



STUDYING THE RELATIONSHIP BETWEEN FINANCIAL COMPENSATION AND ORGANIZATIONAL COMMITMENT AMONG THE WORKERS IN IRAQ BANKS

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Abstract:

This research examines the relationship between financial compensation and organizational commitment among workers in the banking industry in Iraq. This research is important in addressing the previous gap in types of financial compensation such as salaries, bonuses, and wages with a stronger relationship with organizational commitment. Although these variables have been extensively studied, few studies have explored their relationship to organizational commitment. The quantitative methodology is used to explore the relationship between financial compensation and regulatory compliance. In data collection, a questionnaire was conducted on 150 workers working in several selected banks in Iraq. Simple random sampling was used to select respondents in the survey. The results of the research showed that there is a statistically significant relationship between financial compensation such as salaries, bonuses, rewards and organizational commitment. Besides, wages are determined on merit as the dominant factor in influencing organizational commitment among the employees of the bank under study. The research findings contribute to a better understanding by all stakeholders of the application of the theories and model regarding aspects of financial compensation and regulatory compliance.

Keywords: bonuses, financial compensation, organizational commitment, merit pay, salaries

1. INTRODUCTION

This research aims to determine the relationship between financial compensation and organizational commitment among the employees of the organization. Financial compensation can be viewed as a strategy in human resource management to attract, retain and motivate workers in the changing environment (Issues in Compensation Management, 2014). Employee retention leads to organizational commitment as well as reduced organization turnover (Proven Studies, 2014). In contrast, organizational commitment is workers' willingness to stay with the given organization and willingness to participate in achieving the organization's goals (Bozlagan, Dogan, & Daoudov, 2010). Committed workers who are satisfied with the job have a low intent to leave the organization; Thus, reducing the absenteeism rate of workers and their turnover in the organization (Ismail, 2012). Previous research has shown that there is a positive relationship between compensation and organizational commitment. Hence, organizations offer such financial compensation as a strategy in human resource management to improve organizational commitment among workers (Ahmad, Toh, & Bujang, 2013).

2. LITERATURE

2.1 Financial compensation is usually addressed in the human resource management strategic plan to support the organization's goals that lead to organizational growth. Many organizations view compensation as the mediator for attracting talented workers, motivating and increasing the retention rate of their workers to stay in the organization (Ahmad et al., 2013). An adequate compensation system may enhance workers' desire to remain with the organisation, with job satisfaction and expectations, and indirectly become higher (Munap, Mohd, Abdul, 2013). In this context, Riggio (2013) clearly stated that workers are motivated by money and material gains. The Mercer Report (2003) also indicated that through fair and equitable compensation, workers are more likely to remain with the organisation.

2.2 From the results of the research it is clear that the element of financial benefits motivates workers. Malik, Danish and Munir (2012) found in their study in Pakistan that the higher the salary amount, the higher the job satisfaction. Regarding this, a study by Scott and McMullen (2010) showed that 42% of respondents agreed with the overall reward.

2.3 The strategies had a positive effect on employee engagement and reduced some problems in the organization such as turnover, organizational justice and absenteeism. Other studies on organizational commitment such as Bashir and Long (2015) showed that training-related variables also have an important and positive relationship with organizational commitment in Iraq. Iraqi workers look for other key factors such as career development, recognition, and work-life balance as career pull factors that tend to contribute more to the retention of talented workers rather than higher salaries. From the study of Anfari, Muhammad Amin, Ongko Ahmed, Suleiman and Gramsari (2011) they find that the expectation or belief of workers contributes to hard work and in return is beneficial to issues of justice in the organization.

2.4 3.1 Financial compensation

Compensation is a type of financial benefit to attract and motivate the employees of the organization. According to Anavari et al. (2011), strategic compensation is an important component related to employee behavior and attitude towards improving organizational achievement through increased organizational commitment and motivation among workers. Rizal, Dross, Jamher, and Mintarti (2014) also found in their study that financial and non-financial compensation may affect motivation and performance.

2 Salary

Related studies show that salary is one of the strategies in motivating workers, in order to enhance their performance, commitment and satisfaction. It may influence worker behavior as well as attract and increase survival intention and lead to higher performance in the organization (Tila et al., 2007). Pay satisfaction had a significant positive relationship with organizational commitment (Ramay, 2011). In a similar study by Munap et al. (2013), salary has been one of the factors that can influence the likelihood that workers will make a decision to join, leave, or remain in an organization. However, another study by Al-Zoubi (2012) indicated that salaries have a low impact on workers' job satisfaction as the job function of workers leads to better job satisfaction rather than higher salaries.

3.7 Bonus

According to the study by Park and Sturman (2009), it has been stated that the popularity of reward system has increased and it is widely used in organizations. Most organizations offer overtime pay as a one-time cash bonus to enhance and motivate the work performance of the workers. It is offered based on worker productivity and is an additional annual compensation. Lopez (2006) claimed that bonus pay may increase stay or exit retention in a study on the obligation to keep soldiers in a hostile environment. However, the retention bonus cannot be a long-term measure and a moderate percentage was recorded in continuing to retain the military, although it played an important role in decision-making; to leave or stay. In addition, Tzu and Chung (2007) claimed that bonuses given to workers are used to improve operational efficiency and thus motivate them to work harder in order to get a large amount of future bonuses depending on the productivity of the organisation. In addition, a bonus payment system may reduce the problem of turnover of workers who are likely to leave the organization. It also tends to attract talented workers and generally motivates workers to perform better.

3.8 Merit-Based Remuneration

According to Gorton (1994), merit-based remuneration plays a vital role for achieving job satisfaction, organizational commitment and job performance as most organizations use merit-based remuneration system as a strategic reward plan that can enhance workers' performance and influence workers' work behavior towards higher achievement with the organisation. Besides, merit-based wage system exercises strong power to retain workers and influence their decision to stay or leave the organisation. Thus, many companies have attempted to implement a merit-based wage compensation program for workers. Workers want to be paid extra based on their performance, which is a way to earn extra money on their base payments (Jensen, 2014). On the contrary, Chooi and Whitford (2013) stated that merit-based pay has a negative effect on job satisfaction. The results are not comparable with most previous studies. A merit-based pay plan may not have the desired strong relationship with job performance ratings in the organization and shows that there are no significant pay differences between the best and worst performers (Park & Sturman, 2009).

3.9 Organizational Compliance

In the study of Allen and Meyer (as cited in Warsi, Fatima, and Sohaibzadeh, 2009), the three-component model of organizational commitment consists of emotional, continuity, and normative commitment. Emotional organizational commitment refers to strong feelings associated with the organization, feeling passionate about the job and likely to engage in organizational activities to achieve its goals and values. Ongoing organizational commitment indicates a strong sense of fear of losing their benefits and the economic ties to their organization if

They leave the organization. Normative organizational commitment is the feeling of obligation to stay with the organization. An employee with a strong normative organizational commitment may think this is normal and there may be bonuses provided in advance (Ismail, 2012).

Based on the study of Leow and Khong (2009) conducted in Iraq, organizational commitment is closely related to the employee's intention to leave or stay in the organization and plays a vital role in promoting the growth of the organization. In addition, various studies have indicated a strong relationship between job satisfaction and organizational commitment. If workers are satisfied with their jobs, they are more committed to their job and organization (Ismail, 2012; Karim and Rahman, 2012; Warsi et al., 2009).

Although the variables of financial compensation and regulatory compliance have been extensively researched, this study aims to determine the type of financial compensation with a stronger relationship towards regulatory compliance among employees of selected banks in Iraq.

4. 4. Research objectives

In general, this research attempts to determine the relationship between financial compensation and regulatory compliance among employees of selected banks. The set goals set are as follows;

1. Determining the relationship between salaries and organizational commitment among the employees of the organisation.
2. Determining the relationship between rewards and organizational commitment among workers in the organization.
3. Determining the relationship between merit-based reward and organizational commitment among the employees of the institution.
4. Determine the dominant factor among the three types of financial compensation in influencing the organizational commitment of employees in the institution.

3.1 Research hypotheses

Based on the research objectives, the following hypotheses were developed and tested:

H1: There is a statistically significant relationship between salaries and organizational commitment among the organization's employees.

H2: There is a statistically significant relationship between rewards and organizational commitment among the organization's employees.

Ha3: There is a statistically significant relationship between merit-based pay and organizational commitment among the organization's employees.

Hb4: There is a dominant factor among the three types of financial compensation in influencing organizational commitment among the employees of the organization.

The above hypotheses were supported by a related previous study. A study by Parvin and Kabir (2011) indicated that salaries were one of the drivers of organizational commitment in an organization which enhances the attraction and retention of workers. Tzu and Chung (2007) found that rewards are more likely to motivate workers to become more committed to the organization which helps to achieve organizational goals and improve organizational processes. The previous hypothesis about merit-based wages and organizational commitment supports the study of Ibrahim and Buerah El-Din (2010). They found that workers who get paid on the basis of merit are more likely to experience higher job stability.

5. The Importance of Studying.

This study hopes to contribute useful information to many parties as well as to the researcher. The research will be important in addressing the previous gap in types of financial compensation such as salaries, bonuses and remuneration payable with a stronger relationship with regulatory compliance. The final results provide reliable statistical data results that are useful to other researchers for further investigation of the topic. Defining the relationship between financial compensation and organizational commitment will guide organizations to identify appropriate ways to motivate their workers and improve job satisfaction leading to organizational commitment. Besides, this study provides clear perspectives on the types of financial compensation that are likely to lead to greater commitment among workers and help meet their needs towards financial compensation.

This research will also provide more insights into the organization's compensation policy as part of the human

resource strategic plan to attract and retain talented workers. Therefore, this research study may bring some benefits to the institution and the researcher in order to better understand the factors that would increase organizational commitment among employees, and to come up with a well-designed compensation policy especially in the environment of Iraq with good hope. The wage workers will reduce the turnover rate in the organisations.

Research Design

The quantitative research methodology is used to validate the relationship between the variables and verify the research hypotheses rather than depth understanding about complex situation (Ahmad & Usop, 2011). Therefore, in order to determine the relationship between financial compensation and organizational commitment, the most appropriate research methodology used for this study is quantitative methodology, because the quantitative research is a suitable framework to explore the relationship between the variables. According to Ahmad and Usop (2011), among the advantages of using quantitative methodology as a framework to conduct the research methodology are: less expensive, confidentiality is assured, data analysis is simple and less time consuming rather than direct interaction with the respondents. On the other hand, some weaknesses of quantitative methodology such as a greater chance of bias, the results of the research are hard to interpret and higher interpretation skills are needed. Quantitative research also does not offer indepth explanation about the results of study.

5.1 Location, Population and Sample

This study was conducted on a total targeted population of 150 people workers who work in several selected banks in Iraq. Job classification of the sample encompassed customer service department, administrative department, management group (e.g. manager, supervisor, administrators, etc.) in various positions and salary levels. This research is based on simple random sampling technique. The respondents assigned were allocated numbers and listed consecutively in tabulated form from which the numbers of the respondents were selected randomly for the sample. This simple random method of sampling is used in this research because it is an unbiased random selection in which each respondent has equal chance of being selected in the survey. The result of the sampling is more generalized because the sample reflects the similar characteristic to representative the whole population. In order to generalize the sample size of the total targeted population, Slovin's formula is used to determine the minimum sample size of the respondents that is representative of the population for this research. Besides that, by using Slovin's formula, the margin error is allowed for the probability of an error during the process of selecting respondents (Padua & Santos, 2012).

5.2 Data Collection Technique

The questionnaire survey was chosen as the instrument of data collection in the research. A questionnaire survey can involve large number of samples with no geographical restrictions. Data was collected by using closed-ended items with a fixed set of answers from which the respondents chose from. The instrument that was used to measure the variables of was adapted from measures that have been developed by several previous researchers. The questionnaire is organized into four sections. Section A is the demographic background of the respondents such as gender, age, race, ethic and working experience. This is followed by Section B; the variable of salary and Section C; the variable of bonus. Section D is about merit-based pay. The items for each variable are mostly adapted from the sources of Employee opinion survey demo, (2014). Lastly, Section E is about the variable of organizational commitment adapted from Mowday et al. (1979). The questionnaire has a five point Likert scale in which respondents rank accordingly with 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and lastly 5= strongly agree, with regards to each item. The data collection technique is through face to face interaction. 200 sets of questionnaire were distributed to the respondents in person along with a brief explanation of its purpose. Preceding data collection, permission was granted for data collection from the organisation. After a week, the completed questionnaires were collected by the researcher.

5.3 Validity and Reliability

The validity and reliability of the questionnaire is of vital concern to the researcher. Hence, a pilot test is conducted before the actual study. According to Johnson and Christensen (2013), a minimum of 5 - 10 people should be involved in the questionnaire pilot testing in order to ensure the quality of the questions to meet the objectives of the study. Thus, 30 sets of questionnaire were distributed to pilot test for validity. The draft of the questionnaire was discussed with the research supervisor who gave guidance on the format, structuring, grammar and wording. The purpose of the pilot testing is mainly to ensure the items in the questionnaire are logically connected to the objectives of the research and to detect the errors in the questionnaire (Ahmad & Usop, 2011).

The reliability of the questionnaire is very crucial too, because it helps to determine if the same results will be obtained when re-administered to the same respondents and it will not be affected by the respondents' physical setting. The statistical tool used to measure the reliability of the questionnaire is Cronbach's Alpha. The Cronbach's Alpha value range in 0-1.0 represents the scale of reliability; the higher the Cronbach's Alpha value, the more reliable is the item in the questionnaire. The Cronbach's Alpha value of 0.7 was adopted as any value above is acceptable; the lower value is considering not a reliable questionnaire. There would be a need to correct and re-examined the items in the questionnaire if the reliability level is below acceptable level (Santos, 1999).

5.4 Data Analysis and Ethics

Once the data has been collected, the numerical data was recorded and analysed by using the Statistical Package for the Social Sciences (SPSS) Version 19 software programme. The outcome evaluation of statistical data is using inferential statistics. The inferential statistic test included the t-test which compared the means from two different samples and Pearson’s correlation coefficient which related the independent and dependent variables to test each research hypothesis in line with the stated research objectives. Inferential statistics was used to make the data more generalized from the population.

Some ethical considerations were addressed before conducting data collection. Respondents in the study participated on a voluntary basis and permission to conduct the study was obtained prior to administration of the questionnaires. The aims and objectives of this study were fully informed before the data collection process. In addition, the privacy of the respondents involved are ensured with the data provided kept private and confidential. The researcher took care not to harm any respondent or any parties involved during the research process. Lastly, the research questionnaire was used solely to collect the information for academic purpose. The questionnaire did not contain any discriminating, biased wording and no personal and sensitive questions were asked of the respondents.

6. Research Findings and Discussion

The research findings and discussion in this study are reported based on the stated objectives in a bid to systematically present the findings to readers.

6.1 The Relationship between Salary System and Organizational Commitment

The research objective above was tested using Pearson Correlation technique and the results on the identified research hypothesis of the relationship between the salary system and organizational commitment are shown below:

Ha1: There is a significant relationship between salary system and organizational commitment among the workers in the organization

Table 1. Pearson correlation between salary system and organizational commitment

Variables	Pearson Correlation	Significance
Salary	.587**	2
Organizational Commitment	.587**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 1 above, the Pearson’s r value for the correlation between the salary system and organizational commitment where (r=0.587). When Pearson’s r is close to 1, it means that there is a strong relationship between the two variables. As shown in the table, the Pearson’s r is close to 0.5. It indicates there is a moderate positive relationship between the salary system and organizational commitment. The two variables are correlated to each other; when one variable increases in value, the second variable will also increase in value. Similarly, as one variable decreases in value, the second variable also will decrease in value. Therefore, it called as positive correlation. From the table, the Pearson’s r value of 0.588 indicates positive value. Since our Pearson’s r value is positive, we can conclude that when the salary increases, the organizational commitment also increases. In the Correlations analysis result, the r value will show us if there is a statistically significant correlation between salary system and organizational commitment.

As shown in Table 1 above, the Sig. (2-tailed) value is 0.00 which is less than 0.01. Therefore, there is a statistically significant correlation between our two variables. Thus, we conclude that Ha1 is accepted. Likewise, the increases or decreases in salary system is significantly related to increases or decreases in organizational commitment. This finding is supported by Rizqi and Ridwan (2015), who stated that pay satisfaction may affect the organizational commitment and pay satisfaction, was positively correlated with organizational commitment. This result also supports Herzberg’s Two Factor theory which states that workers are truly motivated or satisfaction when the motivator factors present (Riggio, 2013). Besides that, the study of Munap et al. (2013) stated that, salary as the one of the factors that can influence the probability of decision making for the workers to join, leave or stay in the organization. From the view of practical, salary is a management tool for work performance and good pay induces commitment (EkonomitMer, 2015). In additional, salary is as one of the types of financial incentives is less attractive in motivating workers as there is a medium positive relationship between salary and organizational commitment (Beyond the bonus, 2013).

6.2 The Relationship between Bonus System and Organizational Commitment

The research objective above was tested using Pearson Correlation technique and the results on the identified research hypothesis of the relationship between bonus system and organizational commitment are shown below:

Ha2: There is a significant relationship between bonus system and organizational commitment among the workers in the organization.

Table 2. Pearson correlation between bonus and organizational commitment

Variables	Pearson Correlation	Significance
Organizational Commitment	.710**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 2, the Pearson’s r value for the correlation between bonus system and organizational commitment where (r= 0.710). When Pearson’s r is close to 1, it means that there is a strong relationship between two variables. As the table shown, Pearson’s r value is close to 1.0. That means there is a strong positive relationship between bonus systems and organizational commitment. Two variables are correlated with each other. When one variable increases in value, the second variable will also increase in value. Similarly, as one variable decreases in value, the second variable also will decrease in value. Therefore, it called as positive correlation. From the table, Pearson’s r value of 0.710 which is positive value. Since our Pearson’s r value is positive, we can conclude that when the bonus increases, the organizational commitment also increase. In the Correlations analysis result, the r value show us if there is a statistically significant correlation between salary system and organizational commitment.

As shown in table 2, the Sig. (2-tailed) value is 0.00 which is less than 0.01. Therefore, it indicated a statistically significant correlation between our two variables. Thus, we can conclude that Ha2 is accepted. Likewise, the increases or decreases in bonus system is significantly relate to increases or decreases in organizational commitment. The finding is supported by Lopez (2006); Tzu and Chung (2007), which examined bonus pay has a significant positive relationship with organizational commitment. The bonus pay might increase the intention and motivate the workers to stay with the organization. Evidence from the study of Institute of Leadership and Management (ILM) shows 13% of the workers said they are motivated by a bonus. Getting a bonus for performing well is one of the motivational factors (Beyond the bonus, 2013). The findings showing there is a significant positive correlation between bonus and organizational commitment is reinforced by Adam’s Equity theory in which the degree of perceived fairness on compensation may influence their motivation and intention to stay with the organization (Hassan, 2002).

6.3 The Relationship between Merits - Based Pay and Organizational Commitment

The research objective above was tested using Pearson Correlation technique and results on the identified research hypothesis of the relationship between the merit-based pay and organizational commitment are shown below:

Ha3: There is a significant relationship between merits-based pay and organizational commitment among the workers in the organization.

Table 3. Pearson correlation between merit-based pay and organizational commitment

Variables	Pearson Correlation	Significance
Merit-based Pay	2	.752**
Organizational Commitment	.752**	2

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 3, the Pearson’s r value for the correlation between the merits based pay system and organizational commitment where (r=0.752). When Pearson’s r is close to 1, it means that there is a strong relationship between two variables. As the table shown, Pearson’s r value is close to 2.0. That means there is a strong positive relationship between merits based pay systems and organizational commitment. Two variables are correlated with each other. When one variable increases in value, the second variable will also increase in value. Similarly, as one variable decreases in value, the second variable also will decreases in value. Therefore, it called as positive correlation. From the table, Pearson’s r value of 0.752 is of positive value. Since our Pearson’s r value is positive, we can conclude that both variables are interrelated. When the merits based pay increases, the organizational commitment also increase. In the Correlations analysis result, the r value show us if there is a statistically significant correlation between salary system and organizational commitment.

Table 3 shows that the Sig. (2-tailed) value is 0.00 which is less than 0.05. Therefore, it indicated a statistically significant correlation between our two variables. Thus, we conclude that Ha3 is accepted. Likewise, the increases or decreases in merits based pay system is significantly relate to increases or decreases in organizational commitment. Gorton (1994) stated merit based pay system as a strong power to retain the workers and influence the workers’ decision to stay or leave the organization. Adversely, the research finding result is not comparable with the study of Rizal et al. (2014) which indicates that the relationship between merit-based pay and organizational commitment is small.

6.4 Dominant Factor among Three Types of Financial Compensation in Influencing Organizational Commitment

The research objective above was tested using Multiple Regression technique and results on results finding of the dominant factor among three types of financial compensation in influencing organizational commitment are shown below:

Ha4: There is a dominant factor among the three types of financial compensation in influencing the organizational commitment among the workers in the organization.

Table 4. The multiple regression analysis result

Model	Unstandardize d Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Salary	.154	.058	.191	2.632	.019
Bonus	.224	.074	.278	3.020	.002
Merit-based pay	.401	.087	.431	4.581	.000

a. Dependent variable: organizational commitment

Regression analysis is used to determine the dominant factor among the three types of financial compensation in influencing the organizational commitment among the workers in the organization by identifying the biggest Beta value. As shown in Table 4 above, the significant value of bonus and merit-based pay is less than 0.05 which is a significant relationship in influencing organizational commitment. Based on the table above, the Beta value for merit-based pay are the biggest beta value compare to salary and bonus where (Beta= 0.431). Thus, we can conclude that merit-based pay is the dominant factor in influencing the organizational commitment among the workers in the organization. The evidence from the Federal Employee viewpoint survey shows that the merit-based pay seen as effective motivator in influencing the effectiveness of an organization like organizational commitment, absenteeism and turnover rate (Chooi & Whitford, 2013).

7. Implications of the Study

These research findings have several implications which can contribute to three parties which are: implication to the organization, human resources practitioners and future researchers. This study contributes useful information and it creates a better understanding for organization towards the financial compensation which will lead to organizational commitment. From this study, the organization can identify the dominant factor that can lead to the strongest relationship between the financial compensation and organization commitment. Therefore, the organization can improve their policy on financial compensation and create a more effective and efficient organization by increasing workers' organizational commitment.

This study creates awareness among human resource practitioner on the importance of the relationship between financial compensation and organizational commitment. Human resource practitioners can develop a new compensation system in order to increase organizational commitment among the workers and also helps to minimize turnover and increase workers' motivation, albeit indirectly. A strategic compensation system is certainly vital to assist in increased motivation and organizational commitment of the workers.

Furthermore, the research finding results are highly exploratory for further studies. The research findings contribute to a better understanding for future researcher about the application of theories and model which had been discussed in this study. Future researchers can investigate the organizational commitment model and motivation theory in their future studies.

8. Limitations

9. There are some limitations in this study. First, the measurement of the variables of financial compensation and organizational commitment is only based on a closed-ended questionnaire and the respondents only answer the questionnaire from a fixed set of answers. The respondents might not be honest in answering the questionnaire. Time constraint is another limitation in this study. The questionnaire was distributed to the respondents within a specific period of time; the respondents might be not enough time to answer the questions. Besides that, another limitation study is language barrier. The questionnaire was bilingual, in English and Arabic. However, the respondents were encouraged to answer the questionnaire in English which might have given rise to uncertainty and misunderstanding between two languages. As such, the respondents might not have answered the questionnaire with a clear understanding and caused biased responses due to the poor understanding of the items in the questionnaire.

10. Recommendations

Based on this study, the following additional studies are recommended to organization; human resource practitioner and future researcher. Organization should develop and implement an adequate financial compensation system and policy in the organization in order to motivate workers' retention to stay with the organization. An effective compensation strategy serves to motivate current workers and attract new ones. The organization can redefine a new approach to compensation management. It is important to integrate a structured compensation management into the organization. It make sure the human resource practitioner are well understanding on the beneficial of the financial compensation and in can be a foundation for creating a strong culture of organizational commitment among the workers. As the dominant factor of financial compensation in influencing organizational commitment is merit-based pay, it is the most effective way to encourage the workers to stay with the organization. Therefore, the organization should emphasize the transparency of performance evaluation systems for it to be perceived as fair in order for it to have more motivating power.

Human resource practitioners should make sure the compensation system and policy are stated under the organization's accepted laws and legislation for example, the overtime payment and minimum wages policy. Besides that, human resource practitioners are responsible to ensure should all of the workers in the organization are completely understanding on the compensation system and policy in the organization.

Concerning future studies, the scope of study can be extended to include other types of financial compensation system with moderating variable of gender which was not discussed in this study. It will describe the differences in perspective of gender. Other than that, future researchers also can focus more deeply on possible types of financial compensation system in mediating the organizational commitment such as direct and indirect financial compensation. In addition, future researchers are encouraged to focus more on qualitative research instead of quantitative research. Qualitative research can discuss a more comprehensive perspective of workers on the current financial compensation system and policies rather than limited to responding to a closed-ended questionnaire survey form.

Future researchers also can conduct this study in other industries in a bigger population such as hotel industry, oil and gas industry and so on. By conducting this study in future, it may bring a more reliable and valid research findings and it also provide a different preferences in others industry. Therefore, the organization can have a better knowledge on the compensation system and implement the research findings to develop an adequate compensation system and policy. In addition, this study also suggests that future researchers should have better time management for each process of the research. Future researchers should have a time schedule in making lists or drawing up the plans and set up the priorities on which do first, take every process in a time to accomplish the research study in a short period of time.

11. Conclusion

In conclusion, the research finding showed that there is a significant relationship between independent variables and independent variables. Besides that, this research also identified merit-based pay as the dominant factor in influencing organizational commitment among the workers in the organization.

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