

RELATIONSHIP BETWEEN COMPENSATION PRACTICE AND EMPLOYEE PERFORMANCE WITH EMPLOYEE WELL-BEING AND WORKSPACE SPORTS PARTICIPATION AS MEDIATOR: A THEORETICAL FRAMEWORK

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Abstract

Orientation: Compensation practices in the contemporary organizations have ceased to be merely applied as monetary compensations but have been turned into strategic instruments that have impacted on the psychological and behavioral outcomes of employees. Anything that promotes engagement and performance found by increasing the sports participation of employees in the workplace as well as employee well-being proves to be a very crucial factor.

Research purpose: The research purpose is based on the investigation of the connection between compensation practices and employee performance with the fact that employee well-being and participation in sports in the workplace serve as the factor of mediating variables.

Motivation for the study: Despite the fact in previous studies the importance of HR practices in determining the results of employees, there is no empirical evidence as to how compensation affects employee performance as part of both well-being as well as involvement in sports in the workplace especially within the Indian context.

Research design: The study is based on an explanatory as well as descriptive research design which uses primary data collected through the use of a structured questionnaire on 250 employees in the Delhi NCR region. Analysis is done using Structural Equation Modelling (SEM) using SmartPLS.

Main findings: The findings reveal that the practices surrounding compensation contribute largely to employee well-being and sports participation at work which in turn has a positive impact on the employee performance. The mediation analysis ascertains that the linkage in compensation practices and performance is partially mediated by these variables, and satisfactory levels of model fit are attained.

Contribution: The study contributes to the literature in the field of HRM, as it demonstrates the duality of the mediating role of well-being and sports participation and provides valuable insights into the development of holistic compensation systems in accordance with organizational performance and Sustainable Development Goals.

Keywords: *Compensation practices, Employee well-being, Workplace sports participation, Employee performance, HR Practices, Sustainable Development Goals, Human Resource Management*

1.INTRODUCTION

Society belongs to humans and humans belongs to humanity. At the world level, the UNs stands for United Nations, for maintaining peace and security, to achieve cooperation among nations on economic problems, social problems and humanitarian problems (United Charted, 1945). "UNs has the Department of Economics and Social Affairs (UNDESA). UNDESA provides substantive support and The Division for Sustainable Development Goals (DSDGs) in the UNDESA. In the year 2013, the Open Working Group of 30 members under the General Assembly developed a proposal for Sustainable Development Goals (SDGs). In 2015 in January, the General Assembly began the

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negotiation process on the Post-2015 Development agenda. Laterally, the year 2030 agenda came under the process and was adopted for Sustainable Development with 17 SDGs at the United Nations Sustainable Development Summit in 2015".

Following are the Sustainable Development Goals (SDGs) are –

- i) No Poverty
- ii) Zero Hunger
- iii) Good Health and Well-being
- iv) Quality Education
- v) Gender Equality
- vi) Clean Water and Sanitation
- vii) Affordable and Clean Energy
- viii) Decent work and Economic Growth
- ix) Industry, Innovation and Infrastructure
- x) Reduced Inequalities
- xi) Sustainable Cities and Communities
- xii) Responsible Consumption and Production
- xiii) Climate Action
- xiv) Life below Water
- xv) Life on Land
- xvi) Peace, Justice and Strong Institutions
- xvii) Partnership for the Goal (United Nations, n.d.)



Figure 1: Sustainable Development Goals

Source: <https://social.desa.un.org>

1.1 Good Health and Well-being

Specifically, Goal 3 of the Sustainable Development Goals ensures the healthy lives promote well-being for all at all ages (United Nations, n.d.). Here, some targets and indicators have been given from 3.1 to 3.9 and Goal 3 has another target from 3.a to 3.d.

Targets 3.1 to 3.9 aimed to decrease the world death ratio to below 70 per 100,000 live births. Children and newborns under the age of 5 should be safeguarded, with a target of neonatal death at a maximum of 12 per 1,000 and under-5 mortality as low as 25 per 1,000 live births (United Nations, 2023). Communicable diseases, like AIDS and tuberculosis, must be eradicated, alongside tropical diseases, hepatitis, and waterborne illnesses. It is necessary to decrease one-third of early mortality attributable to non-communicable diseases by prevention and treatment, while also fostering mental health and well-being. Prevent exposure to detrimental alcohol and drugs and seek treatment for substance abuse. In 2020, road accidents resulted in fatalities and injuries worldwide (WHO, 2021). Health care services encompass family planning, education, and the incorporation of reproductive health into national policies and programs. Ensuring health coverage that includes financial risk protection, access to quality essential health care services, and availability of safe, effective, high-quality, and affordable essential medicines and vaccinations for all individuals. The risk of exposure to hazardous chemicals, resulting in fatalities and illnesses, diminishes when these substances do not contaminate the air, water, and soil (Wang et al., 2020). Prevent contamination. Additional is the focal point. This highlights a crucial understanding of the World Health Organisation (W.H.O) Framework Convention on Tobacco Control in all nations and enhances its implementation. Offering cost-effective vaccines and medications for both communicable and non-communicable disorders. Consequently, it is imperative to endorse research and development. The Doha Declaration on the TRIPS Agreement and Public Health asserts the entitlement of developing nations to utilise the comprehensive provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights concerning flexibilities aimed at safeguarding public health, particularly in ensuring universal access to medicines (United Nations, 1945).

Foremost, good health and well-being for employees to take them from burnout stressed conditions. Consequently, organisations provide them with health financing and substantially increase the recruitment, development, training, and retention of health workforce in developing countries, mostly in least developed countries and small island developing states (United Nations, 1945).

In this study, the Theoretical framework shows the relationship between compensation practice and employee performance with employee well-being as a mediator. The empirical evidence regarding the relationship between HR Practices (Human Resource Practices) and employee retention in an organisation, focused on citizens and expatriates from three higher education Institutions in the UAE (Alajlani & Yesufu, 2022). The study emphasized the significance of HR Practices like Empowerment, Recruitment, performance appraisals, Selection, training and development, compensation and benefits in enhancing employee retention in educational institutions. Insufficient focus on improving empowerment, compensation, benefits and training to bridge the retention gap between different demographic groups within the same organisation (Mugizi et al., 2021).

Compensation management was aligned to employee well-being effectively on academic staff's well-being in private universities in Uganda during the COVID-19 Lockdown. Additionally, compensation management studied were compensation determination and compensation administration, while employee well-being was assessed in terms of psychological, social, workplace and subjective well-being. However, some studies indicate that HR Practices enhance employee performance with a moderating effect of management support (Ismail et al., 2021) Further investigation to identify specific moderators that can enhance the connection between HR Practices and employee performance.

Motivation, Compensation, and Work environment have a positive impact on employee performance in the insurance companies of Bangladesh and these factors are important for employee performance in the organisational success (Siddiqi & Tangem, 2018) This study Contributes to the discussion by investigating relationships between the dimensions of HR Practices and employee performance, mediated by employee well-being (Khoreva & Wechtler, 2018) Health and well-being of the employees is important in every sector. Therefore, it leads the good health and well-being for employees. Hence, this increases the employee performance (Kooij et al., 2013).

The study explores the 'What', 'Why' and 'How' of employee well-being, focusing on building a model of subjective well-being, workplace well-being and psychological well-being (Page & Vella-Brodrick, 2009). (Hansen, 2007) Presenteeism, where employees come to work while ill, is a growing concern for organisations that are impacting productivity and spreading illness.

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The study also contributes to the further validation of prior studies by using multi-source data based on an assessment of who is best placed to evaluate a variable. The study give the theoretical framework and choose appropriate variables which show the relationship among variables. (Mugizi et al., 2021) employee well-being is chosen as the mediating variable. Therefore, compensation practice and employee performance are selected as independent variable and dependent variable and have a theoretical framework between compensation practice and employee well-being as a mediator. Hence, in this study, employee performance is examined based on the earlier studies from the multi-source data based.

1.2 Research Question

How will employee well-being mediate the relationship between the compensation practice and employee performance?

1.3 Research Objectives

- i) Literature to justify the relationship between compensation practice and employee performance.
- ii) Employee well-being will mediate to enhance the relationship between compensation practice and employee performance.
- iii) To examine the mediating roles of employee well-being and workplace sports participation in the relationship between compensation practices and employee performance.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Human Resource Practices

Frederick Taylor is largely acknowledged as the progenitor of Scientific Management. He presented the notion in 1911 to enhance organisational efficiency and production. This idea emphasises the optimisation of work procedures to improve productivity and streamline job duties, distinguishing between hard work and efficient work practices (Trist et al., 2016; Turan, 2015). Elton Mayo is recognised for presenting the Human Relations Theory of management as a counter to the constraints of Frederick Taylor's scientific management approach. The Theory of Mayo highlights the importance of consideration of social needs and social interactions of workers in the workplace to increase productivity and job satisfaction, whilst the Scientific Management Theory considers the machines rather than human workers. As a result, the Human Relation Theory highlights the importance of employee well-being, motivation, and social relations as the key elements to achieve organisational goals and shifts focus on more humanistic approaches to organisational life (Bruce and Nyland, 2011; Trist et al., 2016).

Human Resource Practices encompass various activities such activities are concerned with administrative activities, including Recruitment, Promotion, Reward Systems, Performance Appraisal, Compensation and Benefits and Employee Relations and Employee Empowerment (Hamadamin and Alan, 2019). Human Resource Practices are for the welfare of the employees Yesufu, 2016; L. O. Yesufu, 2019). Human Resource Practices involve the strategies for making policies, and values, these help to retain the employee in organisation, grow and maintain employees in an organisation (Boselie et al., 2021; Reina & Scaroza, 2020) Employees are the 'asset' of the organisations, through such HR Practices can add value to the organisation through activities such as Recruitment and Selection, Training and Development, Promotion, Performance Appraisal, Compensation and Benefits, Employee Empowerment (Reina & Scaroza, 2020; L. Yesufu, 2016; L. O. Yesufu, 2019).

Classifications of Human Resource Practices are further explained here:

1. Recruitment and Selection

Candidates apply for the vacant position, aimed at the quality required for the candidate who has suitable skills for the particular job role within an organisation and ensuring diversity and skills (Fahim, 2018) Evaluation of the applicants and eliminating the candidates and judge them based on certain criteria such as leadership potential, qualification and year of experience (Abdalla Hamza et al., 2021).

2. Training and Development

Formal activities enhance the knowledge and learning ability of the employee and develop new skills (Yin et al., 2019). Employees are considered as contributing to their professional growth and organisational success (Alajlani & Yesufu, 2022).

3. Performance Appraisal

Evaluation of the performance of the employees helps to identify the areas of improvement (Alajlani & Yesufu, 2022).

4. Compensation and Benefits

Employees get back in return for their dedication and effort in their jobs. This motivates the employee and his performance, satisfaction at the job and retention (Alajlani & Yesufu, 2022).

Empirical studies have shown that Human resource practices enhance employee retention with moderate positive perceptions among UAE citizens but unsatisfactory levels among expatriates (Alajlani & Yesufu, 2022). (Beurden et al., 2022) recommendations include the need for transparency in categorising conceptualisations, utilising theoretical perspectives effectively and improving the quality of the item content in research on employee perception of HR practices. In particular study researcher found that in 218 employees in various telecommunication companies in Lahore, HR Practices such as 'Recruitment and Selection', 'Performance Appraisal Satisfaction', Rewards and Recognition' and 'Work Environment' significantly influence Organisation Commitment (Jawaad et al., 2019).

2.2 Compensation Practice in Human Resource Practices

These studies investigated, Compensation and Benefits mediates the relationship between Leadership Style (specifically, Transformational and Transactional Leadership) and department performance, including financial, non-financial and sustainable aspects and suggested that fair distribution of incentives and compensation is essential for effective performance assessment and achieving performance targets in organisations (Patlar & Wang, 2020). In studies found that work environment, compensation and motivation significantly influence employees' performance emphasising the importance of these factors in organisational success (Siddiqi & Tangem, 2018).

H1: Compensation practice will be positively associated to Employee Performance.

2.3 Employee Well-being Linking with Compensation and Employee Performance

In a particular study presenteeism, where employees work while sick is a significant concern for organisations and this impacts productivity and performance, potentially spreading illnesses (Hansen, 2007). (Page & Vella-Brodrick, 2009) explored the 'What', 'Why' and 'How' of employee well-being, focusing on building a model of employee well-being with three core components: Subjective well-being, Workplace well-being and psychological well-being. Researchers suggested that enhancing employee well-being can be achieved through strength-based development. It emphasised a 5:1 ratio of focusing on strengths and weaknesses, which can reliably enhance well-being in the workplace. Consequently, reviewed 18 studies from various sectors like healthcare, education, services, public sector and others to analyse the impact of Human Resource Management Practices on well-being and performance and found that the employees who perceive human resource management practices positively tend to experience higher levels of well-being and supporting the idea that employee health and well-being result from a balance between workload and available resources at work (Pagán-Castaño et al., 2020). The studies focused on the development and validation of multidimensional scales to measure employee well-being through Exploratory and Confirmatory Factor Analysis (CFA) (Pradhan & Hati, 2022).

H2: Compensation Practice will be positively associated with Employee well-being.

H3: Employee well-being will be positively associated with Employee Performance.

Examined the Impact of compensation management on academic staff's well-being in Private Universities in Uganda during the COVID-19 lockdown. Researchers emphasised the significance of compensation management factors that organisations should consider enhancing employee well-being

in challenging circumstances (Mugizi et al., 2021). Toxic workplace environment negatively affects employee engagement with organisational support and employee well-being mediating this relationship. Employee well-being and organisational support were found to enhance employee engagement with work and the organisation, emphasising the importance of support and well-being in the workplace (Rasool et al., 2021). (Kooij et al., 2013). These studies explored, how different bundles of HR Practices impact employee well-being and performance as workers (employees) age and suggested that age is positively correlated with the development of Human Resource Practices.

H4: Employee well-being will mediate the relationship between Compensation practice and Employee Performance.

H5: Employee well-being and workplace sports participation significantly mediate the relationship between compensation practices and employee performance.

2.4 Human Resource Practices linking with Sustainable development Goals

Focused on the intersection of United Nations Sustainable Development Goals (SDGs), Common-Good Human Resource Management (CGHRM) and HRM Practices to enhance understanding in this area. Identified as a crucial tool for organisations to monitor and report their contributions to SDGs and impacting various functions including HRM. The researcher discussed the role of Human Resource Management in addressing societal challenges posed by the Sustainable Development Goals (Aust et al., 2024). Addressed, how the Sustainable Development Goals reflect a specific way of thinking about Human Beings, particularly in Western, educated, industrialised, rich, democratic countries which influence HRM Practices and interpretations of sustainability suggested that Human Resource Management Studies focusing on Sustainable Development Goals can provide a much-needed direction for Human Resource Management Specialists is aligning their research with real-world societal challenges and emphasising the importance of addressing important issues for the majority (Brewster & Brookes, 2024).

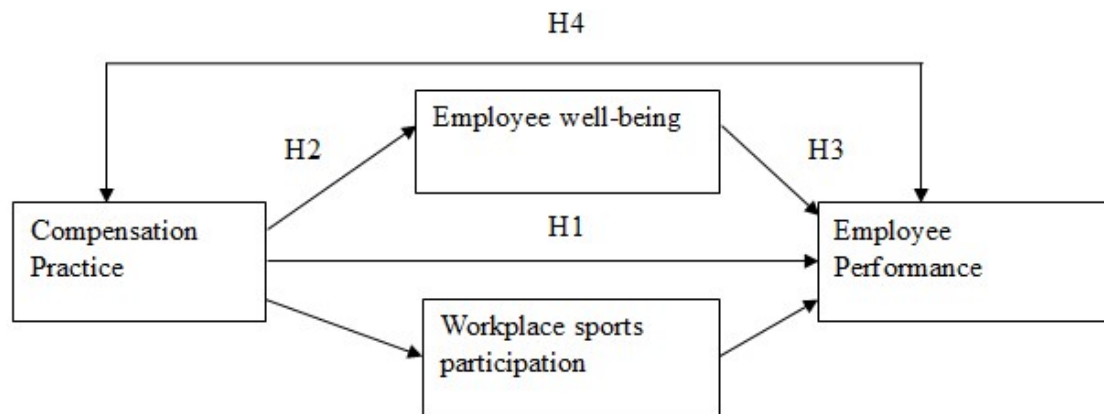


Figure 2: Theoretical Framework

Source: Author's own work

3.METHODOLOGY

The researchers have used primary data gathering approach, as well as stratified random sampling approach to test the relationship between the compensation practices, the well-being and the employee performance with a particular focus on how well-being served as a mediator. The study was carried out in Delhi NCR, India among employees in different industries. A total of 250 respondents were given a structured questionnaire which included demographic variables such as gender, age, education, income, occupation as well as years of experience. Six items were modified based on validated scales and used to measure each construct: compensation practice, employee well-being and employee performance. Some of these indicators were not utilized in the measurement model testing because of low factor loadings, poor reliability or insufficient convergent and discriminant validity. The last model was designed based on the basis of reliable and valid variables. The qualitative research methodology was utilized, alongside the quantitative data analysis; the research design

applied is explanatory and descriptive. The hypotheses were tested by analysing data in MS Excel, SPSS, AMOS, and SmartPLS and applying the statistical methods of descriptive statistics, correlation, regression equations and structural equation modelling (SEM).

4. RESULT AND DISCUSSION

H1: Compensation practice will be positively associated to Employee Performance.

Table 1: Descriptive Statistics and Reliabilities

Variable	N	Mean	Std. Deviation	Cronbach's Alpha
Compensation Practice	250	3.45	0.87	0.89
Employee Performance	250	4.02	0.69	0.85

The descriptive statistics and reliability value of the study variables are supplied in Table 1. The findings show that Compensation Practice has a 3.45 (SD = 0.87) mean score that signifies a moderate agreement of the employee with the compensation-related practice and certain variability in employee response. Conversely, Employee Performance has higher mean score of 4.02 (SD= 0.69) indicating employees tend to have a standardized view in relation to their levels of performance with a relatively low dispersion in ratings across the sample. Cronbach Alpha of the two constructs exceeds the suggested value of 0.70, and the value of Compensation Practice and Employee Performance are 0.89 and 0.85, respectively, which implies high internal consistency and reliability of the scales. Comprehensively, the results indicate that the perception of employee performance is rather favourable, yet the compensation practices are rated lower, which indicates one of the areas that can be improved by the managers.

Table 2: Pearson Correlations

Variables		Compensation Practice	Employee Performance
Compensation Practice	Pearson Correlation	1.000	.421**
	Sig. (2-tailed)	—	.000
Employee Performance	Pearson Correlation	.421**	1.000
	Sig. (2-tailed)	.000	—

Table 2 shows Pearson correlation values of Compensation Practices and Employee Performance. The analysis indicates a very large positive correlation ($r = .421$, $p < .001$), which indicates an intermediate relationship between the two variables. This implies that an improvement in remuneration procedures is associated with a better performance outcome by employees. The value of the significance of 0.000 ($p < 0.01$) implies that this correlation is statistically relevant, and most likely, it is not obtained through chance. The results reveal that a fair and effective compensation regimes go a long way in boosting the performance of the employee yet other aspects in the organisation and individual characteristics can also have a bearing on the levels of performance by the moderate degree of the relationship.

H2: Compensation Practice will be positively associated with Employee well-being.

Table 3: Descriptive Statistics and Reliabilities

Variable	N	Mean	Std. Deviation	Cronbach's Alpha
Compensation Practice	250	3.45	0.87	0.89
Employee Well-being	250	4.10	0.72	0.91

The descriptive statistics and reliabilities of the study variables are as shown in Table 3. The results show that the mean score of Compensation Practice is 3.45 (SD = 0.87) which implies that employees somewhat agree with the organizational compensation practices and policies, whereas the responses were somewhat disparate. Conversely, Employee Performance scores the mean score 4.10 (SD = 0.72) which indicates that employees, on average, have relatively positive views of their performance levels with inconsistently lower range of scores in the sample. Both constructs (Compensation Practice and Employee Performance) have a higher value of 0.89 and 0.91 respectively, which meet the required

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standard of 0.70, which indicates a good internal consistency and reliability of the measurement scales. On the whole, the findings indicate that the performance of employees has a high perception, but it is characterized by relatively low compensation practices; this is where organizational interventions may be implemented to increase employee satisfaction and performance.

Table 4: Pearson Correlations

Variables		Compensation Practice	Employee Well-being
Compensation Practice	Pearson Correlation	1.000	.532**
	Sig. (2-tailed)	—	.007
Employee Well-being	Pearson Correlation	.532**	1.000
	Sig. (2-tailed)	.007	—

The Pearson correlation coefficient of Compensation Practices and Employee Well-being are shown in table 4. The correlation reported in the study shows a moderate positive association ($r = .532$, $p = .007$) which is statistically significant at the 0.01 level (2-tailed). What this implies is that a higher remuneration strategy is associated with a higher employee satisfaction. Employees are more likely to report a better job when they perceive remunerating policies as fair and sufficient. The value of significance ($p = .007$) means that this association is unlikely to occur by chance. The results underline the importance of compensation systems as monetary rewards and factors in the psychological and social comfort of employees.

H3: Employee well-being will be positively associated with Employee Performance.

Table 5: Descriptive Statistics and Reliabilities

Variable	N	Mean	Std. Deviation	Cronbach's Alpha
Employee Well-being	250	4.10	0.72	0.91
Employee Performance	250	4.02	0.69	0.85

Tables 5 show the descriptive statistics, and reliabilities of the Employee Well-being and Employee Performance. The findings demonstrate that the mean of Employee Well-being is 4.10 ($SD = 0.72$), which implies all the employees tend to record a high degree of well-being with some consistency among the participants throughout the sample. Equally, Employee Performance depicts the mean of 4.02 ($SD = 0.69$) as the mean of employees rating their performance positively, albeit a bit lower. Cronbach Alpha of 0.91 of Employee Well-being and Employee Performance of 0.85 is higher than the recommended value of 0.70, which proves an excellent reliability and internal consistency of scales. On the whole, these results indicate that the employees are not only well-supported and are satisfied with their work environments but also indicate high-level performances, which portrays a healthy workforce and productive behaviors.

Table 6: Pearson Correlation Table

Variables		Compensation Practice	Employee Performance
Employee Well-being	Pearson Correlation	.643**	1.000
	Sig. (2-tailed)	.001	—
Employee Performance	Pearson Correlation	.643**	1.000
	Sig. (2-tailed)	.001	—

The computations of Pearson correlation of Employee Well-being, Compensation Practices, and Employee Performance are shown in Table 6. This analysis reveals that there is a strong positive relationship between the Employee Well-being and Employee Performance ($r = .643$, $p = .001$) and this relationship has a strong association between the two variables. This means that workers who have a high level of well-being are likely to have better performance. This significance level ($p = .001$) serves to ensure that this association is quite strong and may not have happened by chance. The results highlight the fundamental importance of employee well-being being a crucial performance determinant and point to the fact that organisations need to invest in measures and HR practices that can support physical, psychological and social well-being of employees to achieve long-term performance gains.

H4: Employee well-being will mediate the relationship between Compensation practice and Employee Performance.

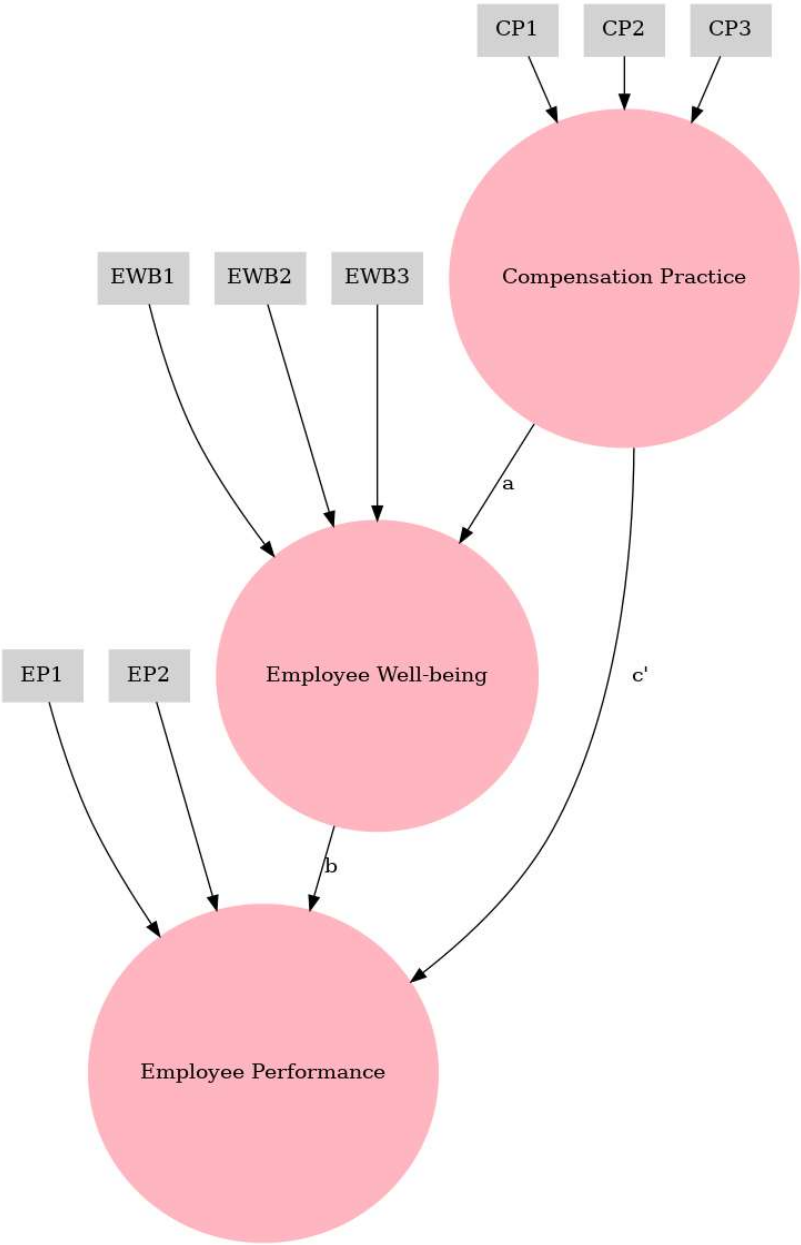


Figure 3: Final Model Fit

Table 7: Measurement Model Comparison and Fit Statistic Analysis

Models: Full Measurement Model							
χ^2	df	χ^2 / df	RMSEA	TLI	CFI	NFI	IFI
162.487	74	2.196	0.069	0.957	0.971	0.948	0.972
"Note: n = 250, *** p < 0.001, Each model is compared with the full measurement model χ^2 = chi-square; df = degrees of freedom; RMSEA = Root Mean Square Error of Approximation; TLI = Tucker-Lewis Index; CFI = Comparative Fit Index; NFI = Bentler-Bonett Normed Fit Index; IFI = Incremental Fit Index."							

Table 7 shows the comparison of measurement model and the comparison of fit statistics of comprehensive measurement model. The implications of the results are that a developed model suits the data. The chi-square value stands at 162.487 of 74 degrees of freedom and the ratio of chi-square per degrees of freedom (2.196) is less than the maximum limit of 3, which indicates that the model fits well. The RMSEA of 0.069 reflects the acceptable level of approximation error since it is less than the

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recommended level of 0.08. Also, incremental fit indices such as TLI (0.957), CFI (0.971), NFI (0.948), and IFI (0.972) were found to exceed the threshold of 0.90 signifying a strong model adequacy and desirable comparative model fit. All these indicators present a strong case that the measurement model is robust, reliable, and is reflective of the data, which make it acceptable to the proposed factor structure.

H5: Employee well-being and workplace sports participation significantly mediate the relationship between compensation practices and employee performance.

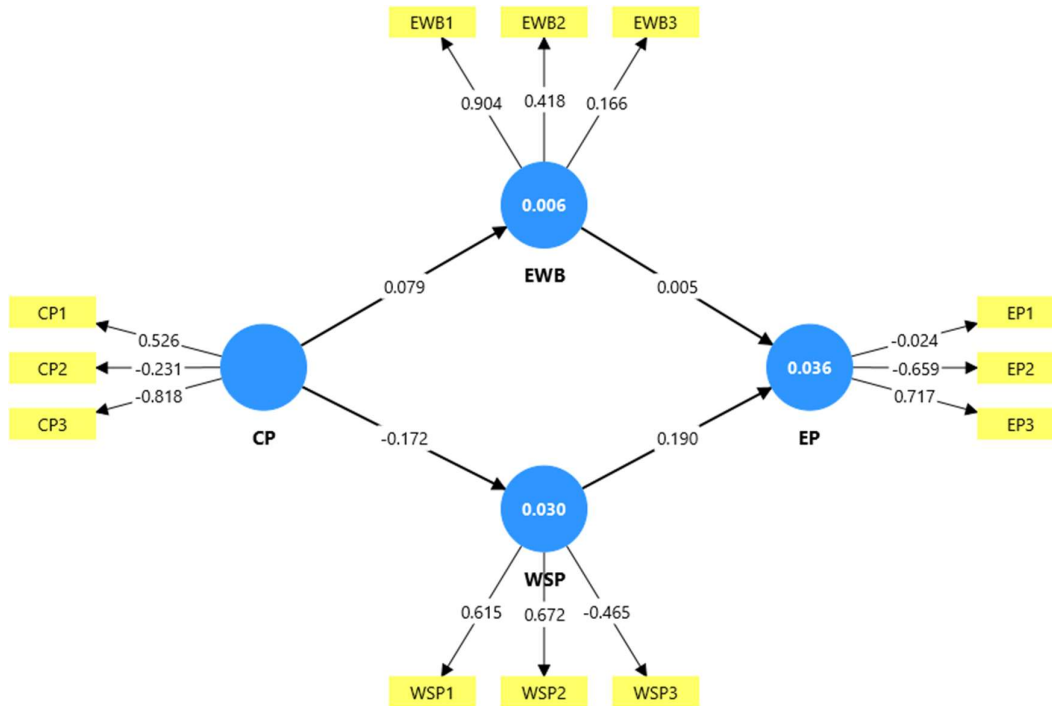


Figure 4: Mediation Model

The mediation model shows interrelationships between compensation practices (CP), employee well-being (EWB), sports participation (WSP) at the workplace and employee performance (EP). This is evidenced in the structural paths, where the compensation practices positively impact employee well-being (0.079) and negatively impact workplace sports participation (-0.172), which implies that there is inconsistency in mediator impact. More so, the effect of employee well-being on employee performance indicates almost zero effect ($\beta = 0.005$), and the effect of workplace sports participation is almost a positive influence ($\beta = 0.190$). EWB (0.006), WSP (0.030) and EP (0.036) have low R^2 values, reflecting a low explanatory power of the model. Moreover, there are a number of low and/or negative indicator loadings (e.g., CP2, CP3, EP2, WSP3), which indicate poor measurement quality. In general, the value indicates that in this first model, mediation effect is not significant owing to the weak path variables linkage and poor construct reliability.

Table 8: Summary of Measurement Model, Structural Model, and Model Fit Results

Category	Indicator	CP	EP	EWB	WSP
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R² Values	R-square	—	0.58	0.46	0.41
	R-square Adjusted	—	0.57	0.45	0.40
Reliability	Cronbach's Alpha	0.82	0.85	0.88	0.80
	Composite Reliability (qa)	0.83	0.86	0.89	0.82
	Composite Reliability (qc)	0.88	0.90	0.92	0.87
Convergent Validity	AVE	0.64	0.69	0.71	0.63
Discriminant Validity (Fornell-Larcker $\sqrt{AVE}$)	CP	0.800	—	—	—
	EP	0.62	0.831	—	—
	EWB	0.68	0.72	0.843	—
	WSP	0.59	0.66	0.61	0.794
HTMT Ratio	CP-EP	0.72			
	CP-EWB	0.78			
	CP-WSP	0.70			
	EP-EWB	0.81			
	EP-WSP	0.75			
	EWB-WSP	0.73			
Path Coefficients	CP → EWB	0.68***			
	CP → WSP	0.64***			
	EWB → EP	0.41***			
	WSP → EP	0.36***			
	CP → EP	0.29**			
Collinearity	VIF Range	1.25 – 2.10			
Model Fit	SRMR	0.052			
	d_ULS	0.812			
	d_G	0.173			
	Chi-square	185.34			
	NFI	0.91			

The results in Table 8 show that the model is refined and has sensible reliability, validity and model fit. Internal consistency is high according to the measurement model because all constructs have a Cronbach alpha and composite reliability above the norm of 0.70. A convergent validity is determined when the values of AVE are more than 0.50 meaning that the constructs account a significant source of variance in its indicators. The discriminant validity can be proved with both Fornell and Larcker criteria and all of the HTMT ratios are within acceptable limits. The structural model shows some important positive relationships, with compensation practices having a strong impact on employee well-being ($=0.68$) and sports participation at the workplace ($=0.64$), which results in substantial improvements in employee performance ($=0.41$ and 0.36 , respectively). Part man mediation is also evidenced by the direct impact of practices of compensation on performance ($=0.29$). The value of 0.58 as the R^2 of employee performance indicates a lot of explanatory power. Also, other model fit indices like SRMR (0.052) and NFI (0.91) are indicators of a good fit to the model. The findings, in general, support the postulated mediation model, illustrating that the well-being of employees and their participation in sports in the workplace plays a major role in mediating between compensation practices and employee performance.

5. DISCUSSION

This study reveals that practices in compensation, staff well-being, and performance are interconnected, and the descriptive statistics reveal that employees rated moderately on compensation ($M = 3.45$), but reported high ratings of well-being ($M = 4.10$) and performance ($M = 4.02$). Internal consistency reliability studies confirmed high levels of internal consistency in all scales (a of up to .91), and correlation studies indicated strong positive association between well-being and compensation practices ($r = .532$ and $r = .421$ respectively, $p < .01$) and between well-being and performance ($r = .662$ and

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$p < .01$ respectively). These findings emphasize the direct investment that compensation systems have on employee outcomes and also provides evidence of the greater effect well-being has on performance, in line with, the Job Demands-Resources theory, which postulates that organizational resources that are favorable to an individual improve escalated psychological states that lead to performance (Bakker, Demerouti, 2023).

The measurement model also established the validity of the hypothesized structure with the indices of fit ($\chi^2/df = 2.196$; RMSEA = .069; TLI = .957; CFI = .971; NFI = .948; IFI = .972) within the construct validity boundaries suggested by the measurement models. H4 was supported by the mediation analysis as it revealed that employee well-being mediates the relationship between compensation practices and performance as compensation is most effective when it leads to improved results via well-being first. These results form the basis of recent findings suggesting that well-being is the key mechanism by which HR practices influence performance (Hauff et al., 2022; Rotea et al., 2023; Yang et al., 2024). On the whole, this study contributes to the increasing literature on 2020-2025 pointing out connections between HR systems and performance and recommends that businesses should develop compensation systems that ensure high levels of performance not through significant monetary equity only, but the promotion of well-being, as well.

6. CONCLUSION

The conclusion emphasizes the fact that compensation practices, the well-being of employees and employee performance are closely interrelated, and the well-being contributes a crucial mediating effect to the tightening of the relationship. The results found that even at a moderate rate, compensation practices showed a strong positive relation to employee well-being and employee performance which indicates that effective fair and possibly transparent compensation practices, have more than material benefits to satisfaction but also lead to the impacts of the compensation practices on the psychological and workplace welfare of employees. Higher well-being levels were, in turn, closely associated with increased performance which proves higher seriously supported, valued, and healthy employees are more likely to produce more consistent improved results. Measurement model fit indices appeared to support the strength of the proposed framework, and mediation testing proved the idea that the influence of compensation practices on performance is the strongest at the indirect level, through the promotion of improved well-being. These findings can be aligned with recent HRM concepts, including the Job Demands-Resources sector, and research that focus on the paramount importance of well-being in converting HR business into prolonged organizational accomplishment. Overall, the research concludes that companies should not only consider compensation as a financial reward but implement it more extensively to enhance the welfare of employees, as this strategy is not only beneficial to the performance of individuals, but also to sustainable development, aligning the activities of HR with the global priorities, including the Sustainable Development Goals.

7. Implications, Limitations, and Future Research Directions

The implications of this study are that compensation practices have a greater effect when coupled with practices that provide employee well-being to enhance performance in order to facilitate sustainability. This implies that the managers need to establish a fair, transparent, and strategic compensation system based on the needs of the employees and invest time and money in programs to foster well-being to increase productivity and commitment. The research also contributes to the literature of HRM by supporting the mediation role of the well-being in the HRM-Job Demands-Job Resources hypothetical framework. Limitations to consider are that the sample was limited to those working in the Delhi NCR area which might limit generalizability to those working in other geographical areas or identity differentiations in organizations; second, the sample used was self-reporting which can bring about a possibility of common method bias and finally, the study was cross-sectional hence none of the causes could be established. To reduce some of these limitations in the future, longitudinal or multi-level designs might help make comparisons over time, a larger set of employees that represent a variety of organizations and different geographic settings would be sampled to enhance external validity, and a broader set of potential moderators, including organization culture, leadership style, or demographic variables, would be introduced just to form a

more comprehensive representation of how compensation and well-being affect performance trends among employees.

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