

YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME

**THE EFFECT OF REWARD SYSTEM ON ORGANIZATIONAL
COMMITMENT OF EMPLOYEES IN ANGEL PLASTIC BAG FACTORY**

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EMBA II -11
16TH BATCH

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ACADEMIC YEAR (2017 – 2019)

Supervised By :

Dr. Nu Nu Lwin
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A thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)

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ACCEPTANCE

This is to certify that the thesis entitled “The Effect Of Reward System on Organizational Commitment of Employees in Angel Plastic Bag Factory” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

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ABSTRACT

The purposes of this study are to identify the influencing intrinsic rewards and extrinsic rewards on job satisfaction and to examine the effect of job satisfaction on organizational commitment of employees in Angel Plastic Bag Factory. Total sample of 126 respondents out of 162 staffs take part in this study. Based on the survey results, it is found that most of the respondents have job satisfaction by means of rewards including fringe benefits, working conditions (extrinsic rewards) and skills enhancement (intrinsic reward). In turn, Job Satisfaction leads to all types of organizational commitment of the employees: affective commitment, normative commitment and continuance commitment. According to the study, both extrinsic and intrinsic rewards are imperative to enhance job satisfaction and organizational commitment of the employees. Thus, Angel Plastic Bag Factory should focus on such rewards as fringe benefits, working conditions and skills enhancement for improving job satisfaction and enhance organizational commitment of employees.

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CHAPTER 1

INTRODUCTION

Nowadays, as a result of massive competitive atmosphere, firms strive to achieve competitive edge and improve their items, over all operational activities and management system in businesses. Firms ultimately wish to attain their strategic goals so that organizations make its employees to motivate through two inspiring ways, intrinsically and extrinsically. As a flourishing firm, it always pays attention to make its employees more satisfied and enhanced their performance through rewarding them effectively and reward system has been found as a strategy to boost up performance and satisfaction of its human resources. According to Spector (1997), employee's satisfaction reliant on their mentality or perception, thinking, and feeling towards their job. Due to extensive work load competition, organizations faced great problem to manage its human resources here questions are arise that how more satisfied employees are and how more effectively and efficiently they perform because employees are playing a crucial role to expand in growth of organizations as well individual workers career enhancement. Therefore, organizations are trying to maintain up-to-date their firms to protect themselves from rivals through hiring skilled employees. Moreover, to retain labor force motivation, organizations offer best and fair rewarding system and judges and investigate their employees mentality individually whether they preferred intrinsic rewards consist of achievement, recognition, autonomy and skill enhancement and extrinsic rewards consist of basic pay, promotion, fringe benefits and working conditions. The aim of reward management is to reward people fairly, equitably and consistently in accordance with employee's contribution to an organization. Armstrong (2009) states that rewarding people is concerned with the design, implementation and maintenance of reward systems that are geared to the improvement of organizational, team and individual performance.

A good and updated reward system gives rise to job satisfactions for employees. A satisfied employee tries always harder than others to do a good job and made success of the organization. More satisfied employees are happy and helpful to others so that the working

environment will be a happy environment. More satisfied and more committed employees are therefore more likely to reduce turnover. Individuals become satisfied when they believed that their behaviors will lead to certain outcomes that are attractive and that performance at the desired level is possible. Vroom(1964) suggests that individuals will choose behaviors they believe will result in the achievement of specific outcomes they value.

Organizational commitment can be viewed as an organizational member's psychological attachment to the organization. Organizational commitment plays a very important role in determining whether a member will stay with the organization and zealously work towards organizational goals. Tri-component model argues that organizational commitment has three distinctive components such as Affective commitment, Normative commitment and Continuance commitment. The organizational commitment is expected to achieve job satisfaction by an effective reward system which leads to fulfill an organization's goals and objectives. Therefore, his study observes the relationship between reward system practiced in a plastic factory and organizational commitment through job satisfaction.

1.1 Rationale of the Study

Reward is one of the most important factors to improve employee motivation, satisfaction and organizational commitment. Reward management is seen as largely about managing expectations, which is what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. In addition, it is the process of developing and implementing strategies, policies and systems which help the organization to achieve its objectives by obtaining and keeping the people it needs and by increasing their motivation and satisfaction.

Reward seeks to attract people to join the organization to keep them coming to work and satisfied them to perform to higher levels. Employee rewards can serve the purpose of attracting prospective job applications, retaining valuable employees, motivating employees as well as achieving human resource objectives and obtaining a competitive advantage. To achieve job

satisfaction and organizational commitment of qualified employees, sound human resource strategies and practices are required.

Nowadays, there are increasing employees turnover rate in most businesses. Therefore, most businesses lost their valuable employees, which causes unstable working conditions and infrastructure and then lost the competitive advantages. Organizational commitment is essentially needed to solve this problem. An individual who has high organizational commitment may be loyal, which brings about a number of organizational benefits such as higher productivity, better work quality, higher employee morale, reduced turn over and more employee willingness to exert extra effort. When employees are sure that they will grow and learn with their current employers, their level of commitment to stay with that particular organization is higher (Opkara, 2004).

To get organizational commitment, there is an importance of understanding the factors that made employee satisfaction. To attract, retain and be profitable, organizations need innovative reward systems that can satisfy employees. In Angel Plastic Bag Factory, there is a well-structured reward system includes achievement, recognition, autonomy, skill enhancement (Intrinsic Rewards) and basic pay, promotion, fringe benefits, working conditions (Extrinsic Rewards) which can lead to organizational commitment through job satisfaction. The study focuses on effect of reward practices on job satisfaction of non-managerial level employees and their organizational commitment of Angel Plastic Bag Factory.

1.2 Objectives of the Study

The objectives of the study are:

- (1) To identify the influencing intrinsic rewards on job satisfaction in Angel Plastic Bag Factory
- (2) To analyze the influencing extrinsic rewards on job satisfaction in Angel Plastic Bag Factory
- (3) To examine the effect of job satisfaction on organizational commitment of employees in Angel Plastic Bag Factory.

1.3 Scope and Method of the Study

This study mainly focuses on reward system which leads to job satisfaction and organizational commitment in Angel Plastic Bag Factory. Total sample of 126 respondents out of 162 staffs take part in this study. The respondents include Assistant Managers, Supervisors, Assistant Supervisors, Senior Staff and Junior Staff. This study uses analytical research method with primary data only. Primary data are collected with structured questionnaires designed with five-point Likert scale from selected respondents. This study includes reward system practiced in Angel Plastic Bag Factory including extrinsic rewards and intrinsic rewards that leads to job satisfaction. The study measures the organizational commitment including affective commitment, normative commitment and continuance commitment through job satisfaction. The data are collected during the period from April,2019 to January,2020.

1.4 Organization of the Study

The research paper is structured by five different chapters, Chapter (1) starts with an introduction which includes rationale, objectives, literature review, methodology and scope of the study. Chapter (2) deals with the review of relevant literature and the theoretical framework of the reward management system, job satisfaction and organizational commitment. Chapter (3) is about the profile and the reward management practices of Angel Plastic Bag Factory. Chapter (4) presents the analysis on the reward system and organizational commitment in Angel Plastic Bag Factory. Chapter (5) is for the final conclusion which includes findings, discussions, suggestions and recommendations based on the result of the study and needs for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter presents the theoretical background of the all the applied variables in this study. It contains the role of rewarding, relationship between reward system and job satisfaction and relationship between job satisfaction and organizational commitment. The conceptual framework of the study is described at the end of the chapter.

2.1 Role of Rewards in Human Resource Management

Organizations must adapt to changes in the market in order to maintaining their competitiveness and surviving in the long run. For achieving competitive advantages, firms need to be well managing in acquisition and allocation of organizational resources. Among the different scarce resources, human resource is one most critical resource. The overall organizational performance depends fundamentally upon individual performance of employees. If a firm retains high performance levels as compared to its competitors, it has competitive advantage. There are various factors that affect the performance of employees which include remunerations, rewards, motivation, job satisfaction and organizational commitment among others (Khan, Farooq, and Ullah, 2010).

Many researchers have argued that rewards offered by organizations may have a powerful impact on employees' attitudes towards their jobs and the company where they are working (Lincoln & Kallerberg 1990, as cited in Gohari, P., Ali, K., Jafar, S. H. and Mahmood, Z., 2013). According to authors Kulchmanov, A., & Kaliannan, M. (2014) the most influential factor in job satisfaction is the motivation of employees. If an employee is motivated to perform better, he/she find ways to improve performance and vice versa.

Rewarding is one of the most important aspects which impact on employee performance. On the other hand, reward is one of the most influential factors that motivate employees. Employees expect from the employers to be rewarded for their high performance and provide adequate incentives to further improve performance. Therefore, if the management failed to provide adequate rewards, employee's dissatisfaction increases which will lead to a high level of demotivation (Danish and Usman, 2010).

2.2 Reward System

Effective rewards, fulfilling employees' needs and wants, will cause employees' job satisfaction. According to Herzberg's Two-factor theory, individuals are not content with the satisfaction of lower-order needs at work; for example, those needs associated with minimum salary levels or safe and pleasant working conditions. Individuals looking for the gratification of higher-level psychological needs have to do jobs with achievement, recognition, responsibility and advancement. Herzberg added a new dimension to this theory by proposing a two-factor model of motivation, based on the notion that the presence of one set of job characteristics or incentives leads to job satisfaction at work, while another and separate set of job characteristics leads to job dissatisfaction at work. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena. This theory suggests that administrators must recognize and attend to both sets of characteristics to improve job attitudes and productivity and not assume that an increase in satisfaction leads to a decrease in dissatisfaction.

Herzberg's two-factor theory categorizes there are two factors of hygiene and motivation which effect on the improvement of employee's performance. According to the theorist, motivation factors are required to motivate the workers to do their jobs as well as possible, with their highest ability levels. On the other side, hygiene factors are necessary to ensure that the staff is not unhappy and dissatisfied. The factors that increase satisfaction, are called the satisfiers or the motivators, and the factors that lead to dissatisfaction, are called the dis-satisfiers or the hygiene factors.

Herzberg theorized that people have different desires and requirements that must be fulfilled to keep them satisfied. People firstly have physiological requirements that are typically met by financial gains such as the Basic Pay. Secondly, there are also some psychological requirements that must be met so that they feel driven to improve and grow. Overall level of satisfaction and dissatisfaction is influenced by the ability of the management to meet the physiological and psychological needs of employees. Herzberg two-factor theory explains that there are two types of motivators: intrinsic and extrinsic. Intrinsic motivation is based on nature of a person and is related to satisfiers. These include employee achievement, the nature of work, recognition, and the level of responsibility. On the other side, extrinsic motivation is related to hygiene factors. These factors include financial reward, incentive, bonus, promotion, rules and regulations of firm, firm hierarchy, workplace environment, and the other forms of financial rewards. Herzberg also believed that the punishment, threat or the providing stimulus can force people to do something; however, they have short-term impacts since the motivating factors are intrinsic to the job.

Therefore job Satisfaction with effective reward system is one of the drivers of organizational commitment. For an employee to be satisfied with his/her rewards, an organization must balance between their contributions at work and the reward system including extrinsic and intrinsic rewards of the organization.

2.2.1 Extrinsic Reward

An extrinsic reward means a visible and tangible reward given to an individual or an employee for something achievement. They have monetary value such as basic pay, bonus, award or recognition, fringe benefits and working conditions. They are usually offered by the individual's immediate boss who decides upon their performance. These rewards are typically financial such as increase in salary or a reward for performing well or a gift certificate for going beyond the call of duty. For most employees, these rewards make motivation and inspiration because money or equivalent rewards are important to them. Someone would work on project as much as he/she can because extrinsic rewards are tangible in nature, they are generally given to the individual directly responsible for the effort. Extrinsic rewards can also be used for behavior

conditioning. Typically, extrinsic rewards work well in the short-term to motivate employees and to get job satisfaction.

2.2.2 Intrinsic Reward

An intrinsic reward means invisible and intangible one that comes from within the employee. An employee who is motivated intrinsically is working for his/her own satisfaction and may value challenging work, he/she perceives to be meaningful to the company. Intrinsic rewards like achievement, recognition, autonomy and skills enhancement are supporting the psychological needs of employees which leads to job satisfaction. Intrinsic rewards make employees that they are very essential and important for the company and they feel that they are parts of the company. Therefore, due to effective intrinsic rewards, when employees take on a new task, they will try their best and they want to show management that they are capable of taking on new responsibilities. Employees who are motivated intrinsically have satisfying job and also they want to have a connection between the works they are doing and how it relates to the vision of the organizations. Managers can reward employees by letting them make choices on how they want to complete their work and allowing them to set short-term and long-term goals for themselves to meet the organizational goals and objectives. Intrinsic rewards are needed for a company to get the long-term succession.

2.3 Empirical Studies on Reward System, Job Satisfaction and Organizational Commitment

Reward system is a set of procedures, rules and standards associated with allocation of benefits and compensation to employees (Business Dictionary). It also referred to the collection of brain structures that try to control and regulate behavior by inducing pleasure (Ajila and Abiola, 2004). Human resource can be rewarded and optimally utilized through rewarding it by using different techniques of significant importance. Carraher et al. (2006) advocated that there should be an effective reward system for organization performance and reward should be related

to their productivity. Thus, organizations must make policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction.

The researchers like Dewhurst, Guthridge, and Mohr, (2009) concluded that an adequate reward system is essential for employees' motivation, both for high achievers and low achievers. This is because rewards increase the employee satisfaction among high performers and act as an incentive for low performers. Moreover, there are other means of reward to employees that do not just focus on financial compensation. Some of these include recognition, empowerment, job advancement, learning opportunity, and career growth opportunity. According to Luthans (2000), there were two basic types of rewards such as financial (extrinsic) and non-financial (intrinsic) and both could be utilized positively to promote employees' performance. Based on Herzberg & Mausner's two factor theory, these rewards are either intrinsic or extrinsic thus impacting the level of satisfaction employees experience with their jobs (Hong Lu, et al. 2005). Consistent with this statement, Sansone & Harackiewicz (2000) categorized on rewards as "intrinsic reward" and "extrinsic reward". Extrinsic reward is in terms of financial rewards and which is included Basic Pay, Promotion, Fringe Benefits, Working Conditions etc. Intrinsic rewards or non-financial rewards include Achievement, Recognition, Autonomy, Skills enhancement etc. It is vital to distinguish between intrinsic and extrinsic rewards. Some studies suggested that while intrinsic rewards probably more salient for job involvement (Driscoll & Randall 1999), extrinsic rewards lead to organizational commitment resulting in increased customer satisfaction and loyalty (O'Reilly, et al. 1991).

In construct, managers need to pay attention to the hygiene-motivation theory and apply it well for developing an effectiveness reward system of the organization for maximizing individual efforts to achieve organizational goals. The concept of performance management is needs and goals alignment between organization and employees, by giving extrinsic and intrinsic rewards to employees. Danish and Usman, (2010) argued that effectiveness of a reward system is reflected by the fact that it adequately recognizes high performers in the company and promotes and facilitates employees to maximize their productivity as well as overall performance. By means of reward system, an organization ensures that the employees have perception that they are valuable for the company and the management acknowledges the role they play in the progress of the company.

Shields and associates (2015) concluded in their study that reward system should be designed in a way that it caters the needs of the employees that it aims to reward. The effective of each reward types may differ depend on the requirements and needs for fulfillment of individual people. A reward system must also be designed in a way that it provides a balance of extrinsic and intrinsic rewards as well as incentives so that it can cater needs of all employees or all needs of an employee.

By means of Herzberg's two-factor theory, there are various factors that motivate employees to excel at their jobs. Fredrick Herzberg based his theory on the works of Maslow and Porter and concluded that it is not possible to keep employee satisfied by meeting their low-level needs only. In fact, the basic benefits such as salaries, an adequate working space, a fixed working hours, do not necessarily ensure that employees are happy and satisfied (Lambrou, Kontodimopoulos, and Niakas, 2010). Herzberg, in his two-factor theory identified motivation and hygiene factors that tend to maximize the performance of employees (Tan and Waheed, 2011). This theory also implies to job improvement and makes an attempt to plan the tasks to develop opportunities for personal success, individual growth and recognition, and challenges (Herzberg, 1966, as cited in Gohari, P., Ali, K., Jafar, S. H. and Mahmood, Z., 2013). Rewards can act both as satisfiers and dis-satisfiers and cater both motivation and hygiene factors (Ahmed, et al., 2010).

Deeprise (1994) argued that the great success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. The management of rewarding is the method of implementing and increasing policies, strategies and systems that help the firm to realize its goals by keeping the people's needs, and by developing their commitment and motivation (Robert, 2005, as cited in Gohari, P., Ali, K., Jafar, S. H. and Mahmood, Z., 2013). Since, there are intrinsic and extrinsic motivational rewards therefore reward system must be based on both rewards that enhance job satisfaction and organizational commitment.

2.3.1 Relationship between Reward System and Job Satisfaction

Nowadays, among manager's tasks is to create an environment which makes employees' motivation, job satisfaction and organizational commitment that lead to get some profitable assets and the organization's growth. In a wider context, there is an increased emphasis on people as a key source of competitive advantages, often being regarded as the key differentiator between organizations. Many managers try to comprehend the complexities of motivating people at work so as to build job satisfaction. For this reason, increased emphasis was given to Extrinsic (financial) and Intrinsic (non-financial) rewards for employees (Georgakopoulos, Sotiropoulos, & Dimitris, 2010).

Extrinsic rewards relate to financial rewards or cash related like formal recognition, fringe benefits, incentive type payments, pay and promotion (Clifford,1985). Financial rewards are significant not only in terms of their instrument value as a medium of exchange, but also a highly tangible means of recognizing an individual's worth, improving self-esteem, and symbolizing status and achievement (Armstrong, 1998). Tsai (2005) asserted that extrinsic rewards including monetary rewards or cash rewards are used to cater the expectations of individual employees in order keep them motivated. The author also used the notion of 'pay for performance' and identified it as most effective incentive technique to maximize the productivity of employees; however, the study concluded that the impact of pay for performance notion is short term. Herzberg's two-factor theory of motivation can explain this phenomenon deeper.

Intrinsic rewards relate to nonfinancial or non-cash rewards like achievement, accomplishment feelings, recognition, job satisfaction and growth (Clifford,1985). According to the Herzberg's two-factors theory, there are two different perspectives of human needs. First, there are physiological needs which can be satisfied by financial elements or money. Second, there are some kinds of psychological needs to grow and improve which can be satisfied by behaviors which cause the person's growth. Torrington and associates (2009) used a different term for non-cash rewards i.e. nonmaterial rewards in their study of relationship between intrinsic rewards and job satisfaction. They concluded that non-cash rewards tend to increase the job satisfaction in employees particularly employees that show high productivity as compared to

other employees group who are not rewarded nonfinancial rewards. In nature, the intrinsic rewards are generally non-financial or non-cash rewards which include sharing success stories, recognizing employee of the month or year, providing opportunities for professional training.

Clifford's study (Rehman, Khan, Ziauddin, & Lashari, 2010), stated that there is a strong relationship between reward systems and job satisfaction. Research showed how reward systems are strong determinant of job satisfaction. There is no detailed definition that sums up job satisfaction. Crudely defined, job satisfaction refers to "the degree to which people like their jobs" (Spector, 1997). Gerald and Dorothee (2004) reported that rewards are significantly related to professionalism and job satisfaction. They argued that job satisfaction for professionals is derived in part from what professional perceives from their job. Therefore, job satisfaction is mainly influenced by rewards system.

Increasingly, organizations are realizing that in order to build on employee's job satisfaction, they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employees. Establishing this balance is the biggest reason to reward employees effectively. This means that employees cannot satisfied with their jobs unless they were motivated by effective reward system (Pratheepkanth, 2011). In many cases, reward systems are closely related to motivation theories and job satisfaction. The term of job satisfaction has become a very significant one, so that managers seek for human resource practices which are likely to make people more satisfied and more commitment.

In relating reward system and job satisfaction, Amstrong and Murlis' study in 1998 (Georgakopoulos, Sotiropoulos, & Dimitris, 2010), looked at reward systems as motivational factors towards job satisfaction. Moreover, theories of motivation focused on satisfaction of the needs for autonomy, competence and relatedness (Gagne & Deci, 2005). Equitable rewards are another work-related factor that affects job satisfaction and organizational commitment. Employees are satisfied when they feel that the rewards they receive from their jobs correspond to their skills and efforts. It is not solely about the amount of money they receive. They are satisfied when they feel that they have been fairly treated and when the rewards they receive are equal to the one their colleagues who have the same skills, expertise and effort receive. As

Equity theory, suggested that “perceived equity seems to lead to greater job satisfaction and organizational commitment” (Huczynski & Buchanan, 2001).

2.3.2 Relationship between Job Satisfaction and Organizational Commitment

Today, the need to attract, motivate, develop and retain employees is critical to any organization’s prosperity. Creating an environment in which employees feel truly committed and connected to the organization’s goals and objectives, and satisfied with their jobs has never been more crucial. The traditional costs involved in hiring and developing a new worker had pointed to the importance of retaining employees (Parker & Wright, 2001). Analyzing the relationship between job satisfaction and organizational commitment is particularly crucial since people often did not work at the same organization or job throughout their lifetime (Cote & Heslin, 2003).

Organizational commitment referred to the degree to which a person identified with, and felt part of an organization or company (Schenmehorn, Hunt & Osborn, 2002). (Willemse, 2002) concluded that an individual who has high organizational commitment is considered very loyal, which brings about a number of organizational benefits such as high productivity, better work quality, higher employee morale, reduced turn over and more employee willingness to exert extra effort.

Allen and Meyer (1990) developed a measure of organizational commitment with three major components (tri-dimensional components): i) Affective commitment refers to employees’ emotional attachment, identification and involvement in the organization; ii) Normative commitment reflects an employee’s feeling of obligation to remain with the organization; iii) Continuance commitment refers to commitment based on the costs that employees associate with leaving the organization . Lee and Olshfski (2002), in trying to understand the relationship between job satisfaction and organizational commitment, studied the behavior of organizational commitment of the firefighters in New York and their study led to believe that organizational commitment offers considerable promise in describing the positive behaviors. Furthermore, individuals take jobs, they identify with the role attached to the job and they behave according to the expectations attached to that job which lead to organizational commitment.

When employees were sure that they will grow and learn with their current employers, their level of commitment to stay with that particular organization is higher (Opkara, 2004). The strong and effective motivational strategies at various levels of the organization are needed to make employees satisfied and committed to their jobs. Ayeni and Phopoola (2007) found that a strong relationship between job satisfaction and organizational commitment. According to them job satisfaction is mostly determine how well the organization meets employees expectations.

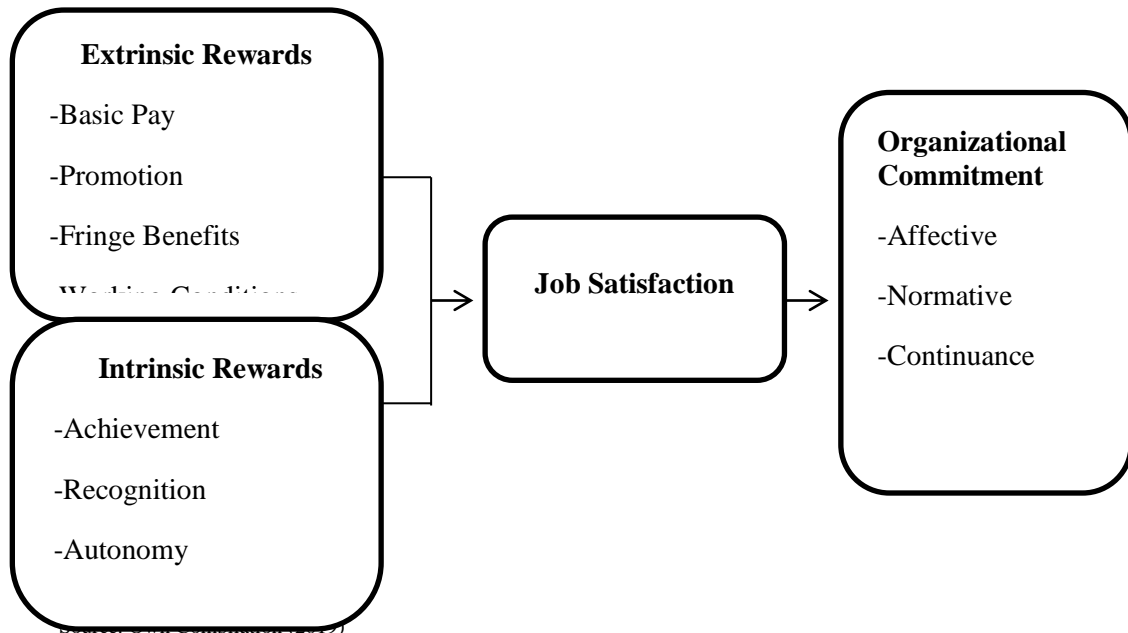
Moreover, the relationship between job satisfaction and organizational commitment is very important because people now often do not prefer to stay with the same organization for too long. It has become a problem for the organizations to exercise influence on the employees for retaining them. If employees exhibit different levels of job satisfaction and if this satisfaction leads to the organizational commitment, obviously organizations would want to hire employees with the higher levels of organizational commitment. (Cote & Heslin, 2003) argued that the reason why satisfaction will lead to the commitment is that a higher level of job satisfaction may leads to a good work life and reduction in work related stress.

Similarly, if employees are highly satisfied with their work, co-workers, pay and supervision and derive high level of overall job satisfaction with their jobs they are more likely to be committed to the organization than if they are not satisfaction. Employees with job satisfaction were normally high performers that contributed towards organizational commitment and productivity (Samad, 2007).

2.4 Conceptual Framework of the Study

This study attempted to explore the relationship between organizational reward system and employees' job satisfaction which leads to organizational commitment in Angel Plastic Bag Factory. Based on the above literature review and previous studies, the conceptual model for this study is developed and shown in Figure (2.1)

Figure 2.1 Conceptual Framework of the Study



As shown in the conceptual framework, Organizational Rewards consist of Extrinsic rewards and Intrinsic rewards, Job satisfaction and Organizational Commitment including Affective, Normative and Continuance Commitments. In this study, Reward System consists of Extrinsic Rewards including basic pay, promotion, fringe benefits and working conditions and Intrinsic Rewards including achievement, recognition, autonomy and skills enhancement. Basic pay means the amount of money that someone earns in their job, not including any extra payments they may receive. It is very essential for one's physiological needs and for their living. Promotion means the act of being elevated to a higher status like advancement in rank, grade, or position. Fringe benefits can be defined as any additional compensation provided to an employee that is not directly related with wages. The concept could also be interpreted as any kind of reward granted by an employer to any of its employees aside their wages. Working conditions refers to the working environment and all existing circumstances affecting labor in the workplace, including job hours, physical aspects, legal rights and responsibilities. Achievement means a thing done successfully with effort skill, or courage. Recognition means acknowledgement of the existence, validity or legality of something. Autonomy means the right or condition of self-government. Skills enhancement refers to a person should continuously look for ways to develop his or her skills, abilities, and competencies to enhance his or her performance. Through effective skill enhancement, one becomes more capable, competent and confident in his/her performance.

This study mainly intends to identify the influencing intrinsic rewards on job satisfaction, to identify the influencing extrinsic rewards on job satisfaction and to examine the effect of job satisfaction on organizational commitment of employees in Angel Plastic Bag Factory because these factors are very essential to every organizations nowadays.

CHAPTER 3

REWARD SYSTEM IN ANGEL PLASTIC BAG FACTORY

This chapter focuses on the reward system practiced in Angel Plastic Bag Factory to get its organizational commitment. It includes the background history of the factory, its main goal, strengths and employees' manpower. This chapter also included the explanation of reward system provided by Angel Plastic Bag Factory and its profile of respondents. In this study, the reward system consists of extrinsic rewards (basic pay, promotion, fringe benefits, working conditions) and intrinsic rewards (achievement, recognition, autonomy, skills enhancement) practiced in Angel Plastic Bag Factory.

3.1 Background History of Angel Plastic Bag Factory

Angel Plastic Bag Factory is a Myanmar local company located in Insein Tsp., Yangon. The Factory was founded since 1992 and has produced multi-sized plastic bags for carrying purposes. They started with only 10 employees and one machine in Yangon. The factory is producing multi-sized plastic bags mainly for Yangon Division but it is producing for other Divisions and States depends on their demands.

As of May 2019, there are 162 employees including CEO, M.D, General Manager, Chief Accountant, HR Managers, Assistant Managers, Supervisors, Assistant Supervisors, Senior Staffs, Junior Staffs, Car drivers, Cookers and Cleaners in Angel Plastic Bag Factory. The management team including CEO, M.D, General Manager controls all employees with a strong and effective hierarchy. There is a systematic report system along the hierarchy so that the management team can detect most things at operation level. Angel Plastic Bag Factory invaded the plastic bag market with good quality products, fair price, date validation and honesty. It operates not only producing plastic bags but also printing service on the ordered bags. By means

of these services, Angel Plastic Bag Factory can stand as a famous plastic factory in Yangon Division.

The main goal of Angel Plastic Bag Factory is to produce good quality products with fair price. Therefore, most of the operating machines are substituted by modernize advanced technology machines nowadays and it produces good quality products. The factory's other competitive strengths include (24/7) operation service, corporate credit sales service, home delivery service, located at convenient location for customers visit, and all staffs are well-trained, skillful, responsible and accountable to provide added value to customers. Moreover, the management team of the factory always tries to expand its products and services by doing market surveys to attract more customers.

3.2 Reward System of Angel Plastic Bag Factory

The reward system plays a crucial role in job satisfaction and organizational commitment therefore, for a business to succeed, the rewards should be effective at every level. In this study, the reward system practiced in Angel Plastic Bag Factory is explored. It includes extrinsic and intrinsic rewards which are managed by the management team of the factory with approval of C.E.O. to meet employees' needs and wants at every level.

In extrinsic rewards, there are four rewards such as basic pay, promotion, fringe benefits and working environment are practiced in Angel Plastic Bag Factory. In basic pay, it is one of the most attractive rewards of Angel Plastic Bag Factory because a new basic employee (Junior Staff) can get 150,000 MMK. monthly for 8 hours per day though most factories pay 130,000 MMK. However, for a new basic employee, there is no paid-leaves so that their salaries will be cut depends on leave-days except public holidays. Senior Staffs who have more than 3 years experiences and Assistant Supervisors get basic pays range from 200,000 to 399,999 MMK. depend on their performance and seniority. Some positions' salaries (Assistant Managers and Supervisors) are range from 400,000 MMK. to 600,000 MMK. and above which is mainly depend on their performance. Most Assistant Manager and Supervisors have more than 7 years working experience at least. For promotion, in Angel Plastic Bag Factory, promotions are mainly

depend on performance and some are promoted according to seniority. The management team is recording performance assessment every month but promotions will be done according to vacant positions approved by C.E.O. Most basic employees do not expect any promotion rather than their basic salary. For fringe benefits, there are two important factors such as annual bonus and living facilities (accommodations, vehicles, travel allowances, daily treatment). Annual bonus is fair amount but different with each other according to their related positions. Sometimes, some staffs get performance bonus according to their better performance. In living facilities, every staff gets two times treatment within their 8 hours duties and Assistant Managers and some Supervisors get accommodations, vehicles and travel allowances as well. For working conditions, the management team makes most employees satisfied to stay at their jobs by means of arranging safety working environment where they work, creating supportive culture at workplace, having warm and good communication with each other and giving feeling of their jobs are important. The rules and procedures, pros and cons are announced by written form in the workplace. In any hazardous condition, the focal or on-duty person's contact is described at the workplace to be informed. The management team trains Assistant Managers and Supervisors to support their subordinates depend on their needs.

In intrinsic rewards, there are four rewards such as achievement, recognition, autonomy and skills enhancement are practiced in Angel Plastic Bag Factory. For Achievement, though most basic employees are doing routine jobs, they have tried to overcome unexpected job-related challenges everyday. In some difficult conditions, the management team cooperates with its staffs to solve these difficulties. For recognition, in Angel Plastic Bag Factory, the management does recognition only by verbal. Though most employees want to get proper recognition for their good performance, the management team never does any proper recognition program. It is a weak reward in this factory. For autonomy, the management team gives proper delegation with responsibility and accountability to Assistant Manager and some Supervisors only. Most positions below Assistant Manager do not get any delegation or autonomy. These level staffs are working according to standard of procedures or their immediate boss's commend. For Skills enhancement, most of the basic employees come from no or a little background knowledge and experience. Most of them are primary school or middle school education level. They are taught all needed job-related skills and knowledge by their seniors and also the management team arranges some job-related training and knowledge-sharing workshops in Angel Plastic Bag

Factory. Moreover, most employees have chances to innovate new things or new ways in routine works with approval of the management team.

In Angel Plastic Bag Factory, due to implementing effective reward system, most employees are satisfied to stay. For most young employees, the major part of the employees, are happy in job because of basic pay, close relationship with their colleagues, learning opportunities from seniors, treatment system and safety working environment. Some high level employees (Assistant Managers and Supervisors) get job satisfaction because they get fair basic pay and other facilities like accommodation, vehicles and travel allowances and a lot of knowledge and experience from this job. Moreover, everyday job-related challenges make them motivation and job satisfaction. For some senior or old employees, they get job satisfaction through the rewards like their current position, job safety, loyalty and uncertainty.

3.3 Profile of Respondents

Demographic data are collected from 126 employees of Angel Plastic Bag Factory by using interview method and the profile composed of gender, marital status, age, education level, service years in this organization, current position in this organization and monthly salary which are shown in Table (3.1).

According to the survey data, the most of the respondents are male. It means that men are more likely to work in the production industries or factories than women because most of works in production industries or factories are hard works.

In marital status, majority is married. Age of respondents are grouped into four in which two groups (18–25 years and 26-40 years) are about two-third of all respondents. For education level, most are primary school level and the second is middle school level. It indicates that the factory is running with strong and healthy employees mainly and educated people are not needed largely.

For years of service in this organization, the most are less than 3 years of service. Fortunately, there are 13 employees more than 15 years of service are seen. It indicates that most employees are likely to stay in this organization.

In Angel Plastic Bag Factory, there are 3 assistant managers and 6 supervisors. Most of employees are junior staff, senior staff and assistant supervisor because most works are done through modernize high-technology machines with assistance of junior staff and senior staff.

The most of the respondents get less than 200,000Ks., because most employees are junior and senior staff. Assistant supervisor, Supervisor and Assistant Manager get higher salaries depend on their job position and performance.

Table (3.1) Demographic Profile of Respondents

Particular	Number of Respondents
Total	126
Gender	
Male	97
Female	29
Marital Status	
Single	24
Married	102
Age (years)	
18-25	47

Particular	Number of Respondents
26-40	47
41-60	28
>60	4
Education level	
Primary School	73
Middle School	40
High School	7
University	4
Graduated	2
Service years in this organization	
0-3	62
4-7	22
8-11	22
12-15	7
>15	13
Current position in this organization	
Junior Staff	58

Particular	Number of Respondents
Senior Staff	49
Assistant Supervisor	10
Supervisor	6
Assistant Manager	3
Monthly Salary	
0-199,999 Ks.	64
200,000 - 399,999 Ks.	45
400,000 – 599,999 Ks.	14
600,000 and above	3

Source: Survey data, 2019

CHAPTER 4

ANALYSIS ON THE EFFECT OF REWARD SYSTEM ON ORGANIZATIONAL COMMITMENT IN ANGEL PLASTIC BAG FACTORY

This chapter discusses about the data analysis and finding from questionnaires completed by 126 employees of Angel Plastic Bag Factory and in this chapter, three main parts are included to study relationship between reward systems, job satisfaction and organizational commitment. Firstly, this study shows analysis on influencing extrinsic rewards on job satisfaction. Secondly, it shows analysis on influencing intrinsic rewards on job satisfaction and finally, analysis on effect of job satisfaction on organizational commitment. In this study, linear regression model is used in order to find out these relationships by surveying.

4.1 Analysis on Influencing Extrinsic Rewards on Job Satisfaction

This section explores the influences of extrinsic rewards such as basic pay, promotion, fringe benefits and working conditions on job satisfaction.

4.1.1 Extrinsic Rewards

To explore extrinsic rewards which containing 20 questionnaires on a five point likert scale is used. The extrinsic rewards explored by this questionnaire include basic pay, promotion, fringe benefits and working conditions. The data are collected from 126 employees from different job positions and analysis is done using SPSS Software and the validity is established through suitable statistical means. The results are as shown in Table (4.1).

Table (4.1) Extrinsic Rewards

No.	Descriptions	Mean	Std. Deviation
1.	Basic Pay	3.85	0.21
2.	Promotion	3.85	0.23
3.	Fringe Benefits	3.89	0.35
4.	Working Conditions	4.04	0.34
	Overall Mean	3.91	

Source : Survey data,2019

As shown in Table (4.1), the highest satisfaction level of employees is working conditions and the second is fringe benefits. Basic pay and promotion rewards are at the third position for the satisfaction level of employees. According to these data, most employees are motivated by working condition rewards including a fine working environment, immediate supervisor's fairness, interested jobs, colleagues' help and rules and procedures of the organization. In fringe benefits reward, annual bonus award, the leaves-system(both paid and unpaid leaves), the healthcare system and the support system including accommodation, transportation, treatment and travel allowances make most employees satisfied.

4.1.2 Job Satisfaction

To explore job satisfaction which containing 7 questionnaires on a five point likert scale is used. The extrinsic rewards explored by this questionnaire include basic pay, promotion, fringe benefits and working conditions. The data was collected from 126 employees from different positions and analysis was done using SPSS Software and the validity was established through suitable statistical means. The results are as shown in Table (4.2).

Table (4.2) Job Satisfaction

No.	Descriptions	Mean	Std. Deviation
1.	Positive and up most feeling when working	3.99	0.89
2.	Aligned with this organizational mission	3.64	0.48
3.	Feeling of doing important job	3.93	0.26
4.	Importance of value fit with this organizational value	3.50	0.59
5.	Getting opportunities to do innovative things at work	4.14	0.63
6.	Feeling sense of pride in work	4.05	0.66
7.	Feeling most interactions are positive in work	3.40	0.49

No.	Descriptions	Mean	Std. Deviation
	Overall Mean	3.81	

Source : Survey data,2019

As shown in Table (4.2), most employees have job satisfaction in this organization because most employees meet their needs and wants so that they are motivated to work. In this study, job satisfaction includes positive feelings of employees, aligning with organizational mission, feelings of importance of their jobs, value fitness with organizational values, opportunities to innovate, feelings a sense of pride, positive interactions at work.

4.1.3 Influence of Extrinsic Rewards on Job Satisfaction

In this section, analyses the effects of extrinsic rewards (basic pay, promotion, fringe benefits and working conditions) on job satisfaction in Angel Plastic Bag Factory. The linear regression model is applied. The output from generating linear regression model is shown in Table (4.3).

Table (4.3) Influence of Extrinsic Rewards on Job Satisfaction

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	VIF

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.927	.363		2.552	.012	
Basic Pay	.123	.091	.099	1.349	.180	1.423
Promotion	.063	.081	.055	0.784	.435	1.279
Fringe Benefits	.244***	.073	.325	3.353	.001	2.478
Working Condition	.303***	.083	.392	3.671	.000	3.000
R Square	0.540					
Adjusted R Square	0.525					
F Value	35.541***					

Source : Survey data,2019

Note : ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

As shown in Table (4.3), the value of R Square is 0.54 that means this specified model could explain 54 percent about the variation of the job satisfaction of the organization. The model can explain 52.5 percent about the variance of the independent variable (Extrinsic Rewards System) and dependent variable (Job Satisfaction) because adjusted R square is 0.525. The overall significant of the model, F value, is significant at 1 percent level that indicates the specified model can be said valid.

The significant level of extrinsic rewards like fringe benefits and working condition are at 1 percent confidence level. However, basic pay and promotion rewards are not significant relations on job satisfaction. Fringe benefits variable has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that increase in fringe benefits reward leads to increase in job satisfaction in the organization. Working conditions variable has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that the increase in working condition reward leads to increase in job satisfaction in the organization. Therefore, by giving more fringe benefits and working condition rewards in this organization makes more job satisfaction. In Angel Plastic Bag Factory, the management always tries to support the needs of their employees associated with their treatment plan, accommodation, travel allowance, equipment supplements, immediate supervisor's fairness, good and safe working environment to get job satisfaction. Moreover, they value their skilled employees by creating a strong and close relationship with them and peer also.

4.2 Analysis on Influencing Intrinsic Rewards on Job Satisfaction

This section explores the influences of intrinsic rewards such as achievement, recognition, autonomy and skills enhancement on job satisfaction.

4.2.1 Intrinsic Rewards

To explore intrinsic rewards which containing 20 questionnaires on a five point likert scale is used. The intrinsic rewards explored by this questionnaire include achievement, recognition, autonomy and skills enhancement. The data are collected from 126 employees from different job positions and analysis is done using SPSS Software and the validity is established through suitable statistical means. The results are as shown in Table (4.4).

Table (4.4) Intrinsic Rewards

No.	Descriptions	Mean	Std. Deviation
1.	Achievement	3.75	0.37
2.	Recognition	3.65	0.42
3.	Autonomy	3.51	0.34
4.	Skills enhancement	3.96	0.26
	Overall Mean	3.72	

Source : Survey data,2019

As shown in Table (4.4), the highest satisfaction level of employees is skills enhancement and the second is achievement. Recognition and autonomy rewards are the third and fourth positions for the satisfaction level of employees. According to these data, most employees are motivated by skills enhancement rewards including chances to learn new skills and knowledge from immediate supervisor and colleagues, overcoming some new challenges, creation of new things or ways and attending supportive trainings and seminars supported by the organization.

4.2.2 Influence of Intrinsic Rewards on Job Satisfaction

In this section, analyses the effects of intrinsic rewards (achievement, recognition, autonomy and skills enhancement) on job satisfaction in Angel Plastic Bag Factory. The linear regression model is applied. The output from generating linear regression model is shown in Table (4.5)

Table (4.5) Influence of Intrinsic Rewards on Job Satisfaction

Model	Unstandardized	Standardized	t	Sig.	VIF
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	Coefficients		Coefficients			
	B	Std. Error	Beta			
(Constant)	.826	.251		3.296	.001	
Achievement	.105	.086	.149	1.221	.224	4.660
Recognition	.005	.041	.008	0.124	.901	1.306
Autonomy	.090	.062	.116	1.453	.149	1.971
Skills Enhancement	.568***	.118	.565	4.815	.000	4.290
R Square	0.612					
Adjusted R Square	0.599					
F Value	47.690***					

Source : Survey data,2019

Note : ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

As shown in Table (4.5), the value of R Square is 0.61 that means this specified model could explain 61 percent about the variation of the job satisfaction of the organization. The model can explain 59.9 percent about the variance of the independent variable (Intrinsic Rewards System) and dependent variable (Job Satisfaction) because adjusted R square is 0.599. The overall significant of the model, F value, is significant at 1 percent level that indicates the specified model can be said valid.

The significant level of intrinsic reward like skills enhancement is at 1 percent confidence level. However, other intrinsic rewards such as achievement, recognition and

autonomy are not significant relations on job satisfaction. Skills enhancement variable has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that increase in skills enhancement reward lead to increase in job satisfaction in organization. Therefore, by giving more skills enhancement reward in this organization makes more job satisfaction. In Angel Plastic Bag Factory, most senior staffs teach the needed skills and share their knowledge to new staffs and the management of the factory supports some trainings and workshops for skills enhancement when needed. Moreover, the management of the factory arranges job rotation, job enlargement and job enrichment for most employees depend on work conditions to get job satisfaction.

4.3 Analysis on Effect of Job Satisfaction on Organizational Commitment

This section explores the effect on job satisfaction on organizational commitment of Angel Plastic Bag Factory.

4.3.1 Organizational Commitment

To explore organizational commitment which containing 18 questionnaires on a five point likert scale is used. The organizational commitment explored by this questionnaire includes affective commitment, normative commitment and continuance commitment. The data are collected from 126 employees from different job positions and analysis is done using SPSS Software and the validity is established through suitable statistical means. The results are as shown in Table (4.6).

Table (4.6) Organizational Commitment

No.	Descriptions	Mean	Std. Deviation
1.	Affective commitment	3.76	0.13

2.	Normative commitment	3.43	0.28
3.	Continuance commitment	3.70	0.19
	Overall Mean	3.63	

Source : Survey data,2019

As shown in Table (4.6), the highest job satisfaction level of employees on organizational commitment is affective commitment. According to these data, most employees get organizational commitment by means of affection including having close relationship with friends at work, be satisfy the working environment, having a great deal of personal meaning, be happy with tasks at work and feeling part of the family of the organization.

4.3.2 Effect of Job Satisfaction on Affective Commitment

In this section, analyses the effects of job satisfaction on affective commitment in Angel Plastic Bag Factory. The linear regression model is applied. The output from generating linear regression model is shown in Table (4.7)

Table (4.7) Effect of Job Satisfaction on Affective Commitment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	2.906	.156		18.629	.000	
Job Satisfaction	.224***	.078	.782	5.471	.000	1.000

R Square	.610
Adjusted R Square	.593
F Value	29.927***

Source : Survey data,2019

Note : ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

As shown in Table (4.7), the value of R Square is 0.61 that means this specified model could explain 61 percent about the variation of the affective commitment of the organization. The model can explain 59.3 percent about the variance of the independent variable (job satisfaction) and dependent variable (affective commitment) because adjusted R square is 0.593. The overall significant of the model, F value, is significant at 1 percent level that indicates the specified model can be said valid.

This model can explain the effect of job satisfaction on affective commitment in Angel Plastic Bag Factory. The significant level of job satisfaction is at 1 percent confidence level. Job satisfaction has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that increase in job satisfaction lead to increase in affective commitment in the organization. Therefore, by making more job satisfaction in this organization makes more affective commitment. In Angel Plastic Bag Factory, most employees get affective commitment by means of having close relationship with each other at work, satisfying working environment, having a great deal of personal meaning for most staffs, feeling like part of the family to this organization and feeling of happiness and warmness at work.

4.3.3 Effect of Job Satisfaction on Normative Commitment

In this section, analyses the effects of job satisfaction on normative commitment in Angel Plastic Bag Factory. The linear regression model is applied. The output from generating linear regression model is shown in Table (4.8).

Table (4.8) Effect of Job Satisfaction on Normative Commitment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	1.071	.304		3.518	.001	
Job Satisfaction	.622***	.080	.594	7.800	.000	1.000
R Square	.518					
Adjusted R Square	.515					
F Value	60.843***					

Source : Survey data,2019

Note : ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

As shown in Table (4.8), the value of R Square is 0.518 that means this specified model could explain 51.8 percent about the variation of the normative commitment of the organization. The model can explain 51.5 percent about the variance of the independent variable (job satisfaction) and dependent variable (normative commitment) because adjusted R square is 0.515. The overall significant of the model, F value, is significant at 1 percent level that indicates the specified model can be said valid.

This model can explain the effect of job satisfaction on normative commitment in Angel Plastic Bag Factory. The significant level of job satisfaction is at 1 percent confidence level. Job satisfaction has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that increase in job satisfaction lead to increase in normative commitment in the organization. Therefore, by making more job satisfaction in this organization

makes more normative commitment. In Angel Plastic Bag Factory, most employees get normative commitment by means of feeling a debt of gratitude to this organization, feeling of guilty if they quit, feeling of changing organizations is unethical and believing loyalty is important.

4.3.4 Effect of Job Satisfaction on Continuance Commitment

In this section, analyses the effects of job satisfaction on continuance commitment in Angel Plastic Bag Factory. The linear regression model is applied. The output from generating linear regression model is shown in Table (4.9)

Table (4.9) Effect of Job Satisfaction on Continuance Commitment

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	3.174	.254		12.499	.000	
Job Satisfaction	.139***	.067	.185	2.093	.038	1.000
R Square	.530					
Adjusted R Square	.526					
F Value	4.383***					

Source : Survey data,2019

Note : ***Significant at 1% level, **Significant at 5% level, *Significant at 10% level

As shown in Table (4.9), the value of R Square is 0.53 that means this specified model could explain 53 percent about the variation of the continuance commitment of the organization. The model can explain 52.6 percent about the variance of the independent variable (job satisfaction) and dependent variable (continuance commitment) because adjusted R square is 0.526. The overall significant of the model, F value, is significant at 1 percent level that indicates the specified model can be said valid.

This model can explain the effect of job satisfaction on continuance commitment in Angel Plastic Bag Factory. The significant level of job satisfaction is at 1 percent confidence level. Job satisfaction has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relation indicates that increase in job satisfaction lead to increase in continuance commitment in the organization. Therefore, by making more job satisfaction in this organization makes more continuance commitment. In Angel Plastic Bag Factory, most employees get continuance commitment by means of feeling very hard to leave this organization even if they wanted to, feeling of inconvenient too much, having too few options to consider leaving this organization, scarcity of available alternatives when leaving this organization and feeling of not matching the overall benefits having this organization compare to others.

CHAPTER 5

CONCLUSION

This chapter is organized with findings and discussions, suggestions and recommendations are presented based according to the surveyed results. It also presents suggestions for further result. The purpose of this study is to analyze the reward systems (extrinsic and intrinsic rewards) of Angel Plastic Bag Factory and to examine the effect of reward systems on organizational commitment through job satisfaction.

5.1 Findings and Discussions

This study based on reward systems towards extrinsic rewards (basic pay, promotion, fringe benefits and working conditions) and intrinsic rewards (achievement, recognition, autonomy and skills enhancement) which leads to job satisfaction and organizational commitment in Angel Plastic Bag Factory. In order to achieve this paper, primary data are used by means of interview method. To examine the effectiveness of reward system of Angel Plastic Bag Factory, one hundred and twenty six employees are analyzed by collecting structured questionnaires. Then regression analysis is used in seeking to determine the effect of reward system on job satisfaction and organizational commitment. After analyzing the surveyed data, based on the outcomes of mean values, it can assume that employees are satisfy mostly on rewards like fringe benefits and working condition (extrinsic rewards) and skills enhancement (intrinsic reward) provided by Angel Plastic Bag Factory.

Regarding job satisfaction, most employees get job satisfaction through positive and up most feeling when working, feeling of doing important job, getting opportunities to do innovative things at work and feeling sense of pride in work. The rewards like fringe benefits, working conditions and skills enhancement rewards have positive and significant effect on job

satisfaction. For most employees, all of these factors are improving not only job satisfaction but also to get organizational commitment in Angel Plastic Bag Factory.

From analysis on reward system towards extrinsic rewards, most of the respondents express high level of satisfaction concerned with fringe benefits and working conditions rewards because the management of Angel Plastic Bag Factory always tries to give the needs of their employees associated with their treatment plan, accommodation, travel allowance, equipment supplements, immediate supervisor's fairness, good and safe working environment. Moreover, they value their skilled employees by creating a strong and close relationship with them and peer also. However, basic pay reward is not too much interested by most employees when compare others' and promotion reward is very weak in condition because there are so many senior staffs whom are not promoted because of low education level.

From analysis on reward systems towards intrinsic rewards, most of the respondents express high level of satisfaction concerned with skills enhancement reward because most employees come from little or no background experience or knowledge. In Angel Plastic Bag Factory, most senior staffs teach the needed skills and share their knowledge to new staffs and the management of the factory supports some trainings and workshops for skill enhancement if needed. Moreover, the management of the factory arranges job rotation, job enlargement and job enrichment for most employees depend on work conditions. However, most employees show dissatisfaction on other intrinsic rewards like achievement, recognition and autonomy. Most employees are doing routine works everyday except a little challenge for some special tasks. Moreover, the management of the factory is not giving any proper recognition and also not giving any authority to do something to their employees.

According to the result of the study, there is a great effect of job satisfaction on organizational commitment in Angel Plastic Bag Factory. Most employees have job satisfaction by means of positive and up most feeling in work, aligning with organizational mission, feeling of doing important jobs, fitting with organizational values, getting opportunities to do innovative ways and things and feeling of sense of pride in work which leads to organizational commitment. In organizational commitment, employees get affective commitment mostly because they are happy in existing working environment, they have close relationship with each other, they are

interested in their jobs and they feel that they are part of the family in this organization. Moreover, they have normative and continuance commitment including feeling of owing a debt of gratitude to the organization, feeling of guilty when they quit, belief that loyalty is important and feeling of hard to leave the organization.

The result found that the moderating effects of demographic variables are not related between rewards system and organizational commitment. Because male or female, single or married employees and age level are not very effecting on both rewards system and organizational commitment.

Based on the result of the story, it can be concluded that all variables (both dependent and independent) have positive relationship with each other so that the effective rewards system motivates employees in order to give more satisfaction and get organizational commitment. Therefore, it can be assumed that the positive effect of rewards system on job satisfaction and organizational commitment in Angel Plastic Bag Factory.

5.2 Suggestions and Recommendations

Based on the findings, the organization gets many benefits to understand what it can give rewards to its employees more effectively and increase organizational commitment in the workplace. Most employees are satisfied with fringe benefits, working condition and skills enhancement rewards provided by Angel Plastic Bag Factory.

The organization has better fringe benefits, working conditions and skills enhancement rewards than other similar organizations. In fringe benefits, most employees get satisfaction on annual bonus, the leaves-system (both paid and unpaid leaves), healthcare system and support system including transportation, accommodation and treatment plan. Most employees get job satisfaction on working conditions including a fine working environment, immediate supervisor's fairness, interested jobs, colleagues' help and rules and procedures of the organization and skills enhancement including chances to learn new skills and knowledge from immediate supervisor and colleagues, overcoming some new challenges, creation of new things or ways and attending supportive trainings and seminars supported by the organization.

According to these rewards, employees are motivated to work and get job satisfaction which leads to organizational commitment in Angel Plastic Bag Factory.

However, the other rewards provided by Angel Plastic Bag Factory are not match as giving by other similar organizations. Thus, it is recommended to review the other rewards such as basic pay, promotion, achievement, recognition and autonomy to increase job satisfaction and organizational commitment.

Especially, the organization should analyze the recognition program rather than the current. The organization should respond the employees to appreciation expressed through recognition of their good works by means of verbal or formal recognition program. When employees and their works are valued, their satisfaction and productivity rise and they are motivated to maintain or improve their good work. Moreover, they get job satisfaction and then it leads to get more organizational commitment. Therefore, the organization should emphasize on recognition program.

The organization should allow the employees to get open chances, to face new challenges, to get some positions and promotions, to delegate with standardized procedures, to get some performance based awards for improving job satisfaction and getting more organizational commitment. By providing and allowing these factors, job satisfaction and organizational commitment will be increase than the organization expected.

The demographic data like age, gender and marital status are less considered in deciding rewards system and organizational commitment through job satisfaction because these factors are not interrupted the rewards system deeply.

Finally, the study recommends that it is better if the organization can improve its rewards system's weakness after analyzing in detail to get job satisfaction by means of rewards. The organization always needs to adjust its rewards system to be effective. It should remove some rewards if not needed and also try to add new and modern rewards depend on employees' needs and wants because the effective rewards system is essential to get job satisfaction and organizational commitment.

5.3 Needs for Further Research

This study focuses only on the rewards system (extrinsic and intrinsic rewards) on job satisfaction and organizational commitment in Angel Plastic Bag Factory. This study does not cover the whole plastic industry or other related industries. Therefore, further researchers should be studied like financial and non-financial rewards system, leadership styles and ethical behaviors at work, work-life balance system that may affect job satisfaction of employees. More investigations on the effects of rewards system on organizational commitment are also worthwhile for further studies. Other aspects of the human resources should be considered to maximize the analysis on reward systems and organizational commitment for further studies. Moreover, further studies that base on influencing factors towards reward systems and job satisfaction on organizational commitment in other area with larger sample size can also be a more fruitful research if cost and time allows.

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APPENDICES

APPENDIX I : SURVEY QUESTIONNAIRES

Questionnaires

Dear Participant,

I am a student of Yangon University of Economic, Department of Management Studies and conducting this survey as one of the fulfillments for completing my study of Master of Business Administration (EMBA). This is completely voluntary, and all your responses would be anonymous. It will take an average of 10-15 minutes to fill it out. Thank you so much for your time and kind support.

Sincerely,

Zaw Htut

Roll No. 11

EMBA 16th Batch

Section-A

Demographic

Gender

- Male
- Female

Marital Status

- Single
- Married

Age (years)

- 18-25

- 26-40
- 41-60
- Over 60

Education level

- Primary School
- Middle School
- High School
- University
- Graduated

Service years in this organization

- 0-3 years
- 4-7 years
- 8-11 years
- 12-15 years
- >15 years

Current position in this organization

- Junior Staff
- Senior Staff
- Assistant Supervisor
- Supervisor
- Assistant Manager

Monthly Salary

- 0-199,999 Ks.
- 200,000 – 399,999 Ks.
- 400,000 – 599,999 Ks.
- 600,000 and above

Section-B Employee Rewarding

Please judge how far you agree with following statements and tick to appropriate rating scale for all questions in the section. Use the following scale to select the number.

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

No.	Rewarding System of Angel Plastic Bag Factory	Scale				
		1	2	3	4	5
Basic Pay						
1	I receive right amounts of salary for my efforts and skills.					
2	I'm being paid fairly in comparison to others.					
3	The pay scale of this organization is attractive compare with other companies in the same industry.					
4	I feel satisfied with my chances for salary increases.					
5	Salary increments are made based on employee performance.					
Promotion						
6	I think that this organization adopted a well-designed promotion plan.					
7	Promotions in this organization always based on individual performance rather than seniority.					
8	I am satisfied with my career opportunities in my present positions.					
9	I am satisfied with the chance for promotion.					
10	Everybody has equal chance to be promoted.					
Fringe Benefits						
11	My annual bonus award makes me satisfied in this organization.					
12	The leaves-system(both paid and unpaid) makes me satisfied in this organization.					
13	The healthcare system makes me motivated to stay in this organization.					

14	The support system like accommodation, transportation, treatment makes me satisfied in this organization.					
15	Fringe benefits are also important for me to keep me motivated in this organization.					
Working Conditions						
16	I am satisfied with the present working conditions.					
17	My supervisor is fair to me.					
18	I like most people I work with.					
19	I feel my job is interesting.					
20	Rules and procedures of this organization are conducive for work.					
Achievement						
21	I pay full attention to the work in the factory.					
22	I am pleased when I can solve some difficulties in my work.					
23	I feel confidence when my job done through challenging.					
24	I can do most works in my operation.					
25	I like to take job-related risk.					
Recognition						
26	I receive positive recognition for what I perform better.					
27	I feel that my organization values my opinions.					
28	I feel that my job receives enough attentions from my company.					
29	Proper recognition motivates me to do work hard.					
30	Proper recognition of high performer will encourage low performer to work hard.					
Autonomy						
31	My senior delegates me altogether with proper degree of authority of perform well delegated tasks.					
32	My senior gives me trust and let me do some new challenging works with proper delegation.					
33	In my organization, staffs are allowed to undertake delegate work in their own ways in some conditions.					
34	Most of the employees rarely do overtime and they are smart workers rather than hard workers.					

35	I feel satisfied and confidence when my job done through proper delegation.					
Skills Enhancement						
36	I feel that my working experience makes improving in my skills, knowledge and confidence.					
37	My senior teaches me some required skills and knowledge to improve my conditions.					
38	I can learn some skills also from my colleagues to overcome some challenges.					
39	I like to do some experiment and create new things to improve my daily routine work.					
40	I satisfied possibility for training and further knowledge supported by the company.					

Section – C Job Satisfaction

Please judge how far you agree with following statements which are regarding with your opinion to and tick to appropriate rating scale for all questions in the section. Use the following scale to select the number.

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

No.	<i>My Feeling to my job.....</i>	Scale				
		1	2	3	4	5
1	I feel positive and up most of the time I am working.					
2	I am aligned with this organizational mission.					
3	The organization makes me feel that my job is important.					
4	My value fit with this organization value.					
5	I get opportunities to do innovative things at work.					

6	I feel a sense of pride in doing my job.					
7	Most interactions at work are positive in this work.					

Section – D Organizational Commitment

Please tick to appropriate rating scale that comes the closet to reflecting your opinions. Please respond to all questions in the section and use the following scale to select the number.

- 1 = Strongly Disagree**
- 2 = Disagree**
- 3 = Neutral**
- 4 = Agree**
- 5 = Strongly Agree**

No.	<i>How I perform at my work....</i>	Scale				
		1	2	3	4	5
Affective Commitment						
1	I have close relationship with my friends at work place.					
2	I like the working environment in this company.					
3	This organization has a great deal of personal meaning for me.					
4	I am happy with my tasks at work.					
5	I feel my friends like me at my work.					
6	I do not feel like “part of the family” to this organization.					
Normative Commitment						
7	I feel I owe a debt of gratitude to my organization.					
8	I feel guilty if I quit my organization now.					
9	Jumping from organization to organization does not seem at all ethical to me.					
10	I believe loyalty is important and therefore feel a sense of moral obligation to remain.					
11	I would not feel it was right to leave my organization for a better job elsewhere.					
12	I do not believe I am an essential person in my organization.					
Continuance Commitment						
13	It would be very hard for me to leave my organization right now, even if I					

	wanted to.					
14	Too much in my life would be inconvenient if I decided to leave my organization now.					
15	I feel that I have too few options to consider leaving this organization.					
16	One of the serious consequences of leaving this organization would be the scarcity of available alternatives.					
17	I continue to work for this organization because another organization may not match the overall benefits I have here.					
18	It would not too costly for me to leave my organization now.					

End of Questionnaires

“I do appreciate for your kind support and times!”

APPENDIX II : SPSS DATA OUTPUT

SPSS Data Output for Influence of Extrinsic Rewards on Job Satisfaction

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
	.735 ^a	.540	.525	.18265	.540	35.541	4	121	.000	1.876

a. Predictors: (Constant), Working Condition Mean, Promotion Mean, Basic Pay Mean, Fringe Benefits Mean

b. Dependent Variable: Job Satisfaction Mean

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.742	4	1.186	35.541	.000 ^b
Residual	4.036	121	.033		
Total	8.779	125			

a. Dependent Variable: Job Satisfaction Mean

b. Predictors: (Constant), Working Condition Mean, Promotion Mean, Basic Pay Mean, Fringe Benefits Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	.927	.363		2.552	.012	.208	1.646					
Basic Pay Mean	.123	.091	.099	1.349	.180	-.058	.303	.341	.122	.083	.703	1.423
Promotion Mean	.063	.081	.055	.784	.435	-.096	.223	.363	.071	.048	.782	1.279
Fringe Benefits Mean	.244	.073	.325	3.353	.001	.100	.388	.651	.292	.207	.404	2.478
Working Condition Mean	.303	.083	.392	3.671	.000	.140	.466	.701	.317	.226	.333	3.000

a. Dependent Variable: Job Satisfaction Mean

SPSS Data Output for Influence of Intrinsic Rewards on Job Satisfaction

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
	.782 ^a	.612	.599	.16781	.612	47.690	4	121	.000	2.130

a. Predictors: (Constant), Skill Mean, Recognition Mean, Autonomy Mean, Achievement Mean

b. Dependent Variable: Job Satisfaction Mean

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.372	4	1.343	47.690	.000 ^b
Residual	3.407	121	.028		
Total	8.779	125			

a. Dependent Variable: Job Satisfaction Mean

b. Predictors: (Constant), Skill Mean, Recognition Mean, Autonomy Mean, Achievement Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
	(Constant)	.826	.251				3.296	.001	.330	1.322		
Achievement Mean	.105	.086	.149	1.221	.224	-.065	.276	.720	.110	.069	.215	4.660
Recognition Mean	.005	.041	.008	.124	.901	-.075	.086	.372	.011	.007	.766	1.306
Autonomy Mean	.090	.062	.116	1.453	.149	-.033	.213	.576	.131	.082	.507	1.971
Skill Mean	.568	.118	.565	4.815	.000	.335	.802	.770	.401	.273	.233	4.290

a. Dependent Variable: Job Satisfaction Mean

SPSS Data Output for Effect of Job Satisfaction on Affective Commitment

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
	.732 ^a	.610	.593	.12112	.194	29.927	1	124	.000	2.891

a. Predictors: (Constant), Job Satisfaction Mean

b. Dependent Variable: Affective Commitment Mean

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
Regression		.439	1	.439	29.927	.000 ^b
Residual		1.819	124	.015		
Total		2.258	125			

a. Dependent Variable: Affective Commitment Mean

b. Predictors: (Constant), Job Satisfaction Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
	(Constant)	2.906	.156		18.629	.000	2.597	3.215					
	Job Satisfaction Mean	.224	.041	.441	5.471	.000	.143	.305	.441	.441	.441	1.000	1.000

a. Dependent Variable: Affective Commitment Mean

SPSS Data Output for Effect of Job Satisfaction on Normative Commitment

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
	.594 ^a	.518	.515	.23625	.329	60.843	1	124	.000	2.207

a. Predictors: (Constant), Job Satisfaction Mean

b. Dependent Variable: Normative Commitment Mean

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.396	1	3.396	60.843	.000 ^b
Residual	6.921	124	.056		
Total	10.317	125			

a. Dependent Variable: Normative Commitment Mean

b. Predictors: (Constant), Job Satisfaction Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.071	.304		3.518	.001	.468	1.673					
Job Satisfaction Mean	.622	.080	.574	7.800	.000	.464	.780	.574	.574	.574	1.000	1.000

a. Dependent Variable: Normative Commitment Mean

SPSS Data Output for Effect of Job Satisfaction on Continuance Commitment

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
	.185 ^a	.530	.526	.19715	.034	4.383	1	124	.038	1.997

a. Predictors: (Constant), Job Satisfaction Mean

b. Dependent Variable: Continuance Commitment Mean

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.170	1	.170	4.383	.038 ^b
	Residual	4.820	124	.039		
	Total	4.990	125			

a. Dependent Variable: Continuance Commitment Mean

b. Predictors: (Constant), Job Satisfaction Mean

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
	(Constant)	3.174	.254		12.499	.000	2.671	3.676					
	Job Satisfaction Mean	.139	.067	.185	2.093	.038	.008	.271	.185	.185	.185	1.000	1.000

a. Dependent Variable: Continuance Commitment Mean

