literature Review on Job Performance in Diverse Organizations from 2010 to 2023," *International Journal of Academic Research in Business and Social Sciences*, vol. 13, no. 18, pp. 203-216, 2023. https://doi. org/10.6007/ijarbss/v13-i18/19960.

[2] J. Anesukanjanakul, K. Banpot, and K. Jermsittiparsert, "Factors That Influence Job Performance of Agricultural Workers," *International Journal of Innovation, Creativity and Change*, vol. 7, no. 2, pp. 71–86, 2019.

[3] P. Gridwichai, A. Kulwanich, B. Piromkam, and P. Kwanmuangvanich, "Role of personality traits on employees' job performance in pharmaceutical industry in Thailand," Systematic *Reviews in Pharmacy*, vol. 11, no. 3, pp. 185–194, 2020. https://doi.org/10.5530/srp.2020.3.21.

[4] Zeb, M. Bin Othayman, G. G. G. Goh, and S. A. A. Shah, "Exploring the mediating role of psychological factors in the relationship between supervisor support and job performance," *Journal of Modelling in Management*, vol. 20, no. 1, pp. 163–181, 2025.

[5] P. Wazdi, A. K. Yuliawati, R. Rofaida, and M. Sari, "Financial literacy, job satisfaction, job performance and organizational performance: new evidence," *Journal of Humanities and Social Studies (JHSS)*, vol. 4, no. 1, pp. 69–74, 2024. https://doi.org/10.1108/JFRA-06-2024-0337

[6] M. A. Wijaya and M. AlFahmi, "The Role of Job Satisfaction In Mediating The Influence Of Work Motivation On Teacher Performance At SMK Negeri 9 Medan," *Proceedings of the International Conference on Artificial Intelligence, Navigation, Engineering, and Aviation Technology (ICANEAT)*, vol. 1, no. 1, pp. 548–554, 2024. https://doi.org/10.61306/ijmea.

[7] K. Patwary, B. Roy, R. Hoque, and M. S. A. Khandakar, "Process of Developing a Community Based Tourism and Identifying its Economic and social impacts: An empirical study on Cox's Bazar, Bangladesh," *Pakistan Journal of Humanities and Social Sciences*, vol. 7, no. 1, pp. 1–13, 2019. DOI:10.52131/pjhss.2019.0701.0068.

[8] B.A.F. Jarah, "The Role of Corporate Governance on the Development of Accounting Information Systems in Jordanian Companies: Organizational Performance as a Moderating," *Salud, Ciencia y Tecnología*, vol. 6, no. 5, p. 1533, 2025. https://sct.ageditor.ar/index.php/sct/article/view/1533.

[9] F.A.F. Alazzam, H.J.M. Shakatreh, Z.I.Y. Gharaibeh, K.K.A.R. Aldrou, and A.J. Alkhatib, "COVID-19 Vaccinations: Medical, Ethical and Legal Aspects," Medical Archives, vol. 76, no. 6, pp. 413–418, 2022. https://doi.org/10.5455/medarh.2022.76.413-418.

[10] E.A.R. Dahiyat, "Intelligent agents and liability: is it a doctrinal problem or merely a problem of explanation?," *Artificial Intelligence and Law*, vol. 18, pp. 103–121, 2010. https://doi.org/10.1007/s10506-010-9086-8.

[11] Al-Humiadat, L. Shabeeb, and R. Faqir, "The Impact of the Administrative Grievance on Case of Cancellation According to the Jordanian Administrative Judiciary Law & the Judiciary of the Administrative Court," T*he Jordanian Journal of Law and Political Science*, vol. 14, no. 1, 2022. https://doi.org/10.35682/jjlps.v14i1.324.

[12] Y. Jiang, S. Jamil, S. I. Zaman, and S. A. Fatima, "Elevating organizational effectiveness: synthesizing human resource management with sustainable performance alignment," *Journal of Organizational Effectiveness: People and Performance*, vol. 11, no. 2, pp. 392–447, 2024. https://doi.org/10.1108/BIJ-08-2023-0523.

[13] R. Balogun, and O. O. Omotoye, "Remuneration and Employee Performance in Global Communication Limited, Lagos Nigeria," *Journal of Business and Management*, vol. 22, no. 2, pp. 15–21, 2020. https://doi.org/10.9790/487X-2202041521.

[14] K. Al-Omari, and H. Okasheh, "The Influence of Work Environment on Job Performance: A Case Study of Engineering Company in Jordan," *International Journal of Applied Engineering Research*, vol. 12, no. 24, pp. 15544–15550, 2017. Orcid: 0000-0002-9952-0350.

[15] M. Abuhashesh, R. Al-Dmour, and R. Masa'deh, "Factors that Affect Employees Job Satisfaction and Performance to Increase Customers' Satisfactions," *Journal of Human Resources Management Research*, vol. 2019, pp. 2166–2184, 2019. https://doi.org/10.5171/2019.354277.

[16] S. Al-Mawadiyah, and J. Meknas, "The Extent of the Adequacy of Judicial Oversight of the End of Insolvency Procedures in Accordance with the Jordanian Insolvency Law No. (21) of 2018," *The Jordanian Journal of Law and Political Science*, vol. 14, no. 2, 2022. https://doi.org/10.35682/jjlps.v14i2.448.

[17] E.A.R. Dahiyat, "The legal recognition of online brokerage in UAE: is a conceptual rethink imperative?," *Information & Communications Technology Law*, vol. 25, no. 2, pp. 173–189, 2016. https://doi.org/10.1080/13600834.2016.1184455.

[18] M.T.K. Al Zobi, and B.A.F. Jarah, "The role of internal auditing in improving the accounting information system in Jordanian banks by using organizational commitment as a mediator," Risks, vol. 11, no. 9, p. 153, 2023. https://doi.org/10.3390/risks11090153.

[19] S. Fulmer, B. Gerhart, and J. H. Kim, "Compensation and performance: A review and recommendations for the future," *Personnel Psychology*, vol. 76, no. 2, pp. 687–718, 2023. https://doi.org/10.1111/peps.12583.

[20] S. E. Y. Waluyo, M. J. Efendi, K. Huda, and R. Sholeh, "Factors Employee Performance with Compensation as Moderating Variables," *International Journal of Entrepreneurship and Business Development (IJEBD)*, vol. 7, no. 3, pp. 623–634, 2024. https://doi.org/10.29138/ijebd.v7i3.2759.

[21] F.A.F. Alazzam, L. Liubokhynets, O. Kirichenko, N. Struk, and A. Bosak, "Evaluating the impact of transport and logistics potential on international trade," *International Journal of Transport Development and Integration*, vol. 7, no. 4, pp. 293–301, 2023. https://doi.org/10.18280/ijtdi.070403.

[22] A.I.A. Qahman, M.A.A. Al-Zaqeba, B.A.F. Jarah, A. Al-Kharbsheh, and N. Assaf, "An improving of green supply chain performance using green digital learning and artificial intelligence integration," *International Journal of Innovative Research and Scientific Studies*, vol. 8, no. 1, pp. 1874–1889, 2025. https://doi.org/10.53894/ijirss.v8i1.4810.

[23] M. M. Khtatbeh, A. S. B. Mahomed, S. B. A. Rahman, and R. Mohamed, "The mediating role of procedural justice on the relationship between job analysis and employee performance in Jordan Industrial Estates," *Heliyon*, vol. 6, no. 10, e04973, 2020. https://doi.org/10.1016/j.heliyon.2020.e04973.

[24] M. A. Khan, M. R. Farooqi, M. F. Ahmad, S. Haque, and A. Alkhuraydili, "Influence of Compensation, Performance Feedback on Employee Retention in Indian Retail Sector," *SAGE Open*, vol. 14, no. 2, pp. 1–15, 2024. https://doi.org/10.1177/21582440241236615.

[25] N. O. Ileka and U. Muogbo, "Wages And Salary Administration And Employee Performance In Selected Government Ministries In Anambra State," *International Journal of Innovative Development and Policy*, 2020.

[26] P. Rinny, C. B. Purba, and U. T. Handiman, "The influence of compensation, job promotion, and job satisfaction on employee performance of Mercubuana University," *International Journal of Business Marketing and Management (IJBMM)*, vol. 5, no. 2, pp. 39–48, 2020.

[27] N. Onuorah, M. Okeke, and I. A. Ikechukwu, "Compensation Management and Employee Performance in Nigeria," *International Journal of Academic Research in Business and Social Sciences*, vol. 9, no. 2, pp. 384–398, 2019. https://doi.org/10.6007/IJARBSS/v9-i2/5552.

[28] G. Rahmadhon, V. Firdaus, and S. Sumartik, "The mediating role of work motivation: The effect of leadership, workload, and reward on employee performance," *Jurnal Fokus Manajemen Bisnis*, vol. 14, no. 2, pp. 190–208, 2024. https://doi.org/10.12928/fokus.v14i2.10704.

[29] K. Kumari, S. Barkat Ali, N. Un Nisa Khan, and J. Abbas, "Examining the role of motivation and reward in employees' job performance through mediating effect of job satisfaction: An empirical evidence," *International Journal of Organizational Leadership*, vol. 10, no. 4, pp. 401–420, 2021. https://doi.org/10.33844/ijol.2021.60606.

[30] D. C. Stamps, and S. M. Foley, "Strategies to implement diversity, equity, inclusion, and belonging in the workplace," *Nurse Leader*, vol. 21, no. 6, pp. 675–680, 2023. https://doi.org/10.1016/j.mnl.2023.04.007.

[31] E. A. A. Hashish, "Nurses' perception of organizational justice and its relationship to their workplace deviance," *Nursing Ethics*, vol. 27, no. 1, pp. 273–288, 2020. https://doi.org/10.1177/0969733019834978.

[32] L. Livingstone, J. Roberts, and L. Chonko, "Perceptions of Internal and External Equity as Predictors of Outside Salespeoples' Job Satisfaction," *The Journal of Personal Selling and Sales Management*, vol. 15, no. 2, pp. 33–46, 1995. https://doi.org/10.1080/08853134.1995.10754019.

[33] A.R. Alshehadeh, F.A. Al-Bataineh, A.M.D. Ababneh, and B.A. Falah, "The role of project management in achieving the sustainable development of smart cities," *Journal of Project Management*, vol. 10, pp. 151–158, 2025. https://doi.org/10.5267/j.jpm.2024.9.006.

[34] S. Al Majali, R. Tarawneh, and K. Almawajdeh, "Societal Trends in Karak Governorate About Political Reform From the Point of View of Members of Civil Society Institutions According to the Election Law," *The Jordanian Journal of Law and Political Science*, vol. 14, no. 2, 2022. https://doi.org/10.35682/jjlps.v14i2.432.

[35] M. Inuwa, "The Impact of Job Satisfaction, Job Attitude and Equity on Employee Performance," *The International Journal of Business and Management*, vol. 3, no. 5, pp. 288–293, 2017.

[36] M. K. Yolande, "The Impact of Compensation and Internal Equity on Employee Performance," *Open Journal of Accounting*, vol. 13, no. 2, pp. 32–43, 2024. https://doi.org/10.4236/ojacct.2024.132003.

[37] W. T. Ngwa, B. S. Adeleke, E. K. Agbaeze, N. C. Ghasi, and B. O. Imhanrenialena, "Effect of Reward System on Employee Performance Among Selected Manufacturing Firms in The Litoral Region of Cameroon," *Academy of Strategic Management Journal*, vol. 18, no. 3, pp. 1–16, 2019.

[38] S. Mahato, and J. Kaur, "The impact of compensation and reward system on the performance of employees," *Shanlax International Journal of Management*, vol. 10, no. 4, pp. 10–16, 2023. https://doi.org/10.34293/management.v10i4.6177.

[39] W. Q. Konjala, and P. Wulansari, "The influence of compensation and motivation on the performance of civil servants at The Population and Civil Registry Office of Bandung District," *Journal of Multidisciplinary Academic Business Studies*, vol. 2, no. 2, pp. 329–346, 2025. https://doi.org/10.35912/jomabs.v2i2.2671.

[40] A. Bin Haque, Al Mahmud, and A. Hossain, "Influence of Compensation and Organizational Culture on Employee Performance: A Study on IT Firms of Dhaka, Bangladesh," *International Journal of Human Resource Studies*, vol. 9, no. 3, p. 101, 2019. https://doi.org/10.5296/ijhrs.v9i3.15048.

[41] Z. Liu, "Which has stronger incentives for performance—equity or compensation," *Academic Journal of Business & Management*, vol. 5, no. 17, pp. 1–6, 2023. https://doi.org/10.25236/AJBM.2023.051701.

[42] J. S. Adams, "Inequity In Social Exchange," *Advances in Experimental Social Psychology*, vol. 2, pp. 267–299, 1965. https://doi.org/10.1016/S0065-2601(08)60108-2.

[43] T. Oberpaul, *Complex Compensation: Empirical Essays on the Impact of Compensation Design on Firm Performance, Turnover, and Organizational Justice*, vol. 12, BoD–Books, 2024.

[44] Aidla, "Perceptions of Negative Inequity at Work and the Behavior of Individuals," *GSTF Business Review (GBR)*, vol. 2, no. 3, pp. 234, 2013.

[45] J. Deconinck, and D. Bachmann, "The Impact of Equity Sensitivity and Pay Fairness on Marketing Managers' Job Satisfaction, Organizational Commitment, And Turnover Intentions," *Marketing Management Journal*, vol. 17, no. 2, pp. 134–141, 2007.

[46] B. Haque, A. Al Mahmud, and A. Hossain, "Influence of Compensation and Organizational Culture on Employee Performance: A Study on IT Firms of Dhaka, Bangladesh," *International Journal of Human Resource Studies*, vol. 9, no. 3, p. 101, 2019. https://doi.org/10.5296/ijhrs.v9i3.15048.

[47] S. Greener, *Business Research Methods*, Ventus Publishing ApS, 2008.

[48] R. V. Krejcie, and D. W. Morgan, "Determining Sample Size for Research Activities," *Educational and Psychological Measurement*, vol. 30, pp. 607–610, 1970. https://doi.org/10.1261/rna.2763111.

[49] J. F. Hair, W. C. Black, B. J. Babin, and R. E. Anderson, *Multivariate Data Analysis*, 7th ed., Prentice Hall, 2010.

[50] C. Fornell, and D. F. Larcker, "Evaluating structural equation models with unobservable variables and measurement error," *Journal of Marketing Research*, vol. 18, no. 1, pp. 39–50, 1981. https://doi.org/10.2307/3151312.

[51] M. W. Browne, and R. Cudeck, "Alternative ways of assessing model fit," *Testing Structural Equation* Models, pp. 136, 1993.

[52] J. Anderson, and D. Gerbing, "Structural equation practice: A review and recommended two-step approach," *Psychological Bulletin*, vol. 103, pp. 411–423, 1988. https://doi.org/10.1037/0033-2909.103.3.411.

[53] R. M. Baron, and D. A. Kenny, "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations," Journal of Personality and Social Psychology, vol. 51, no. 6, pp. 1173–1182, 1986. https://doi.org/10.1037/0022-3514.51.6.1173.

[54] M.A.A. Al-Zaqeba, O.M. Shubailat, S.A. Hamid, B.A.F. Jarah, F.A.T. Ababneh, and Z. Almatarneh, "The influence of board of directors' characteristics on corporate social responsibility disclosures in Jordanian Islamic banks," *International Journal of Advanced and Applied Sciences*, vol. 10, no. 11, pp. 1–13, 2023. https://doi.org/10.21833/ijaas.2023.11.001.

[55] M.M. Khtatbeh, A.S.B. Mahomed, S.B.A. Rahman, and R. Mohamed, "The role of equity in the relationship between job evaluation and employee performance in Jordan Industrial Estates," *International Journal of Productivity and Quality Management*, vol. 35, no. 4, pp. 576–598, 2022. http://dx.doi.org/10.1504/IJPQM.2020.10037453.

[56] F. Abu-Dabaseh, M.M. Khtatbeh, K. Al'Ararah, and A. Alassuli, "Exploring the Role of Digital Transformation in Mitigating Accounting Fraud: A Cybersecurity Perspective," I*nternational Review of Management and Marketing*, vol. 15, no. 3, p. 398, 2025. https://doi.org/10.32479/irmm.18490.