

# The Mediation of Job Engagement to Rewards and Recognition toward Organizational Citizenship Behavior and Task Performance

Ignatius Soni Kurniawan, Lusia Tria Hatmanti Hutami

Management Department, Faculty of Economy

Universitas Sarjanawiyata Tamansiswa

Yogyakarta, Indonesia

soni\_kurniawan@ustjogja.ac.id, trialusia@ustjogja.ac.id

**Abstract**—The purpose of this research is to analyze whether job engagement mediates rewards and recognition toward organizational citizenship behavior and task performance of craft SMEs business in Kasongan, Bantul, Yogyakarta. The sampling method of this research used purposive sampling method by spreading questionnaire. Total of the sample were 114 respondents. The result showed that the relationship between rewards and recognition and organizational citizenship behavior was partially mediated by job engagement. Furthermore, this research also proved that job engagement partially mediated the relationship between rewards and recognition and task performance.

**Keywords**—*job engagement; organizational citizenship behavior; task performance; rewards and recognition*

## I. INTRODUCTION

The Small and Medium Enterprises (SMEs) sector become a spotlight sector of the Indonesia Government since this sector may have benefits to increase GDP and job opportunities. The data showed 2009-2013 period SMEs contribution in Gross Domestic Product (GDP) has reached 57.6%, with average growth until 6.7% per year [1]. One of the top SMEs in Indonesia is craft business, the craft business included in the manufacturing sector in the classification of SMEs business sector [1]. In 2011, this sector placed on the fourth ranked among eight sectors in Indonesia [1]. This research used data from SMEs workers in Bantul District named Kasongan Village. Kasongan specializes in handicraft products made from clay, which have been exported abroad even though based on the reality of SMEs in the Kasongan area not only in the field of pottery, there are other SMEs such as wood crafts, dried flowers, paper and stone in Kasongan area. The main issue related with human resource management of the employee in SMEs business that needs to be solved is how to manage and maintain high and stable performance and discretionary loyalty, where as they have finance or funding boundary as their limitation. Therefore, researcher focuses only on the human resource area in pottery SMEs industry, since only a few research focuses in SMEs area.

Employee engagement has strong significance to predict the behaviour of the employee in SMEs industry. Sugandini et

al., try to explain employee engagement in SMEs area in Yogyakarta, Indonesia, the result were employee engagement has proved to be a mediator between job satisfaction and reward to commitment and Leader Member Exchange (LMX) [2]. Handayani et al., used employee engagement as a mediator between distributive justice, knowledge creation and work design toward OCB, the result showed that distributive justice and knowledge creation has significance relationship to employee engagement, where employee engagement also significantly related with OCB [3]. Ariani analysed employee engagement as a mediator between supportive leadership toward OCB, the result showed that employee engagement was not supported as a mediator between supportive leadership toward OCB [4]. However, there is still a gap in previous research regarding the best way to increase task performance and Organizational Citizenship Behaviour (OCB) and the importance level of employee engagement as a mediator, especially in pottery SMEs industry. Therefore, this research analyse job engagement as a mediator variable between rewards and recognition toward Organizational Citizenship Behaviour (OCB) and task performance.

## A. Reward and Recognition

Reward and recognition are instruments that have substantial strength to direct attitudes and behaviour of the employee. Salary could be a tool to increase the engagement toward an organization. The salary that received by the employee is important for measuring the engagement to the organization. It is assumed that employees will be more engaged in their job when they feel the greater rewards and recognition for their performance [5,6]. The variations of employee engagement can occur due to differences in their perceptions of the benefits they receive from a role [7].

Social exchange theory emphasizes that in interaction with each other, people will maintain a balance between giving and receiving [8]. When employees get recognition from the organization, they feel and are required to show the greater intensity of loyalty to the organization [9]. Based on the research findings of Sinnappan and Amulraj rewards and recognition are expected to create OCB [10].

Rewards and recognition play an imperative role in motivating employees and improving performance [11]. Nowadays, employee expects more than just an hourly wage or salary from their employer; they want additional considerations that will enrich their lives [12]. A motivated employee is important to maintain the good work. Employees who are competent, motivated and satisfied lead to more productive organizations overall [13]. An employer can motivate employee through giving appropriate reward and recognition. Reward systems can be defined as programs set up by a company to reward employee performance and motivate employees on an individual, and /or group levels [14]. Recognition is a process of giving an employee a certain status within an organization [15]. The performance evaluation and rewards are the factors that proved to be the bonding agents of the performance evaluation programs [15].

### B. Job Engagement

An employee who is engaged in their job will do excellent work. Based on Hoole and Hotz [16] and Kahn [17], engaged employees are willing to involve themselves in their work entirely and employ emotional, intellectual and physical resources to achieve and complete their work tasks. The definition of work engagement is ‘a positive, fulfilling, work-related state of mind that is characterized by vigour, dedication, and absorption [16-18]. An employee with high engagement will dedicate and give the maximum effort to keep and increase their performance. An engaged individual is one who approaches the tasks associated with a job and sense of self-investment, energy, and passion, which should translate into higher levels of in-role and extra-role performance [7,19]. Employee/job engagement is positively and significantly related to employees’ productivity, creativity, innovativeness, customer service, in-role and extra-role behaviours [20].

Based on previous research that examined the effect of rewards and recognition toward job engagement [5] and job engagement toward OCB [21-23], mediation relationships are expected to occur. Rewards and recognition in monetary form are expected to create physical, cognitive, and emotional attachments and have an impact on the realization of OCB in SMEs [24].

### C. Organizational Citizenship Behavior (OCB)

OCB is defined as extra behaviour related to work outside of routine tasks determined by their job descriptions [25]. Personal engagement is the self-control of organizational members in their work roles, which are expressed cognitively, emotionally, and physically [7]. By itself, job engagement will affect OCB [5,21-23].

### D. Task Performance

Job performance divided into two concepts based on Borman and Motowidlo [19,26], there are a task and contextual performance. Task performance was defined as “the effectiveness with which job incumbents perform activities that contribute to the organization's technical core either directly by implementing a part of its technological process, or indirectly by providing it with needed materials or services” [19,26,27]. Meanwhile, contextual performance defined as performance

that is not formally required as part of the job but that helps shape the social and psychological context of the organization [19,26]. One of the taxonomy of contextual performance based on Borman and Motowidlo is Organizational Citizenship Behaviour (OCB) [26]. That already explained earlier.

## II. METHOD

The research is quantitative with data collection using a 5 Likert scale questionnaire. The population of this study were employees of craft SMEs in Kasongan, Bantul, the sampling technique used purposive sampling with the criteria of working at least two years and employees not concurrently as SME owners. From the sample size of 114 respondents there were respondents amounted 88 (77.2%) stated that the SMEs in which they worked had produced their own products. As many as 70 (61.4%) respondents stated that SMEs had their own brands, which showed awareness of brand building. There were 48 (42.1%) respondents stated that their SME products had been exported overseas.

The indicators of the rewards and recognition questionnaire were taken from Saks [5], job engagement from Rich et al. [28], OCB from Shim and Rohrbach [29], and task performance from Maciel and Camargo [30]. Validity test requires corrected item-total correlation  $> r$  table sig. 0.05 (two tail) which is 0.184. The corrected item value - total correlation rewards and recognition is in the range 0.519 - 0.726, with one item discarded (getting a promotion). The item value for job engagement is in the range 0.856 - 0.879, with three items of cognitive involvement being discarded (focusing attention on work; mind taken by work; and devote attention to work). OCB is in the range of 0.355 - 0.638, and task performance is in the range of 0.344 - 0.685 with two items discarded (it must be better to carry out mandatory work activities and failed to carry out important tasks). Reliability is fulfilled if Cronbach's alpha based on standardized items  $> 0.7$ , the value for rewards and recognition is 0.892, job engagement is 0.876, OCB is 0.741, and task performance is 0.783, which means all variables are reliable. The regression model has fulfilled the best, linear, unbiased estimator through multicollinearity test, heteroscedasticity test (scatterplot and Park Test), and normality test (normal p-p plot and Kolmogorov-Smirnov Test).

## III. RESULTS AND DISCUSSION

TABLE I. SUMMARY OF CAUSAL STEP TEST

Model	Variable	Stand. Coeff. (B)	p.	R <sup>2</sup>	Adj R <sup>2</sup>	Result
<b>Direct Effect</b>						
1	RR⇒JE	0,484	0,000	0,234	0,227	Significant
2	JE⇒ OCB	0,483	0,000	0,233	0,226	Significant
3	RR⇒OCB	0,722	0,000	0,521	0,516	Significant
4	JE⇒TP	0,392	0,000	0,154	0,146	Significant
5	RR⇒TP	0,532	0,000	0,283	0,277	Significant
<b>Indirect Effect: Job Engagement as a control variable</b>						
6	RR⇒OCB JE⇒OCB	0,637 0,174	0,000 0,019	0,544 0,544	0,536 0,536	Significant Significant
7	RR⇒TP JE⇒TP	0,447 0,176	0,000 0,054	0,307 0,307	0,294 0,294	Significant Not Significant

The effect of rewards and recognition on job engagement has a value of  $p < 0.05$ , or significant. The hypothesis that rewards and recognition influences toward job engagement is accepted and there are positive influences. This finding confirms Saks's research [5], meaning that when employees receive rewards and recognition from organizations, they feel obliged to respond with a higher level of work engagement. The form of rewards is not always monetary, SMEs can provide recognition to employees in the form of flexibility or more challenging jobs.

H1: rewards and recognition influences toward job engagement.

The hypothesis that job engagement influences OCB is significant and there is a positive relationship ( $B = 0.483$ ). Employees with a high level of job engagement to SMEs will do the work without being burdened compared to employees with low engagement. The findings confirm previous research [21,22,28,31]. OCB is a good thing because it reduces the spending time managers needed to solve the problems so they can focus on improving organizational performance [32].

H2: job engagement influences toward organizational citizenship behaviour.

The effect of rewards and recognition on OCB was positive and significant ( $p < 0.05$ , and  $B = 0.722$ ). This finding confirms the research of Sinnappan and Amulraj that rewards and recognition have an effect on all OCB dimensions (altruism, conscientiousness, teambuilding and loyalty) [10]. This finding directs SMEs to give recognition to employees to create OCB because recognition is one component of strong motivation [33]. Interestingly, the findings of Alkahtani actually found the opposite, OCB had an effect on rewards [34].

H3: rewards and recognition influences toward OCB.

Based on the test, job engagement significantly influences task performance ( $p \leq 5\%$ ) while the standardized coefficient is positive means that the relationship between job engagement and task performance also a positive relationship. The  $R^2$  of job engagement toward task performance 0,154 means 15,4% job engagement from employees brings effect toward their job performance. This result consistent with other previous research which stated job engagement significantly influences task performance [19,35,36].

Kahn formally defined engagement as "the simultaneous employment and expression of a person's 'preferred self' in task behaviours that promote connections to work and to others, personal presence (physical, cognitive, and emotional) and active, full performances" [7]. In the other hand, job engagement means 'hands, head, and heart in active, full work performance' [36,37]. It indicates that employee in Kasongan SMEs business which has high job engagement will do their job perfectly without any further control and command from her/his employer, vice versa. Therefore, an employer needs to carefully give attention toward her/his employee and building the good atmosphere of working in order to increase job engagement of her/his employee.

H4: Job engagement influences toward task performance.

Based on the test, reward and recognition significantly influence task performance ( $p \leq 5\%$ ) while the standardized coefficient is positive means that the relationship between reward and recognition and task performance also a positive relationship. The  $R^2$  of reward and recognition toward task performance 0,283 means 28,3% reward and recognition from employees brings effect toward their job performance. This result consistent with other previous research which reward and recognition significantly influence toward task performance [14,38,39].

From the result above, an employer should give fair compensation and/or appraisal to her/his employee if he/she do extra effort to their work such as maintain high-quality craftwork, produce the crafts product more he/she should be, and others. That should see as 'long-term investment' could provide for craft SMEs business. Waswa and Katana proved that pay for performance system has two advantages in the organizations practiced; attracting high-quality employees and secondly motivating employees to exert more effort at their jobs [38,40]. Both of them are urgently needed for craft SMEs business sustainability.

H5: reward and recognition influences toward task performance.

Table 1 shows that the effect of rewards and recognition toward OCB has decreased after job engagement applied as a variable control, which was originally 0.722 into 0.637 but still significant, thus hypothesis 6 which states job engagement mediates the effect of rewards and recognition on organizational citizenship behaviour, is accepted. This finding confirms the research of Ram and Prabhakar [24] as well as Owor's [6] research on companies in Uganda.

H6: job engagement mediates the relationship between rewards and recognition and organizational citizenship behaviour.

Partial mediation effect occurred when the regression equation, after mediation variable becoming a control variable, showed decreasing relationship coefficient between independent variable toward dependent variable but still significant ( $p\text{-value} < 5\%$ ) [41]. From the test, showed that reward and recognition variable toward task performance was decreasing, from the initial coefficient was 0,532 became 0,447 but the relationship was still significant. Hence, there is a partial mediation relationship from job engagement toward rewards and recognition and task performance.

There is only a few previous research that showed a mediated model of job engagement between rewards and recognition and task performance. However, Karatepe showed significant mediation relationship of work engagement between high-performance work practices (HPWP), one of HPWP indicator is rewards, to job performance and extra-role customer service [42]. Rai also showed significant full mediation relationship of employee engagement between reward and recognition and in-role performance and extra-role performance [43].

H7: job engagement mediates the relationship between rewards and recognition and task performance.



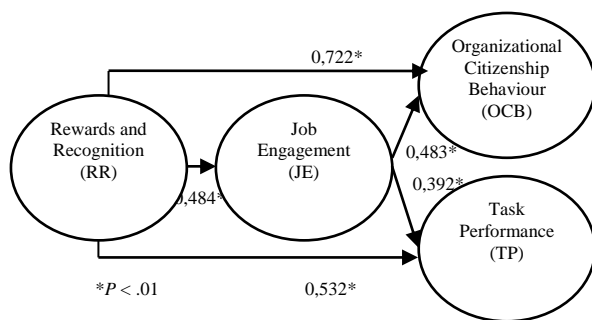


Fig. 1. Research model.

#### IV. CONCLUSION

This research enhances the literature from the influence of job engagement partially mediates between rewards and recognition toward OCB. This finding has implications for SMEs leaders or owners to properly manage reward and recognition systems for their employees. Providing high rewards and recognition will be able to increase job engagement as well as OCB from its employees, reward management needs to be done because in general SMEs experience limited funds compared to large companies. Future research needs to analyse the effectiveness of reward forms in creating job engagement and OCB.

An employer should empower all of the employees by providing appropriate fairly reward and recognition system. Furthermore, all of the employees must know and understand the reward and recognition system clearly and precisely. So that, an employee does not feel any deception feeling toward her/his work. Hence, it will increase their job engagement into a better task performance than before. Particularly, for the Kasongan craft SMEs business, which only has less than ten employees, the welfare of the employee has still become an issue. Therefore, the local government should pay attention to the issue earlier and remain support craft SMEs business in order to achieve high regional income and reduce unemployment.

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