RELATIONSHIP BETWEEN JOB SATISFACTION ELEMENTS AND
ORGANISATIONAL COMMITMENT AMONG EMPLOYEES OF DEVELOPMENT
FINANCE INSTITUTION IN MALAYSIA

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By

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This study examined the relationship between the five dimensions of job satisfaction of the work itself, supervision, co-workers, promotion and salary satisfaction, with a dependent variable of organizational commitment. This study was conducted in SME Bank, one of the development finance institution (DFI) in Malaysia. Based on the data by Hewitt Associates, the turnover rate in banking and financial services in Malaysia is the second largest. High turnover among employees might jeopardize strategic plans to achieve organizational objectives. When an organization loses its critical people, there might be a number of negative impacts like reduction in overall level of innovation and quality of customer services. Therefore, organization commitment plays a very critical role in order to reduce the employees’ turnover. For this purpose, data were obtained from a sample of 150 employees in eight branches of SME Bank. The result tested on respondents/sample to analyze the using descriptively, correlation and multiple regressions. The results showed that work satisfaction, supervision and, co-workers satisfaction were high. Meanwhile, the level of organizational commitment, promotion and salary were modest. The moderate level of organizational commitment indicated that the tendency of employees to turnover may also high. With these findings, it will become a turning point for SME Bank to identify steps that should be taken to enhance organization's commitment among its employees. This study also tested five hypotheses to determine the relationship between independent variables and dependent variable. The result shows that the dimensions of job satisfaction namely work satisfaction, supervision, co-workers, promotion and salary satisfaction have a significant relationship with organizational commitment. Overall, this study shows that job satisfaction is an important factor influencing organizational commitment. Therefore, this study suggests that the SME Bank should emphasize on job satisfaction in order to improve organizational commitment.

Keywords: work satisfaction, pay satisfaction, promotion satisfaction, supervisor support satisfaction, colleagues’ satisfaction, organizational commitment

Kata kunci: kepuasan kerja, kepuasan gaji, kepuasan kenaikan pangkat, kepuasan penyelia, kepuasan rakan-rakan sekerja, komitmen organisasi
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TABLE OF CONTENT

PERMISSION TO USE ii
ABSTRAK iii
ABSTRACT iv
ACKNOWLEDGEMENTS v
TABLE OF CONTENTS vi
LIST OF TABLES xi
LIST OF FIGURE xiii
LIST OF ABBREVIATIONS xiv

CHAPTER ONE: INTRODUCTION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Scope of Research</td>
<td>4</td>
</tr>
<tr>
<td>1.2 Problem Statement</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Research Question</td>
<td>7</td>
</tr>
<tr>
<td>1.4 Research Objective</td>
<td>7</td>
</tr>
<tr>
<td>1.4.1 General Objective</td>
<td>7</td>
</tr>
<tr>
<td>1.4.2 Specific Objectives</td>
<td>8</td>
</tr>
<tr>
<td>1.5 Significance of the Research</td>
<td>8</td>
</tr>
<tr>
<td>1.6 Limitations of the Research</td>
<td>10</td>
</tr>
</tbody>
</table>
1.7 Operational Definition
  1.7.1 Job satisfaction
  1.7.2 Work satisfaction
  1.7.3 Pay satisfaction
  1.7.4 Promotion satisfaction
  1.7.5 Supervisor support satisfaction
  1.7.6 Colleagues
  1.7.7 Organizational commitment
1.8 Organization of Dissertation
1.9 Chapter Summary

CHAPTER TWO: LITERATURE REVIEW
2.0 Introduction
  2.1 Concept of Organizational Commitment
  2.2 Social Exchange Theory
  2.3 Empirical Studies
    2.3.1 Job Satisfaction and Organizational Commitment
    2.3.2 Pay Satisfaction and Organizational Commitment
    2.3.3 Supervisor Satisfaction and Organizational Commitment
    2.3.4 Promotion Satisfaction and Organizational Commitment
    2.3.5 Colleagues’ Satisfaction and Organizational Commitment
  2.4 Chapter Summary
CHAPTER THREE: METHODOLOGY

3.0 Introduction 32
3.1 Research Design 32
3.2 Research Framework 33
3.3 Hypotheses 34
3.4 Instrument/Questionnaire 34
   3.4.1 Part A – Demographic Information 36
   3.4.2 Part B – Job Satisfaction Factors / Job Satisfaction Elements 36
      3.4.2.1 Work Satisfaction 36
      3.4.2.2 Pay Satisfaction 37
      3.4.2.3 Promotion Satisfaction 37
      3.4.2.4 Supervisor Support Satisfaction 38
      3.4.2.5 Colleagues’ satisfaction 38
   3.4.3 Part C - Organizational Commitment 38
3.5 Population and Sampling 40
3.6 Sampling Size 41
3.7 Validity and Reliability 42
3.8 Pilot Test 42
3.9 Data Collection Technique 43
3.10 Data Analysis 44
   3.10.1 Cronbach Alpha Measurement 44
   3.10.2 Reliability Test 45
   3.10.3 Demographic Profile Test 46
CHAPTER FOUR: ANALYSIS AND FINDING

4.0 Introduction 47

4.1 Reliability Analysis 47

4.2 Demographic Analysis 48

4.2.1 Age 48

4.2.2 Years in Service 49

4.2.3 Income 50

4.2.4 Gender 50

4.2.5 Races 51

4.2.6 Level of Education 52

4.3 Descriptive Statistics Analysis 52

4.3.1 Organizational commitment 52

4.3.2 Job Satisfaction 54

4.3.3 Supervision 57

4.3.4 Colleague Satisfaction 59

4.3.5 Promotion Satisfaction 61

4.3.6 Pay Satisfaction 63

4.4 Relationships between Variables 64

4.5 Regression Analysis 67

4.6 Chapter Summary 70
## CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td>Introduction</td>
<td>71</td>
</tr>
<tr>
<td>5.1</td>
<td>Finding</td>
<td>72</td>
</tr>
<tr>
<td>5.2</td>
<td>Implications of the study</td>
<td>76</td>
</tr>
<tr>
<td>5.3</td>
<td>Recommendation</td>
<td>78</td>
</tr>
<tr>
<td>5.4</td>
<td>Future Research</td>
<td>80</td>
</tr>
<tr>
<td>5.5</td>
<td>Conclusion</td>
<td>81</td>
</tr>
</tbody>
</table>

**REFERENCES** 82

**APPENDICES** 89
# LIST OF TABLE

<table>
<thead>
<tr>
<th>TABLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Elements of the Research Questionnaire</td>
</tr>
<tr>
<td>3.2</td>
<td>Five Point Likert Scale</td>
</tr>
<tr>
<td>3.3</td>
<td>Reliability of the Pre-Test</td>
</tr>
<tr>
<td>3.4</td>
<td>Cronbach Alpha Measurement</td>
</tr>
<tr>
<td>3.5</td>
<td>Level relationships among two variables</td>
</tr>
<tr>
<td>4.1</td>
<td>Reliability of Post-Test</td>
</tr>
<tr>
<td>4.2</td>
<td>Frequency of Age, Year of Service and Income</td>
</tr>
<tr>
<td>4.3</td>
<td>Distribution of Gender, Race, Marital Status and Educational Level</td>
</tr>
<tr>
<td>4.4</td>
<td>Distribution of respondents according to the level of Organizational Commitment</td>
</tr>
<tr>
<td>4.5</td>
<td>Mean and Standard Deviation of Organizational Commitment</td>
</tr>
<tr>
<td>4.6</td>
<td>Distribution of respondents according to job satisfaction</td>
</tr>
<tr>
<td>4.7</td>
<td>Mean and Standard Deviation of job satisfaction</td>
</tr>
<tr>
<td>4.8</td>
<td>Distribution of respondents according to the level of Supervision</td>
</tr>
<tr>
<td>4.9</td>
<td>Mean and Standard Deviation of Supervision</td>
</tr>
<tr>
<td>4.10</td>
<td>Distribution of respondents according to their Colleague Satisfaction</td>
</tr>
<tr>
<td>4.11</td>
<td>Mean and Standard Deviation of Colleague Satisfaction</td>
</tr>
<tr>
<td>Section</td>
<td>Title</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------</td>
</tr>
<tr>
<td>4.12</td>
<td>Distribution of respondents according to their level of promotion satisfaction</td>
</tr>
<tr>
<td>4.13</td>
<td>Mean and Standard Deviation of Satisfaction in Promotion</td>
</tr>
<tr>
<td>4.14</td>
<td>Distribution of respondents according to the level of Pay Satisfaction</td>
</tr>
<tr>
<td>4.15</td>
<td>Mean and Standard Deviation of Pay Satisfaction</td>
</tr>
<tr>
<td>4.16</td>
<td>Correlation of Variables with Organizational Commitment</td>
</tr>
<tr>
<td>4.17</td>
<td>Analysis of regression on Organizational Commitment</td>
</tr>
<tr>
<td>FIGURE</td>
<td>PAGES</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>3.1</td>
<td>33</td>
</tr>
<tr>
<td>Research Framework</td>
<td></td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>EOR</td>
<td>Employee-Organization Relationship</td>
</tr>
<tr>
<td>PSS</td>
<td>Perceived Supervisor Support</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
</tr>
<tr>
<td>SME</td>
<td>Small Medium Enterprise</td>
</tr>
<tr>
<td>RM</td>
<td>Ringgit Malaysia</td>
</tr>
<tr>
<td>SD</td>
<td>Standard Deviation</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Science</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.0 Background of the study

The relationship between job satisfaction’s elements and organizational commitment have been much debated by Western and local researchers. The elements such as work, salary, promotion, supervisor’s support, and colleagues are the main pillars to employees’ satisfaction in their work. The interaction between the supervisors and colleagues are important for the well being of the organization. Therefore, supervisors need to understand the factors that promote the quality of social relationships within the organization in order to achieve effective management (Olugbenga et al. 2008). This was also explained by Rhoades and Eisenberger in 2002 and Olugbenga, Olalekan and Comfort in 2008 who state that opportunities are provided to employees such as job’s enrichment, enforcement of fair policies, system and salary, job security to employees, organizational’s support and practical organizational climate to improve the relationships between staff and supervisors. According to Olugbenga, Olalekan and Comfort (2008) job satisfaction elements such as pay, supervisor and promotion are among important factors that can influence the organizational commitment. If an employee does not experience job satisfaction, the commitment to work will decrease and indirectly deteriorate commitment of an employee to the organization and the goals of the organization in
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LIST OF APPENDIXES

Appendix A
Questionnaire

Appendix B
Reliability Analysis
Data Analysis
Reliability Test
Validity Test
Descriptive Analysis: Demographic Profiles
Pearson Correlation Coefficient Analysis
Regression Analysis