The Relationship between Reward System and Organizational Commitment of Fitness Club Employees in Taiwan

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Fitness companies provide facilities and equipment for their customers, but their biggest opportunity lies with the customer service quality their employees provide. Higher service quality correlates positively with higher customer satisfaction (Shen, 1996). Therefore, fitness club managers must ensure the best service quality possible. They can achieve this objective by offering rewards such as benefits and compensation to their employees.

Research has shown reward systems can serve as an important motivation factor, invigorating employees to work harder and feel more satisfied with their work (Porter & Lawler, 1968). An organization’s reward system represents the procedures, rules, and standards associated with allocation of benefits and compensation to employees (Moorman & Organ, 1991). Reward systems may include intrinsic rewards such as positive sense from the job and extrinsic financial and non-financial rewards such as compensation and career development, respectively (Chelladurai, 1999; Chen, 2002; Milkovich & Newman, 1990).

Reward systems can generate increased employee satisfaction, which can in turn lead to organizational commitment (Mathieu & Zajac, 1990), defined as “an employee’s loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership” (Bateman & Strasser, 1984, p. 95). Researchers have categorized organizational commitment into three types: affective commitment, affective attachment to the organization, continuance commitment, perceived costs associated with leaving the organization, and normative commitment, the obligation to remain with the organization (Meyer & Allen, 1991).

The purpose of this study was to investigate the perceptions of reward systems and the organizational commitment of employees employed by Alexander Fitness Clubs, and the study examined the effects of reward systems on organizational commitment. The study also explored the differences among employees with different demographic variables on reward systems and organizational commitment. When facing the same reward system, different people may have different perception from individual cognition. Thus, the study examined differences among employees based on these variables.

The research participants were full-time employees of Alexander Fitness Club. The study collected 247 valid samples using an instrument adapted and modified from previous research. The questionnaire included three parts: reward system perception, organizational commitment, and demographic information. Reward system cognition was measured with items for extrinsic non-financial reward (12 items), extrinsic financial reward (7 items), and intrinsic reward (11 items) (Chang, 2002; Shih, 1992; Tsai, 2000; Tzeng, 2002). The instrument also collected data regarding affective commitment (8 items), continuance commitment (6 items), and normative commitment (7 items) (Chen, 2003; Ho, 2002; Lin, 2001; Shiao, 2003). The demographic items included gender, age, education level, years of service, and department. The data was analyzed through the use of descriptive statistics, independent-samples t-test, one-way ANOVA, and multiple regression. The alpha coefficient was set at .05 for all statistics.

The study results revealed that the following demographic characteristics had statistically significant effects on employees’ perceptions of different reward systems and organizational commitment at the .05 level. Employees ages 46 years and older placed more value on extrinsic financial rewards versus younger employees (F = 7.58, p < .05). Employees who had elementary and high school degrees placed more value on extrinsic rewards versus those who had graduate level degrees (F = 6.60, p < .05). Employees who had less than one year of service placed more value on extrinsic non-financial rewards versus those who had worked four to six years (F = 3.99, p < .05). Employees in the operations department placed more value on extrinsic financial rewards versus those in the spa department (F = 4.43, p < .05).
For organizational commitment, male employees had higher affective commitment versus females ($t = 2.62$, $p < .05$). Employees ages 51 and older had higher continuance commitment versus those who were 26-30 ($F = 5.13$, $p < .05$), and employees age of 46-50 had significant higher normative commitment versus employees in the 21-25, 26-30, and 31-35 age groups ($F = 6.92$, $p < .05$). Employees who had elementary school degrees had higher affective commitment versus those who had graduate degrees ($F = 4.11$, $p < .05$). Employees in the sales department had higher affective commitment versus those in spa and fitness department ($F = 5.13$, $p < .05$).

Multiple regression was performed to examine the effects of reward systems on organizational commitment (affective commitment, continuance commitment, and normative commitment) and the overall organizational commitment. For the stepwise regression with affective commitment, the results showed intrinsic reward and extrinsic financial reward were the predictors of affective commitment ($R = .613$). Intrinsic reward ($\beta = .56$) explained the most variance, followed by extrinsic financial reward ($\beta = .14$). For the stepwise regression with continuance commitment, the results showed intrinsic reward and extrinsic non-financial reward were the predictors of continuance commitment ($R = .562$). Intrinsic reward ($\beta = .42$) explained the most variance, followed by extrinsic non-financial reward ($\beta = .19$). For the stepwise regression with normative commitment, the result showed intrinsic reward and extrinsic financial reward were the predictors of normative commitment ($R = .502$). Intrinsic reward ($\beta = .40$) explained that most variance, followed by extrinsic financial reward ($\beta = .20$). For the stepwise regression with overall organizational commitment, the result showed intrinsic reward and extrinsic financial reward were the predictors of overall commitment ($R = .656$). Intrinsic reward ($\beta = .58$) explained that most variance, followed by extrinsic financial reward ($\beta = .18$).

This study contributes to the service quality literature by examining the relationship between the reward system and the organizational commitment for fitness club employees in Taiwan. The study results can help fitness club managers implement more effective reward systems for different departments to enhance their employees' organizational commitment, which can in turn increase customer service quality. One of the study's most critical findings was the intrinsic reward was the most significant predictor. Hence, in order to enhance the commitment of employees, the reward system should not only focus on extrinsic rewards but also intrinsic rewards such as affiliation with the organization, sense of achievement and the support from supervisors. A more detailed discussion plus study limitation sand future research direction will be provided in the poster.