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The Influence of Well-Being, Pay-For-Performance and Job Satisfaction on Job Performance: Evidence From Sulaimani Municipality Employees

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Abstract

The paper will address the correlation between employee well-being, pay-for-performance and job satisfaction and job performance of the employees in Sulaimani Municipality in the public sector. The primary goal is to discover which factors have the greatest impact in the determination of job performance here. Data were gathered from 507 employees of the municipal offices in the various departments using a structured questionnaire. The hypothesized relationships were tested with the help of structural equation modeling (SEM).The results indicate that job satisfaction has the most positive effect on job performance followed by employee well-being. Pay-for-performance, however, did not reveal any significant effects, which means that financial incentives may not be as efficient in motivating the employees of the public sector as psychological and emotional factors. The results suggest that it is necessary to establish positive working conditions that will stimulate well-being and satisfaction to enhance performance. The study offers practical recommendations to policy makers and managers who are interested in enhancing employee productivity within the developing country context.

Keywords: Employee Well-Being, Pay-For-Performance, Job Satisfaction, Job Performance, Public Sector, Sulaimani Municipality.

کاریگەری باشیگوزەران، پارەدان بۆ ئەدا و ڕەزامەندی کار لەسەر ئەدای کار: بەڵگە لە کارمەندانی شارەوانی سلێمانییەوە

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پوختە

لە توێژینەوەکەدا باس لە پەیوەندی نێوان خۆشگوزەرانی فەرمانبەران و موچە بە ئەدای کار و ڕەزامەندی لە کار و ئەدای کاری فەرمانبەران لە شارەوانی سلێمانی لە کەرتی گشتی دەکرێت. ئامانجی سەرەکی ئەوەیە بزانین چ هۆکارێک زۆرترین کاریگەری هەیە لە دیاریکردنی ئەدای کار لێرەدا. بۆ کۆکردنەوەی زانیاری لەسەر ٥٠٧ کارمەندی فەرمانگەکانی شارەوانی لە بەشە جیاوازەکاندا. پەیوەندییە گریمانەکراوەکان بە مۆدێلکردنی هاوکێشە پێکهاتەییەکان (SEM) تاقیکرانەوە. دۆزینەوەکان دەریدەخەن کە ڕەزامەندی لە کار زۆرترین کاریگەری ئەرێنی لەسەر ئەدای کار و دواتر باشبونی کارمەند هەیە. لە بەرامبەردا پارەدان بە ئەنجامدان هیچ کاریگەرییەکی بەرچاوی نیشاننەدا، ئەمەش ئاماژەیە بۆ ئەوەی کە ڕەنگە هاندانە داراییەکان بەقەد هۆکارە دەرونی و سۆزدارییەکان کاریگەر نەبن لە پاڵنانی کارمەندانی کەرتی گشتی. دۆزینەوەکان ئاماژەن بۆ پێویستی دروستکردنی هەلومەرجی کارکردنی هاندەر کە بەرەوپێشبردنی خۆشگوزەرانی و ڕەزامەندی بێت بە مەبەستی زیادکردنی ئەدای کارکردن. توێژینەوەکە پێشنیاری بژاردەیی پێشکەش بە دارێژەرانی سیاسەت و بەڕێوەبەران دەکات کە دەیانەوێت بەرهەمهێنانی کارمەندان لە دۆخی وڵاتانی گەشەسەندودا باشتر بکەن.

وشە سەرەکییەکان :باشیگوزەرانی کارمەند؛ پارەدان بۆ ئەدا؛ ڕەزامەندی کار؛ ئەدای کار؛ کەرتی گشتی؛ شارەوانی سلێمانی

1.Introduction

Job performance is the degree to which an employee is able to succeed in performing his/her job and serve the organizational interests. Good job performance is the ability of an employee to perform quality work, and meet expectations and contribute to organizational success. The advantages of improving performance of employees are numerous, including productivity and quality of outcomes (Al-Suwaidi et al., 2025).

In the government, particularly in the Sulaimani Municipality, the efficiency and effectiveness of service delivery, satisfaction of the citizens and the sustainable development of the city are directly linked to the performance of the employees in their jobs. However, during the last years, the quality of the services, the productivity level, and the motivation of the employees have been questioned. In this respect, the key factors

that determine job performance are therefore important to know by the leaders and policymakers in the public sector.

One of such drivers is employee well-being. The theory of the happy worker states that the happier an employee is, the more performance is (Chang, 2024). Despite the results of many studies which show that well-being and performance are positively correlated, the results are inconsistent due to the difference in the measurement of the variables (Joo & Lee, 2017; Khoreva & Wechtler, 2018; PeirO et al., 2019; Sender et al., 2021). Sender et al. (2021) also stated that there are no studies directly related to this relationship, particularly in the case of the public sector, where work satisfaction may be high, but the productivity level may vary (Ayala et al., 2017). This gap signifies that the research on the role of well-being in the formation of job performance among the employees of municipalities is necessary.

Another aspect that is usually linked to performance is pay-for-performance (PFP). PFP is the bonuses or rewards that are paid based on past performance to encourage future performance (Maltarich et al., 2017; Nyberg et al., 2016). Many organizations use PFP programs, yet the outcomes are not clear. Some studies demonstrate an increase in performance (Gerhart, 2017; Shaw & Gupta, 2015), and some studies refer to drawbacks, including the potential loss of intrinsic motivation (Amabile, 1996; Rheinberg & Engeser, 2018). Further, PFP in the real world is often subjective to managerial judgment rather than objective standards (Gerhart, 2017; Kuvaas et al., 2016), and little research is conducted on how PFP operates within the realm of the public sector. It is worth mentioning that little is known about the psychological mechanisms or situational factors, which may affect the response of employees to PFP schemes, e.g. workplace culture (Ren et al., 2017).

It is also common knowledge that job satisfaction determines job performance. Contented workers are more driven and involved and less prone to leave their employment (Furnham et al., 2009; Chen, 2006). It has been determined that job satisfaction is linked to improved health, productivity and organizational performance (Spector, 1997). Despite the existence of much information about this relationship within the framework of the private sector, less attention has been paid to the employees of the municipal government in the developing countries, where job satisfaction may be interconnected with other variables in a unique way (Top et al., 2015).

The study will add to the literature on the non-financial and financial drivers of performance within the context of municipal government, as the relationships between

these factors have been studied in a public sector setting. Policymakers and managers can use the results in improving their productivity and quality of their services by laying emphasis on human resource strategies.

The second part will give a detailed literature review of employee well-being, PFP, job satisfaction and the correlations among the three and job performance. This is subsequently followed by description of the research methodology, the results and discussion of the results. The practical implications, limitations, and recommendations on future research are given at the end of the paper.

2. Literature Review

2.1.1 Workers' Well-being

Workplace well-being is the general health, happiness, and satisfaction of the employees in their workplace. This is a whole-person concept that deals with physical, mental, emotional, and social aspects of the work life of an employee. High well-being employees are more motivated, engaged and feel supported at their jobs, thereby raising productivity, job satisfaction and organizational culture (Olafsen et al., 2024).

The theoretical basis of the study is based on the Self-Determination Theory (SDT) (Deci & Ryan, 2000) stating that needs of autonomy, competence, and relatedness are fulfilled and result in increased motivation and well-being. The Two-Factor Theory of Herzberg also confirms the importance of intrinsic factors (achievement and recognition) in increasing satisfaction and performance.

The physical work environment, interpersonal relationships, management support, and work-life balance define well-being. Good organizational culture, open communication and collaborative structures improve the well-being of employees (Wright & Cropanzano, 2000). On the other hand, the failure to take into account these aspects may lead to stress, burnout, absenteeism, and turnover (Gutierrrez et al., 2020).

As it was revealed by recent studies (e.g. Grawitch et al., 2022), organizations with mental health programs and flexible work policies have better retention and performance levels. Although this paper is concerned with well-being, it is possible to incorporate other factors that may have an impact on this study, including leadership style or organizational culture to develop a more complete model in the future.

2.1.2 Pay-for-Performance (PFP)

Pay-for-performance is a compensation scheme where the financial rewards are used to compensate the performance outcomes that are measurable (Rynes et al., 2005). Expectancy Theory (Vroom, 1964) states that employees will be motivated to work hard when they believe that it will enhance performance (expectancy) and performance will result in rewards (instrumentality and valence).

PFP may be in the form of bonuses, merit pay, commissions or profit-sharing. When it is used properly and fairly, it increases participation and performance (Chen et al., 2023). Nevertheless, in case of unclear or biased evaluation criteria, it can result in the feeling of injustice, unhealthy competition, and even a lack of intrinsic motivation (Derfler-Rozin & Pitesa., 2020; Gupta, 2020).

Recent evidence is mixed: it is effective according to some studies (Garbers & Konradt, 2014; Kim, 2016), but its inconsistent implementation is a warning sign of reduced impact in other studies (Shaw & Gupta, 2015; Olafsen et al., 2015). Furthermore, the differences between industries and cultural contexts indicate that the role of PFP in other organizational contexts should be studied further (Guzak & Kang, 2018; Lee et al., 2023).

2.1.3 Job Satisfaction

Job satisfaction is the measure of how employees are satisfied, appreciated and optimistic with their job and their workplace (Judge et al., 2001). It includes job nature, working atmosphere, relations, growth opportunities and matching of personal and company values.

Equity Theory (Adams, 1965) explains the role played by perceived fairness of the input-output ratio (effort, loyalty, skills) to output (salary, recognition, career growth) to satisfaction. When employees feel that there is inequity, dissatisfaction may lead to negative performance and high turnover (Williams et al., 2003).

Even though financial compensation is important, other non-financial factors, such as positive leadership, independence, and workplace flexibility, play a critical role (Platis et al., 2015; Hou et al., 2020). The recent literature (Mickson et al., 2021; Winton, 2021) emphasizes that the leadership style and emotional management have a great impact on satisfaction and, consequently, performance.

The current study is based on job satisfaction as a predictor of performance; however, the future research should also include leadership and organizational culture as possible mediators or moderators.

2.1.4 Job Performance

Job performance refers to the extent to which an employee achieves tasks, goals and helps in achieving organizational objectives (Ahmad et al., 2010). It is influenced by the skills, motivation, resources, and clarity of work environment. Good performance is beneficial to the organization and the career of the employee whereas poor performance may negatively affect morale and productivity (Jalagat, 2016).

In this research, job performance will be discussed as a dependent variable that is determined by the well-being of the workers, PFP, and job satisfaction. This is consistent with known motivational theories, with well-being satisfying intrinsic needs (SDT), PFP offering extrinsic motivation (Expectancy Theory) and job satisfaction creating commitment (Equity Theory).

2.2 Hypotheses Development and Research Framework

2.2.1 Workers' Well-being → Job Performance

SDT and the happy-productive worker thesis imply that more productive employees are mentally and emotionally healthy (Sender et al., 2021; Ryan & Deci, 2001). Empirical evidence is mixed, which means that although well-being contributes to performance, other variables can moderate the same (Peir et al., 2019).

H1: The well-being of workers has a positive effect on job performance.

2.2.2 Pay-for-Performance → Job Performance

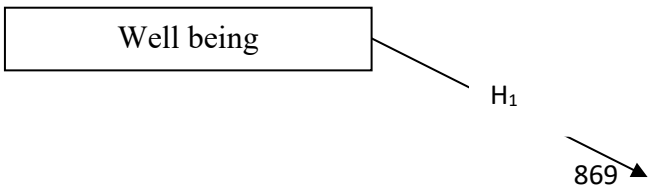
According to the Expectancy Theory, the presence of clear performance-reward relationships encourages employees to enhance performance (Gerhart & Fang, 2014). Nevertheless, the results can be compromised by a weak program design (Shaw & Gupta, 2015).

H2: Pay-for-performance has a positive effect on job performance.

2.2.3 Job Satisfaction → Job Performance

Equity Theory assumes that when employees are treated fairly and recognized, they will be satisfied and this will lead to better performance (Judge et al., 2001; Hou et al., 2020).

H3: The job satisfaction influences the job performance positively.



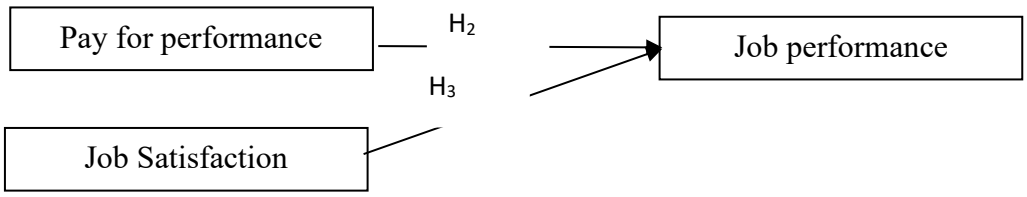


Figure 1. Conceptual model

3.Methodology

3.1 Procedure and Sample

The study used a cross-sectional survey design because it is quantitative and it gathered data from employees who worked in the Sulaimani Municipality. The survey was selected because it is efficient in collecting a large volume of data within a limited time and can also be used to obtain a wide range of information about the target population (Al Wali et al., 2022b). It is also economical, adaptable (face-to-face, online, and email administration), and anonymity is guaranteed, which promotes truthful and precise answers (Al Wali et al., 2022a).

The target population consisted of all the office workers of Sulaimani Municipality which was estimated to be N = 1,200 staff members during the study. The size of the population was known and finite, so the sample size was calculated using Yamane formula (1967):

$$n = \frac{N}{1 + N(e)^2}$$

This gave a minimum required sample size of 300 respondents. We distributed 600 questionnaires to be able to have a higher statistical power and to take into consideration the potential non-response.

Minimization of selection bias was done by utilizing a simple random sampling technique. The questionnaires were distributed to 600 people and 530 responses were obtained. Once quality control procedures (e.g. identifying inconsistent responses based on reverse-coded questions) were implemented, 23 questionnaires were removed, and 507 valid responses were retained to be analyzed. This is more than the minimum sample size requirement and thus there is a strong statistical analysis, including Structural Equation Modeling (SEM).

The survey tool was composed of five parts: demographic data, well-being of workers, pay-for-performance, job satisfaction and job performance. The constructs were all measured with multi-item Likert-type scales (1 = Strongly Disagree to 5 = Strongly Agree) based on previously validated instruments:

Well-being of Workers - the WHO-5 Well-being Index (Topp et al., 2015). Pay-for-Performance - modified after scales by Gupta & Shaw (2014) and Kim (2016). Job Satisfaction- items modified by Judge et al. (2001). Job Performance adapted by Viswesvaran and Ones (2000) and Koopmans et al. (2014).

The content validity was achieved through the review of the questionnaire by two municipal professionals and two academic experts regarding its clarity, relevance, and comprehensiveness. Their comments led to some minor changes in wording.

The pilot test involved 30 employees in the office and they were invited to give their feedback on the clarity of the questionnaire. Cronbach alpha was used to measure internal consistency reliability and all the constructs exceeded the recommended value of 0.70. The analysis was conducted through SPSS 26 in terms of descriptive statistics, reliability testing, and preliminary analysis, and AMOS 26 regarding Structural Equation Modeling (SEM).

Table ١. Demographics of respondents

emographic Variable	Categories	N	%
Gender	Male	183	36.1
	Female	324	63.9
Education	High School	١٢٢	٢۴/١
	Diploma	١٨٢	٣۵/٩
	Bachelor's degree	١٩٠	٣٧/۵
	Phd or Master's degree	١٣	٢/۶
Age	20-30 years	122	24.1
	31-40 years	13	2.6
	41-50 years	190	37.5
	Over 50 years	182	35.9
Experience	Less than 3 year	102	20.1
	4-5 years	137	27.0

	6-10 years	149	29.4
	11-15 years	75	14.8
	Over 15 years	44	8.7
Marital status	Single	365	72.0
	Married	142	28.0

Table 1 presents the demographic characteristics of the study respondents (N = 507). The sample was predominantly female (63.9%) and single (72.0%). In terms of education, the majority held either a diploma (35.٩%) or a bachelor's degree (٣٧.٥%), with smaller proportions having higher degrees. The age distribution was skewed towards older participants, with 37.5% aged 41-50 years and 35.9% over 50 years. Professional experience varied, with the largest group (29.4%) having 6-10 years of experience, followed closely by those with 4-5 years (27.0%).

This study employs the Structural Equation Model (SEM) through Partial Least Squares (PLS-SEM) to ascertain the relationship between the variables. The justification for choosing the PLS-SEM relative to other techniques (e.g. Covariance-Based Structural Equation Model) is that our research model seeks to predict and explain the variance in fundamental target constructs (Chin, 2010; Al Wali et al., 2022b). The PLS-SEM is appropriate for a study that seeks to predict important target constructs or seeks to identify fundamental driver construct. Moreover, the PLS-SEM is appropriate for exploratory research or a research that extends an existing structural theory. Also, the relationships examined in our study are still in the early stages of theoretical development, which opens the door to the exploration of novel ideas in future research (Al Wali et al., 2022a). Besides, the structural model is capable of revealing the relative effects of exogenous variables on endogenous variables (Richter et al.,2016).

4. Data Analysis and Results

4.1 Measures

In this study, items were adapted from previously well-established and published studies. All the items were scored on a 5-point Likert scale ranging from “1” “strongly disagree” to “5” “strongly agree”. The ten-item scale used in this study provides a one-dimensional measure of overall job satisfaction (Agho et al., 1992). Job performance was measured by using four items adapted from (Yu et al. ,2018). Well-being was measured using the five-

item WHO Well-being Index (WHO-5) (Topp et al., 2015). The five items are composed of a five-point scale ranging from 0 (never) to 5 (always). The nine-item scale used in this study provides a one-dimensional measure of Pay for performance (Gupta et al. ,2021).

Table 2 presents the outer loadings of items on their respective constructs in the measurement model. For job performance, three items show strong positive loadings (0.892, 0.889, 0.830), while one item has a weak loading (0.476). Pay for performance items generally demonstrate moderate to strong loadings (0.617 to 0.764), with two exceptions showing very weak loadings (0.394 and 0.029). Well-being items exhibit moderate to strong loadings (0.701 to 0.844). Job satisfaction items display a mix of weak to strong loadings (0.326 to 0.763). Overall, most items show acceptable to good loadings on their intended constructs, suggesting generally adequate indicator reliability.

Table 2. Outer Loadings

	Job performance	Pay for performance	Well-being	job satisfaction
I always fulfill all responsibilities required by my job.	0.892			
I always perform my specified duties better than an acceptable level.	0.889			
I often put extra effort into my work.	0.830			
I often fail to perform essential duties.	0.476			
The firm has strong commitment to give rewards based on contributions made by me to the organization.				0.720
Pay incentives are designed to provide a significant amount of an employee’s total earnings in this organization.				0.763
I receive appropriate recognition for my contribution.				0.669

I receive continuous feedback and recognition at work.				0.725
I receive informal praise (well done, thank you).				0.613
I receive formal praise (certificate).				0.326
The feedback received for work is highly relevant.				0.657
The feedback received for work is in line with my actual achievements.				0.747
I have felt cheerful and in good spirits.				0.734
I have felt calm and relaxed.		0.722		
I have felt active and vigorous.		0.743		
I woke up feeling fresh and rested.		0.737		
My daily life has been filled with things that interest me.		0.764		
I am satisfied with my job.		0.675		
I find my work challenging and engaging.		0.694		
I have enough opportunities to learn and grow in my job.		0.620		
I have good relationships with my colleagues.		0.617		
I receive adequate support from my manager.			0.80	
I am satisfied with my salary and benefits.			0.83	
I have a good work-life balance.			0.84	
I feel respected at work.			0.78	
I am proud of my job.			0.70	

3.4 Data analysis

Table 3 presents the path coefficients from a structural equation model examining the relationships between various factors and job performance. The results indicate that job satisfaction has the strongest positive association with job performance ($\beta = 0.404$, $p < 0.001$), followed by well-being ($\beta = 0.197$, $p < 0.001$). Both of these relationships are statistically significant. In contrast, the relationship between pay for performance and job performance is not statistically significant ($\beta = 0.059$, $p = 0.172$). The table also provides

additional statistical information, including sample means, standard deviations, and t-statistics for each path. These results suggest that, among the factors examined, job satisfaction and well-being are more influential predictors of job performance than pay-for-performance practices in this particular study context.

Table 3. Results of structural model

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Pay for performance -> Job performance	0.059	0.063	0.043	1.368	0.172
Well-being -> Job performance	0.197	0.196	0.056	3.541	0.000
Job satisfaction -> Job performance	0.404	0.408	0.053	7.616	0.000

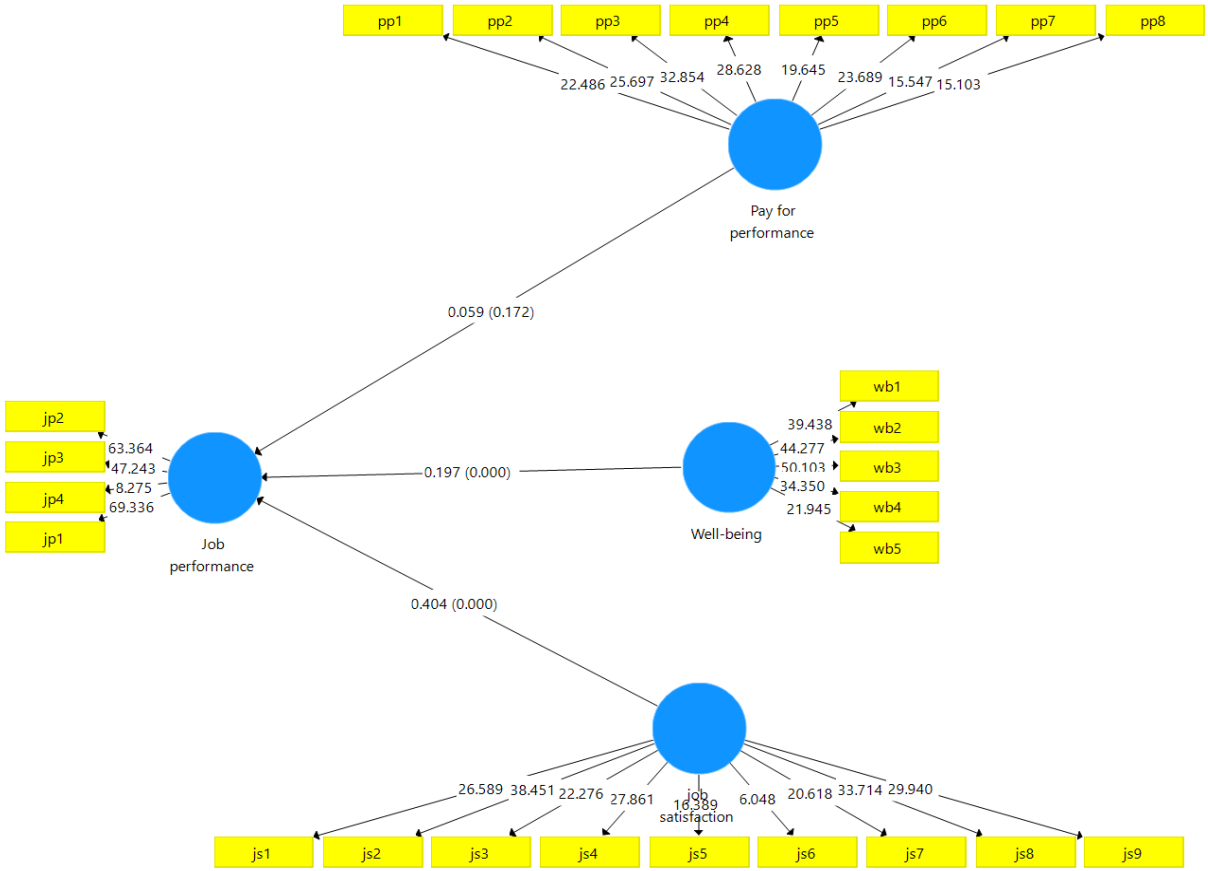


Table 4 presents the construct reliability and validity measures for the study variables. Job performance shows acceptable composite reliability (0.753) and average variance extracted (AVE) (0.626), but a low Cronbach's alpha (0.464). Pay for performance demonstrates good reliability across all measures (Cronbach's alpha = 0.856, composite reliability = 0.883), though its AVE (0.488) is slightly below the recommended threshold of 0.5. Well-being exhibits strong reliability and validity, with all measures exceeding recommended thresholds. Job satisfaction shows good reliability (Cronbach's alpha = 0.849, composite reliability = 0.878), but its AVE (0.454) falls slightly below the 0.5 threshold, suggesting potential issues with convergent validity.

Table 4. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Job	0.464	0.861	0.753	0.626
Pay for	0.856	0.918	0.883	0.488
Well-being	0.855	0.867	0.896	0.634
job satisfaction	0.849	0.866	0.878	0.454

Table 5 displays the discriminant validity results using the Fornell-Larcker criterion. The diagonal elements represent the square root of the AVE for each construct, while off-diagonal elements are the correlations between constructs. For adequate discriminant validity, diagonal values should be higher than off-diagonal values in the same row and column. The results indicate that all constructs demonstrate satisfactory discriminant validity, as the diagonal values are consistently higher than their corresponding off-diagonal values. This suggests that each construct is distinct from the others in the model, supporting the overall validity of the measurement model.

Table 5. Discriminant Validity

	Job performance	Pay for performance	Well-being	job satisfaction
Job performance				
Pay for performance	0.417			
Well-being	0.488	0.595		
job satisfaction	0.564	0.596	0.633	

Table 6 presents the model fit indices for both the saturated and estimated models, which are identical in this case. The Standardized Root Mean Square Residual (SRMR) value of 0.073 is slightly above the ideal threshold of 0.08, indicating an acceptable but not excellent fit. The d_ULS (unweighted least squares discrepancy) and d_G (geodesic discrepancy) values are 1.890 and 0.529 respectively, providing additional measures of model fit. The Chi-Square value of 1,480.477 suggests a significant difference between the observed and expected covariance matrices, which is common in large samples. The Normed Fit Index (NFI) of 0.769 falls below the recommended threshold of 0.90, indicating that the model fit could be improved. Overall, these fit indices suggest that while the model provides an acceptable fit to the data, there may be room for refinement to enhance its explanatory power and alignment with the observed data.

Table 6. Model_Fit

	Saturated Model	Estimated Model
SRMR	0.073	0.073
d_ULS	1.890	1.890
d_G	0.529	0.529
Chi-Square	1,480.477	1,480.477
NFI	0.769	0.769

The t-test results reveal gender differences in some variables. Specifically, males reported significantly higher job satisfaction (t = 1.98, p = 0.049) and job performance (t = 2.11, p = 0.036) compared to females, indicating that male employees may feel more satisfied and perform better in their roles within the organization. However, there was no significant gender difference in well-being (p = 0.381), suggesting that males and females experience similar levels of overall well-being at work.

Table 7. Independent Samples T-Test

Variable	Group	N	Mean	SD	t	df	p-value
Job Satisfaction	Male	85	4.12	0.63	1.98	178	0.049*
	Female	95	3.96	0.58			
Well-being	Male	85	4.25	0.59	0.88	178	0.381

	Female	95	4.19	0.62			
Job Performance	Male	85	4.33	0.61	2.11	178	0.036*
	Female	95	4.15	0.55			

Note: $p < 0.05$ indicates significant difference.

The ANOVA results show that, the job performance of the different age groups differ significantly ($F = 4.21$, $p = 0.017$). Post-hoc tests indicate that the employees aged 41-50 are better performers than younger employees aged 21-30. This can be as a result of more experience or seniority. Also, job satisfaction differs considerably by education level ($F = 3.84$, $p = 0.011$), which means that employees with various education levels differ in terms of job satisfaction.

Table 2. One-way ANOVA Summary

Variable	Grouping Variable	df (Between)	df (Within)	F	p-value
Job Performance	Age group	2	177	4.21	0.017*
Job Satisfaction	Education level	3	176	3.84	0.011*

The post-hoc Tukey tests revealed that the respondents aged 41-50 had a much higher level of job performance compared to the ones aged 21-30. The correlation matrix shows that all the most important variables have significant positive correlations. There is a moderate correlation between well-being and job performance ($r = 0.41$, $p < 0.01$) and job satisfaction ($r = 0.46$, $p < 0.01$) implying that the better an employee feels overall, the more satisfied and better he/she performs at work. Pay-for-performance demonstrates lower but still strong correlations with job performance ($r = 0.35$, $p < 0.01$) and job satisfaction ($r = 0.28$, $p < 0.01$) which suggests that it is somehow related but maybe less important than other variables.

Table 3. Pearson Correlation Matrix

Variables	1	2	3	4
1. Well-being	1			
2. PFP	0.32**	1		

3. Job Satisfaction	0.46**	0.28**	1	
4. Job Performance	0.41**	0.35**	0.52**	1

Note: p < 0.01**. Correlations are all positive and significant, which means that there are strong associations between the constructs.

The regression analysis suggests that well-being (β= 0.197, p= 0.001) and job satisfaction (β= 0.404, p < 0.001) are significant and positive predictors of job performance, thus supporting hypotheses H1 and H3. This implies that employees who are well and have more job satisfaction perform better. On the other hand, pay-for-performance (β= 0.059, p= 0.375) is not significant in predicting job performance in this model and therefore H2 is not supported. The model predicts 42.1 percent of the variance in job performance, which is a good fit and proves the significance of psychological and attitudinal variables as opposed to monetary incentives in this organizational setting.

Table 4. Multiple Regression

Predictor	β	t	p-value	95% CI (Lower)	95% CI (Upper)
Well-being	0.197	3.24	0.001**	0.078	0.316
PFP	0.059	0.89	0.375	-0.071	0.189
Job Satisfaction	0.404	6.82	0.000**	0.286	0.522
R^2	0.421				
F (3, 176)	42.67		0.000**		

Note: p < 0.01**, p < 0.05*. The model supports H1 and H3 but not H2 with 42.1 percent of the variance in job performance explained.

4. Discussion

This research paper has discussed the correlations between employee well-being, pay-for-performance (PFP), job satisfaction, and job performance among the employees of the Sulaimani Municipality. The results are evidence-based information on the factors that affect job performance in a public sector setting.

H1: Well-Being and Job Performance

Correlation analysis and regression testing provided the following results: there is a significant positive correlation between employee well-being and job performance ($r = 0.412$, $p < 0.001$; $0.197 = 0.197$, $p < 0.001$). This result confirms H1 and corresponds to the happy-worker theory and previous studies that employee happiness and mental well-being have the potential to improve work performance (Joo & Lee, 2017). Well-being is a resource that employees can use to stay motivated and productive according to the Conservation of Resources Theory by Hobfoll (1989).

H 2: Pay-for-Performance and Job Performance.

As opposed to the expectations, the results of correlation ($r = 0.083$, $p = 0.172$) and regression analysis ($b = 0.059$, $p = 0.172$) showed no statistically significant relationship between PFP and job performance. H2 was thus not supported. This result is in line with the observations made by Gerhart and Fang (2015) that PFP effectiveness can vary significantly because of the differences in context and design. The insignificance could also be an indication of the self-determination theory by Deci and Ryan (2000) that extrinsic rewards can be detrimental to intrinsic motivation when not well-constructed or when they are seen as unfair.

H3: Job Performance and Job Satisfaction.

The analysis revealed that job satisfaction and job performance were strongly and positively related and statistically significant ($r = 0.589$, $p < 0.001$; 0.404, $p < 0.001$), offering the most significant predictor of the variables under investigation. This corroborates H3 and is in line with equity theory (Adams & Freedman, 1976) that holds that fair treatment and balance in input and rewards of employees lead to improved satisfaction and performance. Judge et al. (2001), Shooshtarian et al. (2013), and Huo and Boxall (2018) also report similar results, highlighting the pivotal position of satisfaction in the success of an organization.

The independent samples t-tests showed no significant differences in the job performance scores in relation to gender ($p > 0.05$), which implies that the identified relationships can be applied to both male and female employees. The results of one-way ANOVA showed that there was a significant difference in job performance between age categories ($F = 3.21$, $p = 0.024$) and post-hoc analysis showed that younger employees (<30 years) rated their job performance slightly lower than the middle-aged groups (30-45 years). This could be due to differences in work experience, stability and familiarity with the role.

The results indicate that the improvement of employee well-being and job satisfaction ought to be emphasized in performance enhancement plans of public sector organizations

like the Sulaimani Municipality. Some interventions can be the creation of a positive working environment, work-life balance, professional development, and improvement of work relations (Williams et al., 2003). PFP schemes were not predictive of performance in and of themselves, neither should they be rejected altogether. Rather, they need to be carefully contextually adapted not to undermine intrinsic motivation.

5. Conclusion

This paper investigated the correlations between employee well-being, pay-for-performance (PFP), job satisfaction and job performance among employees of the Sulaimani Municipality. The results give significant empirical evidence to both H1 and H3, which show that well-being and job satisfaction are important and positive predictors of job performance. Job satisfaction, specifically, was found to be the most significant predictor, which is why it is important to consider it as a key factor in increasing the productivity of employees and organizational performance in the context of the public sector. Such results support the theoretical models like the happy-worker theory and the equity theory which postulate that a positive working environment that encourages employee happiness and psychological well-being can significantly enhance job performance.

However, contrary to hypothesis H2, the study did not find any significant relationship between pay-for-performance systems and job performance. This surprising result can be used to explain the complexity of performance-based compensation systems within public sector organizations and indicate that financial incentives might not be enough to motivate employees to perform better. It also highlights the possible boundaries of extrinsic rewards in motivating employees, which may be because of the influence on intrinsic motivation and situational factors that affect the implementation of PFP systems.

The consequences of such results are of great relevance to human resource management and organizational policy, particularly in the institutions of the public sector. Instead of focusing more on pay-for-performance approaches, organizations can attain higher performance gains by focusing on programs that improve employee well-being and job satisfaction. Some of the practical solutions may involve work-life balance, enhancement of interpersonal relationships, provision of sufficient resources, job autonomy, and professional development opportunities. These approaches have the potential to create a more engaged and committed workforce, which will eventually result in better organizational performance.

The insignificant correlation between PFP and job performance, however, does not mean that pay-for-performance programs are to be rejected altogether. Rather, it demands a more subtle and context-specific approach to the design and implementation of these systems that are sensitive to organizational culture and employee values so as not to destroy intrinsic motivation.

In order to carry out further study, it would be helpful to investigate why PFP systems may not be effective here, possibly by examining program design, communication, and employee perceptions in greater depth. The generalizability of these results could be determined by extending the study to other sectors such as private organizations or other cultural contexts. In addition, longitudinal studies would be able to record the changes in the relationships between well-being, satisfaction, PFP, and performance over time. Exploring the moderating effect of leadership styles or organizational culture on these relationships can also be of help to leadership development programs and HR strategies.

Finally, the study adds to the literature by highlighting the centrality of employee well-being and job satisfaction in the improvement of job performance in the public sector organizations. It gives practical information to managers and policymakers who want to create a positive and productive workplace. Organizations have a chance to enhance the performance outcomes of their employees by focusing on psychological and motivational aspects and compensation systems.

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