

The relationship between self efficacy knowledge and organisational justice in attitudes toward remuneration

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The Relationship between Self Efficacy Knowledge and Organisational Justice in Attitudes toward Remuneration

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This study aims to determine the factors affecting attitudes towards remuneration in Universitas Negeri Semarang (UNNES) employees with remuneration as an expected mediation variable. This research was conducted at Universitas Negeri Semarang (UNNES) using the entire population of permanent lecturers and educational staff with the status of BLU and PNS. Using the Slovin formula, a sample of 323 respondents was found. The inferential statistical analysis used to test the hypothesis of the research was AMOS. Results indicate that there is a direct effect of self-efficacy knowledge on expected remuneration and a direct impact of organisational justice on expected remuneration. However, there is an indirect effect of self-efficacy knowledge on attitudes toward remuneration through expected remuneration. In addition, there is an indirect effect of organisational justice on attitudes toward remuneration. Finally, it was found that expected remuneration has a direct effect on attitudes towards remuneration. Research on college remuneration is rarely researched. A remuneration system is a compensation that integrates the provisions of employees, and includes salary, incentives, bonuses on achievement, severance pay and/or pensions from non-bank financing and PNBPN BLU UNNES. Therefore, originality is shown in the variables of self-efficacy knowledge, organisational justice, expected remuneration, and attitudes toward remuneration. Furthermore, the method used in this research was AMOS, and the investigator sites were located at UNNES Semarang.

Key words: *knowledge self-efficacy, organisational justice, expected remuneration, attitude toward remuneration.*



Introduction

The Universitas Negeri Semarang (UNNES) is a government institution which applies for financial management of a public service agency, conducts rewards which refers to PMK No. 10 / PMK.02 / 2006 on guidelines of remuneration for supervisory board officials and employees of public service agencies. Therefore, since 2014, UNNES has provided a remuneration allowance as a reward which is received by lecturers and educational staff. As a form of improvement to the remuneration regulation, there are three Rector Regulations used as a reference, such as: (1) Rector Regulation of UNNES No. 35 of 2014; (2) Rector Regulation of UNNES No. 25 of 2015; and (3) Rector Regulation of UNNES No. 26 of 2015.

Improvement of Rector Regulations is used to ensure that the principle of remuneration as reward, togetherness and openness can be implemented well, and that the main purpose of remuneration, which is the improvement of service and justice performance, can be achieved. Remuneration incentives have been implemented fairly based on the performance of each employee in each semester. It is a compensation system that integrates the provision of employee benefits including salary, incentives, bonuses on achievement, severance pay and pensions from non-bank financing and PNB BLU UNNES. UNNES remuneration principles are comprised of feasibility, fairness, attractiveness, and realism. Meanwhile, the principles of remuneration relate to award (fee for performance/fee for service); team building/cross function team; and openness (pay fairness). However, it is necessary to evaluate the target accuracy of the remunerations received by each employee. At the implementation stage, the attitudes of lecturers and educational staff regarding the remuneration they received are different. Furthermore, not all lecturers and educational staff receive remuneration. The strengthening of empirical findings is in line with the conclusion of previous studies that showed, both theoretically and practically, that the performance of human resources is dependent on the factors of work motivation (Al-Musadieg, 2018).

According to Ajzen (2005), attitudes are individual evaluations of certain objects, people, institutions, events, behaviours or interests. According to Gagne and Briggs (in Ajzen, 2002), attitude is an internal state that affects the choice of individual action toward a particular object, person or event. Attitudes are cognitive, affective, and behavioural trends learned in order to respond positively or negatively to objects, situations, institutions, concepts or individuals. In this context, attitudes towards remuneration can be a positive or negative response to the remuneration received by lecturers and education staff each semester. Strategic orientation has a significant and positive effect on the innovation level, or the more prospective the strategic orientation of the management of an Indonesian airline branch, for example, the higher the innovation level (Fernandes, 2017).



Wole Olatokun and Chinazom Irene Nwafor (2011) found that knowledge, self efficacy and expected rewards affects how human beings behave. Erin M. Jackson et al. (2012) stated that organisational justice affects employee attitudes and attitudes toward rewards. Selfefficacy knowledge represents an employee's belief in the knowledge that can help them solve the work and any problems which have occurred in the work place therefore improving work efficacy (Constant et al. 1996; Hargadon 1998). Employees believe that they can contribute to organisational performance by providing experiences which affect their attitudes positively. In addition, employees also have confidence in their ability to provide knowledge which allows them to complete their works (Bock and Kim 2002; Constant et al., 1994). Bartol and Locke (2000) advanced the idea that self efficacy knowledge can enhance organisational rewards and will encourage changes in employee attitudes and behaviours.

Furthermore, organisational justice, as an effect of justice demonstrated by an organisation/institution, affects expected rewards. Organisational justice is an employee's perspective on justice demonstrated by the organisations in which they work (Folger and Cropanzano, 1998). Rewards are the key to any form of justice influenced by employee perceptions. Organisations usually apply reward systems which will affect employee attitudes. In addition, expected remunerations provides benefits for the formation of employee attitudes that ultimately shape employee behaviour and employee performance. The provision of remuneration rests on established procedures such as methods, mechanisms and processes that determine the amount of remuneration allocated to employees in a fair manner. All these stages can directly affect employee's attitudes towards remuneration.

2 Social Exchange Theory explains that when employees are comfortable with the rewards offered by organisations, they will respond favourably by showing a positive attitude towards the organisation. This theory is supported by Linz and Semykina (2011) who found that expected rewards have a positive effect on employee job satisfaction. Bartol and Locke, as quoted by Rynes and Gerhardt (2000), state that organisational rewards are a useful means of encouraging employees to behave well. Organisational rewards can include monetary incentives in the form of increased salaries and bonuses, while non-monetary incentives can be promotions and additional job comforts (Davenport and Prusak 1998, Hargadon 1998). Some organisations reward each employee in the organisation. For instance, a division of IBM, Lotus Development provides 25% rewards to every employee performing well in customer service (Bartol and Srivastava 2002). In this study, expected rewards (remuneration) are the expectations of employees that they will get rewards (remuneration) in accordance with their performance.

Based on the description above, this study investigates the direct and indirect effects of self-efficacy knowledge, organisational justice, and expected remuneration on attitudes toward remuneration by UNNES lecturers and educational staff. This research is consistent with

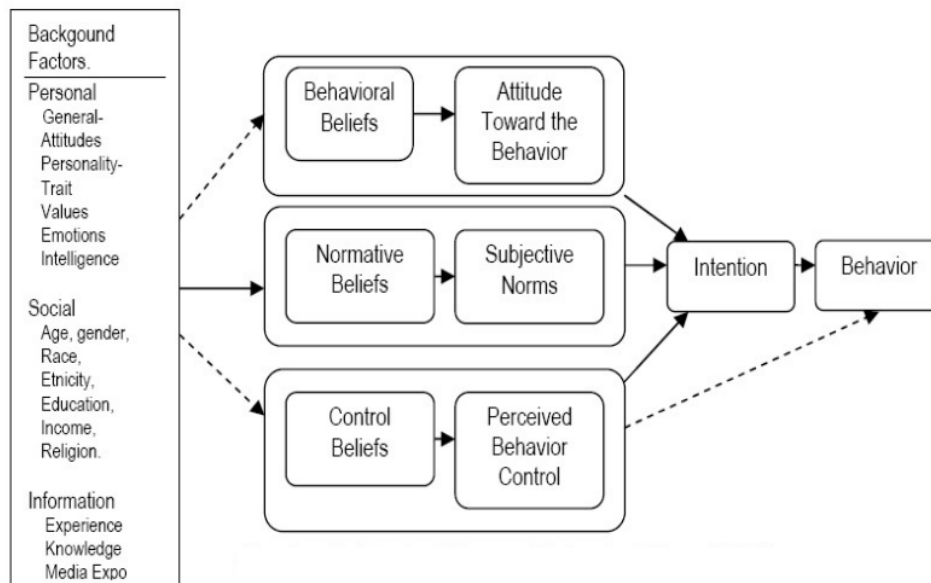
UNNES's strategic plan to ensure the development of superior research, to improve the quality of relevant research for the community, to engage in community service, to increase the scientific work of lecturers in international journals, and to increase the acquisition of HKI both nationally and internationally.

Theoretical Background

Theory of Planned Behaviour

The theory of Planned Behaviour (TPB) is a further development of TRA. Ajzen (1988) added this construct besides the TRA, i.e. perceived behavioural control. This construct was added in order to better understand the limitations of individuals in relation to certain behaviour (Chau & Hu, 2002). In other words, whether or not a behaviour is adopted is not only determined by subjective attitudes and norms, but also by the individual's perception of control that might be exercised based on this. Moreover, Ajzen (2005) added individual background factors to perceived behavioural control, thus schematically perceived behavioural control is illustrated as shown in Fig. 1.

Figure 1. Theory of Planned Behaviour (Ajzen, 2005)



Based on the Theory of Planned Behaviour, there are several factors that determine how human beings behave. These background factors relate to age, gender, ethnicity, economic and social status, mood, character and knowledge.



Hypotheses Development

Self-efficacy knowledge was developed by Lin (2007) and refers to how employees want to contribute to organisational performance by using their knowledge, which creates positive attitudes toward the organisation. Employees use their knowledge to gain rewards for their performance. In the context of self-efficacy knowledge, employees consider the costs and benefits of rewards they earn (Davenport and Prusak 1998; Ko et al. 2007). Based on attitudes and perspectives on behaviour, attitudes and behaviours are elevated by the belief in their value and the benefits of action. The rewards that are expected by employees of the organisation may affect actual employee rewards (Kowal and Fortier 1999, Vallerand 2001). Based on this explanation, the research hypothesis is as follows:

- H₁** : There is a direct effect of self-efficacy knowledge on attitudes towards remuneration
H₂ : There is an indirect effect of self efficacy knowledge on attitudes towards remuneration through expected remuneration

Rewards are a form of organisational justice received by employees for their performance during a particular period. Hence, rewards and reward allocation should be transparent and consistent with employee performance. Employees in any organisational culture believe that rewards by an organisation should be distributed fairly, based on performance value (Beugre, 1998; Murphy-Berman et al., 1984). Folger and Cropanzano (1998) stated that organisational justice has an impact on the amount of the reward received by employees. In this context, rewards are a sign of fairness on the part of the organisation towards each employee. Rewards can function as a mediation of organisational justice on employee attitudes (Shore et al., 2004). Therefore, the hypotheses are constructed as follows:

- H₃** : There is a direct effect of organisational justice on attitudes toward remuneration
H₄ : There is an indirect effect of organisational justice on attitudes toward remuneration through expected remuneration

Research conducted by Vroom (1964), later modified by Porter and Lawler (1968), reasoned that there is a relationship between expected rewards and job satisfaction which determine how an employee behaves. Social Exchange Theory states that when workers feel comfortable with the rewards offered by the organisation, they will support the organisation and behave more positively towards it (Blau, 1964; Haar and Spell, 2004; Rousseau, 1995). Employees will show their best commitment to their organisation if they receive appropriate rewards, according to the regulations (Blau, 1964; Eisenberger et al., 1990; Haar and Spell, 2004). Hence, the hypothesis is:

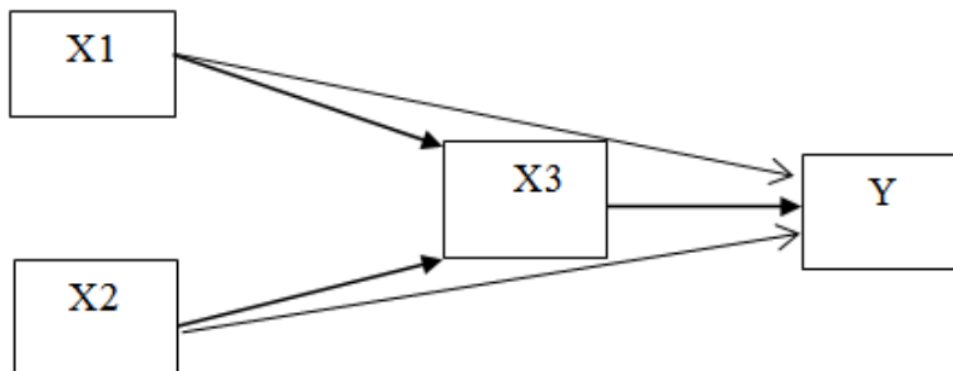
- H₄** : There is a direct effect of expected remuneration on attitudes toward remuneration

Material and Method

This research was conducted at Universitas Negeri Semarang on all employees, and consists of the lecturers and educational staff (BLU, CPNS, and PNS) who received remuneration each semester. The population of this study is 1,663 employees of UNNES. Moreover, based on proportionate random sampling, there were 323 respondents which constituted the research sample. Questionnaires were distributed to those in the sample and the data then was analyzed using descriptive and path analysis by AMOS.

This study uses four variables. The dependent variable is attitudes toward remuneration (Y). In addition, self-efficacy knowledge (X1) and organisational justice (X2) are the independent variables. Furthermore, this study proposes the expected remuneration (X3) as the intervening variable. In summary, the research design is described as follows:

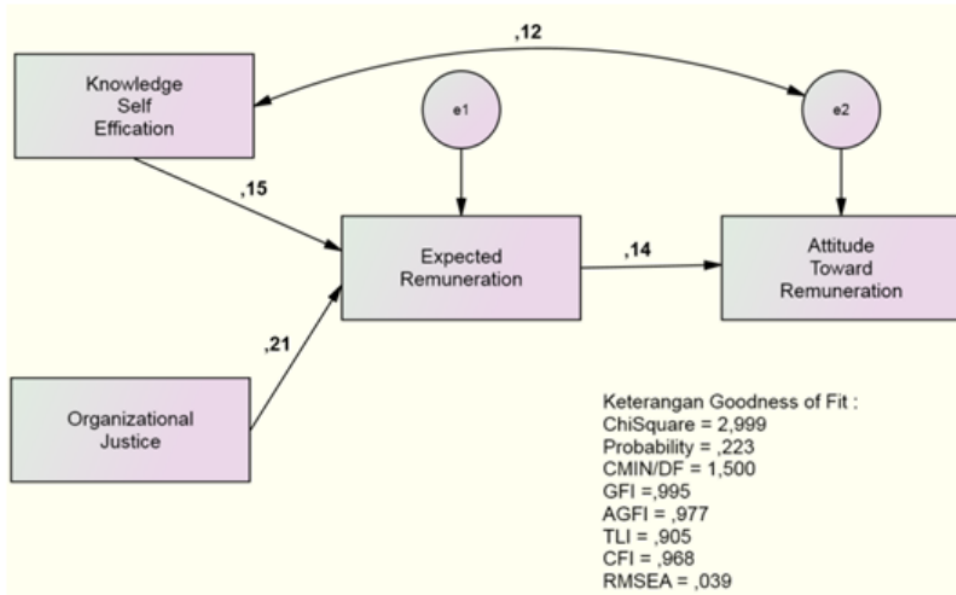
Figure 2. Research Design



Results

This study run two classical assumption tests, consisting of a normality test and a multicollinearity test. Based on the results, the cr multivariate value shows that the curtosis is less than 2,58, thus all data is normally distributed. In addition, the value of the sample covariance matrix determinant is 6466,49 or more than 0, therefore the research model has no multicollinearity issue. Furthermore, the model is fit based on the chi square value which demonstrates values more than 0,05. Below is the path analysis of the research model in AMOS:

Figure 3. Path Analysis



Direct Effect

Table 1 below describes the direct effect of self-efficacy knowledge, organisational justice and expected remuneration on attitudes toward remuneration.

Table 1: Direct Effect

	Organisational Justice	Knowledge Self Efficacy	Expected Remuneration
Expected Remuneration	,205	,145	,000
Attitude Toward Remuneration	,000	,000	,140

Based on the table above, the direct effect of organisational justice on expected remuneration is 0,205. In addition, self-efficacy knowledge has an impact upon attitudes toward remuneration of 0,145. Furthermore, expected remuneration affects attitudes toward remuneration by as much as 0,140.



Indirect Effect

Table 2 describes the indirect effect of self-efficacy knowledge on attitudes toward remuneration through expected remuneration and the indirect effect of organisational justice on attitudes toward remuneration through expected remuneration.

Table 2: Indirect Effect

	Organisational Justice	Knowledge Self Effication	Expected Remuneration
Expected Remuneration	,000	,000	,000
Attitude Toward Remuneration	,029	,020	,000

Based on Table 2, the indirect effect of organisational justice on attitude toward remuneration through expected remuneration is 0,029. Meanwhile, self-efficacy knowledge has an indirect effect on attitudes toward remuneration through expected remuneration by as much as 0,020.

Total Effect

Here is the total effect of self-efficacy knowledge and organisational justice on attitudes toward remuneration through expected remuneration, the effect of self-efficacy knowledge and organisational justice on expected remuneration and the effect of self-efficacy knowledge, organisational justice, and expected remuneration on attitudes toward remuneration.

Table 3: Total Effect

	Organisational Justice	Self-efficacy Knowledge	Expected Remuneration
Expected Remuneration	,205	,145	,000
Attitude Toward Remuneration	,029	,020	,140

Discussion

The Effect of Self-Efficacy Knowledge on Expected Remuneration

Results indicate that self-efficacy knowledge significantly affects expected remuneration by 0,145. By way of knowledge, employees are expected to contribute optimally and receive rewards based on their work performance. Lin (2007) supported this finding by stating that



employees can confidently use their knowledge to contribute to the company and receive rewards from performance. Their attitude toward expected rewards aligns with their level of knowledge. High levels of knowledge led employees to be more realistic about what they would receive and how much they should give. The educational level of employees in the organisation must be followed by the remuneration given.

This study is consistent with the theory of planned behaviour, which states that knowledge determines a human being's contributions and subsequent rewards. In addition, an individual's background affect attitudes and behaviours. Employees will show a positive commitment when they receive rewards based on their performance and skills. Self-efficacy refers to an employee's confidence in their knowledge of being able to solve working issues and improve the efficacy of work, and ultimately receive rewards according to their performance.

The Effect of Self-efficacy Knowledge on Attitudes Toward Remuneration through Expected Remuneration

This study finds that self-efficacy knowledge has a significant impact on attitudes towards remuneration through expected remuneration. This result is consistent with Kowal and Fortier (1998) and Ko et.al (2001) who found that rewards received by employees of an organisation or a company affects their attitudes toward remuneration. The higher the reward, the more positive attitudes employees tend to show towards their organisation. Bartol and Locke, quoted by Rynes and Gerhardt (2000), also stated that the rewards provided by an organisation are useful in motivating individuals to engage in positive behaviour towards their respective organisations.

Based on the theory of planned behaviour, rewards may affect employees' attitudes. If employees receives rewards according to their expectations, they will be more motivated to work. They will have the confidence that the rewards given by the organisation are due to their contributions to the organisation. Hence, employees will show a positive attitude towards the allocated remunerations.

The Effect of Organisational Justice on Expected Remuneration

Based on these results, organisational justice is found to have a significant effect on expected remunerations. According to Folgar and Copanzano (1998), organisational justice affects the rewards received by employees. This is in line with a principle used in UNNES, which is justice. Individual rewards are calculated based on job value according to the principle of "equal pay for jobs of equal value". The aim of remuneration is to improve employee performance and fulfil the principle of fairness. In addition, based on the theory of planned



behaviour, fair rewards will result in positive attitude from employees. They will give their commitment if the rewards is consistent with the enforced regulation.

The Effect of Organisational Justice on Attitudes towards Remuneration through Expected Remuneration

The results show that organisational justice has a significant effect on attitudes toward remuneration through expected remuneration. This finding is supported by Shore et al (2004) who stated that the rewards provided by an organisation can mediate the organisation's justice and the employee's attitude towards remuneration. Rewards are a form of justice gained by employees in the organisation for their work performance. Hence, the amount of the reward and the allocation of reward received by employees must be clear and transparent according to their working performance. Employees in any organisational culture form beliefs that the rewards provided by the organisation are fairly awarded based on the value of their work (Beugre, 1998, Murphy-Berman et al., 1984).

These findings also provide empirical evidence of the theory of planned behaviour that reward allocation as expected by the employees will affect their attitudes toward remuneration. High rewards and the fair reward principle increase the positive attitudes of employees in an organisation.

The Effect of Expected Remuneration on Attitudes toward Remuneration

This study found that expected remuneration has a significant impact on attitudes toward remuneration. This finding is consistent with Vroom's (1964), whose study was later modified by Porter and Lawler (1968). He concluded that expected remuneration and job satisfaction determine the attitudes of the employees of an organisation. Receiving rewards or remuneration as expected will increase an employees' commitment to the organisation.

If employees feel comfortable with the rewards, they will show a positive attitude towards the organisation. Based on the theory of planned behaviour, a person who believes that a certain behaviour will lead to positive results will have a favourable attitude, while a person who believes that behaviour will lead to negative results, will tend to show an unfavourable attitude (Ajzen, 1988).

Conclusions and Recommendations

The results indicate that there is a direct effect of self-efficacy knowledge on expected remuneration and a direct impact of organisational justice on expected remuneration. However, there is an indirect effect of self-efficacy knowledge on attitudes toward remuneration through



expected remuneration. In addition, there is also an indirect effect of organisational justice on attitudes towards remuneration. It is also found that expected remuneration has a direct effect on attitudes towards remuneration. Finally, it is recommended that future research modifies the research model in this study to increase the effect of independent variables to the dependent. Besides this, future research might study other variables such as intrinsic and extrinsic motivation.



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