

## THE RELATIONSHIP BETWEEN PAY SATISFACTION AND CAREER-ORIENTED COMMITMENT

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Bachelor Of Science with Honours (Human Resource Development) 20192020

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# THE RELATIONSHIP BETWEEN PAY SATISFACTION AND CAREER-ORIENTED COMMITMENT

Julina A/P Hak 63282

This project is submitted in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resources Development)

Faculty of Cognitive Science and Human Development

UNIVERSITI MALAYSIA SARAWAK

(2020)

The project entitled 'The Relationship Between Pay Satisfaction and Career-Oriented Commitment' was prepared by Julina A/P Hak and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resources Development)

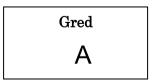
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# ABSTRACT THE RELATIONSHIP BETWEEN PAY SATISFACTION AND CAREER-ORIENTED COMMITMENT

#### JULINA A/P HAK

This study aim to examine the relationship between pay satisfaction and career-oriented commitment in administration organization, Department of Orang Asli Development (JAKOA) in Pahang. With reference to the empirical studies and past research, pay satisfaction is selected to be the independent variable while career-oriented commitment as the dependent variable. This study was a quantitative research that use the questionnaire in the form of five Likert Scale to collect the data from the respondents. This study was conducted in 4 branches of administration company, Department of Orang Asli Development (JAKOA) in Pekan, Rompin, Kuantan and Muadzam Shah in Pahang and the sample size consists of 50 respondents. The Statistical Package for the Social Science (SPSS) Version 2.0 namely descriptive statistic and inferential statistic were used to analyze the data collected from the respondents. The result showed that there was a significant relationship between pay satisfaction and career-oriented commitment in administration organization. Thus, the hypothesis in this study were accepted. Discussion of the research findings and recommendation for administration organization, human resource practitioners, employees and future researcher were presented.

#### ABSTRAK

# HUBUNGAN ANTARA KEPUASAN GAJI DAN KOMITMEN BERORIENTASIKAN KERJAYA JULINA A/P HAK

Kajian ini bertujuan untuk mengkaji tentang hubungan di antara kepuasan gaji dan komitmen berorientasikan kerjaya dalam kalangan pekerja industri pentadbiran, Jabatan Kemajuan Orang Asli (JAKOA) di Pahang. Merujuk kepada kajian-kajian lepas, kepuasan gaji dipilih sebagai pemobolehubah tak bersandar dan komitmen berorientasikan kerjaya menjadi pembolehubah bersandar. Kaian ini menggunakan borang kaji selidik yang berbentuk skala lima peringkat untuk memperoleh data daripada responden. Kajian ini dijalankan di empat cawangan industri pentadbiran, Jabatan Kemajuan Orang Asli (JAKOA) daerah Pekan, Rompin, Kuantan dan Muadzam shah di Pahang dan saiz sampel kajian ialah seramai 50 responden pekerja. The Statistical Package for the Social Science (SPSS) Version 17.0 iaitu deskriptif statistik dan inferensi statistik telah digunakan untuk menganalissasi data yang diperolehi daripada responden. Keputusan menununjukkan perhubungan yang signifikan di antara kepuasan gaji dan komitmen berorientasikan kerjaya. Maka hipotesis kajian ini diterima. Perbincangan tentang dapatan kajian dan cadangan untuk syarikat pentadbiran, pengurus sumber manusia, pekerja-pekerja, dan penyelidik masa depan juga dibincangkan

#### **CHAPTER ONE: INTRODUCTION**

#### 1.1 Introduction

This chapter will be discussing the background of study, problem statement, objective of study, research hypothesis, conceptual framework, significance of study, definition of terms.

#### 1.2 Background of study

Nowadays, the organizations are facing challenges and opportunities due to massive global changes such as global economic competition, advances in technology and government regulation. Thus, the organizations are making move in order to aligned with current demand to increase their productivity where the human resources played as an important asset in organization. Every organization aims to have committed employees toward the fulfillment of the organizational goals (Darus et al 2016). Gupta and Gehlawat, 2013 as cited in Darus et al (2016) said that negative impact will lead to a stressful condition when employees are incapable to provide full of commitment as they experience dissatisfaction in their job process specifically in educational institutions. Nevertheless, this purpose of this study is to investigate whether the pay satisfaction will influence the career-oriented commitment among employees of administrative company. Moreover, this study focus primarily on pay satisfaction and effects of pay satisfaction on career-oriented commitment.

This study is related to career development where the pay satisfaction will influence the career-oriented commitment of the employees in administrative company. A study carried in Malaysia by Yahya et. al, (2015) demonstrated how the human resources management practices influenced employees career commitment through a statistical and descriptive research of manufacturing lower middle staff in multinational company. The research discussion and results showed that human resources management practices does influenced the employee career commitment mostly affected by compensation policies.

The same case that happens to the other workers in other industries in Malaysia as the changes of global economic also affected the industrial business. The administrative company in Pahang played an important role as the Malaysian government agency entrusted to oversee the affairs of the Orang Asli. The pay

satisfaction will be discussed in the study on how it will influence career-oriented commitment among Department of Orang Asli Development (JAKOA) employees and what the outcomes or findings from the study in hope can contribute to the research and to other fields. The concepts of career development are also discussed in the study for a better understanding of the research. In short, the background of the study is giving an idea and an overview of what the study all about and what is the focus of the study.

#### **1.3 Problem statement**

The employees of administrative companies must put more effort in order to earn more and develop their career development as the changes take place in the global environment thus forced the structure of human resources management practices to again reviewed by the organization in order for the organization to fit and adapt to the new changes. As the world grows into more modernly sophisticated, the citizen also cannot help to cope and adapt to the new environment that seems to be more high demands and needed more attention as well as the commitment in order to survive in this new global environment. This changing also bring opportunities toward the employees in reflecting their effort and commitment towards their work and job where they will work harder to fit to the new environment and the administrative companies also no exceptions. As mentioned by Mayson and Barrett, (2006) postulate that an organization's capacity in motivating, attracting, and reflecting the competent human resources by offering a competitive numeration and an equitable rewards is connected to the organizations development and efficiency.

Enhancing career commitment in administrative companies might be a tough works but then, the pay satisfaction influenced can be a great help for the employees to be more committed as it will strengthen the employees work performance and satisfaction of their jobs. Other than that, the employees must be supervise by their manager or supervisor and this will ensure that the expectation from the organization will be achieve where the employees expected to show a high levels of organizational commitment and to stay loyal to the organization. The administrative employees need a full concentration and support in order for them to meet the organization expectation as the pay satisfaction provided will help employees to boost their career commitment. According to Yahya et al. (2015) the compensation given to the employees help to

boost their career commitment followed by the training and development and promotion. The compensation given can boost the pay satisfaction of employees and indirectly made the employees to maintain and increase their commitment in doing their job by developing better of their career-oriented commitment.

As suggested from the past research, this study was conducted for the administrative company as to see if the pay satisfaction give such influence towards the employees career commitment. In the recent issues related to the career commitment is the relation of the career commitment and career success on how the career commitment will help the employees to achieve their career outcomes such as career-oriented commitment. However, several past research have been investigated on pay satisfaction and most of the research are focusing more on compensation and organizational commitment rather than pay satisfaction and career-oriented commitment. (Lucht, 2015 and Silaban, 2018 and Darus, Azizan, & Ahmad, 2016 and Cai, Bi, Wang, Cravens, & Li, 2018 and Olasupo, Idemudia, Arowosegbe & Fagbenro, 2019 and Yahya & Tan, 2015) have been doing their research related to pay satisfaction and organizational commitment. Thus, the findings of the studies are diverse as the researchers made use of different instruments in their studies. This study might be a help for the other researcher to indicate the factors that can contribute to the career success of the employees such as pay satisfaction as most of the study focusing more on compensation and organizational commitment. Overall, the problem of study focused on the problem of the area of the study that will lead the study to be further explained in the next section.

#### 1.4 Objective of study

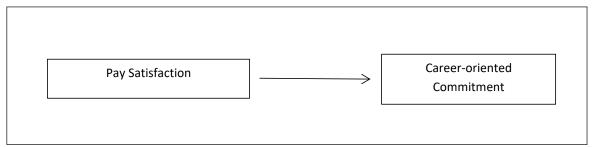
The objective of the study is to examine the relationship between pay satisfaction and career-oriented commitment.

#### 1.5 Hypothesis of study

*Ha* : There is a significant relationship between pay satisfaction and career-oriented commitment. (Yahya & Tan, 2015)

#### **1.6 Conceptual Framework**

Table 1 proposes the research framework which consists of the independent variable (pay satisfaction) and the dependent variable (career-oriented commitment). There is a direct relationship between dimensions of pay satisfaction and career-oriented commitment. In line with the proposition of social cognitive career theory, the conceptual framework (Table 1) suggests that employees' perception on organizational pay satisfaction are primary influence on their level of career-oriented commitment.



Adapted from Heneman III (1985) and Ellemers (1998)

# Table 1: Conceptual Framework of the Relationship between Pay satisfaction and Career-oriented commitment.

#### 1.7 Significance of study

A few earliest research literature on career commitment study was concerned predominately with career development theory and model. Thus this study is important to identify those activities or the factors that contribute to the career-oriented commitment of the employees of administrative company. It is beliefs that the result of the study will develop more recent counterparts for future research than comprehensive theories regarding the influences that contribute enhancing career-oriented commitment with its relationship to pay satisfaction among employees of administrative company. Through this study, the knowledge will help the organizations to increase they are concerned towards their employee's career development.

This study benefits to the human resources practitioners, managers, organization and the employees themself to understand the organization system and culture because it focuses on what types or how the pay satisfaction influence the career-oriented commitment among the employees. Understanding the pay satisfaction to enhance the employees career-oriented commitment in one organization for a better career development gives an in-depth understanding of how the pay satisfaction require the attention of the career development, especially for the career commitment development such as career planning, career identity, and career resilience . Career-oriented commitment of employees problems have only been recently recognized as a rising phenomenon as the global environment changing, even though its symptoms have emerged from the surface a long time ago. In fact in Malaysia, there are many studies are done to great length in promoting the influence of pay satisfaction to career-oriented commitment of employees whether in private or public organization.

This study serves as a solution to handling the problem, as well as a guide for organizations to address and handle the career development in term of career commitment of the employees towards their jobs. Apart from the employees, the study will widen the knowledge and research related to career-oriented commitment and pay satisfaction as well become a reference material for future research and further research. The findings of the study can help the society to be aware of the importance of the relationship between pay satisfaction and career-oriented commitment.

#### **1.8 Limitations of study**

However, here are some of the limitations of the study that occur and might affect the outcomes of this study that should be noted. First, the study conducted using data from small population with small sample size that being chosen from four branches of administrative company which are Department of Orang Asli Development area Pekan, Rompin, Muadzam Shah and Kuantan in Pahang. Thus the overall population in the other administrative companies might not be reflected through the result generated from the study conducted. The study ability to generate accurate results to be compared with the other organizations might be limited. Besides, the study using only one instrument which is questionnaire and one method which is quantitative method.

## **1.9 Definition of terms**

## **1.9.1 Pay Satisfaction**

### a) Conceptual definition

Lawler 1972 (as cited in Darus, Azizian & Ahmad, 2016) pay satisfaction is the distinction between amount of salary a person gets and a person's expectation amount the amount of salary should get.

## b) Operational definition

Pay satisfaction is how satisfied or dissatisfied a person feel about paid received. (Heneman III & Schwab, 1985)

## 1.9.2 Career-oriented Commitment

## a) Conceptual Definition

Vandenberg and Scarpello, 2004 (as cited in Yahya & Tan, 2015) Career [-oriented commitment defined as a person's belief in and acceptance of the value of own self chosen occupation or job and willingness to maintain the membership in a particular occupation.

#### b) Operational Definition

Career-oriented commitment is the extent to how people felt committed to the individual goal of advancing in their personal achievements (Ellemers & Van, 1998).

#### 1.10 Summary

This chapter introduced the research topic through the background of the research topic, problem statement and the objectives of this study. This chapter also covered the research hypothesis, conceptual framework, limitations of the study and the definitions of the major key terms.

#### **CHAPTER TWO: LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discussed the review of related literature of pay satisfaction and career-oriented commitment. In this chapter, the important related issues, theory, and past research will be further discussed in detail.

#### 2.2 Discussion on the related topic and issues

#### 2.2.1 Career-oriented commitment

Nowadays, the expectation of the global is the employee should be able to take care of their career and employment matter. The commitment given are useful to indicate the individual's commitment to the advancement of the career goal's. By developing employees commitment to their career goals, the employees need to ensure that they entertain a line of work that gives way to valuable jobs in organizations of their choice. The attachment to the career goals result in individuals, to work hard in order to achieve self-interested advancement in their careers as this encourages the employees to keep focus more on important instrumental to attainment their career goals which is behaviors. Career commitment describes individual psychological attachment to the person occupation where it is differ from career entrenchment (Blau, 1985) as cited in (Kazt et al, 2017). Career entrenchment works to evaluates on why individual would remain in a career rather than focusing on the affective psychological attachment (i.e affective career commitment) because of the extrinsic rewards (Kazt et al, 2017). According to Ellemers et al (2015) as cited in (Ahmed et al, 2017) career-oriented commitment emanates from self-interested model of behaviour dominates. This type of commitment is categorize as normative commitment where it is the common behavior outcomes as something been triggered. Normative commitment is an effect related to the employee's feeling of responsibility to remain in the organisation, derived from individual values and customs (Darus et al, 2016).

Career commitment is characterized by the development of personal career goals, the attachment to, identification with, and involvement in those goals (Yahya and Tan, 2015). The study by Colarelli and Bishop (1990) found that people who are committed to their career will be more likely to set high career goals for themselves

and put forth as well as continue to pursue the goals even in the face of obstacles and setbacks (Yahya and Tan, 2015). According to Sheldon (1971) as cited in Darus et al (2016) employee's emotional or psychological attachment is associated with the former aspects of commitment toward their employers. In a study by Fu (2012), he found that there is a positive association between career commitment in addition to objective and subjective career success, skill development, career investment, job satisfaction, and voluntary participation to professional training (Fu, 2011; Aryee & Tan, 1992; Ballout, 2009;; Duffy et al., 2011; Goulet & Sigh, 2002; Ellemers et al., 1998) as cited in (Ahmed et al, 2017). The career-oriented commitment also consider as the career outcomes.

#### 2.2.2 Pay Satisfaction

The study by Yahya and Tan, 2015 support that the compensation influenced the employees perceptions toward the career commitment where the fairness in the compensation allocation had reflected that all employees effort and contribution to their work had been justly rewarded. The result indicated that a person's belief in and acceptance of the value of his or her chosen occupation or line of work and willingness to maintain membership in a particular occupation is very much related to the compensation and also training and development practices provided by the organization (Yahya and Tan, 2015). The result from the study reveal that the human resources management practices which are the compensation and training and development has a significant relationship with career commitment. According to Yahya and Tan (2015), the main factor that influencing employees level of career commitment is the perceived compensation policies that can fairly reward of their hard-work through salary increment.

Lawler (1971) opined that pay satisfaction is the distinction between amount of salary a person gets and a person's expectations about the amount of salary he should get (Darus et al, 2016). Lawler (1971) also built a model of determinants of pay satisfaction that identified the pay satisfaction based on two factors which are factor A and factor B. Factor A refer to the ascertained amount of salary that one should get and factor B refer to the ascertained amount of salary ones receives. When A is equal to B, the employee will feel satisfied (Darus et al, 2016). When A is more than B, the employee will feel dissatisfied (Darus et al, 2016). Meanwhile, when B is greater than

A, the employee will feel discomfort, guiltiness, and sense of unfairness (Darus et al, 2016).

Situation	Satisfaction
Factor A= Factor B	Feel Satisfied
Factor A>Factor B	Feel Dissatisfied
Factor A <factor b<="" td=""><td>Feel discomfort, guiltiness and sense of unfairness</td></factor>	Feel discomfort, guiltiness and sense of unfairness

 Table 2: Pay Satisfaction Model (Lawler, 1971)

According to Heneman & Judge, 2000; Vandenberghe & Tremblay, 2008 as cited in (Darus et al, 2016) salary is believed to be a vital element among the rewards offered by the organization in return for the employee contribution toward management target achievement.

Heneman and Schwab, 1979; Lawler, 1979 as cited in Heneman et al, (1985), stated that there is the substantial evidence, as an illustration, that references for various pay level and benefit combinations vary predictably as a function of personal characteristics of employees. Four of pay level categorized of pay satisfaction which are pay level satisfaction, welfare satisfaction, pay rise satisfaction, and pay system satisfaction Heneman and Schwab, 1985 as cited in Kim et al (2018). According to Curral et al (2005) stated that group satisfaction also can be influenced by pay satisfaction at an individual level and can predict performance as well. It is also a commonly-held belief that pay is one of the most positively valent work variables for most people (Ribeaux & Poppleto, 1978) since it can be used to obtain a variety of desired variables (Chin, 1999).

#### 2.3 Discussion on the related theory

#### 2.3.1 Social Cognitive Career Theory

The relationship between pay satisfaction and career-oriented commitment can be explained through social cognitive career theory by Albert Bandura, 1994 where the career outcomes such as career-oriented commitment are affected by individual perception towards organizational events such as pay satisfaction. Social Cognitive Career Theory (SCCT) assumes that people are likely to become interested in, choose to pursue, and perform better at activities at which they have strong self-efficacy beliefs, as long as they also have necessary skills and environmental supports to pursue these activities Lent et al (2002). The career-oriented commitment expected to affected as employees are motivated to do their work because of the rewards which is the pay is what they belief they will get. The motivation is also a function that linked between the two factors which are the environmental support and the expected outcome values. The pay satisfaction in this study refer as the rewards while the career-oriented commitment refer as the instrumentality perceptions. Moreover, the career-oriented commitment is likely to affect by the satisfaction level of pay with the consideration of compensation. Career commitment is the employees' belief, feelings and accepting the organizational goal and values as well as willingness to belong to the organization in order to enhance the career ladder in the organization Khulida & Tan, 2015; Vandenberg & Scarpello, 2004 as cited in (Ahmed et al, (2017).

When the employees received the expected pay, it will secure their feelings and belief to keep working in the organization as their career is secure. Motivation from the employees shows that they are committed and satisfied to their career and would perform well in the organization (London, 1983) as cited in (Ahmed et al, 2017. The pay satisfaction act as a medium that boost the motivation process in order for the employees to commit to their career. According to Jha (2011) as cited in Nishanthi & Kailasapathy (2018) that employees will remain with the organization due to accumulation of non-transferable prospects, refinement benefits and acquisition of unique job skills, which would be too costly or cannot be attained elsewhere. The differences of treatments received by people that experiences the actions of real persons compared to actions caused by random stimuli will affected the person belief. If the treatments given fairly and fulfilling the employees need, a positive consequences will be arise. For instance, the employees felt satisfied with their pay, then they will be more commit to their career. Berg, Dickhaut & McCabe, 1995, Fechr, Kirchsteigher, & Riedl, 1993 as cited in (Falk and Fischbacher, 2000) reported a significantly positive relationship between wages paid by firms and the effort level provided by workers. McDonald & Makin, 2000 as cited in Nishanthi & Kailasapathy (2018) proposes that a person getting a benefits is under a solid normative responsibility or rule to payback the benefits received in some other way. This happen

due the employees belief that if they put more effort and the strong environment support by the organization will strengthen their career outcomes which is the career-oriented commitment. The salary rewarded to the employees will satisfied their need's in term of monetary and it will make the employees to improve their career commitment as they also belief that their contributions and effort they exerted for company production and quality are paid off. Moreover, the employees will grow to move toward a more optimal and integrating their functioning in the organization.

#### 2.4 Discussion of past similar findings

The past research conducted by Yahya and Tan (2015) regarding enhancing career commitment : the influence of human resources management practices of a multinational company in Malaysia. The research focusing on three human resources management elements which are compensation, training and development and promotion whether these elements influencing the career commitment of the multinational company employees. The result of the findings are the compensation and training and development has significant influences of the employees perception towards the career commitment. It was indicated that employees who received high pay will be more strongly committed to their career (Yahya and Tan, 2015). Moreover, the past research conducted by Darus et al. (2016) among academics responded at public universities where the research emphasizing the work stress is associated with organizational commitment, whereas pay satisfaction, psychological empowerment, and organizational commitment have significant relationships with each other.

The result from the research indicate that the pay satisfaction also related by overall work achievement, encouragement and performance as how the pay satisfaction made the responded often feel deep meaning and connected with their work. The findings from this research is the pay satisfaction achieved when the responded felt satisfied with the pay received that made them felt more as an important person to the organization. When the employee's need such as pay satisfaction was satisfied, the employees felt motivated to improve commitment, job performance, and they will willingly to go beyond expectations. According to Malik et al. 2010, & Milkovich & Newman , 2004 as cited in Darus.et al (2016) along with others reward offered by the organization, pay is well-known important for employee;s contribution toward achieving organizational productivity and goods. As

mentioned by Tella et al., 2007,. Siddique et al., 2011 as citted in Darus et al (2016) the study related to academicians where they will be committed and satisfied to the organization when they recognize that the existing salary scheme and also opportunity for promotion are sufficiently provided by the universities.

Other similar past research related to career commitment carried out by Arora and Rangnekar (2016) in India investigating the linking of Big Five personality and career commitment dimensions which are career resilience, career success and career planning among the Indian managers. The findings of the research indicates that the Big Five personality also act as significant predictor of all the three dimensions of career commitment has a positive significant influence on career planning of the Indian managers in Indian organizations as the career planning is one of the career commitment dimensions. The results of the discussion from the research stated that the conscientiousness of the person became the significant factors that enhance the career commitment of the workers and lack of conscientiousness can affect their job performance. Besides pay satisfaction, the personality of the employees and their level of conscientiousness is important in boosting their career commitment. Jung and Yoon (2015) as cited in Ahmat (2019) studied hotel employees' compensation satisfaction on workers engagement and found that benefits, pay level, and pay structure also impacted work engagement and job withdrawal. Thus, the pay satisfaction can affect the career-oriented commitment of employees as the findings from the past research indicate that the work engagement also affected by the compensation's satisfaction or pay satisfaction.

#### 2.6 Summary

Overall, this chapter explaining and extracting the related issues, model, theory and past similar research regarding the enhancing the career commitment with the influences of pay satisfaction. Besides, the chapter focused more on the body of knowledge that can contribute to the study and the past similar findings done by the previous researchers which linked to the research problems and research questions are also discussed in detail in this chapter.