

THE RELATIONSHIP BETWEEN FINANCIAL COMPENSATION AND SALESPERSON PERFORMANCE IN A SABAH RETAIL SECTOR: THE MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT

Toh Pei Sung¹, Iklima Husna Abdul Rahim², Arsiah Bahron³, Teo Wan Lee⁴

¹ Universiti Malaysia Sabah, Jalan UMS, 88400 Kota Kinabalu, Sabah. Email: tohpeisung@ums.edu.my

² Universiti Malaysia Sabah, Jalan UMS, 88400 Kota Kinabalu, Sabah. Email: iklimahusna@ums.edu.my

³ Universiti Malaysia Sabah, Jalan UMS, 88400 Kota Kinabalu, Sabah. Email: bharsiah@ums.edu.my

⁴ Universiti Malaysia Sabah, Jalan UMS, 88400 Kota Kinabalu, Sabah. Email: teo.wanlee@gmail.com

Accepted Date: 30 July 2017

Published Date: 19 September 2018

To cite this document: Sung, T. P., Rahim, I. H. A., Bahron, A., & Lee, T. W. (2018). The Relationship Between Financial Compensation and Salesperson Performance in A Sabah Retail Sector: The Mediating Role of Organizational Commitment. *International Journal of Accounting, Finance and Business*, 3(13), 01-18.

Abstract: *The Wholesale and Retail are one of the selected sectors of economic opportunity under the 12 National Key Economic Areas, especially shopping mall has become the concerns in boosting Malaysia as one of the worlds' leading shopping destination. Apart from that, the salesperson plays a vital role in providing excellent performance in terms of services to the customers. The shopper nowadays has concerns about the customer service besides the price, quantity and quality of the product itself. It has been noting that financial compensation, such as salary and reward would able to attract and motivate employees in order to provide an excellent job performance. Furthermore, the salary and reward would influence the employees to be committed and thus, increase their performance. Therefore, the study is aimed to examine the relationship between compensation and salesperson performance. Organizational commitment is examined on the relationship between compensation and salesperson performance in the mechanism. Quantitative approach has been applied in this study by using questionnaires through a survey. The data are analysed by using the Smart PLS 3.0 software. The findings suggested that the reward had a significant relationship to salesperson performance. It also has suggested that both salary and reward have a significant relationship to organizational commitment. Lastly, the findings suggested that only normative commitment had a mediating effect on the hypothesized relationship.*

Keywords: *Salary, Reward, Organizational Commitment, Performance*

Introduction

The Wholesale and Retail sector under the 12 National Key Economic Areas, especially the shopping mall has become the concerns in boosting Malaysia as one of the worlds' leading shopping destination. Apart from that, the salesperson plays a vital role in providing excellent

performance in terms of services to the customers. The shopper nowadays has concerns about the customer service besides the price, quantity and quality of the product itself (ArunKumar, 2014).

According to Tan and Waheed (2011), most of the retailer provided a low salary to the salesperson, and they will usually employ part-time salesperson. This has led to most of the salesperson less contribute to the retail store or the organization which will lead them not able to perform at a sufficient level (Tan and Waheed, 2011). In order to improve the salesperson performance who can provide a better service to the customer, financial compensation plays an important role. Financial compensation, especially the salary and reward will affect the organizational commitment, thus, increase salesperson performance in the context of retail industry (Humphrey, 2011; Recep, Mahmut and Murat, 2010; Yeh and Hong, 2012). The previous studies were more related towards financial compensation on performance, however, most of these researches were conducted in other countries (Irshad, 2016). It is not much focus is given in the context of Sabah retail industry. Furthermore, organizational commitment, which a multi-dimensional constructs have been highlighted as a mediator in this study because it has been observed that these commitments play an important role between financial compensation and performance in the mechanism. Financial compensation can be seen as a strategy in human resource management to improve organizational commitment among the employees, and thus, improving both employee and organizational performance in the organization (Low, Rusli and Siti, 2016; Rusli, Toh and Sopian, 2013; Recep, Mahmut and Murat, 2010).

Therefore, the aims of this study are to examine the relationship between financial compensation (salary and reward) and salesperson performance in the context of Sabah retail industry, especially shopping mall and mediated by organizational commitment (affective commitment, continuance commitment and normative commitment). The specific objectives are (1) to examine the relationship between salary and salesperson performance; (2) to examine the relationship between reward and salesperson performance; (3) to examine the relationship between salary and affective commitment; (4) to examine the relationship between salary and continuance commitment; (5) to examine the relationship between salary and normative commitment; (6) to examine the relationship between reward and affective commitment; (7) to examine the relationship between reward and continuance commitment; (8) to examine the relationship between reward and normative commitment; (9) to examine the relationship between affective commitment and salesperson performance; (10) to examine the relationship between continuance commitment and salesperson performance; (11) to examine the relationship between normative commitment and salesperson performance; (12) to examine the mediating effect of affective commitment on the relationship between salary and salesperson performance; (13) to examine the mediating effect of continuance commitment on the relationship between salary and salesperson performance; (14) to examine the mediating effect of normative commitment on the relationship between salary and salesperson performance; (15) to examine the mediating effect of affective commitment on the relationship between reward and salesperson performance; (16) to examine the mediating effect of continuance commitment on the relationship between reward and salesperson performance; and (17) to examine the mediating effect of normative commitment on the relationship between reward and salesperson performance.

Literature Review

Salesperson Performance

Salesperson performance is defined as a type of outcome after an individual had completed a task or job which is based on the achievement level for a particular job, organizational regulations' fulfilment, expectation and requirement for the official role (Folorunso, Adeale and Abodunde, 2014). This is in line with Prawirosentoso (2000), which salesperson performance is the results that achieved by someone or group in the organization that suitable with the authority and responsibility in the effort to reach the organizational goals legally, not violate the law, and suitable with moral and ethics. According to Mangkunagara (2000), which salesperson performance is an outcome of the employees' work quantity and quality work where the job is carried out by them based on their responsibility. Hsu (2005) stated that salesperson performance was the overall performance of the employees which included the efficacy, efficiency and effectiveness. This is in line with Salanova and Kirmanen (2010); and Harriet and Marion (2011), which salesperson performance can refer to the ability of employees to achieve organizational goals more effectively and efficiently for the purpose of this study.

Salary

According to Sule, Amuni, Obasan and Banjo (2015), salary is defined as an amount, which is monthly paid or is a fixed annual amount. This is in line with Nwanneka (2012) defined the salary as employees will be paid in fixed regular payment either monthly paid or annually paid where the employees that the organization concerned. Obikeze and Anthony (2003) stated that salaries and wages are a reward that received by the employee from the organization in order to exchange for their labour and afford that had contributed to the organization. This is in line with De Beer (1987), which salary is a reward that received by an individual employee in exchange for their commitment for the purpose of this study. That is, salary is a part of rewards in return for work. On the other hand, reward is comprised of tangible and intangible rewards of value given in return for an action.

Reward

According to Hafiza, Shah, Jamsheed, and Zaman (2011), reward is divided into two, which is extrinsic reward to the employees based on their performance such as incentive, bonus and commission and intrinsic rewards, on the other hand, an intangible rewards or psychological rewards that given to the employees such as appreciation and recognition. This is in line with Mikander (2010) that rewards comprised of tangible such as pay, bonuses and benefits; and intangible rewards have to do with learning, development and work experience for the purpose of this study.

Organizational Commitment

According to Allen and Meyer (1990), organizational commitment has comprised of affective commitment, continuance commitment and normative commitment. Affective commitment is based on the positive emotional attachment to the organization (Allen and Meyer, 1990). For instances, an employee who has the opportunity to work in the other company, but he or she chooses to stay with the current organization due to he or she is treated fairly and agree with the organization's value. Continuance commitment is defined as an employee who needs to stay with the organization due to certain reason (Allen and Meyer, 1990). For instances, the single

mother or young employee with low education, they will stay with the organization because they need the particular job although they were forced to do the low volume shift.

Normative is defined as the employee will stay with the organization when they want to do so or ought to do so (Allen and Meyer, 1990). For instances, the employee will stay with the organization because they are appreciated by the company for the past rewards and staying for long period with the organization. Rowden (2000) defined organizational commitment as an individual who desired to involved into the organization's activities and as part of the member of the organization. This is in line with Omotayo, Pavithra and Adenike (2014) that organizational commitment is where the employee had been tied up with the organization and involved in the organization's activities. Therefore, organizational commitment is regarded as affective commitment, continuance commitment and normative commitment, which is in line with Allen and Meyer, (1990) for the purpose of this study.

Methodology

Hypotheses Development

Previous studies found out that salary has a significant relationship on the employee performance (Zahra, Xia, Khuram, Liu and Amna, 2015; Sule, Amuni, Obasan and Banjo, 2015; Bryson, Buraimo and Simmons, 2010). However, Abdul, Muhammad, Hafiz, Ghazanfar and Muhammad (2014) found out that salary has no significant relationship on the employee performance. On the other hand, previous studies found out that reward has a significant relationship on the employee performance (Edirisooriya, 2014; Gohari, Kankar, Hosseinipour and Zohoori, 2013; Sajuyigbe, Olaoye and Adeyemi, 2013). However, Njanja, Maina Kibet and Njagi (2013) found out that reward does not have a significant relationship on the employee performance, which in line with Subekti and Setyadi (2016) found out that reward does not have a significant relationship on the employee performance as well. It can be argued that salary and reward will not affect the employee performance although there were empirical study found that increased in the salary or reward, it will affect the employee performance. Therefore, this study attempts to test the following hypothesis:

H1: There is a significant relationship between salary and salesperson performance.

H2: There is a significant relationship between reward and salesperson performance.

Ariffin and Ha (2015) found out that salary has a significant relationship on the affective commitment and continuance commitment but it has no significant relationship was found on the normative commitment. Lumley, Coetzee, Tladinyane and Ferreira (2011) found out that salary has a significant relationship on the affective commitment and normative commitment but it has no significant relationship on the continuance commitment. Furthermore, Recep, Mahmut and Murat (2010) found out that salary has a significant relationship on the affective commitment, continuance commitment and normative commitment. According to Yap, Holmes, Hannan and Cukier (2010), however, found out that salary does not have a significant relationship on the affective commitment, continuance commitment and normative commitment. On the other hand, Sawalha, Zaitouni and ElSharif (2012) found out that a reward has a significant relationship with the affective commitment and continuance commitment, however, it was not significant relationship with the normative commitment. According to Bal, Bozkurt and Ertemsir (2014) found out that reward does not have a significant relationship on the

affective commitment, continuance commitment and normative commitment. The previous studies, however, has shown a significant relationship between reward and affective commitment, continuance commitment and normative commitment. Therefore, this study attempts to test the following hypothesis:

H3: There is a significant relationship between salary and affective commitment.

H4: There is a significant relationship between salary and continuance commitment.

H5: There is a significant relationship between salary and normative commitment.

H6: There is a significant relationship between reward and affective commitment.

H7: There is a significant relationship between reward and continuance commitment.

H8: There is a significant relationship between reward and normative commitment.

Previous studies found out that affective commitment, continuance commitment and normative commitment have a significant relationship on the employee performance (Memari, Mahdieh and Marnani, 2013; Yeh and Hong, 2012; Khan, Ziauddin, Jam, and Ramay, 2010). This is in line with Hafiz (2017) found out that the three dimensions of organizational commitment such as affective commitment, continuance commitment and normative commitment have a significant relationship on the employee performance. According to Andrew (2017) stated that employee performance depends more upon the affective commitment and continuance commitment. Kaplan and Kaplan (2018) found out that affective commitment has a significant relationship with employee performance and on the other hand, the continuance commitment and normative commitment had no significant relationship with employee performance. However, according to Somers and Birnbaum (1998), which both affective and continuance commitment had no significant relationship with employee performance. Therefore, this study attempts to test the following hypothesis:

H9: There is a significant relationship between affective commitment and salesperson performance.

H10: There is a significant relationship between continuance commitment and salesperson performance.

H11: There is a significant relationship between normative commitment and salesperson performance.

Low, Rusli and Siti (2016) suggested that organizational commitment can mediate the relationship between financial compensation (salary and reward) and salesperson performance. Previous studies also found the direct relationship between financial performance (salary and reward) and both organizational commitment and organizational performance; and the direct relationship between organizational commitment and employee performance (Khan, Ziauddin, Jam, and Ramay, 2010; Memari, Mahdieh and Marnani, 2013; Ariffin and Ha, 2015; Sawalha, Zaitouni and ElSharif, 2012). In other words, literature has pointed out that there is a significant relationship of salary and reward with organizational commitment, and a significant relationship between organizational commitment and salesperson performance. Thus, one could argue that

both salary and reward could influence the employee to be committed and in turn in the leads of salesperson performance. In addition, organizational commitment has received a key attention in previous research due to its significant influence on work attitudes such as job satisfaction, performance, absenteeism and turnover intentions (Yousef, 2018). Furthermore, the mediating role of organizational commitment in the relationship of salary and reward with performance have received little attention in previous research, especially in the wholesale and retail context. Therefore, this study attempts to test the following hypothesis:

H12: There is a mediating effect of affective commitment on the relationship between salary and salesperson performance.

H13: There is a mediating effect of continuance commitment on the relationship between salary and salesperson performance.

H14: There is a mediating effect of normative commitment on the relationship between salary and salesperson performance.

H15: There is a mediating effect of affective commitment on the relationship between reward and salesperson performance.

H16: There is a mediating effect of continuance commitment on the relationship between reward and salesperson performance.

H17: There is a mediating effect of normative commitment on the relationship between reward and salesperson performance.

Conceptual Framework

In this study, the underpinning theory in the conceptual framework is a Social Exchange theory by Homans (1958). According to this theory, social exchange relationship starts when one party provides benefits to someone, and he or she gets the return of exchange (Gouldner, 1960). The social relationship could be enhanced when both parties willing to provide valuable resources to another party (Aselage and Eisenberger, 2003). That is, the employer seeks for loyalty and an employee seeks for beneficial treatment (Coyle-Shapiro and Shore, 2007). In other words, an exchange between the salesperson and the employer where the salesperson contributes their effort to the employer, thus, the employer will offer financial compensation in return for the salesperson performance. The conceptual framework of this study in Figure 1, which as follows:



Figure 1: The Conceptual Framework

In line with the social exchange theory, the salary and reward are the independent variables that provided by the organization and the return of exchange from an employee would be committed and thus, increase salesperson performance.

Research Design

The purpose of this study is to examine the relationship between compensation, organizational commitment and salesperson performance. The study also examined the mediating effect of organizational commitment to these hypothesized relationships. Furthermore, the scope of the study has been carried out among the salespeople in the shopping mall, Kota Kinabalu, Sabah. This study has focused on the salesperson that worked in cosmetic stores, clothes and fashion; and luxury stores, which is a purposive sampling technique for the respondent selection. The sample size for this study is 220 respondents, which is sufficiently representative for the non-probability sampling (Hair, Black, Anderson and Tatham, 2006). Questionnaires through the survey are used as data collection instruments and have distributed to the salesperson. The unit of analysis in this study was individual, as a salesperson in the shopping mall.

The survey instrument consists of 44 measurement items in two sections. Section one measures the salary, which adapted from the instrument used by De Beer, 1987 as presented in Table 1; the reward, which adapted from the instrument used by Mikander, 2010 as presented in Table 2; the affective, continuance and normative commitment, which adapted from the instrument used by Allen and Meyer, 1990 as presented in Table 3, 4 and 5 respectively; and the salesperson performance, which adapted from the instrument used by Salanove and Kirmanen (2010) and Harriet and Marion (2011) as presented in Table 6. The section two, on the other hand, measures the demographic profile of the respondents. The study used a five-point Likert scale in the survey instrument, which ranging from strongly disagree (1) to strongly agree (5). An “(R)” denotes a negatively phrased and reverse-scored item.

Instrument Design

Table 1: Measurement Items for Salary

No.	Items	Source
1.	I am satisfied with my present pay.	De Beer (1987)
2.	I earn the same as the other in a similar job.	
3.	I earn more than other people in a similar job.	
4.	My salary increases in a fair manner.	

Table 2: Measurement Items for Rewards

No.	Items	Source
1.	The rewards are distributed equally.	Mikander (2010)
2.	The rewards match my work effort.	
3.	I am satisfied with the quantity of the rewards.	
4.	I am ready to increase my work efforts in order to gain the rewards.	
5.	The rewards have a positive effect on the work atmosphere.	
6.	The rewards motivate me to perform well in my job	

Table 3: Measurement Items for Affective Commitment

No.	Items	Source
1.	I would be very happy to spend the rest of my career with this organization.	Allen and Meyer (1990)
2.	I enjoy discussing about my organization with people outside it.	
3.	I really feel as if this organization's problems are my own.	
4.	I think that I could easily become as attached to another organization as I am to this one. (R)	
5.	I do not feel like 'part of the family' at my organization. (R)	
6.	I do not feel 'emotionally attached' to this organization. (R)	
7.	This organization has a great deal of personal meaning for me.	
8.	I do not feel a 'strong' sense of belonging to my organization. (R)	

Table 4: Measurement Items for Continuance Commitment

No.	Items	Source
1.	I am not afraid of what might happen if I quit my job without having another one lined up. (R)	Allen and Meyer (1990)
2.	It would be very hard for me to leave my organization right now, even if I wanted to.	
3.	Too much in my life would be disrupted if I decided to leave my organization now.	
4.	It wouldn't be too costly for me to leave my organization now. (4)	
5.	Right now, staying with my organization is a matter of necessity as much as desire.	
6.	I feel that I have very few options to consider leaving this organization. (6)	
7.	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives.	
8.	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice - another organization may not match the overall benefits I have here.	

Table 5: Measurement Items for Normative Commitment

No.	Items	Source
1.	I think that people these days move from company to company too often.	Allen and Meyer (1990)
2.	I do not believe that a person must always be loyal to his or her organization. (R)	
3.	Jumping from organization to organization does not seem at all unethical to me. (R)	
4.	One of the major reasons I continue to work in this organization is that I believe loyalty is important and therefore feel a sense of moral obligation to remain.	
5.	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization.	
6.	I was taught to believe in the value of remaining loyal to one organization.	
7.	Things were better in the days when people stayed in one organization for most of their careers.	
8.	I do not think that to be a 'company man' or 'company woman' is sensible anymore. (R)	

Table 6: Measurement Items for Salesperson Performance

No.	Items	Source
1.	I understand what is salesperson performance.	Salanove and Kirmanen (2010); Harriet and Marion (2011).
2.	I always improve my performance time.	
3.	I always do job to meet targets.	
4.	I feeling treated fairly in this organization.	
5.	I always to get the best performance.	
6.	I can perform better when other salesperson have a feeling of acceptance.	
7.	I can improve my performance when I have good working conditions.	
8.	I can improve my work performance when I have motivation.	
9.	I can improve my work performance when I have good relationship with my co-workers.	

Results

The total of 220 questionnaires was being distributed and 212 responses have obtained and useable in this study, which brought a response rate of 96% while 8 (4%) of responses were not useable due to an incomplete data. Therefore, the total of 212 respondents was being included in the final sample. Next, the study applied the Partial Least Square based Structural Equation Modelling (PLS-SEM) by using Smart PLS 3.0 software. PLS-SEM is a Second-Generation technique that the model intends to examine the hypothesized relationship based on a priori established structural theory (Memon, Cheah, Ramayah, Ting and Chuah, 2018).

Initially, model assessment focuses on the measurement model and the structural model. The purpose of measurement model evaluation is to ensure the reliability and validity of the construct measures and provide support for the suitability of the path model (Hair, Hult, Ringle and Sarstedt, 2014). The criteria assessment comprised of loadings, composite reliability, Cronbach's alpha, convergent validity (AVE) and discriminant validity (Fornell-Larcker criterion and cross loadings) as suggested by Hair et al., (2011). There are many scholars have given the different cut off values on the factor loadings for items retention, which varies from 0.35 to 0.70 (Hair, Anderson, Tatham and Black, 1998; Hair et al., 2011; Chin, Gopal and Salisbury, 1997). In this study, loadings of 0.50 or more were considered as minimum acceptable value and significance.

Additionally, the recommended value for the composite reliability (CR), which is minimum value of 0.70 (Gefen, Straub and Boudreau, 2000; Hair, Black, Babin and Anderson, 2010) and in general the Cronbach's alpha of 0.60 or higher is an acceptable value (Black and Porter, 1996; Nunnally, 1978). In the average variance extracted (AVE), the acceptable value should exceed the recommended value of 0.50 (Bagozzi and Yi, 1988; Hair *et al.*, 2010; Fornell and Larcker, 1981). Moreover, the square root of the AVE should exceed the squared correlations between the latent variable and all other latent variables (Chin, 2010; Chin, 1998; Fornell and Larcker, 1981). With regard to the assessment of the structural model, the path coefficients are obtained for the structural model relationships, which testing the hypothesized relationships among the constructs (Hair *et al.*, 2011). The hypotheses of the research model were tested using the bootstrapping procedure with 500 sub samples, which is recommended guidelines from Chin (1998). The significance of the path coefficients is based on the t-values.

Table 7 presents the measurement model of constructs. The loadings were all above the cut off value of 0.50, which considered as minimum acceptable values (Hair, Anderson, Tatham and Black, 1998; Chin, Gopal and Salisbury, 1997; Hair *et al.*, 2011). The composite reliability was all above cut off value 0.7; the Cronbach's alpha was all above cut off value of 0.6 and the

average variance extracted (AVE) was all above 0.5, which suggested the measurement items were reliable and valid (Black and Porter, 1996; Nunnally, 1978; Gefen, Straub and Boudreau, 2000; Hair, Black, Babin and Anderson, 2010; Bagozzi and Yi, 1988; Fornell and Larcker, 1981). Moreover, the square root of the AVE exceeded the squared correlations between the latent variable and all other latent variables as shown in Table 8 (Chin, 2010; Chin, 1998; Fornell and Larcker, 1981). As shown in Table 9, all the values fulfill the criterion of HTMT.₈₅ (Kline, 2011) and HTMT.₉₀ (Gold, Malhotra and Segars, 2001). Overall, it can be concluded that measurement model in this study has shown satisfactory with the evidence of overall reliability, convergent validity and discriminant validity.

Table 7: Measurement Model of Constructs

Constructs	Items	Loadings	AVE^a	CR^b	Cronbach's Alpha
Salesperson Performance	SP1	0.682	0.503	0.834	0.753
	SP2	0.768			
	SP3	0.620			
	SP4	0.696			
	SP5	0.768			
Salary	S1	0.909	0.712	0.879	0.808
	S2	0.924			
	S5	0.674			
Reward	R2	0.863	0.617	0.826	0.687
	R3	0.846			
	R4	0.625			
Affective Commitment	AC1	0.671	0.506	0.859	0.807
	AC2	0.679			
	AC5	0.660			
	AC6	0.684			
	AC7	0.807			
Continuance Commitment	CC1	0.750	0.523	0.868	0.819
	CC2	0.702			
	CC4	0.711			
	CC6	0.714			
	CC7	0.787			
Normative Commitment	NC2	0.717	0.554	0.861	0.798
	NC3	0.785			
	NC4	0.824			
	NC6	0.740			
	NC7	0.643			

Note: SP6, SP7, SP8 and SP9 items in salesperson performance; S3 and S4 items in salary; R1, R5 and R6 items in reward; AC3 and AC4 items in affective commitment; CC3 and CC5 items in continuance commitment; NC1, NC5 and NC8 items in normative commitment; are deleted due to the loadings is not more than 0.5.

^aAverage Variance Extracted (AVE) = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}

^bComposite Reliability (CR) = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings) + (square of the summation of the error variances)}

Table 8: Discriminant Validity (Fornell-Larker Criterion)

Constructs	Affective Commitment	Continuance Commitment	Normative Commitment	Reward	Salary	Salesperson Performance
Affective Commitment	0.711					
Continuance Commitment	0.513	0.723				
Normative Commitment	0.670	0.487	0.744			
Reward	0.573	0.499	0.482	0.785		
Salary	0.527	0.520	0.440	0.654	0.844	
Salesperson Performance	0.438	0.398	0.577	0.549	0.451	0.709

Note: The square root of AVE values is shown on the diagonal and printed in bold; off diagonals are the latent variable correlations.

Table 9: Heterotrait-Monotrait Ratio (HTMT)

	Affective Commitment	Continuance Commitment	Normative Commitment	Reward	Salary	Salesperson Performance
Affective Commitment						
Continuance Commitment	0.586					
Normative Commitment	0.821	0.563				
Reward	0.718	0.659	0.605			
Salary	0.593	0.566	0.489	0.822		
Salesperson Performance	0.544	0.492	0.712	0.726	0.523	

This study was using the bootstrapping procedure with 500 sub samples to test the hypotheses of the proposed model. The significance testing results of the structural model as presented in Table 10. The results showed that eight (8) hypotheses were supported and three (3) hypotheses were not supported for the direct hypothesized relationships. On the other hand, the indirect hypothesized relationships, which consist of three (3) hypotheses were supported and three (3) hypotheses were not supported.

The results suggested that the reward has a significant effect on the salesperson performance, however, salary has no significant effect on the salesperson performance. Interestingly, both the salary and reward have a significant effect on the organizational commitment, namely affective, continuance and normative. Besides that, the results suggested that both affective and continuance has no significant effect on the salesperson performance, but normative commitment, on the other hand, has a significant effect on the salesperson performance.

The results suggested normative commitment had a mediating effect on the relationship between salary and salesperson performance; and also the relationship between reward and salesperson performance. Furthermore, an affective commitment has no mediating effect on the relationship between salary and salesperson performance; and also the relationship between reward and salesperson performance. Continuance commitment found to have the mediating effect on the relationship between reward and salesperson performance, however, no mediating effect was

found on the relationship between salary and salesperson performance. According to Hayes (2013), the bootstrap confidence interval that above zero is found to have a mediating effect while the bootstrap confidence interval that contains zero is means of no mediating effect. In this study, testing for mediation effects was using bootstrapping the indirect effect (Preacher and Hayes, 2004; 2008), which there is no indication of full or partial mediation. This method is suitable to be used for PLS-SEM because it makes no assumption about the variables' distribution or the sampling distribution of the statistic (Hair, Hult, Ringle and Sarstedt, 2017; Preacher and Hayes, 2004; 2008).

Table 10: Structural Model

H	Path	Beta (β)	Std. Error (SE)	T-Value^a	Decision
H1	Salary → Salesperson Performance	0.083	0.090	0.926	Not Supported
H2	Reward → Salesperson Performance	0.326	0.079	4.114**	Supported
H3	Salary → Affective Commitment	0.266	0.074	3.605**	Supported
H4	Salary → Continuance Commitment	0.338	0.078	4.354**	Supported
H5	Salary → Normative Commitment	0.218	0.093	2.346**	Supported
H6	Reward → Affective Commitment	0.399	0.073	5.439**	Supported
H7	Reward → Continuance Commitment	0.279	0.085	3.265**	Supported
H8	Reward → Normative Commitment	0.340	0.090	3.771**	Supported
H9	Affective Commitment → Salesperson Performance	0.100	0.091	1.103	Not Supported
H10	Continuance Commitment → Salesperson Performance	0.032	0.099	0.327	Not Supported
H11	Normative Commitment → Salesperson Performance	0.434	0.099	4.393**	Supported
H	Mediating Effect	Indirect Effect	CI	T-Value^b	Decision
H12	Salary → Affective Commitment → Salesperson Performance	0.027*0.026=0.000	LL=-0.077 UL=0.025	1.018	Not Supported
H13	Salary → Continuance Commitment → Salesperson Performance	0.011*0.038=0.000	LL=-0.067 UL=0.078	0.281	Not Supported
H13	Salary → Normative Commitment → Salesperson Performance	0.095*0.047=0.004	LL=0.012 UL=0.192	1.990*	Supported
H15	Reward → Affective Commitment → Salesperson Performance	0.040*0.037=0.001	LL=-0.111 UL=0.029	1.083	Not Supported
H16	Reward → Continuance Commitment → Salesperson Performance	0.009*0.031=0.000	LL=-0.050 UL=0.071	0.283	Not Supported
H17	Reward → Normative Commitment → Salesperson Performance	0.148*0.050=0.007	LL=0.059 UL=0.258	2.958**	Supported

*Significant at $p < 0.05$; **Significant at $p < 0.01$

^aNotes: $t(499)$, One tailed test: $t(0.05; 499)=1.65$; $t(0.01; 499)=2.33$

^bNotes: $t(499)$, Two tailed test: $t(0.05; 499)=1.96$; $t(0.01; 499)=2.58$

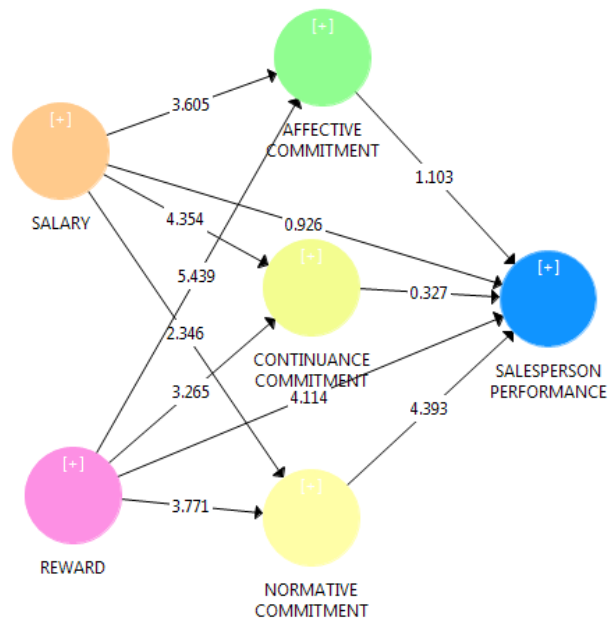


Figure 1: PLS-SEM Model Results

Discussion and Conclusion

The overall aims of this paper were to identify the relationship between compensation, organizational commitment and salesperson performance. Specifically, it attempts (1) to examine the relationship between salary and salesperson performance; (2) to examine the relationship between reward and salesperson performance; (3) to examine the relationship between salary and affective commitment; (4) to examine the relationship between salary and continuance commitment; (5) to examine the relationship between salary and normative commitment; (6) to examine the relationship between reward and affective commitment; (7) to examine the relationship between reward and continuance commitment; (8) to examine the relationship between reward and normative commitment; (9) to examine the relationship between affective commitment and salesperson performance; (10) to examine the relationship between continuance commitment and salesperson performance; (11) to examine the relationship between normative commitment and salesperson performance; (12) to examine the mediating effect of affective commitment on the relationship between salary and salesperson performance; (13) to examine the mediating effect of continuance commitment on the relationship between salary and salesperson performance; (14) to examine the mediating effect of normative commitment on the relationship between salary and salesperson performance; (15) to examine the mediating effect of affective commitment on the relationship between reward and salesperson performance; (16) to examine the mediating effect of continuance commitment on the relationship between reward and salesperson performance; and (17) to examine the mediating effect of normative commitment on the relationship between reward and salesperson performance.

The results of this study suggested that the reward has a significant effect on salesperson performance. On the other hand, the salary was found to be no significant effect on salesperson performance. In other words, the financial compensation, especially salary has no relationship with salesperson performance; meanwhile, the reward resulted in better performance of the

salesperson within the context of the shopping mall in Kota Kinabalu. The possible reason could be salary is not the greatest motivator, but there are other factors such as merit pay and bonus would have the influence on salesperson performance. However, both the salary and reward should take it into account, as those are also potential factors to influence organizational commitment and salesperson performance. The results of this study also suggested that salary and reward have a significant relationship with organizational commitment such as affective, continuance and normative commitment.

Furthermore, the results of this study also suggested that affective and continuance commitment has no significant relationship with salesperson performance. In other words, the salesperson's feeling or attitude towards the organization will not affect their performance. Besides that, the salesperson might continue or stay with the same organization, but it does not mean that they will perform well. The results of this study suggested that normative commitment has the significant relationship with salesperson performance.

The results of this study suggested that affective and continuance commitment has no mediating effect on the relationship between salary and salesperson performance, however, the normative commitment has a mediating effect on the relationship between salary and salesperson performance. There was no indirect effect on the relationship between salary and salesperson performance, that was mediated by affective and continuance commitment. As discussed, salary has no significant effect on the salesperson performance but found to have a direct effect on both affective and continuance commitment. Besides that, both affective and continuance commitment has no significant effect on salesperson performance. This indicated that only the direct effect occurred between salary and both affective and continuance commitment.

Finally, the results of this study suggested that affective and continuance commitment has no mediating effect on the relationship between reward and salesperson performance, however, the normative commitment have a mediating effect on the relationship between reward and salesperson performance. There was no indirect effect on the relationship between reward and salesperson performance, which was mediated by affective and continuance commitment. As discussed, the reward has a significant effect on affective commitment, continuance commitment, and salesperson performance. Besides that, the affective and continuance commitment has no significant effect on salesperson performance. This indicated that only the direct effect occurred between reward and affective commitment; between reward and continuance commitment; and between reward and salesperson performance.

References

- Abdul, H., Muhammad, R., Hafiz, M., Ghazanfar, A. & Muhammad, A. (2014). Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). *International Journal of Business and Social Science*, 5(2), 302-309.
- Andrew, A. (2017). Employees' Commitment and Its Impact on Organizational Performance. *Asian Journal of Economics, Business and Accounting*, 5(2), 1-13.
- Ariffin, H.F. & Ha, N. C. (2015). Examining Malaysian Hotel Employees Organizational Commitment by Gender, Education Level and Salary. *The South East Asian Journal of Management SEAM*, 9(1), 1-20.
- Arunkuma, S. (2014). An Empirical Study: Relationship between Employee Motivation, Satisfaction and Organizational Commitment. *International Management Business Research*, 4(2), 81-93.

- Allen, N. J. & Meyer, J. P. (1990). The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization. *Journal of Occupational Psychology*, 63, 1-18.
- Ariffin, H. F. & Ha, N. C. (2015). Examining Malaysian Hotel Employees Organizational Commitment by Gender, Education Level and Salary. *The South East Asian Journal of Management SEAM*, 9(1), 1-20
- Aselage, J. & Eisenberger, R. 2003. Perceived organizational support and psychological contracts: A theoretical integration. *Journal of Organizational Behavior*, 24: 491-509.
- Bagozzi, R. P. & Yi, Y. (1988). On the Evaluation of Structural Equation Models. *Journal of the Academy of Marketing Science*, 16(1), 74-94.
- Bal, Y., Bozkurt, S. & Ertemsir, E. (2014). *Determining the Influence of HRM Practices on Increasing Organizational Commitment; An Empirical Research from Turkey*. Paper presented at International Conference Human Capital without Borders: Knowledge and Learning for Quality of Life, Potoroz, Slovenia, 1025- 1033.
- Black, A. S. & Porter, L. J. (1996) Identification of the Critical Factors of TQM. *Journal of Decision Sciences*, 27, 1-21.
- Bryson, A., Buraimo, B. & Simmons, R. (2010). *Do Salaries Improve Worker Performance?* Centre for Economic Performance.
- Carroll, A. B. (2000). A Commentary and an Overview of Key Questions on Corporate Social Performance Measurement. *Business & Society*, 39, 466-478.
- Chin, W. W. (2010). *How to Write Up and Report PLS Analyses in Handbook of Partial Least Squares*. Berlin: Springer-Verlag.
- Chin, W. W. (1998). *The Partial Least Squares Approach to Structural Equation Modeling*. In: Marcoulides, G.A. (Ed.), *Modern Methods for Business Research*. Mahwah: Lawrence Erlbaum.
- Chin, W. W., Gopal, A., & Salisbury, W. D. (1997). Advancing the Theory of Adaptive Structuration: The Development of a Scale to Measure Faithfulness of Appropriation. *Information Systems Research*, 8(4), 342-367.
- Coyle-Shapiro, J. A-M. & Shore, L. M. (2007). The Employee-Organization Relationship: Where do We Go from Here? *Human Resource Management Review*, 17(2), 166- 179.
- De Beer, M. J. (1987). *'n Ondersoek na die rol wat arbeidsomset in die bedryf speel met spesifieke verwysing na werkbevrediging en werksmotivering*. University of the Free State, Bloemfontein.
- Edirisooriya, W. A. (2014). Impact of Rewards on Employee Performance: With Special Reference to ElectriCo. *International Conference on Management and Economics*, 311 318.
- Folorunso, Adewale., & Abodunde. (2014). *Exploring the Effect of Organizational Commitment Dimensions on Employees Performance: An Empirical Evidence from Academic Staff of Oyo State Owned Tertiary Institutions, Nigeria*.
- Fornell, C. & Larcker, D. F. (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error. *Journal of Marketing Research*, 48, 39-50.
- Gefen, D., Straub, D. W. & Boudreau, M. C. (2000). Structural Equation Modelling and Regression: Guidelines for Research Practice. *Communications of the Association for Information Systems*, 4(7), 1-78.
- Gohari, P., Kamkar, A., Hosseinipour, S. J, & Zohoori, M. (2013). Relationship Between Rewards and Employee Performance: A Mediating Role of Job Satisfaction. *Interdisciplinary Journal of Contemporary Research in Business*, (3), 571-597.

- Gold, A. H., Malhotra, A. & Segars, A. H. (2001). Knowledge management: An organizational capabilities perspective. *Journal of Management Information Systems*, 18(1), 185-214.
- Gouldner, A. W. (1960). The Norm of Reciprocity: A Preliminary Statement. *American Sociological Review*, 25,161-78.
- Hafiz, A. (2017). Relationship between Organizational Commitment and Employee's Performance Evidence from Banking Sector of Lahore. *Arabian Journal of Business and Management Review*, 7(2), 1-7.
- Hafiza, N. S., Shah, S. S., Jamsheed, H. & Zaman, K. (2011). Relationship Between Rewards and Employee's Motivation in the Non-Profit Organizations of Pakistan. *Business Intelligence Journal*, 4(2), 327-334.
- Hair, J. F., Hult, G. T. M., Ringle, C. M. & Sarstedt, M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling*. 2nd Ed. Thousand Oaks: Sage.
- Hair, J. F., Hult, G. T. M., Ringle, C. M. & Sarstedt, M. (2014). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Thousand Oaks: Sage.
- Hair, J. F., Ringle, C. M. & Sarstedt, M., (2011). PLS-SEM: Indeed a Silver Bullet. *Journal of Marketing Theory and Practice*, 19(2), 139-151.
- Hair, J. F., Black, W. C., Babin, B. J. & Anderson, R. E. (2010). *Multivariate data analysis*, 7th ed. New Jersey: Prentice Hall, Upper Saddle River.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E. & Tatham, R. L. (2006). *Multivariate data analysis*. Upper Saddle River, NJ: Pearson-Prentice Hall.
- Hair, J. F., Anderson, R. E., Tatham, R. L. & Black, W. C. (1998). *Multivariate Data Analysis with Readings*, 5th ed. Englewood Cliffs, NJ: Prentice Hall.
- Harriet, N. & Marion, N. (2011). *Motivation and Employee Performance: A Case Study of Kampala City Council Central Division*. Makerere University.
- Hayes, A. F. (2013). *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*. New York, NY: The Guilford Press.
- Homans, G. C. (1958). Social Behavior as Exchange. *The American Journal of Sociology*, 63, 597-606.
- Hsu, P. Y. (2005). *The Research of the Influence of Cross-Cultural on the Job Performance: The Case on Philippine & Thailand Labor in High-Tech Industry*. National Cheng Kung University, Taiwan.
- Humphrey, T. (2011). *Reward Systems, Job Satisfaction, Organizational Commitment and Employee Performance in Public Higher Institutions of Learning in Uganda*. Makerere University.
- Irshad, A. (2016). Impact of Extrinsic Rewards on Employees' Performance. *Journal of Global Economics*, 4(3), 1-4.
- Kaplan, M. & Kaplan, A. (2018). The Relationship between Organizational Commitment and Work Performance: a Case of Industrial Enterprises. *Journal of Economic and Social Development (JESD)*, 5(1), 46-50.
- Khan, M. R., Ziauddin, Jam F. A. & Ramay M. I. (2010). The Impacts of Organizational Commitment on Employee Job Performance. *European Journal of Social Sciences*, 15(3), 292-298.
- Kline, R. (2011). *Principles and Practice of Structural Equation Modeling*, 3rd edn Guilford Press. New York.
- Omotayo, O. A, Pavithra, S. & Adenike, A. A. (2014). Compensation Management and Organisational Commitment in Developing Economies: Indian Perspective. *International Journal of Research in Management, Social Sciences & Technology*, 8(8), 2320-2793

- Recep, D., Mahmut, D. & Murat, D. (2010). Organizational Commitment and Case Study on the Union of Municipalities of Marmara. *Regional and Sectoral Economic Studies*, 10(2), 29-57.
- Rowden, R. W. (2000). The Relationship between Charismatic Leadership Behaviors and Organizational Commitment. *Leadership & Organization Development Journal*, 21(1), 30-35.
- Low, B. K., Rusli, A. & Siti, M. A. (2016). Relationship between Financial Compensation and Organizational Commitment among Malaysian Bank Workers. *Asian Business Research*, 1(1), 75-85.
- Lumley, E., Coetzee, M., Tladinyane, E. & Ferreira, N. (2011). Exploring the Job Satisfaction and Organisational Commitment of Employees in the Information Technology Environment. *Southern African Business Review*, 15(1), 100–118.
- Mangkunegara, P. (2000). *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: Remaja Rosdakarya.
- Memari, N., Mahdieh, O. & Marmani, A. B. (2013). The Impact of Organizational Commitment on Employees Job Performance: A Study of Meli Bank. *Interdisciplinary Journal of Contemporary Research in Business*, 5(5), 164-171.
- Memon, M. A., Cheah, J., Ramayah, T., Ting, H. & Chuah, F. (2018). Mediation Analysis Issues and Recommendations. *Journal of Applied Structural Equation Modeling*, 2(1), i-ix.
- Mikander, C. (2010). The Impact of a Reward System on Employee Motivation in Motonet Espoo. International Business.
- Njanja, Maina, Kibet. & Njagi. (2013). Effect of Rewards on Employee Performance: A case of KPLC, Nakuru, Kenya. *International Journal of Business and Management*, 8(21).
- Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). New York: McGraw-Hill.
- Nwanneke, I. T. (2012). *Salaries and Wages Administration as A Tool for Improving Employee's Performance in An Organization (A Case Study of Olamaboro Local Government Area of Kogi State)*. Caritas University.
- Obikeze, O. & Anthony, O. (2003). *Government and Politics of Nigeria: The Struggle for Power in an African State*. Onitsha: Bookpoint Ltd.
- Prawirosentoso, S. (2000). *Employee Performance Policy*. Yogyakarta: BPFE.
- Preacher, K. J. & Hayes, A. F. (2004). SPSS and SAS Procedures for Estimating Indirect Effects in Simple Mediation Models. *Behavior Research Methods, Instruments, & Computers*, 36, 717-731.
- Preacher, K. J. & Hayes, A. F. (2008). *Contemporary Approaches to Assessing Mediation in Communication Research*. In A. F. Hayes, M. D. Slater, & L. B. Snyder (Eds.), *The Sage sourcebook of advanced data analysis methods for communication research* (pp. 13-54). Thousand Oaks, CA: Sage.
- Rusli, A., Toh, P. Y. & Sopian, B. (2013). Relationship between Types of Benefit (leave, loan and retirement plan) and Employees' Retention. *International Journal of Education and Research*, 1(8), 1-14.
- Sajuyigbe A. S, Olaoye B. O. & Adeyemi, M. A. (2013). Impact of Reward on Employees Performance in a Selected Manufacturing Companies in Ibadan. *International Journal of Arts and Commerce*, 2(2).
- Salanova, A. & Kirmanen, S. (2010). *Employee Satisfaction and Work Motivation*. Mikkeli University of Applied Sciences.
- Sawalha, N., Zaitouni, M. & ElSharif, A. (2012). Corporate Culture Dimensions Associated with Organizational Commitment: An Empirical Study. *The Journal of Applied Business Research*, 28(5), 957-976.

- Somers, M. & Birnbaum, D. (1998). Work-Related Commitment and Job Performance: It's also the Nature of the Performance that Counts. *Journal of Organizational Behavior*, 19(6), 621-634.
- Subekti, A. & Setyadi, D. (2016). The Implication of Financial Compensation and Performance Appraisal System to Job Satisfaction and Motivation Also Employee Performance in PT Pupuk Kalimantan Timur Indonesia. *International Journal of Business and Management Invention*, 5(2), 16-27.
- Sule, O. E., Amuni, S. I., Obasan, K. A. & Banjo, H. A. (2015). *Wages and Salaries as A Motivational Tool for Enhancing Organizational Performance*. A Survey of Selected Nigerian Workplace. *Euroeconomica*. 34(1).
- Tan, T. H. & Waheed, A. (2011). Herzberg's Motivation-Hygiene Theory and Job Satisfaction in The Malaysia Retail Sector: The Mediating Effect of Love of Money. *Asian Academy of Management Journal*, 16(1), 73-94.
- Yap, M., Holmes, M. R., Hannan, C. A. & Cukier, W. (2010). The Relationships Diversity Training, Organizational Commitment, and Career Satisfaction. *Journal of European Industrial Training*, 34(6), 519-538.
- Yeh, H. & Hong, D. (2012). The Mediating Effect of Organizational Commitment on Leadership Type and Job Performance. *The Journal of Human Resource and Adult Learning*, 8(2), 50-59.
- Yousef, D. A. (2018). Organizational Commitment: A Mediator of The Relationships Of Leadership Behavior with Job Satisfaction and Performance in a Nonwestern Country. *Journal of Managerial Psychology*, 15(1), 6-28.
- Zahra, I., Xia, S., Khuram, S., Liu, H. & Amna, N. (2015). Effect of Salary, Training and Motivation on Job Performance of Employees. *American Journal of Business, Economics and Management*, 3(2), 55-58.