The Influence of Reward on Organizational Commitment towards Spirituality Workplace as a Moderating Variable

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ABSTRACT

Objective – Expectations for good performance from employees are inseparable from how companies determine certain systems or strategies to provide a balance between expected contributions and what has been given in the form of certain rewards or rewards to their employees. For that, the company must implement a system to improve employee performance, one of which is to implement a reward system. On the other hand, strategic changes in managing human resources leads to a holistic approach, in which organizational management not only emphasizes economic benefits or responsibilities, but also has legal, ethical, and responsibility to stakeholders. Spirituality at work has a relationship with work behavior in the form of job satisfaction, work performance, attitudes, work ethics, morals, and management. This study aims to prove the effect of Rewards on Organizational Commitment with Workplace Spirituality as a Moderating Variable.

Methodology/Technique – This research was conducted on employees of the Kupang Tanaoba Lais Manekat (TLM) Credit Bank, with a total of 30 employees.

Findings & Novelty – The results of the regression equation show that reward has a positive influence on organizational commitment. Where individuals include a feeling that satisfaction will be obtained if a job is successfully done through extrinsic rewards or compensation. Giving compensation is a strategic function of human resources that has a significant impact on other human resource functions. The compensation provided by the company must be felt fairly by employees. The MRA test results show that the regression coefficient of a moderate workplace spirituality variable has a negative effect, meaning that the workplace spirituality variable cannot be a moderating variable between appreciation and organizational commitment. This means that a lower spirituality workplace does not necessarily mean a lower reward for the organizational commitment of the employee.

Type of Paper: Empirical.

Keywords: Organizational Commitment; Reward; Compensation; Spirituality Workplace; Performance.

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1. Introduction

Human resources are one of the important aspects that must be managed by a company to obtain the maximum contribution of employees to the company.

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A company is expected to retain qualified employees and keep them in the company. For this reason, various approaches have been introduced to manage employee satisfaction, such as Personnel Management, Human Resource Management, Strategic Human Resource Management, and the latest approach, Intellectual Capital and Human Resources. These approaches cannot be separated from theoretical concepts about employee management systems whereby employees are seen as assets in an effort to achieve organizational goals (Fanggidae, 2018). Expectations for good performance from an employee are inseparable from how a company builds a particular system or strategy to provide a balance between expected contributions and what has been given in the form of certain awards or rewards to their employees because the quality of employees is a description of the treatment given by the company, both directly and indirectly, which has an influence on company performance in a better direction.

The Theory of Hope, according to Hersusdadikawati (2005), states that individual work motivation to perform tasks depends on an individual’s belief in gifts received. This theory also distinguishes intrinsic rewards (created internally and originates from aspects of the work itself; individuals include the feeling that satisfaction will be obtained if work is successfully done) and extrinsic rewards (illustrates rewards for performance and includes wages, recognition, employment, security, and promotion). To achieve better company performance, companies must implement a system to improve employee performance that can maintain the presence of employees in the company, one of which is by applying a reward system. Bratton and Gold in Farred et. al. (2013) define prizes as all cash payments, non-cash and psychological rewards which the organization provides to its employees in return for the contribution they make. The reward system plays an important role for the organization in terms of attracting and retaining qualified employees to achieve better performance (Teak, 2017). Various studies have proven that when humans feel valued and praised, they tend to be motivated to improve their performance (Torrington & Hall, 2008).

An employee who gets a prize will bring a sense of satisfaction from within the employee which has an impact on the emergency of employee commitment to the organization. Kreitner and Kinicki (2008: 165) define employee commitment as the extent to which a person identifies themselves with the organization and is committed to organizational goals. Organizational commitment leads to individual commitment to the organization, so that each individual has a different basis and behavior based on the commitment of each individual in the organization. Thus, organizational commitment is an important factor that can be utilized by organizations to understand employee behavior related to performance.

On the other hand, strategic changes in managing human resources leads to a holistic approach, where organizational management not only emphasizes economic benefits or responsibilities, but also has legal and ethical responsibilities to stakeholders (Fanggidae, 2018). Thus organizational management is oriented towards employees, not only related to economic responsibility (reward) but also ethical responsibility, thus encouraging organizations to produce a more humanistic work environment, increased simplicity, more meaning, and a relationship with something higher (Marques, Dhiman & King, 2005). By creating a humanistic work environment, employees become more creative and have high spirits in doing work. Spirituality has a relationship with work behavior in the form of job satisfaction, performance, attitude, work ethics, morals and management (Choerudin et. al., 2014).

Based on the background above, this study aims to prove the existence of Commitment to Organizations with Spirituality Workplaces as a moderating variable. This research was conducted on employees of the Kupang Tanaoba Lais Manekat (TLM) Credit Bank, which is a Credit Bank based on Christian teaching and was established by the TLM Foundation in 2008 with the aim of serving small, medium and savings credit loans. BPR TLM (Tanaoba Lais Manekat) with a total of 30 employees.

The results of this study can contribute to the development of literature on two sides. First, that the feeling of satisfaction is obtained if a job is successful (done) and rewards are received accordingly. This is because the individual also wants to get rewards or money to meet their needs. For this reason, an employee can better appreciate hard work and have loyalty to the company. Second, the company must create a system and reward employees’ performance.
This paper is arranged in several sections, the study of related literature and the development of hypotheses. The method section describes the sample, research variables and regression models used in this paper. The next part of the research discusses the results and concludes the paper.

2. Literature Review

2.1 Spirituality Workplace

Spirituality workplace is part of the subject of organizational culture which is also part of the study of sociology. Sociology contributes to organizational behavior through the study of group behavior in organizations, particularly formal and complex organizations (Robbins & Judge, 2008). According Ashmos and Duchon (2000), spirituality workplace gives birth to a meaning as a manifestation of the population of people who have thoughts and enthusiasm and the belief that fostering enthusiasm plays an important role in fostering thought in a community context. Meanwhile, Garcia-Zamor (2003) defines spirituality workplace as recognition that people have more than their bodies and minds; they bring unique individual talents and souls. Gull & Doh (2004) defines spirituality workplace as the assumption that when people find meaning in their activities they become more involved, more responsible, more ethical, more collaborative, and thus, more creative. In this concept, spirituality workplace is associated with activities that involve personal development, authenticity and purity, learning, involvement, searching for truth, meaning and managing for higher community goals, compassion, and activities.

The spiritual paradigm gradually becomes a clear management model by appealing to the curiosity of intellectuals and the search for personal meaning to understand phenomena. In this case, researchers from different streams have identified a myriad of constructions and dimensions related to spirituality and manifestations of implications for corporate life (Vasconcelos, 2010). From the various concepts, Spirituality Workplace is defined in this paper as "Recognition that employees have an inner life in an effort to find life goals, both in relationships with colleagues and have consistency or harmony between beliefs and values in the organization (Fanggidae et al., 2016)". In this paper, spirituality workplace consists of 4 dimensions, established by Fanggidae (2017):

Meaningful Work; This is a fundamental aspect of Spirituality Workplace, which consists of the ability to feel the deepest meaning and purpose of one's work. This dimension represents how workers interact with their work from day to day at the individual level. This is based on the assumption that humans have their own deepest motivation, truth and desire to carry out activities that bring meaning to their lives and the lives of others. However, spirituality sees work not only as fun and challenging, but also about things such as finding meaning and deepest goals, living one's dreams, fulfilling one's life's needs by finding work that is meaningful, and contributing to others.

Calling; A calling is the most satisfying form of work because, as a gratification, it is done for its own sake rather than for the material benefits it brings. Enjoying the resulting state of flow on the job will soon, I predict, overtake material reward as the principal reason for working. Corporations that promote this state for their employees will overtake corporations that rely only on monetary reward. Even more significantly, with life and liberty now covered minimally well, we are about to witness a political landscape that goes beyond the safety net and takes the pursuit of happiness very seriously.

Sense of community; This dimension refers to the group level of human behavior and focuses on interactions between workers and colleagues. At this level, spirituality consists of the mental, emotional, and spiritual relationships of workers in a team or group in an organization. The essence of this community is the existence of deep relationships between people, including support, freedom of expression, and protection.
Alignment with organizational values; This third aspect shows the experiences of individuals who have strong alignments between their personal values and the mission and goals of the organization. This relates to the premise that the goals of the organization are greater than oneself and one must contribute to the community or other parties.

2.2 Organizational Commitment

Organizational commitment as an important variable in organizational behavior (Mowday, 1992) and is used to assess the tendency of employees to stay as members of the organization. Organizational commitment is the focus of psychology that seeks to measure, explain and sometimes change individual behavior (Robbins & Judge, 2008). More specifically, commitment is one component of motivation; the integration of commitment theory and motivation will achieve a better understanding of the implications of work behavior (Meyer, Becker & Vandenberghe, 2004). Organizational commitment is a psychological construct that is characteristic of the relationship of organizational members with the organization and has implications for individual decisions in terms of continuing membership in the organization (Allen & Meyer, 1990). Organizational commitment is also closely related to psychological aspects in the acceptance and belief in the values and goals of the organization raised through the desire to maintain membership in the organization. This variable has also been widely studied and discussed in management and psychology.

Based on the various theories above, organizational commitment is defined in this study as the degree to which an employee identifies himself with a particular organization, along with his goals and desires to maintain his membership in that organization. Three dimensions of organizational commitment are used in this study, as developed by Meyer and Allen (1990) and Albrecht (2010). These are: affective commitment (emotional attachment to the organization), normative commitment (obligations deemed permanent with the organization), and continuance commitment (evaluation of costs and benefits that are related to leaving the organization).

2.3 Reward

Graham and Manus (2002) define rewards as all types of direct and indirect rewards as well as intrinsic and extrinsic rewards which include salaries, compensation, benefits and intrinsic rewards such as the work itself, relationships with colleagues and superiors, learning and development and work experience. Reward can be all cash, non-cash and psychological payments that the organization provides to its workforce in return for the contributions they have made. Reward can also be defined as reciprocity given by the organization to employees when they have done the actions or tasks given by the organization. According to Puwanethiren (2011), reward consists of all organizational components, processes, rules and decision-making activities in terms of allocation to provide compensation and benefits to employees in return for contributions that have been made to the organization.

Lawler (1990) in Lum et. al. (1998) argues that satisfaction and dissatisfaction with one's salary is a function of the difference between one's feelings about what should be received and how much salary is actually received. Dissatisfaction with one's salary is common, knowing that a low level of satisfaction with salary compared to other components of work can be anticipated or even expected. Heneman and Schwab (1988) in Harif (2001) state that satisfaction with salary is a multidimensional construct of satisfaction consisting of four subdimensions, namely salary level (pay level), salary structure / management (pay structure / administration), salary increase2 and benefits. The conclusion from the definition of reward is an award given to employees as a reward for what has been given to the company, given in the form of cash, non-cash, and can also be in the form of goods. Armstrong (2007) in Jati (2017) divides rewards into the following two dimensions:
Relational Rewards, similar to intrinsic rewards, which are rewards that employees receive for themselves that are non-financial and intangible.

Transactional Rewards, which is another term of extrinsic rewards, which includes all forms of appreciation that are tangible and are usually given in a financial form or in the form of benefits for the employee concerned.

2.4 Framework

3. Research Methodology

This research method is a quantitative approach, using a survey method that is taking respondents from the entire population of the object under study, using a questionnaire as a primary data collection tool. The object of this research is the Tanaoba Lais Manekat Rural Credit Bank (TLM) Kupang, which is a credit bank based on Protestant Christianity and was founded by the TLM Foundation in 2008 with the aim of serving small, medium and savings credit loans. Quantitative data in this study was taken from a number of employees of the Kupang Tanaoba Lais Manekat (TLM) Credit Bank, randomly drawn.

3.1 Population and Samples

The population in this study was employees of BPR TLM (Tanaoba Lais Manekat), then total sample in this study with an error rate (ε) in sampling was 10%, the number of samples based on the Slovin formula = 30 employees. The sampling technique used in this research is simple random sampling

3.2 Analysis Techniques

In this study, hypothesis testing was used to examine the effect of rewards on organizational commitment with spirituality at work as a moderating variable. The data obtained from the results of the respondents' answers to the questionnaire distributed to BPR TLM employees was 30 people.

The analytical method used in this study to determine the level of significance of each independent variable regression coefficient on the dependent variable is linear regression analysis of moderator variables.. A moderating variable (Spiritual at Work) was used to determine the effect of several dependent variables with two or more variables independent in stage I (one) and in stage II (two). Moderating variable linear regression analysis is used to examine the effect of moderation in influencing the relationship between the independent variable (Reward) to the dependent variable (organizational commitment). The analysis was performed using SPSS 23.00 software.
4. Results

4.1 Simple Regression Analysis

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td>.529</td>
<td>7.572</td>
<td>.070</td>
<td>.945</td>
</tr>
<tr>
<td>Reward</td>
<td></td>
<td>.653</td>
<td>.135</td>
<td>.676</td>
<td>4.854</td>
</tr>
</tbody>
</table>

Based on the results above, it is known that the value of constant (a) is 0.529. The value of the variable reward (X) is 0.653. Hence, the simple linear regression equation is stated as follows:

\[ Y = a + bX + e \]
\[ Y = 0.529 + 0.653X + e \]

From the regression equation, the constant value (a) means that the consistent value of organizational commitment variable is 0.529 if the reward variable is zero. A reward variable coefficient of 0.653 states that for each addition of 1 unit value of the reward variable, the organizational commitment variable will increase by 0.653. The coefficient of the reward variable is positive, so it can be said that the effect of reward (X) on organizational commitment (Y) is positive.

4.2 Moderated Regression Analysis (MRA)

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
<td>1.927</td>
<td>7.286</td>
<td>.264</td>
<td>.793</td>
</tr>
<tr>
<td>Reward</td>
<td></td>
<td>.931</td>
<td>.196</td>
<td>.963</td>
<td>4.761</td>
</tr>
<tr>
<td>Reward*Spirituality Workplace</td>
<td></td>
<td>-.005</td>
<td>.003</td>
<td>-.382</td>
<td>-1.887</td>
</tr>
</tbody>
</table>

Based on the results above, it is known that the value of constant (a) is 1.927 while the value of the reward variable (b / regression coefficient) is 0.931. Then the value of the reward variable is moderated by the organizational commitment variable as outlined in the following equation:

\[ Y = a + \beta X_1 + \beta_2 X_1 \times X_2 + e \]
\[ Y = 1.927 + 0.931R - 0.005R \times SW + e \]

The regression coefficient of the moderating spirituality workplace variable of -0.005 is negative with a significance value of 0.070 > 0.05. This means that the spirituality workplace variable does not become a moderating variable between reward and organizational commitment.
4.3 Determinant Coefficient (R²)

The determinant coefficient can be analyzed through the determinant coefficient test by calculating adjusted R2. The determinant coefficient measures the model's ability to explain variations in the dependent variable (Ghozali, 2009). Below are the results of the determinant coefficient test (R2) before the MRA test:

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.676a</td>
<td>.457</td>
<td>.438</td>
<td>3.756</td>
<td></td>
</tr>
<tr>
<td><strong>a. Predictors: (Constant), Reward</strong></td>
<td></td>
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</tbody>
</table>

The R2 value is 0.457 or 45.7%. This result shows that 45.7% of the reward variable can be explained by organizational commitment. The remaining 54.3% is explained by other variables not included in this research model. Furthermore, after testing for MRA, R2 is obtained with the following results:

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.721a</td>
<td>.520</td>
<td>.485</td>
<td>3.595</td>
<td></td>
</tr>
<tr>
<td><strong>a. Predictors: (Constant), Reward*Spirituality Workplace, Reward</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

The above results show an increase in R2 after being moderated by the spirituality workplace variable, from the previous 45.7% to 0.520 or 52.0%. Therefore, the existence of a spirituality workplace variable as a moderating variable tested can strengthen the effect of reward on organizational commitment by 52.0%.

5. Discussion

The results of this study indicate that rewards positively and significantly influence organizational commitment. The results demonstrate the theory of Hersusdadikawati (2005) regarding expectancy theory in which the motivation of an individual to work on a task depends on his belief in the reward received. Where individuals include a feeling that satisfaction will be obtained if a job is successfully done and extrinsic rewards (illustrates rewards for performance and includes wages, recognition, job security, and promotion).

Overall, working individuals want to obtain rewards or money to meet their needs. For this reason, an employee begins to appreciate hard work and shows loyalty to the company. Therefore the company rewards employee performance by providing compensation. Compensation is "a broad term relating to financial rewards received by people through their employment relationship with an organization" (Simamora, 2004: 541). However, compensation also provides a tangible measure of individual value to the organization. Giving compensation is a strategic function of human resources that has a significant impact on other human resource functions (Murty, 2012).

The findings in this study support the results of Lum et. al. (1998) which proves that organizational policies designed to reduce employee turnover / transfer by increasing satisfaction with income are not able to increase job satisfaction and commitment to the organization at the same time. The results of this study are also consistent with those of Harif’s (2001) research, which concludes that satisfaction with salary does not directly affect the desire to change jobs, and that this indirect effect is mediated by organizational commitment. Thus, satisfaction with salary is a factor that precedes organizational commitment in relation to the desire to change employees' work.
There are two things that companies need to keep in mind in providing compensation (Murty, 2012). First, the compensation provided by the company must be felt fairly by employees and second, the amount of compensation must not be significantly different from what is expected by the employees. If these two things can be met, then the employee will feel satisfied. Individuals who are satisfied with their work tend to fulfill their commitments to the organization, resulting in employee loyalty to the organization, which ultimately causes the employee to have a sense of dependency and responsibility to the organization. Individuals who have low organizational commitment tend to interfere with organizational performance such as through high turnover, work lags, complaints and even strikes.

Furthermore, the regression coefficient of the moderating spirituality workplace variable of -0.005 is negative with a significance value of 0.070 > 0.05. This means that the spirituality workplace variable does not become a moderating variable between reward and organizational commitment. This means that lower spirituality workplace does not necessarily mean lower reward for organizational commitment for the employee. This is contrary to the results of Vandenbergh's (2011) research, where spirituality in the workplace is not related to the religion adopted by each employee but rather to the tools used to improve performance.

However, the results of this study further confirm the research of Pawar (2009) which states that there is no relationship between individual spirituality and organizational commitment. The results of this study provide recommendations to limit the interactive effects model with the hypothesis that individual spirituality will combine the influence of aspects of spirituality in the workplace on work attitudes.

6. Conclusion

Based on the result and the discussion above, the following conclusions are made: The coefficient of the reward variable is positive, so it can be said that the effect of reward (X) on organizational commitment (Y) is positive. It can be explained that employees commit to the organization when they get a reward that matches the expectations between performance and income. Working individuals also want to get rewards or money to meet their needs, therefore the company rewards employees’ performance by providing compensation. Giving compensation is a strategic function of human resources that has a significant impact on other human resource functions. Organizational policies designed to reduce employee turnover/increase by increasing satisfaction with income cannot increase job satisfaction and commitment to the organization at the same time.

The test results show that spirituality workplace is not a reward moderation variable for commitment. This means that the spirituality workplace variable does not become a moderating variable between reward and organizational commitment. This means that lower spirituality workplace does not necessarily mean lower reward for organizational commitment for the employee. These results provide an indication that the values held by each individual are economic values. The orientation of their work is earning an income that can help them survive. The results of this study provide recommendations to limit the interactive effects model with the hypothesis that individual spirituality will combine the influence of aspects of spirituality in the workplace on work attitudes.

Based on the findings in this study, we conclude that spirituality in the workplace cannot be positioned as a moderating variable. Future research may position spirituality as an independent or intervening variable to be able to prove its effect on organizational commitment.

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Journal article


