The Mediating Role of Affective Commitment in the Organizational Rewards–Organizational Performance Relationship

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Abstract

Human resources are the most important factor of quality at universities and in research. Therefore, universities must try to improve their human workforce quantitatively as well as qualitatively, by creating, attracting, and retaining experts at universities. The aim of this research is to evaluate the importance of the reward system as a factor of affective commitment and the effect of affective commitment on the organizational performance. The research was conducted in the universities located in the Central and Eastern Europe. In order to test the proposed hypotheses, exploratory factor analysis and mediation tests are applied, using 148 sample data from universities’ academic and administration staff. The results indicate that organizational rewards play a significant role in influencing employees’ attitudes related to improving the organizational performance. However, organizational performance is not influenced directly by organizational rewards, but through affective commitment. Organizational rewards are needed to increase the level of employees’ commitment that will in return have a positive effect on employees’ desire to contribute more to the organizational performance.
Keywords: extrinsic rewards, intrinsic rewards, affective commitment, human resources management, organizational performance.

1. Introduction

Recently, it has been widely known that an organization’s competitive advantage could be created by its human resources (HR). According to Barney’s (1991) resource-based approach, the organization could create stable competitive advantage by developing value which is unique to the organization and hard to replicate for competitors (Liao, 2011). HR is a value creating asset when it is implemented in the operational structure in such a way that it improves organization’s capability to manage the unstable conditions. Many researchers have found that individual or organizational practices of human resource management (HRM) are connected to a better organizational performance (Arthur, 1994; Delaney & Huselid, 1996; Hoque, 1999; Liao, 2011; Youn dt, Snell, Dean, & Lepak, 1996). The general idea about successful HRM practices is that a specific series of HRM practices have the power to achieve a better-quality organizational performance for any organization (Marchington, Wilkinson, & Marchington, 2008), and, consequently, all organizations should recognize and apply good HRM practices in order to enhance their organizational performance. However, many researchers (Becker, Huselid, Becker, & Huselid, 1998; Delaney & Huselid, 1996; Delery & Shaw, 2001; P. Wright & Gardner, 2000; P. M. Wright & McMahan, 1992) have indicated that there is not enough knowledge about how, why, and which HRM practices produce organizational value and improve organizational performance (Theriou & Chatzoglou, 2009).

The effect of HRM practices on the organizational performance have taken a considerable attention of researchers. However, the methods that connect HRM practices to organizational performance are not profoundly clarified. In order to explain such theoretical improvements in the area, researchers have started investigating intermediate connections between HRM practices and organizational performance (Ferris et al., 1998). Accordingly, the general opinion among researchers is that HRM practices do not affect organizational performance directly. However, they affect employee attitudes and the human capital which eventually influence the organizational performance (Delery, 1998; P. M. Wright, McMahan, & McWilliams, 1994). It is assumed that some variables mediate the relationship among HRM practices and organizational performance, however, only a few studies have analyzed these mediators and pointed out their significance. (Boselie, Paauwe, & Jansen, 2001; Chowhan, 2016; Fey, Björkman, & Pavlovskaya, 2000; Guest, 2001; Huselid, 1995; Macduffie, 1995; Park, Mitsuhashi, Fey, & Björkman, 2003; Paul & Anantharaman, 2003)

Rewarding system is one of the most applied HRM practices, and organizations believe that a rewarding system provides significant benefits such as improved organizational performance through better employee commitment and motivation (Armstrong, 2007). This research examines the mediating effect of affective commitment between extrinsic and intrinsic rewards and organizations’ performance. Affective commitment is an individual's emotional attachment to the organization (Meyer & Allen, 1991). Employees who have a strong affective commitment stay in the organization because they wish to (Meyer, Allen, & Smith,
One of the ways for employees to be affectively committed to their organizations is rewards that are granted by their organizations (Nonaka et al., 2001). When employees are satisfied with rewards, they like their organizations better, and feel responsibility to return back to them (Meyer and Allen, 1997).

Moreover, this research conducts an empirical analysis on academic and administration staff. Every country aims to establish a society on a stable educational environment which will provide the citizens with knowledge and continuous learning. The main role of universities is to prepare students for the industry, so that students can contribute to the national economy. It is necessary to have a performance structure to educate valuable experts (Manţa, Şarlea, & Vaidean, 2015). For this reason, a good organization of HR practices for having satisfied and committed employees at universities is necessary in order to generate value. Human resources are the most important factor of quality at universities and in research. Therefore, universities must try to improve their human workforce quantitatively as well as qualitatively, by creating, attracting, and retaining experts at universities. Superiority can only be developed from a convenient professional atmosphere based especially on competitive, accessible, and clear processes (European Commission, 2005).

This research was also conducted at universities from Central and Eastern Europe. Since the World War II, countries in Central and Eastern Europe have been under an intense Soviet control, which caused universities to develop the same structure which is primarily in coordination with the requirements emerging from the labor market. A number of similar fields were developed at the universities according to the requirements of the State (Manţa et al., 2015). The end of the communist regime brought an extensive reconstruction of the manufacturing systems, deindustrialization, and the extension of consumer and producer services (Hamilton, Andrews, & Pichler-Milanović, 2005; Serbanica & Constantin, 2017).

Considering the circumstances where these universities were structured on the same ideas, following questions have attracted curiosity: how did universities develop organizational rewarding system and does this system influence the affective commitment of academics and organizational performance? Thus, the purpose of this research is to examine the impact of reward system on the organizational performance through affective commitment in the universities located in Central and Eastern Europe.

2. Theoretical Background and Hypotheses

A growing consideration has been given to the function of HRM in organizations in recent years. Proving HRM’s importance to the organization has been the main concern of most researchers and practitioners. The increasing number of empirical research analyzes the effect of various practices of HRM on the organizational performance. Although, regardless of the amount and variety of this research, insufficient consideration has been given to the notion or understanding of which the types of HRM practices affect the organizational performance (Theriou & Chatzoglou, 2009).

The success and an image of the organization are the results of its performance and accomplishments (Carmeli, Gilat, & Waldman, 2007). Organizational performance can be defined as the level of organizations’ achievement of their business objectives and can be
presented by non-financial and financial indicators (Alaarj, Abidin-Mohamed, & Bustamam, 2016; Elenkov, 2002; Lebas & Euske, 2002; H. Lee & Choi, 2003). It has been researched widely as a dependent variable in the HRM related studies (Alaarj et al., 2016; Murali Sambasivan, Loke Siew‐Phaik, Zainal Abidin Mohamed, & Yee Choy Leong, 2011).

Organization’s specific abilities and resources, which are uncommon, valuable, unique, and cannot be replaced, can be organizational competitive advantages and provide a better performance (Barney, 1991; Theriou & Chatzoglou, 2009). Human resources are very crucial resources for organizations. Their performance is directly related to the organizational performance. Therefore, organizational behavior scholars have focused on some employee attitudes and their relationship with individual and organizational performance. One of these attitudes is the organizational commitment. Organizational commitment is a sociological and socio-psychological concept, which has been developed over decades in the literature of organizational behavior. According to Meyer and Allen (1991), commitment influences the loyalty of employees to their organization. Moreover, organizational commitment can be subcategorized as normative (obligation), continuance (need), and affective (wish) commitment (Allen & Meyer, 1996; Camelo-Ordaz, García-Cruz, Sousa-Ginel, & Valle-Cabrera, 2011; Meyer & Allen, 1991). In this paper, only affective commitment is considered because it has been found that affective commitment is the most influential type of commitment that affects employee’s behavior and performance in the organization (Camelo-Ordaz et al., 2011).

Affective commitment is the degree of employee’s emotional attachment to the organization. As a consequence of positive feelings perceived by connection with the organization, employees possessing high degree of affective commitment wish to remain at their organization (Newman & Sheikh, 2012).

Some previous studies have investigated the mediating effect of affective commitment between numerous variables. Dinc and Plakalovic (2016) studied the mediating role of affective commitment between caring climate and employee performance. Camelo-Ordaz et al. found that HRM practices do not affect knowledge sharing directly, but have a positive effect on it through mediating role of affective commitment. Moreover, Martin-Perez and Martin-Cruz examined the role of affective commitment as a mediator between organizational rewards and knowledge transfer. This study investigates indirect effect of organizational rewards on organizational performance through affective commitment as a mediator (Camelo-Ordaz et al., 2011; Dine & Plakalovic, 2016; Martin-Perez & Martin-Cruz, 2015).

Reciprocation is the main process that describes how received fair treatment of the employee by the organization can result in an employee’s organizational commitment (Angle & Perry, 1983). Basically, it indicates that employees extend or improve their commitment if organizations satisfy their requirements and expectations (Haar & Spell, 2004; Malhotra, Budhwar, & Prowse, 2007; Steers, 1977). When organizations stimulate high degrees of employees’ affective commitment to the organization, in return, they can receive benefits such as high level of loyalty, decreased level of turnover, and, in general, more dedicated
employees (Angle & Perry, 1983; Gallie, Felstead, & Green, 2001; Jeryl L. Shepherd & Brian P. Mathews, 2000; Martin-Perez & Martin-Cruz, 2015; Mowday, Steers, & Porter, 1979; Steers, 1977). Rewards offer a solution to motivate and guide the behavior of employees. Therefore, rewards create affective commitment by encouraging employees to give their effort and devote their time to the organization (Martin-Perez & Martin-Cruz, 2015; Mowday et al., 1979).

In all organizations, rewards have a significant function in creating and sustaining the affective commitment that provides an improvement of performance and labor stability between employees (Malhotra et al., 2007; Wang, 2004; Young, Worchel, & Woehr, 1998). Organizational rewards include all benefits that employees receive from their organizations (Herzberg, 1966; Kalleberg, 1977; Mottaz, 1988).

Porter and Lawler (1968) divide rewards into two categories: intrinsic and extrinsic rewards (Alderfer, 1968). According to Katz and Van Maanen (1977), organizational rewards can be divided into three categories: organizational, social, and task rewards (Katz & Van Maanen, 1977). Task rewards such as skill variety, feedback, autonomy (Hackman & Oldham, 1976), role clarity, participation in decision making (Glisson & Durick, 1988; Singh, 1998), and training (Armstrong, 1993) are intrinsic rewards, while organizational and social rewards are referred to as extrinsic rewards. Rewards which are not directly related to the job are extrinsic rewards. Extrinsic social rewards are those that are a consequence of collaboration with others on the work place, such as helpful, supportive, and friendly co-workers and thoughtful managers. On the other hand, extrinsic organizational rewards, such as pay satisfaction, working conditions, promotional opportunities, and benefits are offered by the organization and they are intended to maintain commitment and improve performance (Malhotra et al., 2007; Mottaz, 1988). Moreover, intrinsic rewards are essential part of the work itself. They comprise job characteristics, such as role clarity, skill variety, autonomy, feedback, training, and participation in decision-making (Armstrong, 1993; Glisson & Durick, 1988; Hackman & Oldham, 1976; Singh, 1998).

It has been confirmed that rewards as well as employee satisfaction with rewards result in desired employee attitudes and behaviors such as commitment and performance as well as prevent the unwanted ones such as absenteeism and turnover (De Gieter & Hofmans, 2015; Williams, McDaniel, & Nguyen, 2006). However, research on results of reward has a main shortcoming where researchers have previously focused on financial rewards. Recently both practitioners and researchers have pointed out the additional value of non-financial rewards (Chiang & Birtch, 2012; De Gieter & Hofmans, 2015; Hofmans, De Gieter, & Pepermans, 2013).

2.1 Extrinsic Organizational Rewards

Working Condition provided by the organization is generally accepted as a notable reward, and should increase employees’ commitment to organizations (Angle & Perry, 1983; Frenkel, Korczynski, Shire, & Tam, 1999; Malhotra et al., 2007; Mottaz, 1988). Therefore, it is hypothesized that:
Hypothesis 1a: Affective Commitment mediates the relationship between Working Condition and Organizational Performance

Pay Satisfaction indicates the employee’s satisfaction with the wage that one receives for the job done, in addition to satisfaction with wage itself compared to wages given by the similar organizations. It has been found that pay satisfaction significantly affects job attitudes and organizational performance. (Delaney & Huselid, 1996; Eby, Freeman, Rush, & Lance, 1999). Based on the aforementioned literature, following hypothesis is posited:

Hypothesis 1b: Affective Commitment mediates the relationship between Pay Satisfaction and Organizational Performance.

Satisfaction with Fringe Benefits has an important role for the HR practices implemented by the organizations to maintain a satisfied and committed employees (Meyer & Smith, 2000). The fringe benefits package is set of benefits offered by the universities: such as university-provided housing, parking, vehicle, support for conference, meetings, licenses, certificates, season tickets to events, and long term sick day pay. Thus, it is hypothesized that:

Hypothesis 1c: Affective Commitment mediates the relationship between Satisfaction with Fringe Benefits and Organizational Performance.

Promotional Opportunities for improvement and career development are essential, since they have an important role on the HRM practices that intend to create organizational commitment between employees (Meyer & Smith, 2000). According to Young et al, satisfaction from promotional opportunities has become one of the most influential variables of the organizational commitment (Young et al., 1998). It has also been found that promotion system improves organizational performance (Phelan & Lin, 2001). Hence, it is hypothesized that:

Hypothesis 1d: Affective Commitment mediates the relationship between Promotional Opportunities and Organizational Performance.

2.2 Extrinsic Social Reward

Supervision is employees’ perception about how their supervisors are considerate as well as their satisfaction with him or her (Malhotra et al., 2007; Singh, 1993). Supervisory consideration explains supervisors’ behaviors related to promoting happiness and comfort of their employees (Boshoff & Mels, 1995). Employees who receive support from their supervisors intend to have higher organizational commitment, job satisfaction, and better performance (Sparrowe, Soetjipto, & Kraimer, 2006). Thus, it is hypothesized that:

Hypothesis 2a: Affective Commitment mediates the relationship between Supervision and Organizational Performance.

Team support has a strong effect on job attitudes (Katzenbach & Smith, 1993; Sergeant & Frenkel, 2000), particularly on employees’ organizational commitment (Mottaz, 1988) as well as on the organizational performance (Abdullah, Ahsan, & Alam, 2009; F.-H. Lee, Lee, & Wu, 2010). Hence, the following hypothesis is suggested:
Hypothesis 2b: Affective Commitment mediates the relationship between Team support and Organizational Performance

2.3 Intrinsic Rewards

Role clarity is a description of obligations which are expected from a position in the organization. Role clarity decreases ambiguity concerning expectations of the organization from employees (Panaccio, VanDenBerghe, & Ayed, 2014). Previous studies have found that role clarity can have significant role for employees’ commitment within organizations (Probst, 2003; Saks, Uggerslev, & Fassina, 2007). It has also been found that a detailed job description increases organizational performance (Amin, Khairuzzaman Wan Ismail, Zaleha Abdul Rasid, & Daverson Andrew Selemani, 2014; Bożena Bednarek-Michalska, 2002; Chi Ming Chow & Brian H. Kleiner, 2002; Manning, Borton, & Rumovitz, 2012). Thus, it is hypothesized that:

Hypothesis 3a: Affective Commitment mediates the relationship between Role Clarity and Organizational Performance

Skill variety refers to an experience or skills which are required to accomplish the task. (Zaniboni, Truxillo, & Fraccaroli, 2013). It has been found that skill variety impacts motivation, satisfaction, commitment, and involvement (Eby et al., 1999; Humphrey, Nahrgang, & Morgeson, 2007; Zaniboni et al., 2013). Indeed, wide-range skill variety can give employees possibility to face with an interesting and demanding job that can increase their level of satisfaction (Hackman & Oldham, 1976). Therefore, it is hypothesized that:

Hypothesis 3b: Affective Commitment mediates the relationship between Skill Variety and Organizational Performance

Work autonomy defines the freedom that an employee is permitted in completing his/her job (Breaugh, 1999; Caroline Aubé, Vincent Rousseau, & Estelle M. Morin, 2007). When employees have less freedom in completing their job, they are more dependent on their supervisor (Semmer, 2000). As a result, low degree of autonomy may cause employees to feel ignored, possibly even neglected. Such feeling may decrease their degree of affective commitment (Caroline Aubé et al., 2007). Based on such a fact, it is hypothesized that:

Hypothesis 3c: Affective Commitment mediates the relationship between Work Autonomy and Organizational Performance

The feedback can be defined as the information that employees are provided by their organization about their individual performance (Armstrong, 2007; Young et al., 1998). Scholars propose that feedback is a significant job characteristic that affects employees’ commitment (Malhotra et al., 2007; Young et al., 1998). Therefore, it is hypothesized that:

Hypothesis 3d: Affective Commitment mediates the relationship between Feedback and Organizational Performance

Training refers to a support for regular and planned education activities for encouraging individual development that can give employees opportunity to improve their skills and
careers. Most of the employees consider training opportunity as an important element in the organizational rewarding system (Armstrong, 2007). Paul (2009) suggests that employee training is important for the organizational performance since training improves the organizational culture and employee behavior, which indirectly affects organizational performance (Amin et al., 2014; Delaney & Huselid, 1996; Paul Lyons, 2009). Based on such a fact, it is hypothesized that:

Hypothesis 3e: Affective Commitment mediates the relationship between Training and Organizational Performance

Participation in decision making is opportunity that is given to employees to influence decision-making process and to contribute to the enhancement of the organizational performance (Armstrong, 2007). It has been found that participation in decision making significantly affects employees’ organizational commitment and enhances their organizational performance (Amin et al., 2014; Christo Boshoff & Gerhard Mels, 1995; Malhotra et al., 2007; Meyer & Allen, 1991; Rizov & Croucher, 2009; Zheng, Morrison, & O’Neill, 2006). Hence, the following hypothesis is posited:

Hypothesis 3f: Affective Commitment mediates the relationship between Participation in Decision-Making and Organizational Performance

3. Research Method

3.1 Sample and Data Collection

This research was conducted in 2017 in public and private universities located in Central and Eastern European countries. Countries which were selected for this research were EU
members: Czech Republic, Poland, Slovenia, Slovakia, Croatia, Romania, and Bulgaria, as well as non-EU members: Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, and Albania. Target universities were chosen randomly from CEE countries. The study used online questionnaire to collect data, because there has been an increasing trend to utilize online questionnaires recently. The advantages of online questionnaires over traditional questionnaires are perceived as being less costly, faster, and more reliable (Uyar, Kuzey, Güngörmüs, and Alas, 2015). Email addresses of academic and administrative staff were collected from their university websites. Equal number of email addresses were collected from each country. The study researchers sent emails to academic and administrative staff. In each email, the purpose of the study was explained to encourage employees’ voluntary participation, and to guarantee the anonymity of participants. Participants were also informed that per each survey completed through email, 0.5 Euro will be donated to a charity foundation which is located in Bosnia and Herzegovina. This foundation supports students who are not able to afford proper education. More than 2000 emails have been sent and 148 responses have been received in one month period. All of 148 responses were valid and useable.

Table 1 summarizes demographic characteristics of participants. Response rate from male and female participants are almost the same (51.4 to 48.6). Majority of participants was older than 40 (52.7) and 66.9% of them were married. While 77.7% of participants has doctorate degree, 18.9% are professors, 24.3% are associate professors, and 35.1% are assistant professors. Exactly half of them (50%) has administrative duties. Most of participants (80.4%) had more than 5 years of work experiences at universities.

Table 1. Sample characteristics

| Variable                   | Demographics | Number | Valid Percent |
|----------------------------|--------------|--------|---------------|
| Gender                     | Male         | 76     | 51.4          |
|                            | Female       | 72     | 48.6          |
| Age                        | Above 40     | 78     | 52.7          |
|                            | 30-35        | 22     | 14.9          |
|                            | 36-40        | 25     | 16.9          |
|                            | 26-29        | 15     | 10.1          |
|                            | 20-25        | 8      | 5.4           |
| Marital Status             | Married      | 99     | 66.9          |
|                            | Single       | 49     | 33.1          |
| University Type            | Public       | 107    | 72.3          |
|                            | Private      | 41     | 27.7          |
| Title                      | Prof.        | 28     | 18.9          |
|                            | Assoc. Prof. | 36     | 24.3          |
|                            | Assist. Prof.| 52     | 35.1          |
|                            | Assistant    | 28     | 18.9          |
|                            | Employee     | 4      | 2.7           |
| Administrative Responsibility | Yes        | 74     | 50            |
|                            | No           | 74     | 50            |
3.2 Research Design and Instrumentation

The 4-page questionnaire was divided in 6 parts. First part contained 9-item scales involving 4 dimensions (working conditions, pay satisfaction, satisfaction with benefit, and job satisfaction) related to extrinsic organization rewards. Second part covered extrinsic social rewards with 2 dimensions (supervision and team support) and it was measured using 10-item scales. Third part consisted of 17-item scales related to intrinsic rewards which have 6 dimensions (role clarity, skill variety, feedback, training, autonomy, and participation in decision-making). Table 2 summarizes research variable scales related to extrinsic and intrinsic rewards. It also shows the literature which was developed and tested in some different contexts. 6-item scale developed by Allen & Meyer (1990, 1996, 1991) was used to measure affective commitment in fourth part. In the fifth part, 5-item scale developed by Deshpande et al. (1993) and Drew (1997) was used to measure organizational performance. Respondents were supposed to answer 5 questions which were comparing their university’s performance with key competitors’ performance according to 5 performance factors (i.e., number of students, general success, profitability, growth rate, and innovativeness) (Deshpandé, Farley, & Webster, 1993; Drew, 1997). In all scales, the questions were measured with a seven-point Likert scale (7 = strongly agree; 1 = strongly disagree).

Finally, the last section of the questionnaire contained demographic questions such as age group, gender, education, and position and duration of employment at public and private universities.

Table 2. Research variables scales

| Organizational Rewards | # of item scale | References |
|------------------------|-----------------|------------|
| 1. Working condition   | 2 item scale    | Malhotra, Budhwar & Prowse (2007) |
| 2. Pay satisfaction    | 3 item scale    | Malhotra, Budhwar & Prowse (2007); Alexander Newman & Sheikh, (2012) |
| 3. Satisfaction with benefits | 2 item scale    | Malhotra, Budhwar & Prowse (2007); Spector (1997) |
| 4. Promotional opportunities | 2 item scale | Malhotra, Budhwar & Prowse (2007); Mottaz, (1988); Young et al., (1998) |
|-------------------------------|--------------|--------------------------------------------------|
| 5. Supervision                | 6 item scale | Malhotra, Budhwar & Prowse (2007); Teas (1983); Singh (1993); House & Dessler (1974) |
| 6. Team support               | 4 item scale | Malhotra, Budhwar & Prowse (2007); Parasuraman, Berry, & Zeithaml, (1990); Mottaz, (1988) |
| 7. Role clarity               | 5 item scale | Malhotra, Budhwar & Prowse (2007); Rizzo, House, & Litzman, (1970) |
| 8. Skill variety              | 2 item scale | Malhotra, Budhwar & Prowse (2007); Buchanan & Huczynski, (2004); Hackman & Oldham, (1976) |
| 9. Autonomy                   | 3 item scale | Malhotra, Budhwar & Prowse (2007); Hackman & Oldham (1976); Singh (1993); Teas (1983); Newman & Sheikh (2012) |
| 10. Feedback                  | 2 item scale | Malhotra, Budhwar & Prowse (2007); Hackman & Oldham, (1976); Young et al., (1998) |
| 11. Training                  | 2 item scale | Malhotra, Budhwar & Prowse (2007); Christo Boshoff & Janine Allen, (2000) |
| 12. Participation in decision making | 3 item scale | Malhotra, Budhwar & Prowse (2007); Vroom, (1959); Teas, Wacker, & Hughes, (1979) |

After preparing the survey, a pilot study was conducted to detect issues regarding clarity and understandability of questions (Iarossi, 2006). Experienced administrative and academic staff from a private university were selected. Participants were asked individually to give their opinion about the questionnaire, and to find possible deficiencies. 20 participants completed the pilot survey, and according to their feedback, the questionnaire was slightly modified.

3.2 Data Analysis

The data of the study were analyzed using SPSS (v. 20) software packages. Exploratory factor analysis was utilized to analyze the initial factor structure. Reliability of the scales was measured by using Cronbach’s alpha coefficient. Demographic information of participants was summarized after the analysis of descriptive statistics. Pearson’s correlations were used to show the relationships between organizational rewards, affective commitment, and organizational performance. Finally, in order to determine indirect effect of affective commitment in the relationship between organizational rewards and organizational performance, regression analyses were used. The results are presented in the following section.

4. Results

4.1 Initial Analyses
In order to examine the construct validity of the scales which were used in this study, exploratory factor analysis was used. The three scales were analyzed separately. The principal component analysis was used as the factor extraction method, and the varimax method was used for the component rotations. In the first run, a final structure of items and dimensions was obtained. The items, factor loadings and Cronbach’s alpha are presented in Table 3, Table 4, and Table 5.

Table 3. Factor Loadings and Coefficient Alpha for Organizational Rewards

| Organizational Rewards | Factor Loading | Cronbach’s Alpha |
|------------------------|----------------|------------------|
| **1. Working condition** |                |                  |
| I am satisfied with the working conditions at my work place. | 0.645 | 0.994 |
| The working conditions are adequate to perform a good job. | 0.655 |          |
| **2. Pay satisfaction** |                |                  |
| I am satisfied with the amount of pay I receive for the job I do. | 0.818 |          |
| I am satisfied with my pay considering other universities I know of in my country | 0.831 |          |
| I feel I am paid fairly considering the work I do. | 0.836 |          |
| **3. Satisfaction with benefits** |                |                  |
| I am satisfied with the fringe benefits package (University-provided housing/parking/vehicle, support for conference/meetings/licenses/certificates, season tickets to events, long term sick day pay). | 0.769 | 0.886 |
| The fringe benefits package is as good as other organizations offer. | 0.752 |          |
| **4. Promotional opportunities** |                |                  |
| I feel that the promotion policy is good at my workplace. | 0.669 | 0.834 |
| There is enough opportunity for advancement(improvement) on my job. | 0.705 |          |
| **5. Supervision** |                |                  |
| My supervisor is approachable. | 0.727 | 0.935 |
| My supervisor helps make my job more pleasant. | 0.826 |          |
| My supervisor treats all the employees as his/her equal. | 0.728 |          |
| I am satisfied with the technical competence of my supervisor. | 0.813 |          |
| I am satisfied with my supervisor’s ability to lead me. | 0.809 |          |
| I am satisfied with the way my supervisor helps me achieve my goals. | 0.795 |          |
| **6. Team support** |                |                  |
| My co-workers are helpful to me in getting my job done. | 0.84 | 0.938 |
| I am satisfied with the supportive attitude of my co-workers at work. | 0.861 |          |
| Everyone contributes to a team effort in educational activities. | 0.810 |          |
| My co-workers and I co-operate more often than we compete. | 0.839 |          |
| **7. Role clarity** |                |                  |
| Clear planned goals/objectives exist for my job. | 0.591 | 0.874 |
| I know exactly what is expected of me in my job. | 0.755 |          |
| I know how my performance is going to be evaluated. | 0.643 |          |
I feel certain about the level of authority I have. 0.703
I know what my responsibilities are. 0.765

8. Skill variety
The job requires me to use a number of complex skills. 0.811
My job is not simple. 0.903

9. Autonomy
My job allows me to use personal initiative in carrying out the work. 0.709
The job gives me opportunity for freedom in how I do the work. 0.839
I have freedom to do what I want on my job to satisfy students, project partners, etc. 0.771

10. Feedback
I receive recognition by superior for providing good service. 0.774
I am praised by my superior for providing good service to student, project partners, etc. 0.767

11. Training
I receive induction training (orientation for information systems, university facilities and procedures) at the beginning of my employment. 0.834
I receive regular training to keep me updated for good service. 0.821

12. Participation in decision making
I can influence decisions of my superior regarding things in my job. 0.660
My superior asks my opinion when a problem comes up. 0.685
I feel it is easy to get job improvement ideas across to my superior. 0.585

The correlations between dimensions are good indicators of the discriminant validity of scales. To investigate this, bivariate correlations were analyzed. Mean values of each dimension of organizational rewards as well as the mediating and dependent variables were created. Descriptive statistics and correlations among all variables are presented in Table 6. As expected, organizational rewards dimensions are significantly correlated with affective commitment and organizational performance.

Table 4. Factor Loadings and Coefficient Alpha for Affective Commitment

| Affective Commitment                                                                 | Factor Loading | Cronbach’s Alpha |
|--------------------------------------------------------------------------------------|----------------|------------------|
| I would be very happy to spend the rest of my career with this University.           | 0.722          | 0.881            |
| I do not feel a strong sense of belonging to my University. *                        | 0.797          |                  |
| I do not feel “emotionally attached” to this University. *                           | 0.860          |                  |
| I do not feel “part of the family” at my University. *                              | 0.860          |                  |
| I really feel as if this University’s problems are my own.                           | 0.669          |                  |
| This University has a great deal of personal meaning for me.                         | 0.629          |                  |

*Items are reverse coded
### Table 5. Factor Loadings and Coefficient Alpha for Organizational Performance

| Organizational Performance | Factor Loading | Cronbach’s Alpha |
|----------------------------|----------------|------------------|
| Compared with key competitors, our University is more successful. | 0.796 | 0.849 |
| Compared with key competitors, our University has a higher number of students. | 0.787 |
| Compared with key competitors, our university is growing faster. | 0.791 |
| (For non-profitable universities) Compared with key competitors, our University is financially healthier. (For profitable universities) Compared with key competitors, our University is more profitable. | 0.767 |
| Compared with key competitors, our University is more innovative. | 0.625 |

#### 4.2 Hypotheses Testing

In order to test mediation effect, a series of regression models should be estimated (Judd & Kenny, 1981). According to Baron and Kenny (1986), it is necessary to estimate three regression procedures to find the mediation effect. The mediator is regressed on the independent variable in the first procedure. In the second procedure, dependent variable is regressed on the independent variable, while the dependent variable is regressed on both the mediator and the independent variable in the third procedure. For each procedure, the coefficients should be significant. If all conditions hold in the predicted research model, then the coefficient of the independent variable in the third equation should be lower than the coefficient in the second equation in order to be named as a partial mediation. When the coefficient of the independent variable has no significance in third equation, a complete mediation is present (Baron & Kenny, 1986). Table 6. Mean, standard deviations, and correlations

| Variables | Mean | SD  | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    | 11    | 12    | 13    | 14    |
|-----------|------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| (1) Working condition | 9.91  | 1.565 | 1   |       |       |       |       |       |       |       |       |       |       |       |       |       |
| (2) Pay satisfaction | 3.33  | 1.756 | 63.1** | 1   |       |       |       |       |       |       |       |       |       |       |       |
| (3) Satisfaction with benefits | 3.69  | 1.847 | 61.6** | 63.2** | 1   |       |       |       |       |       |       |       |       |       |       |
| (4) Promotional opportunities | 3.34  | 1.627 | 66.4** | 54.7** | 57.9** | 1.000 |
| (5) Supervision | 8.71  | 1.547 | 56.5** | 415** | 404** | 610** | 1.000 |
| (6) Team support | 3.63  | 1.599 | 516** | 316** | 404** | 460** | 534** | 1.000 |
| (7) Role clarity | 3.33  | 1.269 | 56.7** | 424** | 477** | 595** | 492** | 563** | 1.000 |
| (8) Skill variety | 6.28  | 0.791 | 91.1** | 0.139 | 0.184** | 0.187 | 0.149 | 0.226** | 0.387** | 1.000 |
| (9) Autonomy | 9.86  | 1.012 | 520** | 395** | 428** | 466** | 397** | 346** | 535** | 282** | 1.000 |
| (10) Feedback | 4.64  | 1.649 | 472** | 440** | 465** | 515** | 638** | 456** | 532** | 200** | 395** | 1.000 |
| (11) Training | 3.48  | 1.871 | 520** | 438** | 471** | 535** | 505** | 453** | 474** | 95** | 324** | 575** | 1.000 |
| (12) Participation in decision making | 4.37  | 1.753 | 596** | 421** | 484** | 603** | 742** | 574** | 598** | 216** | 493** | 694** | 542** | 1.000 |
| (13) Affective Commitment | 9.45  | 1.471 | 599** | 475** | 428** | 607** | 481** | 446** | 562** | 205** | 428** | 429** | 438** | 501** | 1.000 |
| (14) Organizational Performance | 4.74  | 1.452 | 435** | 360** | 371** | 447** | 386** | 390** | 421** | 239** | 372** | 438** | 412** | 449** | 536** | 1.000 |

*P < 0.05; **P < 0.01
The independent variables, such as work condition (WC), pay satisfaction (PS), satisfaction with benefits (SWB), and promotional opportunities (PO) separately regress on the mediator which is affective commitment (AC) according to our proposed model. Since coefficients of independent variables WC, PS, SWB, and PO are significant in the first equation, the first condition is fulfilled for mediation. Similarly, coefficients of the independent variables WC, PS, SWB, and PO are significant in the second equation. Therefore, results of the second equations met the second condition. Results from the third equation show that all coefficients of independent variables in the third equation are lower than in the second one and coefficients of the independent variables WC, SWB, and PO are significant. However, coefficient of the independent variable PS is non-significant, while the coefficients for the mediator AC in all 4 hypotheses are significant. Therefore, it can be said that H1a, H1c, H1d are partially supported, while H1b is fully supported. Hence, it can be concluded that hypothesis 1 is supported.

Hypothesis 2 consists of two sub-hypotheses: H2a and H2b. In H2a and H2b, the independent variables are S and TS, and their coefficients are significant in all three equations while the coefficient of the mediator in the third equation is also significant. It can be concluded that sub-hypotheses H2a and H2b are both partially supported. As a result, hypothesis 2 is supported.

There are six sub-hypotheses (H3a, H3b, H3c, H3d, H3e, H3f) under the hypotheses H3. The coefficients of the independent variables: RC, SV, A, FB, T, and PDM are significant in all three equations as well as the coefficient of the mediator AC. However, the coefficient of the independent variable SV is significant in both the first and second equation and non-significant in the third equation. It can be concluded that sub-hypothesis H3b is supported and all other sub-hypotheses from the hypothesis 3 are partially supported. Thus, hypothesis 3 is supported.

| Models     | Equation 1: Coefficients for Independent Variables | Equation 2: Coefficients for Independent Variables | Equation 3: Coefficients for Independent Variables | Coefficients for Mediators |
|------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------|
| WC→AC→OP  | 0.563 (0.599) (9.042)                           | 0.403 (0.435) (5.832)                           | 0.164 (0.177) (2.05)                           | 0.425 (0.43) (4.984)      |
| PS→AC→OP  | 0.398 (0.475) (6.516)                           | 0.298 (0.360) (4.668)                           | 0.113 (0.137) (1.734) *                        | 0.465 (0.471) (5.979)     |
| SWB→AC→OP | 0.341 (0.428) (5.720)                           | 0.292 (0.371) (4.829)                           | 0.136 (0.173) (2.276)                          | 0.456 (0.462) (6.062)     |
| PO→AC→OP  | 0.549 (0.607) (9.234)                           | 0.399 (0.447) (6.032)                           | 0.171 (0.192) (2.210)                          | 0.414 (0.420) (4.837)     |
| S→AC→OP   | 0.458 (0.481) (6.635)                           | 0.362 (0.386) (5.056)                           | 0.156 (0.166) (2.113)                          | 0.450 (0.456) (5.790)     |
| TS→AC→OP  | 0.410 (0.446) (6.015)                           | 0.355 (0.390) (5.123)                           | 0.172 (0.189) (2.463)                          | 0.446 (0.452) (5.892)     |
| RC→AC→PO  | 0.651 (0.562) (8.210)                           | 0.481 (0.421) (5.602)                           | 0.200 (0.174) (2.088)                          | 0.433 (0.438) (5.248)     |
| SV→AC→OP  | 0.380 (0.205) (2.527)                           | 0.438 (0.239) (2.968)                           | 0.247 (0.134) (1.900) *                        | 0.502 (0.509) (7.191)     |
| A→AC→OP   | 0.623 (0.428) (5.728)                           | 0.534 (0.372) (4.844)                           | 0.250 (0.174) (2.289)                          | 0.456 (0.461) (6.055)     |
| F→AC→OP   | 0.383 (0.429) (5.737)                           | 0.386 (0.438) (5.892)                           | 0.225 (0.255) (3.420)                          | 0.421 (0.427) (5.716)     |
| T→AC→OP   | 0.344 (0.438) (5.884)                           | 0.319 (0.412) (5.463)                           | 0.170 (0.219) (2.891)                          | 0.435 (0.440) (5.807)     |
| PDM→AC→OP | 0.421 (0.501) (6.997)                           | 0.372 (0.449) (6.073)                           | 0.200 (0.241) (3.068)                          | 0.410 (0.416) (5.293)     |

Note: *Not significant at .05 level. Values in the first parentheses are standardized coefficients. Values in the second parentheses are t-values.
5. Discussion

The effect of the rewarding system on the organizational performance through affective commitment is examined in this study. This research was conducted at universities in Central and Eastern European countries. Rewarding system was measured using three variables: extrinsic organization rewards, extrinsic social rewards, and intrinsic rewards. Mediating effect of affective commitment was measured between these variables and organizational performance. It is found that several factors of reward systems do not have a direct influence on the organizational performance, but they influence organizational performance through affective commitment. Nevertheless, others have a direct and indirect effect on the organizational performance.

This study has theoretical and practical contributions. It contributes to the literature of HRM by exploring relationship between rewarding systems and the organizational performance since many scholars (Becker et al., 1998; Delaney & Huselid, 1996; Delery & Shaw, 2001; P. Wright & Gardner, 2000; P. M. Wright & McMahan, 1992) have highlighted the lack of knowledge about how, why, and which HRM practices improve the organizational performance (Theriou & Chatzoglou, 2009).

The mediating role of affective commitment has been found in many studies. For example, following studies found the mediating role of affective commitment between HRM practices and knowledge sharing (Comeo-Ordaz at al., 2011), between caring climate and employee performance (Dinc and Plakalovic, 2016), as well as between organizational rewards and knowledge transfer (Martin-Perez and Martin-Cruz, 2015). This research has found that the affective commitment has a mediating role between rewarding systems and organizational performance. It has also found that pay satisfaction and skill variety do not affect organizational performance directly, but they have a positive effect on it through a mediating role of affective commitment.

Moreover, the study findings show that working conditions, promotional opportunities, autonomy, and role clarity have a significant impact on the affective commitment. These findings are consistent with the literature. The influence of working conditions on the affective commitment has been also found in other studies (Angle & Perry, 1983; Frenkel et al., 1999; Malhotra et al., 2007; Mottaz, 1988). The scholars have shown that employees become more committed when there are enough promotional opportunities in their organizations (Loscocco, 1990; Meyer & Smith, 2000; Mottaz, 1988; Young et al., 1998). The literature has found that role clarity has an important role in employees’ commitment towards their organizations (Božena Bednarek-Michalska, 2002; Chi Ming Chow & Brian H. Kleiner, 2002; Manning et al., 2012; Parasuraman et al., 1990; Probst, 2003; Saks et al., 2007). Level of work autonomy is found to have a strong influence on the employees’ commitment (Culpepper, Gamble, & Blubaugh, 2004; Eby et al., 1999; Flynn & Tannenbaum, 1993; Malhotra et al., 2007; Mottaz, 1988).

In addition to theoretical implications, this study has some practical implications as well. When the role of academicians in the universities and the society is considered, motivated and committed academicians have the ability to establish a national and international status
for themselves and their universities, as well as improve research quality, attract funds and projects, and prepare new leaders and well educated graduates (Jennifer Rowley, 1996; Lew, 2009).

Given the significance of the role of academicians at universities, universities should find methods to improve academicians’ affective commitment. According to Armstrong (2007), rewarding system is one of the most applied HRM practices to improve organizational performance through a better employee commitment and motivation.

It has been found that each factor of reward system has the effect on affective commitment on different levels. Working conditions, promotional opportunities, and role clarity are found to have a stronger effect on affective commitment than other factors. Universities should develop strategies to improve each rewarding system factors separately. Working conditions can improve the quality of life at work (Armstrong, 1993), and they involve facilities for employees at work. Since academicians spend a great amount of their time at universities for education and research, good working conditions provided by the university will be accepted as an important reward. In order to improve affective commitment of academicians, universities can provide facilities such as comfortable office space, lounge for academicians to gather and exchange their ideas, well equipped laboratories, and access to research databases.

Moreover, pay satisfaction, satisfaction with fringe benefits, and promotional opportunities can be adjusted to increase the affective commitment level of academicians. Increasing the salary is widely recognized way to improve employee’s commitment. Universities can have higher salaries than their competitors. Besides the salary, fringe benefits package is perceived as an important factor in developing commitment among academicians. Universities can offer support for conferences and meetings, certificates, paid long term sick days, housing, parking space, transportation, and season tickets to events. In addition, each academician works for gaining his/her academic title. Therefore, if the election criteria determined by the university is achievable, it is perceived as help from the university to promote academicians to the next academic title. As a result, it will increase employees’ emotional attachment to the university.

Table 8. Summary of hypotheses results

| Hypothesis number | Hypothesis | Supported/not supported |
|-------------------|------------|-------------------------|
| H1                |            |                         |
| H1a               | AC mediates the relationship between EOR and OP | Supported |
| H1b               | AC mediates the relationship between WC and OP | Partially supported |
| H1c               | AC mediates the relationship between SWB and OP | Partially supported |
| H1d               | AC mediates the relationship between PO and OP | Partially supported |
| H2                |            |                         |
| H2a               | AC mediates the relationship between S and OP | Partially supported |
| H2b               | AC mediates the relationship between TS and OP | Partially supported |
| H2c               | AC mediates the relationship between IR and OP | Supported |
| H3                |            |                         |
| H3a               | AC mediates the relationship between RC and OP | Partially supported |
| H3b               | AC mediates the relationship between SV and OP | Supported |
| H3c               | AC mediates the relationship between A and OP | Partially supported |
| H3d               | AC mediates the relationship between FB and OP | Partially supported |
| H3e               | AC mediates the relationship between T and OP | Partially supported |
| H3f               | AC mediates the relationship between PDM and OP | Partially supported |
In addition to the organizational rewards, social rewards have an important role in affective commitment of employees. Social rewards consist of supervision and team support. They are both connected to employees’ relation with their supervisors and co-workers. Good practices among individuals at work creates positive atmosphere which results in satisfaction and commitment. Universities should educate supervisors to be good leaders, as well as encourage and support them to create such a positive atmosphere. Universities should organize activities to maintain good relationships and avoid conflicts among academicians.

Job related rewards such as role clarity, skill variety, autonomy training feedback, and participation in decision making influence the affective commitment, however, affective commitment is affected by the role clarity and autonomy more than other types of rewards in universities. Skill variety, feedback, training, and participation in decision making notions are not applied in universities as wide as in companies. That might be the reason why they slightly influence affective commitment. However, like everywhere else, academicians would also like to know what is expected from them, and they would like to have some degree of autonomy while doing their jobs. Since low degree of autonomy can make employees feel ignored and decrease their level of affective commitment, universities should allow academicians to have some level of autonomy in doing their jobs.

5.1 Limitation and Further Research

The main limitation of this study is the small sample size. Therefore, conclusions of this study cannot be generalized. However, this study will contribute to the literature of HRM and organizational performance, where their relationship is still not researched enough. Further research could involve increasing the number of sample, as well as replicating the study in different industries and regions.

6. Conclusions

Execution of proper HRM practices for university workforces will improve universities’ performance since employees have important role in enhancing crucial areas, such as quality of research, universities’ academic image, quality of programs, graduates’ quality, contribution to community, and preparation of future experts.

The main purposes of this paper are to investigate the importance of extrinsic organizational and social, and intrinsic rewards as factors of affective commitment, and to assess how affective commitment influences the organizational performance at universities located in Central and Eastern European countries. In addition, the mediating role of affective commitment between organizational rewards and organizational performance has been researched.

The results indicate that organizational rewards have a significant role in influencing employees’ behaviors related to improving organizational performance. However, organizational performance is not influenced directly by organizational rewards. Organizational rewards are needed to increase the level of employees’ commitment, which will, in return, have a positive effect on the employees’ desire to contribute more to the organizational performance.
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