



Original Research

## Development of a Performance-Based Reward System Model for Job Satisfaction of Nurse

Berlian Yuli Saputri\* and Shulhan Arief Hidayat

STIKes Utama Abdi Husada Tulungagung, East Java, Indonesia

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### CORRESPONDING AUTHOR

Berlian Yuli Saputri  
[berlian.ysaputri@stikestulungagung.ac.id](mailto:berlian.ysaputri@stikestulungagung.ac.id)  
STIKes Utama Abdi Husada  
Tulungagung, East Java,  
Indonesia

### ABSTRACT

**Introduction:** a reward system is one of the motivators that managers can use to improve performance, but this is often overlooked. This research was conducted to develop a performance-based reward system model to increase nurse job satisfaction.

**Method:** the design of this study used observational analytic, with a sample of 237 nurses from all nursing service units. Sampling using cluster random sampling. Data were analyzed using partial least square (PLS). Indicator variables namely reward, performance, reward system (intrinsic reward and extrinsic reward) were independent variables while job satisfaction variable was dependent variables.

**Results:** there is an influence of the reward indicator on intrinsic reward ( $t = 3.940368 > 1.96$ ). There is an effect of reward indicator on extrinsic reward ( $t = 6.052527 > 1.96$ ). There is a performance effect on intrinsic reward ( $t = 8.504740 > 1.96$ ). There is a performance effect on extrinsic reward ( $t = 7.936353 > 1.96$ ). There is an influence of intrinsic reward on nurse job satisfaction ( $t = 6,257129 > 1,96$ ). There is an effect of extrinsic reward on nurse job satisfaction ( $t = 9,709050 > 1,96$ ).

**Conclusion:** the reward system model in this study is influenced by reward and performance indicators. The development of reward system models can affect the job satisfaction of nurses. So that a performance-based reward system needs to be developed to increase nurse job satisfaction.

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## 1. INTRODUCTION

Performance is the results of the combination of effort and the individual's level of ability, skill, and experience. According to Ivancevich (2007), individual performance results are evaluated formally and informally by management, and there are two types of reward namely intrinsic reward and extrinsic reward. Then the reward is evaluated by the individual, if the reward is satisfactory and fair, the individual reaches a level of satisfaction.

Nurses' job satisfaction is believed to determine the formation of patient satisfaction which has a major impact on the quality of nursing services. Somehow not all hospitals can create an

atmosphere that motivates and increases productivity (Bustami, 2011). One of the drive that is often overlooked by managers which can build staff motivation and increase productivity is the Rewards System (Wibowo, 2011). The rewards system is one of the important factors that affect individuals work ethic in an organization. According to Hasibuan (2007), the reward is a reward for services provided by agencies to workers, rewards are not just rights and obligations but the most important thing is the motivation and enthusiasm to work. According to Wibowo (2011), the reward is the level of appearance that is manifested through certain efforts. It is believed that future expectations is driving individuals to do a good job. Nurses have the

right to be rewarded because they have devoted their time, skills, and knowledge (Reni 2012).

Giving rewards according to Nisar and Ahmad (2017) shows that rewards are closely related to employee attitudes and behaviors such as job satisfaction, commitment, and performance. The reward by the company for staff render them feel the attention and appreciation then increase their self-confidence. When employee performance increases, company goals will be achieved and company performance will also increase (Reni 2012).

Gibson divides the rewards into two, a namely intrinsic reward which includes task completion, achievement, autonomy, and personal development. While extrinsic reward includes salary and wage, social security (fringe benefit), interpersonal rewards, and promotion (Maria 2010).

Regional General Hospital (RSUD) Dr. Iskak Tulungagung is one of the hospitals owned by the Government of Tulungagung District which is required to provide excellent service for patients. It is competing with private hospitals in Tulungagung to provide better quality health services. RSUD Dr. Iskak certainly applies a Rewards System which is motivates staff. Based on the initial survey of the reward system in RSUD Dr. Iskak to 10 respondents, it was found that 3 people (30%) stated good, 4 people (40%) stated enough and 3 people (30%) stated bad. According to the survey there were four types of reward system that is badly managed, namely incentive points, promotion, autonomy, and allowances. This incomplete reward system is affect the job satisfaction of nurses. The results of job satisfaction of nurses showed that 70% of nurses stated that they were not satisfied with the incentives or services as well as the demands of the duties given by the hospital. According to the nurse, the aforementioned four types of reward system were not based on performance. Based on the background, the authors are interested in researching the performance-based reward system development model on the job satisfaction of nurses.

## 2. METHODS

### 2.1 Research Design

This study used an observational analytic research design. The design was chosen to determine the causal relationship between two variables in an observational manner, where the form of the relationship can be a difference, relationship, or influence. With a cross-sectional approach. The population in this study were nurses at RSUD Dr. Iskak Tulungagung.

### 2.2 Population, Sample, and Sampling

The population is the subject that meets the predetermined criteria. The total population was 580 people, then the sample was 237 people. The sampling technique was cluster random sampling,

namely the sample is grouped based on the area or location of the population.

### 2.3 Research Variables

The independent variable in this study was the nurse performance-based reward system. The dependent variable in this study was the job satisfaction of nurses.

### 2.4 Research Instrument

A research instrument is a tool used to measure observed natural and social phenomena. The instrument is used to assess the variables studied and measured from the variable indicators determined by the researcher. In this study, the research instrument used a questionnaire with a Likert scale measuring 1-4 (strongly disagree - strongly agree) (Sugiyono 2013).

### 2.5 Procedure

Data collection is a process of approaching the subject and the process of collecting the characteristics of the subject needed in a study (Nursalam, 2013). Data collection and retrieval procedures carried out in the study were: licensing was carried out after obtaining a permit application letter to conduct research from the Faculty of Nursing, Universitas Airlangga to the Director of the RSUD Dr. Iskak Tulungagung, who was subsequently given a permission to conduct research.

The preparation of research instrument: the instrument measure factors that affect reward system which were nurse performance, and job satisfaction of nurses. Data collection began by measure the factors that affect the reward system which were nurse performance, and job satisfaction. The researcher first explained the aims and objectives of the study, if the respondent agrees, he/she will signed an informed consent. Measured and linked between variables, to find strategic issue. Conducted a Focus Group Discussion with the head of nursing, the head of the nursing section, nursing experts, representatives of the head of the room, and representatives of nurses. The moderator chosen minutes before the FGD begins. There FGD participants were 10. Developed a performance-based reward system model development module.

### 2.6 Data Analysis

Quantitative data analysis was carried out for quantitative data which included the univariate analysis stage followed by bivariate analysis descriptively and analytically.

All variables will be presented the frequency distribution based on the category of each variable. Generally, this univariate analysis only produces the distribution and percentage of each variable. Using good categories: > 75%, sufficient: 60 - 75%, less: <60% (Martini, 2007). In this study the frequency table informs the results of the data obtained, while the interpretation of the table according to Arikunto (2009) is as follows, all: 100%, almost all: 76 - 99%,

most: 51 - 75%, half: 50%, almost half: 26 - 49%, fraction: 1 - 25%, none: 0%.

Bivariate analysis is carried out on two variables that are thought to be related or correlated. Descriptive bivariate analysis was carried out on variables in the form of categories using the column row analysis approach, cross-tabulation.

The inferential analysis used to test the hypothesis model proposed in this study. The technique used was a variance-based or component-based structural equation model, known as the Partial Least Square (PLS). PLS has the advantage, namely a powerful analysis because it does not assume that the data must be measured at a certain scale, small samples, and can also be used for theoretical confirmation (Ghozali, 2008).

The PLS evaluation model was based on predictive measurements that have nonparametric properties. The model evaluation consists of two evaluation parts, namely the evaluation of the measurement model and evaluation of the structural model.

The measurement model or outer model with reflective indicators was evaluated based on the results of the validity and reliability of the indicators. The indicator was considered valid if it has an outer loading value above 0.5 and an at-Statistic value above 1.96. Reliability tests was the reliability value of the indicators of the contracts that form it. However, in this test, the outer model was not carried out, because the validity test of the indicator was incorrectly carried out by the Pearson Product Moment test and the construct reliability test of the indicator was carried out with Cronbach Alpha.

The inner model evaluation aims to determine the influence of causality relationship between the variables in the study, namely by obtaining the R square value or the coefficient of determination which is a value that explains the measure of the goodness of the model, or the magnitude of the influence of the independent variables on the dependent variable and Q2 value or predictive relevance. If the Q2 value is greater than zero and close to 1, this provides evidence that the model has predictive relevance, but if Q2 is below zero it is evident that the model does not have predictive relevance. Hypothesis testing is done by statistical t test.

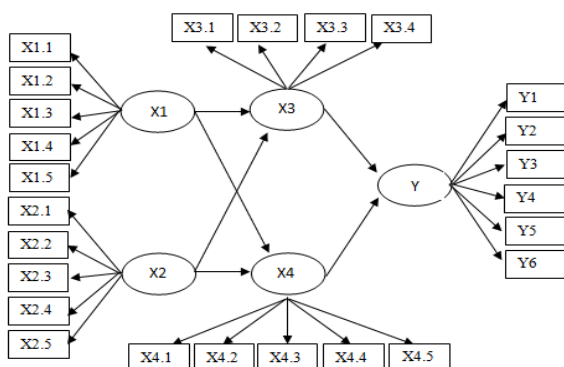


Figure 1. Analysis framework of the development of a performance-based model on job satisfaction of nurses.

Information :

X1: Reward indicator variable

X1.1: Educational sub variable

X1.2: Work experience sub variable (length of work)

X1.3: Work experience sub variable (job rotation)

X1.4: Sub-variable type and nature of work (workplace)

X1.5: Sub variable position of employee position

X2: Performance variable

X2.1: Quality sub variable

X2.2: Quantity sub variable

X2.3: Sub variable of responsibility

X2.4: Cooperation sub variable

X2.5: Initiative sub variable

X3: Variable intrinsic reward

X3.1: Task completion sub variable

X3.2: Achievement sub variable

X3.3: Autonomous sub variable

X3.4: Personal growth sub variable

X4: Variable extrinsic reward

X4.1: Salary sub variable

X4.2: Wage sub variable

X4.3: Allowance sub variable

X4.4: Sub variable interpersonal reward

X4.5: Promotion sub variable

Y: Nurse job satisfaction variable

Y1: Incentive sub variable

Y2: Autonomy sub variable

Y3: Task demand sub variable

Y4: Organizational policy sub variable

Y5: Interaction sub variable

Y6: Professional status sub variable

### 2.7 Ethical Clearance

Health Research Ethics Commission, Faculty of Nursing, Airlangga University with a statement of passed the ethical review "Ethical Approval" No: 938-KEPK.

### 3. RESULTS

The results showed that there was an effect of reward indicators on intrinsic reward ( $t = 3.940368 > 1.96$ ). There was an effect of reward indicators on extrinsic reward ( $t = 6.052527 > 1.96$ ). There was a performance effect on intrinsic reward ( $t = 8.504740 > 1.96$ ). There was a performance effect on extrinsic reward ( $t = 7.936353 > 1.96$ ). There was an intrinsic reward effect on the job satisfaction of nurses ( $t = 6.257129 > 1.96$ ). There was an effect of extrinsic reward on the job satisfaction of nurses ( $t = 9.709050 > 1.96$ ).

#### 4. DISCUSSION

This study shows that there is an influence between reward indicator variables on intrinsic reward, which means that the higher the reward indicator, the more intrinsic reward the hospital should give to nurses. Likewise, there is an influence between reward indicators on extrinsic reward, which means that if nurses have high reward indicators, the extrinsic reward received will also be higher. This is coherent with the theory of Hasibuan (2007) which states that the consideration of giving rewards to employees is strongly influenced by position, work experience (length of work), type and nature of work, supply and demand for labor, employee productivity. Thus the length of work for a person will affect the intrinsic reward that will be given. In the sense that diploma nurses who have worked longer will have more experience in completing tasks than nurses with education of registered nurse who just started work. Money does not always motivate someone, to spur employee morale to do their best, the hospital can provide an intrinsic reward for employees, especially nurses. Because the intrinsic reward is a form of reward based on task completion.

Furthermore, the results of this study indicate that there is an effect of performance on intrinsic reward, which means that if a nurse has a good performance then the nurse gets better intrinsic reward. There is also an effect of performance on extrinsic reward, meaning that better performance resulted in better extrinsic reward provided by the hospital this is of course according to the nurse's performance. This is in line with Ivancevich's (2007) theory, which states that individual performance will be evaluated by the management team, which will then reward the individual, the reward is in the form of intrinsic and extrinsic rewards which are then will create a sense of satisfaction in each individual if the reward based on the individual's performance. Sometimes managers consider extrinsic rewards more however intrinsic rewards are also conspicuous for motivating employees. Psychological and intangible rewards such as recognition play an important role in stimulating employees and enhancing their performance (Doef M et., Al, 2004).

The nurse job satisfaction also shows that influenced by the intrinsic reward. Where with a high intrinsic reward nurses will be more satisfied. Then there is an effect of extrinsic reward on nurses' job satisfaction. In this case the extrinsic reward has a very large influence on the job satisfaction of nurses because with high extrinsic rewards the job satisfaction of nurses is increasing. The maximum level of worker performance happen when they feel their efforts are fully appreciated and compensated (Corwin L et., al, 2008).

It can be concluded that the reward indicator consisting of work experience (length of work), type and nature of work (workplace), and position affects intrinsic reward. It is coherent with the theory of

Hasibuan (2007) which states that the basic considerations in rewarding employees, in this case are more inclined towards incentives including the length of work, seniority, evaluation of positions, eligibility, and fairness. This study found that nurses with the latest education of diploma will get higher rewards than nurses who have just worked with the last education of registered nurse. Because this is related to the length of work that senior nurses have.

This does not mean that education is not considered as the reward indicator but the reward calculation is prioritizing the length of work. Additionally, the hospital will also consider where the nurse works, the level of risk borne by the nurse, and the extent of emergency in each department. This will be the basis for determining the reward and each nurse should understand this so that it will not cause tense between nurses.

Not only intrinsic reward, but reward indicators also have a greater influence on the extrinsic reward. Performance consisting of quality, quantity, responsibility, cooperation, and initiative can affect intrinsic reward. Kvist Tet, al (2012) states that to achieve positive motivational characteristics, hospitals must distribute incentive rewards depending on performance. The intrinsic reward itself which consists of task completion, achievement, autonomy, and personal growth can affect nurse job satisfaction. Meanwhile, extrinsic reward consisting of salaries, wages, allowances, interpersonal rewards, and job promotions is also able to influence job satisfaction of nurses. This will increase the enthusiasm of employees in doing a good job. Performance-based pay refers to the number of work difficulties, job specifications, and tasks (Taunton R et., Al, 2004). The existence of performance-based incentives can increase employee morale at work. Moreover, it is expected to promote positive competition on employees to do good job.

#### 5. CONCLUSION

Based on the results of the research that has been done, it can be concluded that the reward indicators were work experience (length of work), type and nature of work (workplace), and position can be the basis for giving the intrinsic reward. Reward indicators that include work experience (length of work), type and nature of work (workplace), and position can be the basis for distributing extrinsic rewards. The performance which consists of quality, quantity, responsibility, cooperation, and initiative can be included as the basis for giving the intrinsic reward. Performance consisting of quality, quantity, responsibility, cooperation, and initiative can be included in the calculation of the distribution of extrinsic rewards. Intrinsic reward, which consists of task completion, achievement, autonomy, and personal growth if fulfilled can increase nurse job satisfaction. Extrinsic rewards consisting of salary, wages, allowances, interpersonal rewards, and

promotion of positions if the distribution is balanced will increase the job satisfaction of nurses.

Nurses job satisfaction will increase if the reward system which consists of intrinsic reward and extrinsic reward is distributed based on the performance of the nurse, quality, quantity, responsibility for cooperation, initiative, and distribution based on reward indicators which include work experience (length of work), type and nature of job (workplace) and employee positions.

With this research, it is hoped that it can be an input for hospitals to implement a reward system based on the performance of nurses to increase nurse job satisfaction, and for nurses, it is hoped that this research will serve as a reference to play an active role in improving work performance.

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