

**THE EFFECT OF JOB SATISFACTION ON
ORGANIZATIONAL COMMITMENT AMONG
SNACK MANUFACTURING WORKERS, KOTA
KINABALU**

CHEONG YIT FUNG



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ABSTRACT

THE EFFECT OF JOB SATISFACTION ON ORGANIZATIONAL COMMITMENT AMONG SNACK MANUFACTURING WOKERS, KOTA KINABALU

This study aims to investigate the relationship between job satisfaction and organizational commitment among manufacturing workers from snack manufacturing industry, Kota Kinabalu. A total of hundred respondents (using non-probability sampling method) were surveyed through the self-administered questionnaire approach. The job satisfaction variables (pay, supervision, co-worker and nature of work) were tested with multiple regression on the two-dimensional organizational commitment (affective commitment and normative commitment). Meanwhile, the moderating effects of age, gender, tenure at current organization, marital status and ethnicity were examined using hierarchical regression analysis. The results revealed that affective commitment could only be explained by 13.2 per cent and normative commitment 14.4 per cent by the four job satisfaction variables. Only satisfaction with supervision showed a positive significant relationship for both affective commitment and normative commitment. Findings also suggested that the moderating effects were only found in the relationship of affective commitment between (i) satisfaction with co-worker as moderated by age, (ii) satisfaction with nature of work as moderated by age, (iii) satisfaction with pay as moderated by gender, and (iv) satisfaction with pay as moderated by tenure at current organization. Other moderators – marital status and ethnicity, were not significant moderators in this relationship. Besides, there was no moderation effects found in the relationship with normative commitment model. This study suggests that more attention shall be given to develop the organizational commitment among manufacturing workers.

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ABSTRAK

Kajian ini bertujuan untuk mengkaji hubungan antara kepuasan kerja dan komitmen organisasi di kalangan pekerja perkilangan dari industri pembuatan makanan ringan, Kota Kinabalu. Sebanyak seratus responden (menggunakan kaedah persampelan bukan-kebarangkalian) telah disoal dengan pendekatan soal selidik yang dikendalikan sendiri. Pembolehubah kepuasan kerja (gaji, penyeliaan, rakan sekerja dan sifat pekerjaan) telah diuji dengan regresi berganda pada dua dimensi komitmen organisasi (komitmen afektif dan komitmen normatif). Sementara itu, kesan moderator usia, jantina, tempoh bertugas di organisasi sekarang, status perkahwinan dan etnik telah dikaji dengan menggunakan analisis regresi hirarki. Keputusan kajian menunjukkan bahawa komitmen afektif hanya dapat dijelaskan oleh 13.2 peratus dan komitmen normatif 14.4 peratus oleh empat pembolehubah kepuasan kerja tersebut. Hanya kepuasan dengan penyeliaan menunjukkan hubungan positif yang signifikan bagi kedua-dua komitmen afektif dan normatif. Penemuan kajian juga mencadangkan bahawa kesan moderator hanya wujud dalam hubungan afektif komitmen dengan (i) kepuasan dengan rakan sekerja, oleh moderator usia, (ii) kepuasan dengan sifat pekerjaan, oleh moderator usia, (iii) kepuasan dengan gaji, oleh moderator jantina, dan (iv) kepuasan dengan gaji, oleh moderator tempoh bertugas di organisasi sekarang. Moderator lain – status perkahwinan dan etnik, merupakan moderator yang tidak signifikan dalam hubungan ini. Selain itu, tiada kesan moderator yang wujud dalam hubungan dengan model komitmen normatif. Kajian ini mencadangkan bahawa lebih perhatian harus diberi untuk membina komitmen organisasi di kalangan pekerja-pekerja perkilangan.

TABLE OF CONTENTS

	Page
TITLE	
DECLARATION	i
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
ABSTRAK	v
TABLE OF CONTENT	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xii
LIST OF APPENDIXES	xiii
GLOSSARY	xiv

CHAPTER 1: INTRODUCTION

1.1	Overview	1
1.2	Rational of Study	2
1.3	Background of Snack Manufacturing Industry	3
1.4	Problem Statement	5
1.5	Research Questions	6
1.6	Research Objectives	7
1.7	Scope of Study	7
1.8	Significance of Study	8
1.9	Definitions of Key Terms in Study	9
1.10	Summary	11

CHAPTER 2: LITERATURE REVIEW

2.1	Introduction	13
2.2	Organizational commitment	13
2.3	Independent Variables	19
2.3.1	Job Satisfaction	19
	a. Pay	21
	b. Supervision	22
	c. Co-workers	23
	d. Nature of Work	25
2.4	Moderators	26
2.4.1	Age	28
2.4.2	Gender	29
2.4.3	Tenure at Current Organization	31
2.4.4	Marital Status	32
2.4.5	Ethnicity	33

2.5	Summary	34
CHAPTER 3: RESEARCH METHODOLOGY		
3.1	Introduction	35
3.2	Theoretical Framework	35
3.3	Research Hypotheses	37
3.4	Research Design	40
3.5	Research Sample	41
3.6	Research Instrument	41
3.7	Data Collection Techniques	43
3.8	Statistical Analysis	43
3.9	Summary	43
CHAPTER 4: RESULTS AND DATA ANALYSIS		
4.1	Introduction	45
4.2	Respondents Profile	46
4.3	Reliability Analysis of Data	47
4.4	Normality Test	48
4.5	Descriptive Analysis	50
4.6	Hypotheses Testing	50
4.7	Summary	62
CHAPTER 5: DISCUSSION AND CONCLUSION		
5.1	Introduction	63
5.2	Effects of Job Satisfaction on Affective Commitment	63
5.2.1	Relationship between Satisfaction with Pay and Affective Commitment	63
5.2.2	Relationship between Satisfaction with Supervision and Affective Commitment	64
5.2.3	Relationship between Satisfaction with Co-worker and Affective Commitment	64
5.2.4	Relationship between Satisfaction with Nature of Work and Affective Commitment	65
5.3	Effects of Job Satisfaction on Normative Commitment	65
5.3.1	Relationship between Satisfaction with Pay and Normative Commitment	65
5.3.2	Relationship between Satisfaction with Supervision and Normative Commitment	66
5.3.3	Relationship between Satisfaction with Co-worker and Normative Commitment	66
5.3.4	Relationship between Satisfaction with Nature of Work and Normative Commitment	67
5.4	Moderating Effects of Demographic Factors	68
5.5	Implication of Study	70

5.6	Limitation and Future Research	70
5.7	Conclusion	71
REFERENCES		73
APPENDIXES		80



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LIST OF FIGURES

	Page
FIGURE 3.1 Theoretical Framework	37
FIGURE 4.1 Normal Probability Plot for Variable of Pay	49



UMS
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LIST OF TABLES

	Page
TABLE 4.1 The Respondent Profile	46
TABLE 4.2 The Cronbach Alpha Value for Variables	48
TABLE 4.3 Normality Result for All Variables	48
TABLE 4.4 Descriptive Result for Independent Variable of Pay	49
TABLE 4.5 Means and Standard Deviations of All Variables	50
TABLE 4.6 Regression Results between Job Satisfaction Facets and Affective Commitment	52
TABLE 4.7 Regression Results between Job Satisfaction Facets and Normative Commitment	52
TABLE 4.8 Hierarchical Regression Results Using Age as a Moderator in the Relationship between Job Satisfaction Facets and Affective Commitment	55
TABLE 4.9 Hierarchical Regression Results Using Gender as a Moderator in the Relationship between Job Satisfaction Facets and Affective Commitment	55
TABLE 4.10 Hierarchical Regression Results Using Tenure at Current Organization (Tenure) as a Moderator in the Relationship between Job Satisfaction Facets and Affective Commitment	56
TABLE 4.11 Hierarchical Regression Results Using Marital Status as a Moderator in the Relationship between Job Satisfaction Facets and Affective Commitment	57
TABLE 4.12 Hierarchical Regression Results Using Ethnicity as a Moderator in the Relationship between Job Satisfaction Facets and Affective Commitment	58
TABLE 4.13 Hierarchical Regression Results Using Age as a Moderator in the Relationship between Job Satisfaction Facets and Normative Commitment	58
TABLE 4.14 Hierarchical Regression Results Using Gender as a Moderator in the Relationship between Job Satisfaction Facets and Normative Commitment	59
TABLE 4.15 Hierarchical Regression Results Using Tenure at Current Organization (Tenure) as a Moderator in the Relationship between Job Satisfaction Facets and Normative Commitment	60

	Page
TABLE 4.16 Hierarchical Regression Results Using Marital Status as a Moderator in the Relationship between Job Satisfaction Facets and Normative Commitment	60
TABLE 4.17 Hierarchical Regression Results Using Ethnicity as a Moderator in the Relationship between Job Satisfaction Facets and Normative Commitment	61
TABLE 4.18 Summary Result for Hypotheses Testing	62



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LIST OF ABBREVIATIONS

AC	Affective commitment
CC	Continuance commitment
EPF	Employees provident fund
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis Critical Control Point
HR	Human resource
ISO	International Organization for Standardization
JDI	Job Descriptive Index
NC	Normative commitment
SOCISO	Social security organization
SPSS	Statistical package for Social Science



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LIST OF APPENDIXES

		Page
APPENDIX A	Receipt of Permission for Questionnaire Usage	80
APPENDIX B	Questionnaire	81
APPENDIX C	Questionnaire (Malay version)	88
APPENDIX D	Reliability	95
APPENDIX E	Normality Test	100
APPENDIX F	Multiple Regression Analysis	104
APPENDIX G	Hierarchical Regression – Age as Moderator	107
APPENDIX H	Hierarchical Regression – Gender as Moderator	111
APPENDIX I	Hierarchical Regression – Tenure at Current Organization as Moderator	115
APPENDIX J	Hierarchical Regression – Marital Status as Moderator	119
APPENDIX K	Hierarchical Regression – Ethnicity as Moderator	123



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GLOSSARY

Affective commitment	The emotionally attachment of employees to the organization, or simply explained as they “want to” remain in the particular organization.
Co-workers	The relationship with co-workers and/or the adequacy of them to the employees.
Employees	Based on Labour Ordinance Sabah, employees mean any class of persons from any category that have been entered into a contract of service with the employer at the place of employment and received remuneration through wages.
Ethnicity	A multidimensional concept that refers to sub-societal groups who share a common descent, cultural background other aspects, such as race, language and religion.
Job Descriptive Index	One of the documented job satisfaction instruments with five dimensions, namely pay, supervision, co-workers, nature of the work and promotion.
Job Satisfaction	The individual’s perceived positive emotional reaction toward his job and job-related factors, such as pay, supervision, co-workers and the nature of the work.
Manufacturing workers	The term of manufacturing workers refers to employees who work in the production line by handling production activities in manufacturing sectors.
Moderator	A variable that can cause a change in terms of the strength of relationship between an independent variable and a dependent variable.
Nature of the Work	The characteristic of the work itself based on the overall attractiveness of it.
Normative commitment	Sense of obligation of employees to remain in the organization or simply as they feel that they are “ought to” stay with the organization.
Organizational commitment	A stabilizing force which enables an employee to be emotionally attach and loyal to the organization by adopting the organization goals and values willingly.
Pay	All monetary rewards, including basic wages, mandatory benefits, such as public holiday, paid annual leave, sick leave, maternity leave, SOSCO and EFP, as well as other form of non-mandatory benefits (ie. incentive for performance), depending to the particular organization, if any.
Supervision	The relationship between the employee and his/her supervisor includes the support and recognition from supervisor, besides of being treated fairly.

CHAPTER 1

INTRODUCTION

1.1 Overview

Research on organizational commitment has been done extensively for years to study the emotional attachment of employees to organization from different perspectives (Wasti, 2005). The term of organizational commitment is emerged from the alternative way of studying employees' negative working attitude, such as turnover, absenteeism and intention to leave (Cho, Johanson & Guchait, 2009; Steyrer, Schiffinger & Lang, 2008). It is assumed that they are closely related to each other and that the intention to leave, or otherwise to stay within an organization may impact differently on the organization (Cho *et al.*, 2009; Currivan, 1999). Research has found that high organizational commitment is strongly related to job performance and able to result in positive job attitude (ie. job performance, productivity and efficiency) (Luchak & Gellatly, 2007; Moha, Munir, Zikri, Hassan, Norizan & Junaimah, 2007; Wong, Ngo & Wong, 2002). The importance of having high organizational commitment will help to minimize problems like absenteeism and turnover (Golden & Veiga, 2008; Chew, 2005; Meyer & Herscovitch, 2001). Thus, it would be an essential competitive advantage in an organization with high commitment level among employees.

For the manufacturing sector, it remains as an important contribution in Malaysia economy. Under the Ninth Malaysia plan (2006-2010), manufacturing sector has been positioned as one of the main economic sectors in supporting the national long-term competitiveness. A projection of expanding manufacturing sectors by 6.7 per cent per annum is expected and this is heavily relied on the cooperation of various manufacturing sectors to contribute their effort in realizing this vision and mission (Mid-Term Review of Ninth Malaysia Plan, 2008). Additionally, upon realizing Malaysia as the global *Halal* hub, as well as a net food

exported by 2020, the manufacturing sectors, especially food industries, are working so hard to increase their productivity with quality, which in overall the food processing industry contributed one-tenth of the domestic manufacturing output (MIDA, 2009). However, the key success of this would have to depend on the competitiveness of workforce in these industries. Specifically, manufacturing workers who carry out the production process are more likely becoming the key success for manufacturers in producing quality products consistently. Thus, it is essentially important to recognize the factors that contributing to organizational commitment among manufacturing workers in order for the long-term growth.

To these manufacturers, manufacturing workers who are highly committed are important. Previous research has reviewed that job satisfaction may affect organizational commitment in certain circumstance (Moha *et al.*, 2007). Findings also demonstrated that other job facets, such as pay, supervision, relation with co-workers and the work itself (Cho *et al.*, 2009; Currivan, 1999) may play a role in developing the organizational commitment among employees. Thus, all these show that organizational commitment is highly correlated to job satisfaction. By understanding such correlation between job satisfaction and organizational commitment among these manufacturing workers, it would help the Human Resource Department to find ways in enhancing the organizational commitment among their manufacturing workers.

1.2 Rationale of Study

In food manufacturing sectors, it is mandatory for manufacturers to practice certain hygienic food handling standards, such as Hazard Analysis Critical Control Point (HACCP), Halal system, Good Manufacturing Practice (GMP) or International Organization for Standardization (ISO), to ensure the food products produced are consistent in good quality. Importantly, these require the commitment from employees, especially manufacturing workers, to continuously adopt the goals and purposes of the organization in meeting such requirement. However, the problem of high turnover in these manufacturing sectors is generally putting stress on the management people to retain experienced manufacturing workers in handling the

production activities. Thus, it would be important for management people to understand their workers better to help in designing a better strategy in retaining them.

This study basically is designed to study the manufacturing workers related to organizational commitment. As research has shown that employees with high commitment level tend to be emotionally attached to the organization and they will feel an obligation to serve the organization well. Thus, the primary goal of this study is to analyze the correlation of the established job satisfaction facets from previous studies and relating them to the organizational commitment among manufacturing workers in the snack industry. This will contribute to bridge the gap in literatures that study on manufacturing sectors.

1.3 Background of Snack Manufacturing Industry

Snack products appear to be one of the important promoting products exported to foreign countries. Based on the Malaysian External Trade Development Corporation (MATRADE) publication for Malaysia exporters, snack products were among the most popular items during SIAL 2006 in Paris – one of the world's largest international food fair, organized by SIAL (*Società Italiana Articoli Laboratorio*) Group from Paris (MATRADE, 2007). Together with the advantages of *Halal*-based industries, *Halal* food products from Malaysia are gaining popularity among Muslim community from other foreign countries. Due to the growing demand of snack products, snack manufacturers are growing at a rapid pace at different scales level, including manufacturers, traders and distributors.

Based on the Malaysia International Trade and Industry report (MITI, 2007), the production indices for snack manufacturing were reported to an increase of 1.6 per cent from 140.8 (2005) to 143 (2006), showing an increment in production, contributed to RM 394.6 million of sales in 2006. The employment contribution by snack manufacturers were 2,803 workers (2006), compared to 2,667 workers (2005). The overall productivity as indicated by snack manufacturers was reported as RM142 million (2007) – an increase of 7.1 per cent from RM132.6 million sales

value per employee in 2006. Meanwhile, the labor cost per employee was RM13 millions and RM12.5 millions in 2006 and 2005, respectively. Thus, it was statistically shown that the growing potential of snack industry development is worthwhile from the economic perspective.

However, the focus of this study is local snack manufacturing industry in Kota Kinabalu, Sabah. Within the snack manufacturing industry in Kota Kinabalu, it consists of manufacturers that operate at different scales, which basically manufacture snack products to either the local market or neighboring countries.

Following the great support from Malaysia government, there appears to be many small and medium enterprises (SMEs) in snack manufacturing in Kota Kinabalu. They are likely to be in the form of small scale or home-based manufacturing, with the sales turnover not exceeding RM10 million or not more than 50 persons of full-time employees, as described by SME Corporation Malaysia (SME Corp). Followed by that, the medium enterprise is described as firm with sales turnover between RM10 million and RM25 million and full-time employees not exceeding 150 persons. Some of them could be based on manual operation system while some may be equipped with certain machineries in their production line.

For snack manufacturers at larger production scale, they consist of more than 150 full-time employees, including the management staffs, marketing staffs, quality controllers, technicians and manufacturing workers. Larger investments are indeed required in terms of the factory layout, transportation, machinery equipment installment and maintenance. In regarding to the production, there is more variety of products produced from raw materials, such as corn, potato, prawn, crab, onion, flour and others to finished snack products. Several production lines can exist with automation production being practiced to cope with the growing demand for snack products. Their target markets basically focused on the local market and exports to neighboring countries, such as Brunei Darussalam, Indonesia and Philippines.

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1.4 Problem Statement

The empirical literature on studying employees' organizational commitment in Western countries is well established. However, little research had been focus at different geographical area (Wasti & Can, 2008; Lew, 2008), for example in Kota Kinabalu. Again, the study of employees' commitment in Malaysia is limited in scope, which mainly is concentrated among knowledge employees. As discussed by Hu, Kaplan & Dalal (2010), the job satisfaction by this knowledge employees may not be the same as those who work as manufacturing workers. Therefore, it appears to be a gap in understanding how these job aspects can correlate to organizational commitment among manufacturing workers in an organization. Research on relating the job satisfaction to organizational commitment among manufacturing workers are thus needed, and examining what affect their commitment level will be an additional advantage in retaining them in the organization.

Moreover, high turnover of manufacturing workers in this sector are problematic issue although the workers are fairly paid in similar industries. Often, it was the case that there could be few manufacturing workers leaving the job together at least once in a month. This causes few vacancy occur at once. Again, low organizational commitment and shortage of manufacturing workers has further make the labour market to be very intense competitive (Iqbal, 2010; Ramayah, Jantan & Tadisina, 2001). The HR personnel may have to find different ways to attract new manufacturing workers to fill in the vacancy.

On the other hand, new manufacturing workers may not last for longer of time. This situation may arise from the dissatisfaction on the job by the new manufacturing workers (Moha *et al.*, 2007). Working under hot condition and strenuous workload at the production line were among those common reasons been recorded for such a scenario. Over time, this forms the negative perception for the job as manufacturing workers among their groups of people, restricting others in approaching for this vacancy. Indirectly, this develops the shortage of manufacturing workers in such an industry.

Consequently, this may also affect the other existence manufacturing workers' commitment to the organization. This is because in manufacturing sectors, any production line is seemed to be a continuous process. If any insufficiency of workers happens at particular processing stage in the production line, the whole production line may be affected. Under certain situation, one manufacturing worker may have to take over several tasks to ensure the production activities can be run smoothly. However, this may not only affect the satisfaction of the existing manufacturing workers in the long-run, but also seriously impact on the productivity plan in the manufacturers, leading to the problems of productivity unable to cope with its sales, as well.

Apart from that, manufacturers are often demanding for high committed workers, especially in food industry. This is to ensure all the production activities are in line with the documented food handling standards, such as ISO, HACCP, GMP or HALAL certification, as they will be inspected by the external auditors, such as from Ministry of Health, Kota Kinabalu City Hall (DBKK) and Jabatan Kemajuan Islam Malaysia (JAKIM), from time to time. If anything goes wrong and not compliance with what have been documented, those licenses may be suspended, or even the whole production lines are forced to be closed down until the requirements are met.

As a result, this requires the management people to be aware of the importance to at least retain the existeing workforce and enhance their commitment level at the same time, in order to run the daily production activities smoothly. Therefore, there is the need for management people to understand the relationship of job satisfaction (ie. pay, supervision, co-workers and nature of work) and organizational commitment in order to develop high committed employees within the organization (Muthuveloo & Rose, 2005).

1.5 Research Questions

This study attempts to examine:

- (i) What is the relationship between job satisfaction and organizational commitment among manufacturing workers, given the pay, supervision, co-workers and nature of work, as prior consideration in this study?
- (ii) What is the moderating effect of demographic factors on the relationship between job satisfaction and organizational commitment among manufacturing workers?

1.6 Research Objectives

In an attempt to solve the problem as highlighted above, the research objectives are further defined as below:

1. To determine the relationship between job satisfaction (pay, supervision, co-workers and nature of work) and organizational commitment among manufacturing workers.
2. To examine the moderating effect of demographic factors (age, gender, tenure at current organization, marital status and ethnicity) on the relationship between job satisfaction and organizational commitment among manufacturing workers.

1.7 Scope of Study

The present study is designed as a cross-sectional by employing a quantitative survey approach on the local snack manufacturers. However, only snack manufacturers with a production plant (or known as factory) and have more than 150 full time employees, located in Kota Kinabalu are studied. Other small scale or home-based snack producers are excluded as they are more to produce simple snack products at own small family business based, which are not of interest in this study. Therefore, the focus of study is restricted to only two local snack manufacturers in this study, based on the manufacturers list provided by Federation of Sabah Manufacturers (FSM). Both of these snack manufacturers are similar in terms of the organizational structure and operation function. Also, the