Organizational Commitment and Rewards in Malaysia, with Comparison between University Graduates and Others

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Abstract
This study investigates the relationship between rewards and organizational commitment (OC) of 12,076 employees who work for 32 Japanese manufacturing companies in Malaysia. Hierarchical regression analysis revealed that all of three types of reward are important for OC, in the order of intrinsic, social and extrinsic rewards. These findings suggest that the antecedents of OC in Malaysia are different from those in the West or other lower income Asian countries such as China. The comparison between University graduates and others showed that extrinsic and intrinsic rewards had stronger while social rewards had weaker influence on OC in university graduates than in others. In detail: satisfaction with personnel evaluation and autonomy were more strongly correlated with OC in university graduates while co-worker support and role clarity were more significantly correlated with OC in others; fatigue was negatively correlated with OC in university graduates while positively correlated with OC in others; other rewards, i.e., satisfaction with other treatments, supervisor support and training, were equally correlated with OC in university graduates and others. Discussions and implications concerning human resource management of Japanese companies in Malaysia are offered.

Keywords: Malaysia, exploratory factor analysis, organizational commitment, Japanese companies, rewards

1. Introduction

As one of the most developed countries in the developing world, Malaysia has attracted many of the world’s largest multinational companies to invest and establish operations in many parts of the country. Among them, Japanese companies continue to benefit from Malaysia’s growth and remain one of the leading investors in Malaysia, which accounts for 2.2% of total Japan’s foreign direct investment (JDI) in 2015 (Japan External Trade Organization, 2016). In response to the yen’s appreciation against the dollar following the 1985 Plaza Accord, JDI in Malaysia has shown a remarkable increase. JDI accounted for 13.4% of the total approved FDI in 2012 and became Malaysia’s largest source of foreign capital. The number of Japanese companies located in Malaysia in August 2012 is 1,409, composed of: electronics and electrical products 272; oil and chemical products 88; ferrous and nonferrous metals 76; automobile and components 60; etc (Japan Bank for International Cooperation, 2014).

However, Japanese companies have coped with high numbers of employees resigning from their positions, which have never been experienced in their home country. Annual employee turnover rate in the general industry in Malaysia has increased from 12.3% in 2012 to 13.2% in 2013. Specifically, manufacturing industry experienced high rate 24% in 2013 (Towers Watson, 2013). In Malaysia it is a common complaint that employees, especially of younger generation who have grown up in highly industrialized economy and have a lot of choices to work for, are no more loyal as they used to be in the past and tend to leave their companies for slightly better pay due to low commitment to particular workplace (Choo, Desa, & Assari, 2016; Lo & Min, 2009). As Malaysia aims to transform into a high income nation by 2020 (Mahathir, 1991), it is also crucial for organizations to pay more attention to the issue of organizational commitment (OC), which is defined as the employees’ state of being committed to assist in the achievement of the organization’s goals, and involves the employees’ levels of identification, involvement and loyalty (Caught, Shadur, & Rodwell, 2000).

The reason why the researcher focuses on the antecedents of OC in this paper is because OC is seen as a prime explanation for why some desire to remain employed while others do not (Allen & Meyer, 1990; Mowday, Porter,
and Steers, 1982; Peyyer, Jordan, Firms, & Travaglione, 2010) or why some have a high work performance while others do not (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Phipps, Prieto, & Ndinguri, 2013). In the situation described above, it is necessary to determine how companies, including Japanese companies, can reduce their employee turnover rates or attract the best employees in Malaysia.

Accordingly, this study analyzes antecedents of OC and difference between university graduates and other workers who are employed by Japanese firms. The reason why the researcher focuses on university graduates is because the Malaysian government has made efforts to enrich higher education to develop a diverse range of human resources suited to industrialization and to become a member of developed countries by 2020 (Malaysia, 1991). Actually, the number of students enrolled at institutions of higher education increased from about 120,000 in 1995 to more than 400,000 in 2002 and about 700,000 in 2011 and accordingly the enrollment ratio at institutions of higher education increased from 25.5 percent to 37.0 percent between 2000 and 2013 (Tanaka, 2016). However, it is contradictorily said that the lack of skilled workers is a serious problem in this country. Indeed, 62 percent of Malaysian companies had difficulties in employing skilled labor force and 48 percent added the lack of talented workers as an impediment to future progress. Many of them pointed out that education in universities in the country is inadequate for acquiring skills to do the work creatively and to do communication appropriately in companies. Accordingly, one of four university graduates could not find jobs at the time of graduation in 2012 (Lapita, 2014). In such a condition, individual companies have to develop human resources by themselves or look for someone who can hit the ground running elsewhere. For this reason, it is considered that clarifying the way of enhancing OC of university graduates may contribute to the reduction of such a mismatch in labor market by boosting retention of labor force and easing in-house training to them from long-term perspective, which redound to sustainable development of individual companies as well as of the country as a whole.

2. Literature Review

2.1 Organizational Rewards in Malaysia

The biggest challenge for Malaysian organizations is to provoke a sense of commitment in the employees and goes about instilling commitment and loyalty to their employees (Lo & Min, 2009). Barrett and O’Connell (2001) argue that employees may view some human resource practices as a reward. The result of this reward is that employees have a greater sense of debt, feel like insiders and are more committed to the organization. Besides, it was shown that enhancement of OC brings lower turnover intention in the West (Buck & Watson 2002; Carmeli & Weisberg, 2006; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Owens, 2006; Peyyer, Jordan, Firms, & Travaglione, 2010).

Several studies conducted in Malaysia also show that OC is strongly related to the employee’s intention to leave or stay with the organization and it plays a vital role to strengthen the organization growth (Kadiresan, Selamat, Selladurai, SPR, & Mohamed, 2015; Leow & Khong, 2009; Mustamil, Yazdi, Syeh, & Ali, 2014; Queiri & Dwaikat, 2016; Rachagan, Tong, Terpstra, & Mahenthiran, 2014; Salleh, Nair, & Harun, 2012). In addition, another study has indicated a strong link between job satisfaction and OC (Samad, 2007). Although these studies much contributed to understanding of OC in Malaysia, they are mostly based on analyses by small sample, at most several hundred participants. Past comprehensive studies on OC have been almost exclusively conducted in the West and very few were undertaken in non-Western countries and Malaysia in particular (Lew, 2011). Furthermore, it is unclear how different categories of organizational rewards might influence OC in Japanese companies in developing countries such as Malaysia.

This study aims to gain a deeper understanding into the different effects of extrinsic, social and intrinsic rewards on the development of the OC of employees who work for Japanese companies in Malaysia. Porter and Lawler (1968) defined intrinsic rewards as the satisfaction that a person derives from doing the job and extrinsic rewards as tangible benefits obtained as a result of doing the job, such as pay and promotions. On the other hand, according to Mottaz (1985), social rewards refer to those that are derived from interpersonal relationships with colleagues and supervisors. As there is little research in this field in Malaysia, the researcher picks up China as a substitute to predict the relation between OC and rewards in this research because China shares with Malaysia some similarities not only on geographical positions, economic stages, etc. but also on human matters such as collectivism, power distance, mutual respect, face-saving, and politeness which dominate all levels of the relationship among organizational members (Abdullah, 2001), and there are more stocks of research than in most other Asian countries. Previous works in the West and China are summarized as: (i) intrinsic rewards have a greater impact on OC of employees in the West than extrinsic or social rewards (Eby, Freeman, Rush, & Lance, 1999; Malhotra, Buch, & Prowse, 2007; O’Reilly & Caldwell, 1980); and (ii) extrinsic and social rewards
have a greater impact on OC of Chinese employees than intrinsic rewards (Miao, Newman, Sun, & Xu, 2013; Newman & Sheikh, 2012).

As it was found by Hofstede (1980) that culture of a country changes as its economy develops, difference between ‘(i)’ and ‘(ii)’ might be attributed not only to geographical features such as the West and the East but also to economic stages on which each country is placed. Furthermore, Boyacigiller and Adler (1991) argue that the commitment of employees with collectivist values may arise from ties with managers, owners, and co-workers, whereas the commitment of employees with an individualist orientation may be due to the job itself or the compensation system. If these assertions are true, the reason of ‘(i)’ might be attributed as follows: as Western countries are overall more developed than others, employees are more individualistic and intrinsic rewards are accordingly more important for OC. On the other hand, for ‘(ii)’, it may be assumed that: as China is less developed than Western countries, employees are less individualistic and social rewards are accordingly more important for OC. The reason why extrinsic rewards are more important for OC of employees in China in spite of its collectivistic culture will be that economy of China is still in transition and most employees have to work for resources for subsisting.

However, a research conducted in South Africa with 6,483 USD GDP per capita in 2014, which is at an economic stage close to China with 7,590 USD GDP per capita in 2014 (World Bank, 2016), also obtains a result which should be categorized in group ‘(i)’ showing that intrinsic rewards are more associated with OC than extrinsic and social rewards (Nujjoo & Meyer, 2012). This could be explained with the particular characteristics of the sample used in their study. The majority of participants were relatively highly educated employees who had at least obtained a first diploma or degree. This indicates that an employee of high educational background in a developing country may have a mindset similar to a general employee in the West and accordingly is more individualistic than others in the same country.

Supposing worldwide applicability of such relationship between economic or educational level and collectivistic or individualistic culture, what can we consider about effective rewards for enhancing OC in Malaysia? As Malaysia’s economic level 11,307 USD GDP per capita in 2014 (World Bank, 2016) is still far behind most of developed countries, it may be assumed that extrinsic and social rewards are more associated with OC than intrinsic rewards in Malaysia in line with ‘(ii)’. In addition, Japanese companies may have reasonably adapted to Malaysian collectivism because Japanese manufacturing organizations are known for their ability to manage tacit knowledge through constructive engagement and member solidarity at the collective level (Nonaka & Takeuchi, 1995) even though nowadays Japanese management changes and parts from such family-like style due to economic stagnation and the influence of globalization (Haghirian, 2010). On the other hand, taking into account the fact that Malaysia is more developed with longer history of industrialization than most other developing countries including China and nowadays said to become more individualistic than before as a result of rapid industrialization (Choo, Desa, & Assari, 2016; Lo & Min, 2009), it is also possibly considerable that intrinsic rewards are more associated with OC than extrinsic and social rewards in line with ‘(i)’. Accordingly, the researcher should like to assume that intrinsic, extrinsic and social rewards have positive effects to OC in Malaysia. The present study is the first to test whether such assumption is true and should enable us to advise managers who work for companies in Malaysia as to what strategies may be utilized to foster high levels of OC amongst their employees.

2.2 Extrinsic Rewards

2.2.1 Satisfaction with Personnel Evaluation

The provision of extrinsic benefits are considered to make an employee to reciprocate through exhibiting higher levels of OC. Empirical work in the West (Loscocco, 1990; Mottaz, 1988; Williamson, Burnett, & Bartol, 2009) and in China (Chiu, Luk, & Tang 2002; Froese & Xiao, 2012; Newman & Sheikh, 2012) is generally supportive of such assertions. However, several studies conducted in the West show contradictory evidence reporting that compensation has no significant impact on OC (Bhagat & Chassie, 1981; Malhorta, Budhwar, & Prowse, 2007; Shore & Barksdale, 1998). In Malaysian settings, some studies found that financial compensation and OC were positively correlated (Ibrahim & Boerhaneoddir, 2010; Kee, Ahmad, & Abdullah, 2016; Normala, 2010; Queiri & Dwaikat, 2016). This leads us to the following hypothesis:

Hypothesis 1: Satisfaction with personnel evaluation is positively related to OC.

2.2.2 Satisfaction with Other Treatments

In so far as other kind of treatment, for example, Manshor, Fontaine, & Chong (2003) revealed in Malaysian setting that flexible working arrangements were a strong predictor for lowering work-family conflict and
increasing employee’s OC. On the other hand, another study of Ju, Kong, Hussin, & Jusoff (2008) suggested that mandatory benefits and fringe benefits positively influenced OC. This leads us to the following hypothesis:

Hypothesis 2: Satisfaction with other treatments is positively related to OC.

2.2.3 Fatigue

A number of studies demonstrate that exhausted workers exhibit lower levels of OC and then finally, there is a possibility of finding employment elsewhere (Azeem, 2010; Lee & Ashforth, 1996; Wright & Cropanzano, 1998). However, as a result of economic growth and industrialization, average working hours per week had increased and Malaysian employees had reported that they are stressed under heavier workloads with low compensation of salary (Manshor, Fontaine, & Chong, 2003). On the basis of the ongoing argument, the researcher feels it is needed to check the relationship of emotional exhaustion and OC in Japanese companies in Malaysia. This leads us to the following hypothesis:

Hypothesis 3: Fatigue is negatively related to OC.

Although the researcher here supposes a negative relation between fatigue and OC following the results of former research (Kokubun, 2017a; 2017c) which is based on the variable’s physical features in line with ‘physiological needs’ (Maslow, 1943) or ‘hygiene factors’ (Herzberg, 1966), we could at the same time predict a positive relation because fatigue would become a scale to measure the degree of nontransferable investment to the organization that makes it too costly for one to leave and seek employment elsewhere. The latter idea is consistent with continuance commitment theory of Meyer & Allen (1997) that evolved from Becker’s (1960) side-bet theory, which posits that employees maintain membership with their organization as a way to preserve accumulated side-bets. As empirical research regarding fatigue is limited, we tentatively propose the Hypothesis 3 here and would like to discuss the possible reason if it is not supported.

2.3 Social Rewards

2.3.1 Supervisor Support

Supervisor support in this paper is defined as the degree to which employees feel that they are supported by their supervisor (Gagnon & Michael, 2004). Recent studies conducted in the West (Golden & Veiga, 2008; Paustian-Underdahl, King, Rogelberg, Kulich, & Gentry, 2017) and China (He, Lai, & Lu, 2011; Miao, Newman, Sun, & Xu, 2013; Nazir, Shafi, Qun, Nazir, & Tran, 2016; Newman & Sheikh, 2012; Wang, 2008) have provided evidence that perceptions of supervisory support positively affect employees’ OC. However, recent empirical work on private sector employees in the United Kingdom provides limited support for such assertions (Malhota, Budhwar, & Prowse, 2007).

On the other hand, recent work conducted in Malaysia finds a strong relationship between supervisor support and OC (Aghashahi, Davarpanah, Omar, & Sarli, 2013; Goh & Low, 2013; Lo & Min, 2009; Marmaya, Hitam, Torsiman, & Balakrishnan, 2011; Mustamil, Yazdi, Syeh, & Ali, 2014; Normala, 2010; Ramli & Desa, 2013). This may result from the fact that supervisors have a greater influence on the work activities of their subordinates in Malaysian organizations than is the case in the West, due to its collectivistic and hierarchical culture (Hofstede, 1980). According to Abdullah (2001), regardless of ethnic group where a person belongs to, Malaysian generally has no real identity unless he/she belongs to a group and there is a tacit consensus on moral between employers and employees that is similar to the relationship between parents and children. In this circumstance, an employer is expected to protect employees even if he/she is not good at work performance and the employees are expected to reciprocate by professing loyalty to his/her employer and organization (Abdullah, 2001). Although Malaysia is moving into the phase of capitalistic individualism, it is said that there are some tradition-bound values such as filial piety and respect for hierarchy, which are still very strong among all the ethnic groups (Mansor, 2001). Moreover, these characteristics are similar to the ones broadly observed in Japan (Nonaka & Takeuchi, 1995). This leads us to the following hypothesis:

Hypothesis 4: Supervisor support is positively related to OC.

2.3.2 Co-Worker Support

As an important channel for the dissemination of workplace knowledge and newcomer socialization into the organizational culture (Korczynski, Shire, Frenkel, & Tam, 2000), the provision of support by co-workers should engender greater feelings of emotional attachment to the organization (Mottaz, 1988). Empirical work typically confirms a positive relationship between co-worker support and OC of Western (Chiaburu & Harrison, 2008; Self, Holt, & Schaninger, 2005; Steijn & Leisink, 2006) and Chinese employees (He, et al., 2011; Miao, et al., 2013; Nazir, et al., 2016).
Although this relationship has not been fully tested in the field of Asian countries, it should be assumed to exist in Malaysia which is a member of collectivist cultures characterized as having high loyalty towards the organization and its goals, seeing themselves as interdependent with others, taking action jointly on a cooperative rather than competitive basis, and as valuing joint efforts and group rewards (Hofstede, 1980). The collectivistic culture of this country may partly be attributed to its expansive household structures in villages where various relatives interact each other freely and openly (Tsubouchi & Maeda, 1977). This collectivistic culture does not contradict with those of Japanese companies which have an organizational setting of close-knit relationships between individuals. This leads us to the following hypothesis:

Hypothesis 5: Co-worker support is positively related to OC.

2.4 Intrinsic Rewards

2.4.1 Autonomy

Autonomy is the degree to which employees are allowed freedom, independence and discretionary powers when performing their job tasks and responsibilities (Sims, Szilagyi, & Mckemey, 1976). The more autonomy an employee has about what, when and how to do work, the greater he/she would feel a sense of responsibility for the job tasks, feel they are needed in the workplace and engender high levels of OC (Williamson, Burnett, & Bartol, 2009). Empirical findings generally support such assertions in organizations in the West (Eby, Freeman, Rush, & Lance, 1999; Steijn & Leisink, 2006; Malhorta, Budhwar, & Prowse, 2007) and in China (Chen & Aryee, 2007; Froese & Xiao, 2012; Miao, Newman, Sun, & Xu, 2013; Nazir, et al., 2016; Newman & Sheikh, 2012). A research conducted in Malaysia is also supportive (Karim, 2010). This leads us to the following hypothesis:

Hypothesis 6: Autonomy is positively related to OC.

2.4.2 Training Provision

The sense of being supported for training is significantly related to OC because employees will feel more attached to the organization if they receive support for training from their supervisors and seniors. Previous studies in the West have reported that supervisory support for training and OC are significantly related (Bartlett, 2001; Bulut & Culha, 2010) but some other studies found insignificant relation (Filstad, 2011) or significant but negative relation (Smeenk, Eisinga, Teelken, & Doorewaard, 2006). The reasons of such mixed results may partly be because of market imperfection in which a company is not always successful to employ a person whose skill is compatible to what the company needs. In this setting, training will not be fully effective to enlarge an employee’s skill and cause his/her reciprocity. Another reason might be that skills obtained through training are sometimes not specific to a company but general and portable to elsewhere. In this setting, a company may not induce an employee’s OC fully (Becker, 1993).

In Malaysian setting, previous research showed that training-related variables have a significant and positive relationship with OC (Bashir & Long, 2015; Kadireasan, et al., 2015). Another study by Juhdi, Pa’wan, and Hansaram (2013) found that Malaysian employees who perceive that they have skills and abilities to perform their jobs tend to feel more committed to the organizations. Furthermore, these studies found that training is stronger predictor for OC than compensation. In other Asian settings, Newman, Thanacoody, and Hui (2011) found a significant impact of training on OC of employees working for multinational enterprises in China. In other developing areas, for example, Owoyemi, Oyelere, and Elegbede (2011) revealed some evidence that suggests a positive and statistically significant relationship between training and employees’ OC in Nigeria. Overall, most studies conducted in Asian and developing countries show that there is a strong relationship between training and OC. This leads us to the following hypothesis:

Hypothesis 7: Training is positively related to OC.

2.4.3 Role Clarity

Role clarity is defined as the extent to which an employee knows what is expected of him/her for adequate performance of his tasks and job responsibilities (Rizzo, House, & Lirtzman, 1970). Role clarity would enhance a sense of felt responsibility and as such would bring about an increase in OC among employees (Gregersen & Black, 1996). Empirical work typically finds a strong relationship between role clarity and OC in the West (Mathieu & Zajac, 1990), in China (Miao, Newman, Sun, & Xu, 2013; Newman & Sheikh, 2012), in Japanese expatriates (Gregersen & Black, 1996), in foreign employees of an American multinational company (Palich, Hom, & Griffith, 1995), etc. Several research conducted in Malaysia is also supportive (Karim, 2010; Queiri & Dwaikat, 2016).
To predict the effect of this variable to OC in a multicultural society like Malaysia, more careful consideration may be required. A collectivistic culture tends to promote some form of exclusivity among its members and, as a result, a team may tend to comprise those from the same ethnic group because of the many similarities of language, food and religion that unite them (Mansor, 2001). However, a team in modern industries typically refers to members of different ethnic groups coming together to work on a task and filling in for one another without any feelings of resentment and apprehension, even though there are Malaysians who work well only on an intra-cultural level but there are also those who can do well at the inter cultural level (Abdullah, Singh, & Gill, 2001). Accordingly, it is assumed that a significant number of workers may feel stresses at an overlapping work and require it more clearly divided between groups. This leads us to the following hypothesis:

**Hypothesis 8:** Role clarity is positively related to OC.

### 2.5 Comparative Importance of Rewards

Employees in economically developed countries tend to be more individualistic and OC is more associated with intrinsic rewards than extrinsic and social rewards as are described above. Indeed, in previous empirical research in setting of Vietnam, OC was more correlated with extrinsic rewards among employees of more developed area while it was more correlated with social rewards among those of less developed area, indicating people tend to become more individualistic or less collectivistic and the nature of relationship between OC and rewards change accordingly (Kokubun, 2017d). Another study in setting of China showed that OC became more correlated with social rewards after the financial crises in 2008, indicating that employees became more collectivistic during the long lasting economic stagnation, which may be understood as the reversed phenomenon of the relationship between economic development and the OC-rewards link (Kokubun, 2017b).

As Malaysia has experienced long-term economic development and is wealthier than most other developing countries, it is plausible to consider that the employees in Malaysia have become more individualistic than they were before and have come to have similar characteristics with Western countries in antecedents of OC. Indeed, previous empirical survey indicates that urban Malaysians are more individualistic than Singaporeans because a lot more people move to the city for work, often leaving their community, parents and sometimes their family behind prioritizing Self as they are often the primary providers or caretakers and they first have to take care of themselves to take care of their family (Manoharan, 2016). This leads us to the following hypothesis:

**Hypothesis 9:** Intrinsic rewards are more strongly associated with OC than extrinsic and social rewards.

### 2.6 The Level of Education and Comparative Importance of Rewards

University graduates are considered to be more modernized or westernized and have more individualized view than the other employees. This tendency may be especially strong in Malaysia because the government’s tertiary education policy has changed to allow for private education institutions to provide a wider selection of academic and training programs on a joint-venture basis with established universities from the United Kingdom, Australia and the United States of America (Alfah, 2001). Besides, students who study in the United Kingdom, Australia and the United States account for 27.7%, 27.3% and 11.5% of the total students studying abroad, respectively, while those in Japan accounts for only 4.0% in 2014 (the figures exclude those in China and Taiwan. UNESCO Institute for Statistics, 2016). Then, OC of university graduates is considered to be more related to extrinsic and intrinsic rewards and less related to social rewards than OC of others. This leads us to the following hypothesis:

**Hypothesis 10:** Relationship between satisfaction with personnel evaluation and OC is stronger for university graduates than others.

However, somewhat different consideration may be required for other treatments. As Malaysia is a multicultural country, treatments a company provides to employees often have to be more diverse and sensitive to individual group’s priorities. Especially, as religious matters and spirituality are important considerations at the workplace, managers are expected to respect the sensitivities of the workforce involving religious rituals and norms (Abdullah, 2001). Such sensitivities have to do with many kinds of treatments (e.g., uniforms, canteen foods, working hour) and may be important regardless of educational backgrounds. This leads us to the following hypothesis:

**Hypothesis 11:** Relationship between satisfaction with other treatments and OC is equally strong for university graduates and others.

On the other hand, more individualistic university graduates are considered to require lighter work burden and lower fatigue than other employees. This leads us to the following hypothesis:

**Hypothesis 12:** Relationship between fatigue and OC is stronger for university graduates than others.
As argued above, university graduates are considered to be less collectivistic than other employees. Accordingly, the former may not respond to human relations as strongly as the latter. However, considering a cultural characteristic of this country, i.e., high ‘power distance’, which is defined as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally (Hofstede, 1980), we may predict difference in significance in effect to OC between supervisor and co-worker support because the former seems to have taken root more strongly in this country and may not easily change through higher education. This leads us to the following hypotheses:

Hypothesis 13: Relationship between supervisor support and OC is equally strong for university graduates and others.

Hypothesis 14: Relationship between co-worker support and OC is weaker for university graduates than others.

As university graduates are assumed to be more individualistic, they may require more work delegation and higher authority than other employees. This leads us to the following hypothesis:

Hypothesis 15: Relationship between autonomy and OC is stronger for university graduates than others.

However, such difference may not appear in so far as training as university graduates face larger mismatch between the skills they want to obtain and the opportunities the company provides to them. Thinking of scarcity of practically skilled human resources among university graduates in this country as described above, such mismatch may be huge enough to undermine training-OC relationship of university graduates to the same degree of other employees. This leads us to the following hypothesis:

Hypothesis 16: Relationship between training provision and OC is equally strong for university graduates and others.

If it were not in Malaysia but in other countries, role clarity would perhaps be more important for university graduates than for others due to more individualistic nature of the former. However, we may not overlook the fact that employees in a multicultural society like Malaysia often prefer to be controlled separately at workplace (Mansor, 2001) because most Malaysians grow up in their own ethnic enclaves without a deeper understanding of what is beyond symbols and rituals of each other’s culture as observed through religious practices, food prohibitions, dress code, and polite face-to-face interactions at the workplace (Abdulah, 2001). On the other hand, such ethnic-oriented feeling may become weakened as people receive higher education and cultivate wider viewpoints. Additionally, as the sample is the employees of Japanese companies, university graduates who are typically at closer positions to Japanese managers than other employees may be more accustomed to the way of Japanese equivocal working styles. This leads us to the following hypothesis:

Hypothesis 17: Relationship between role clarity and OC is stronger for university graduates than others.

Overall from Hypothesis 10 to 17, we are lead to the following hypotheses:

Hypothesis 18: Relationship between extrinsic rewards (i.e., satisfaction with personnel evaluation; satisfaction with other treatments; fatigue) and OC is stronger for university graduates than others.

Hypothesis 19: Relationship between social rewards (i.e., supervisor support; coworker support) and OC is weaker for university graduates than others.

Hypothesis 20: Relationship between intrinsic rewards (i.e., autonomy; training provision; role clarity) and OC is stronger for university graduates than others.

Accordingly, we propose the model in Figure1.
Extrinsic rewards
- Satisfaction with personnel evaluation
- Satisfaction with other treatments
- Fatigue

Social rewards
- Supervisor support
- Co-worker support

Intrinsic rewards
- Autonomy
- Training provision
- Role clarity

Figure 1. The moderating effect of education background on the organizational commitment-rewards relationship

**Note.**
- OC-rewards relationship (Hypothesis 1 to 9)
- : Moderating effect of educational background (Hypothesis 10 to 20)

2.7 Japanese Companies in Malaysia

The Japanese manufacturing workplace has been characterized by commitment, loyalty and lower rates of turnover, absenteeism and industrial conflict along with high levels of productivity and product quality (Colignon, Usui, & Kerbo, 2007). Besides, it has been argued that elements of Japanese management, such as secure employment or an emphasis on seniority, are still strongly present in Japanese overseas subsidiaries, and that such practices may even be more appropriate for countries that are developing economically (Wasti, 1998). Even in many cases in Malaysia, Japanese subsidiaries have adopted the corporate culture of parent companies through the daily work practices of expatriates (Smith, 1993). However, in contrast, a recent survey of more than 2,000 university students across Asia showed that Japanese MNCs were much less attractive than Western or domestic employers (Froese & Kishi, 2013). So, it is still ambiguous how the desirable HRM Japanese companies should aim in Asia is similar or different from the ones of Western countries mainly because there is not enough research that deals with OC of employees who work for overseas Japanese subsidiaries.

Therefore to acquire hints about desirable HRM of Japanese companies in Asian countries, the researcher would like to summarize how Japanese companies are found in previous studies before we proceed to main analyses. First, we cannot overlook the fact that, in contrast to general view, most of the former research reveals that OC of Japanese employees is generally lower than those in American and other Western countries (Lincoln & Kalleberg, 1985; Luthans, McCaul, & Dodd, 1985; Near, 1989). Specifically, Itakura (2002) found that ‘OC of employees working for Japanese companies is more passive than those of other nation’s companies. They continue to stay the present company just because they want to do but not because they are eager to do or they have any belief on that company’ by an analysis using the work orientation data of ISSP (International Social Survey Program) which is comprised of 26 country data. If these findings are true and Japanese managerial techniques and organizational structures generate lower levels of commitment, these differences may appear even in employees of Japanese and Western firms in developing countries. Actually, research by Colignon, Usui, and Kerbo (2007) revealed that Thai employees working for US companies had higher OC than those who work for Japanese companies.

According to Fujita, Hirai, and Okamoto (2005), the amount of salary which engineers who work for 4 to 5 years for Western subsidiaries receive is generally 1.5 to 2.0 times higher than those who work for Japanese companies in Malaysia. As employee’s ability is correlated with the amount he/she receives if we suppose a principle of
economics ‘rationality’, it will be reasonable to assume that Japanese companies are inferior to Western companies for attracting good employees. Supporting such anxiety, Kasuga, Oka, Yamaguchi, Yamada, and Kato (2004) pointed out by an interview survey to Japanese and Western companies in Malaysia that the former has a tendency to regard Malaysia just as a place for cheap labor force whereas the latter favorably evaluate the ability of Malaysia from more various viewpoints. From these findings, it might be plausible to consume that HRM of Japanese companies is not fully effective for enhancing OC of employees in developed countries or those in particular groups who have confidence on their skills such as university graduates in developing countries, although might be effective to some extent for general employees in developing or collectivistic countries.

Then, what kind of a country is Malaysia for Japanese companies who have characteristics observed above? Hofstede (1980) who conducted a survey in Malaysia in 1970s found that employees in Malaysia are more collectivistic than those in Japan. As the period many Japanese companies started operation is in the late 1980s after the Plaza Accord, it can be assumed that the management style of Japanese companies, which has many of the characteristics of a collectivistic society such as putting harmony of group above the expression of individual opinions (Itim International, 2016), were rather effective in Malaysia at that time. However, since then, the Malaysian economy has gone through rapid development and experienced structural changes till today and there has been a marked rise in real income. A sustained economic success has given birth to increased wealth and sophistication, and the emergence of a middle class based on small families with educated parents who hold good jobs. Triandis (1989) suggests that people become more individualistic in complex affluent societies because their financial independence allows them to give priority to personal goals over in-group goals and to join or leave groups according to whether the groups satisfy their personal needs. Hofstede (1980) also suggests that individualism is associated with the growth of national wealth and the development of middle-class values. While Malaysian employees appear to be basically collectivist, economic development and social change may have weakened their collectivistic cultures, especially in high-class staffs like university graduates. Accordingly, the business environment Malaysia offers to Japanese companies today may have become harsher than it was before.

Then what is the most effective remedy for Japanese companies to enhance OC in modern Malaysia? How does Japanese companies’ current HRM differ from such desirable one? This study addresses these issues by deriving proposals concerning the employment and management situation of Japanese companies in Malaysia, based on questionnaire surveys to Malaysian employees working for Japanese corporations in Malaysia.

3. Methods

3.1 Participants

We sent questionnaires to employees in 32 Japanese companies in Malaysia. 25,000 questionnaires were distributed via the HR department of participant companies. Basically all the employees are requested to take part in the survey to avoid any sampling bias which may have an uncontrollable impact on the survey result. With a promise to present the summary results, the HR department of each firm administered the questionnaires by distributing and collecting completed questionnaires. Each respondent was requested to put the completed questionnaire into an envelope that the researcher provided along with the questionnaire and seal it for him/her self to guarantee complete anonymity. Overall, 22,206 surveys were collected, reflecting a response rate of 88.8%. We eliminated 10,130 surveys due to missing values or inappropriate participants for this research (e.g. contract employees, foreign workers, Japanese expatriates, etc.). Consequently, the final samples comprised 12,076 Malaysian participants. Among them, 3,533 (13), 2,784 (5), 2,629 (6), 1,413 (4), 1,165 (1), 315 (1), 207 (1) and 30 (1) were obtained in the states of Selangor, Penang, Johor, Kedah, Kelantan, Perak, Kuala Lumpur and Negeri Sembilan, respectively (the figures in parentheses are the number of companies). Demographic information of the participants is shown in tables of appendix. We controlled for all the demographic variables in order to attenuate any concern about sample compatibility.

3.2 Measures

The questions are obtained from Kokubun (2006). Recent research by Kokubun (2017a; 2017c) confirmed significant correlations between OC and rewards which are composed of the same or similar questions in setting of Thailand and Vietnam, too. Accordingly, the researcher expects the similar association between the variables of reward and OC comprised of these questions because these countries and Malaysia share similarities in geographical and cultural spheres (e.g., collectivism, high-power distance, etc. Cf. Hofstede, 1980). This was the reason why the researcher did not use other questions such as of Mayer & Allen (1991) or Mowday, Steers, & Porter (1979) which have been typically used in research in the West. The original questionnaire was developed in English and then translated into Bahasa Malaysia (Malaysian national language). To ensure accuracy of the
translation, the questionnaire was then translated back. For the translation process, the researcher asked for support from Faridah Mohamed, Lecturer of Tokyo University of Foreign Studies. All the questions are written in English and Bahasa Malaysia so that a respondent can choose the familiar one according to his/her origin.

3.2.1 Satisfaction with Personnel Evaluation

Satisfaction with personnel evaluation was measured on a four-item scale. The alpha reliability was 0.810 for university graduates and 0.732 for others.

3.2.2 Satisfaction with Other Treatments

Satisfaction with other treatments was measured on three-item scale. The alpha reliability was 0.750 for university graduates and 0.768 for others for satisfaction with other treatments.

3.2.3 Fatigue

Fatigue was measured on a three-item scale. The alpha reliability was 0.839 for university graduates and 0.822 for others.

3.2.4 Supervisor Support

Supervisor support was measured on a six-item scale. The alpha reliability was 0.868 for university graduates and 0.843 for others.

3.2.5 Co-Worker Support

Co-worker support was measured on a four-item scale. The alpha reliability was 0.756 for university graduates and 0.815 for others.

3.2.6 Autonomy

Autonomy was measured on a five-item scale. The alpha reliability was 0.700 for university graduates and 0.707 for others.

3.2.7 Training Provision

Training provision was measured on a two-item scale. The alpha reliability was 0.668 for university graduates and 0.621 for others.

3.2.8 Role Clarity

Role clarity was measured on a two-item scale. The alpha reliability was 0.639 for university graduates and 0.520 for others.

3.2.9 Organizational Commitment

Five items were used to measure OC. The alpha reliability was 0.800 for university graduates and 0.788 for others.

3.2.10 Control Variables

Several demographic variables were included to control for individual differences. Answered figures without any conversion were used for age and organizational tenure. Sample dummy shows university graduates or others. Gender, turnover experience, marital status, indirect/direct department, managerial/non-managerial position and Malay/Chinese/Indian ethnicity were also measured. Thirty one dummy variables were created to control for the thirty two different companies.

4. Results

4.1 Analysis

We conducted an exploratory factor analysis of all items (except control variables) to examine measurement invariance between university graduates and others. The results of the factor analysis with varimax rotation are presented in Table 1, confirming a nine-factor solution for all the items of satisfaction with personnel evaluation, satisfaction with other treatments, fatigue, supervisor support, co-workers support, autonomy, training provision, role clarity and OC. The factor structure was the same for university graduates and others; therefore, we are convinced that both university graduates and others ascribed the same meanings to the scale items used in the current study (Milfont & Fischer, 2010). Descriptive statistics for both university graduates and others are presented in Table 2. We tested our hypotheses using hierarchical regression analysis. We entered the control variables in Step 1 and main effects of satisfaction with personnel evaluation, satisfaction with other treatments, fatigue, supervisor support, co-workers support,
autonomy, training and role clarity in Step 5. In Step 6, we entered sample variable (1 for university graduates and 0 for others) and its interaction terms with main effects for the entire sample to test university graduate moderation. Variables forming the interaction term were entered to minimize multicollinearity among the interaction terms and their components (Akien & West, 1991). In Step 2 to 4, main effects were separately entered by the kind of rewards (extrinsic, social and intrinsic rewards) to test their comparative importance. In addition, we conducted separate regression analysis using university graduates and others. All regression results are presented in Table 3.

Step 1 presents the results when only the control variables were included in the regression to predict OC. Five out of ten demographic variables were found to influence OC positively (p < 0.01). They were: gender, age, tenure, turnover experience and Indian, which mean that male, older, veteran, Indian employees who have had experiences of working for other companies tend to have higher OC than female, younger, newcomer, other ethnic employees who have never worked for other companies. On the other hand, other demographic variables, marital status, indirect departments, position, Malay and Chinese, had no significant relationship with OC.

Step 2 presents the results when three variables of extrinsic rewards were added to the regression. Likewise, Step 3 and 4 presents the results when two variables of social rewards and three variables of intrinsic rewards were respectively added to the regression. All the eight reward variables were significantly associated with OC. Observing adjusted R^2, extrinsic, social and intrinsic rewards explained 19%, 22%, 28% of additional variance in OC, respectively. This implies that all of three types of reward are important for OC, in the order of intrinsic, social and extrinsic rewards. Specifically, the figures are much different between intrinsic rewards and the others, supporting Hypotheses 9.

Step 5 presents the results when all the eight reward variables were added to the regression. All the variables, including fatigue, were positively associated to the regression significantly (p < 0.05). This model provides support for Hypotheses 1 to 2 and 4 to 8. However, Hypothesis 3, negative association between fatigue and OC, was not supported.

At step 6, the relationship between satisfaction with personnel evaluation and OC was moderated by the sample, showing that their relationship was stronger for university graduates than others (β=0.20, p < 0.01). In other words, university graduates’ OC was more affected by satisfaction with extrinsic benefits compared with others. Likewise, the relationship of autonomy with OC was stronger for university graduates than others (β=0.19, p < 0.01), which suggests that autonomy was more important in forming OC for university graduates than others. Fatigue, which showed positive relationship with OC for entire sample opposing to Hypothesis 3, was moderated by the sample (β=−0.12, p < 0.01) suggesting a more hindering effect to OC for university graduates. On the other hand, the relationship of co-worker support with OC was weaker for university graduates than others (β=−0.12, p < 0.05), which suggests that support from co-worker was less important in forming OC for university graduates than others. The significant results of these moderation tests are consistent with Hypothesis 10, 14 and 15.

Likewise, the relationship of role clarity with OC was weaker for university graduates than others (β=−0.12, p < 0.01), which suggests that role clarity is less important factor in forming OC for university graduates than others. This result is consistent with Hypothesis 8 although may be contradictory to more individualistic nature of university graduates. There are two considerable reasons. One is the difference in tolerances for diversity. Malaysia is a multi ethnic society where most people are educated in primary schools separately managed by ethnic origins and as the result, employees, especially less-educated employees, may feel more comfortable when they are supervised by bosses of the same ethnic group and accordingly prefer to be managed separately than to join ethnically diverse teams even in a company (Mansor, 2001). On the other hand, as university graduates tend to have more modernized way of thinking and can build teams with other ethnic groups more easily (Mustapha, Azman, Karim, Ahmad, & Lubis, 2009), they may bear more ambiguous roles than others. Another possible reason is that samples used in this research are employees of ‘Japanese’ companies. University graduates, who are generally at closer positions to Japanese expatriates than others, may be more accustomed to the way of Japanese management which is generally more dependent on circumstances than clear job description (Yu & Meyer-Ohle, 2008).

Other rewards, i.e., satisfaction with other treatments, supervisor support and training provision, and OC were not moderated by the sample, showing that their relationships were equally strong for university graduates and others (p > 0.05). These insignificant results of moderation tests are also consistent with Hypotheses 2, 4 and 7.

In separate regression analysis using the data of university graduates and others, all the reward variables were associated to the regression significantly (p<0.01) when they were added to the regression separately by extrinsic,
social and intrinsic rewards. Interestingly, fatigue was adversely related with OC between groups: i.e., fatigue was negatively associated with OC in the sample of university graduates, whereas it was positively associated in the sample of others. This means university graduates tend to have lower OC when they are tired, while other employees typically have higher OC in the same condition. Observing adjusted R², extrinsic, social and intrinsic rewards explained 27%, 21%, 29% of additional variance in OC for university graduates, whereas 18%, 23%, 25% for others, respectively. These confirm that: all of three types of reward are important for OC in both parties; intrinsic rewards are more important than other rewards in both parties; intrinsic and extrinsic rewards are more important for university graduates than for others; and social rewards are more important for others than for university graduates. Broadly, extrinsic and intrinsic rewards are more important and social rewards are less important predictors of OC for university graduates than for others, supporting Hypotheses 18 to 20.

4.2 Discussion

The objective of the present study was to investigate the antecedents of the organizational commitment (OC) of employees working in the Japanese companies in Malaysia. Our findings demonstrate that extrinsic rewards, social rewards and intrinsic rewards engendered higher levels of OC, in order of intrinsic, social and extrinsic rewards. The point that intrinsic rewards have larger influence on OC than social and extrinsic rewards is similar to the findings of previous work conducted on samples from Western organizations, which highlight intrinsic factor as the main influence on OC (Goulet & Frank, 2002; Steijn & Leisink, 2006), and different from the findings of the research in China, which highlight extrinsic and social factors as the main influence (Chiu, Luk, & Tang, 2002; Miao, Newman, Sun, & Xu, 2013; Newman & Sheikh, 2012). The reason why Malaysia shows more similar result to the West than to China in comparative magnitude of three rewards may be that Malaysia has achieved an economic stage which is closer to the West than China and people have become more individualistic than before.

However, at the same time, we easily notice from more precise observations that Malaysia still has faces of a developing and collectivistic country. In line with Hypotheses 1 to 3, extrinsic benefits were found to influence OC to a high degree of significance. This contradicts findings from some of previous studies in the West, which suggest the extrinsic benefits have limited impact on the commitment of employees (Goulet & Frank, 2002; Steijn & Leisink, 2006), but is supportive of findings from work on Asian organizations (Chiu, Luk, & Tang, 2002; Miao, Newman, Sun, & Xu, 2013; Newman & Sheikh, 2012). This finding might be attributed to the fact that our work was done in the context of a transitional economy in which there is a lower standard of living than in the West and individuals are therefore more responsive to financial rewards for their own keep. In addition, relatively substantial fringe benefits packages provided to employees working for Japanese companies are a major incentive in the light of increase in the cost of living witnessed in recent years.
<table>
<thead>
<tr>
<th>Items</th>
<th>University graduates</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory with personal evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction with personal evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatigue</td>
<td>0.70 ± 0.12</td>
<td>0.63 ± 0.08</td>
</tr>
<tr>
<td>Supervisor support</td>
<td>0.42 ± 0.23</td>
<td>-0.08 ± 0.22</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.17 ± 0.09</td>
<td>0.22 ± 0.19</td>
</tr>
<tr>
<td>Training provision</td>
<td>0.09 ± 0.08</td>
<td>0.07 ± 0.08</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.08 ± 0.13</td>
<td>0.08 ± 0.08</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>0.13 ± 0.23</td>
<td>0.14 ± 0.19</td>
</tr>
<tr>
<td>Satisfactory with other treatments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatigue</td>
<td>0.64 ± 0.12</td>
<td>0.14 ± 0.05</td>
</tr>
<tr>
<td>Supervisor support</td>
<td>0.12 ± 0.03</td>
<td>0.05 ± 0.02</td>
</tr>
<tr>
<td>Autonomy</td>
<td>0.10 ± 0.18</td>
<td>0.07 ± 0.05</td>
</tr>
<tr>
<td>Training provision</td>
<td>0.18 ± 0.09</td>
<td>0.07 ± 0.05</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.13 ± 0.07</td>
<td>0.09 ± 0.07</td>
</tr>
<tr>
<td>Organizational commitment</td>
<td>0.14 ± 0.19</td>
<td>0.07 ± 0.08</td>
</tr>
<tr>
<td>My position or rank at the working place</td>
<td>0.70 ± 0.12</td>
<td>0.63 ± 0.08</td>
</tr>
<tr>
<td>Amount of my salary or wage</td>
<td>0.44 ± 0.28</td>
<td>0.26 ± 0.12</td>
</tr>
<tr>
<td>Company's evaluation of myself</td>
<td>0.08 ± 0.08</td>
<td>0.14 ± 0.05</td>
</tr>
<tr>
<td>Possibility of my promotion</td>
<td>0.23 ± 0.08</td>
<td>0.10 ± 0.03</td>
</tr>
<tr>
<td>Welflare system of the company</td>
<td>0.15 ± 0.09</td>
<td>0.15 ± 0.07</td>
</tr>
<tr>
<td>Holidays and working hours</td>
<td>0.09 ± 0.08</td>
<td>0.14 ± 0.09</td>
</tr>
<tr>
<td>Facilities and equipment of the company</td>
<td>0.12 ± 0.08</td>
<td>0.17 ± 0.14</td>
</tr>
<tr>
<td>loafers/feeler</td>
<td>-0.03 ± 0.04</td>
<td>-0.07 ± 0.04</td>
</tr>
<tr>
<td>After finishing my work, I feel exhausted</td>
<td>-0.04 ± 0.12</td>
<td>-0.10 ± 0.15</td>
</tr>
<tr>
<td>My energy when I wake up in the morning</td>
<td>0.09 ± 0.12</td>
<td>0.17 ± 0.15</td>
</tr>
<tr>
<td>My boss/supervisor treats employees fairly</td>
<td>0.23 ± 0.07</td>
<td>0.18 ± 0.09</td>
</tr>
<tr>
<td>My boss/supervisor deals with employers complaints effectively</td>
<td>0.17 ± 0.02</td>
<td>0.14 ± 0.07</td>
</tr>
<tr>
<td>My boss/supervisor treats workers</td>
<td>0.07 ± 0.04</td>
<td>0.08 ± 0.01</td>
</tr>
<tr>
<td>My boss/supervisor treats coworkers</td>
<td>0.13 ± 0.12</td>
<td>0.10 ± 0.14</td>
</tr>
<tr>
<td>My boss/supervisor treats workers</td>
<td>0.07 ± 0.04</td>
<td>0.08 ± 0.01</td>
</tr>
<tr>
<td>My boss/supervisor treats coworkers</td>
<td>0.13 ± 0.12</td>
<td>0.10 ± 0.14</td>
</tr>
<tr>
<td>Evaluation by my coworkers and subordinates</td>
<td>0.09 ± 0.04</td>
<td>0.08 ± 0.01</td>
</tr>
<tr>
<td>My relationship with coworkers and subordinates</td>
<td>0.03 ± 0.03</td>
<td>0.05 ± 0.01</td>
</tr>
<tr>
<td>My satisfaction with coworkers and subordinates</td>
<td>0.13 ± 0.09</td>
<td>0.12 ± 0.06</td>
</tr>
<tr>
<td>Human relationship at my working place</td>
<td>-0.14 ± 0.06</td>
<td>-0.04 ± 0.01</td>
</tr>
<tr>
<td>My job satisfaction in my work</td>
<td>-0.04 ± 0.07</td>
<td>0.10 ± 0.04</td>
</tr>
<tr>
<td>My attitude</td>
<td>0.12 ± 0.06</td>
<td>0.10 ± 0.06</td>
</tr>
<tr>
<td>My skill level in the company higher than the average</td>
<td>0.13 ± 0.11</td>
<td>0.12 ± 0.08</td>
</tr>
<tr>
<td>My work</td>
<td>-0.06 ± 0.08</td>
<td>-0.04 ± 0.06</td>
</tr>
<tr>
<td>I can master new skills and develop my ability</td>
<td>-0.16 ± 0.08</td>
<td>-0.10 ± 0.06</td>
</tr>
<tr>
<td>The foreman, one year before being promoted to the position</td>
<td>0.24 ± 0.08</td>
<td>0.14 ± 0.07</td>
</tr>
<tr>
<td>The division of labor between my colleagues and my work</td>
<td>0.13 ± 0.11</td>
<td>0.12 ± 0.08</td>
</tr>
<tr>
<td>I am willing to contribute to development of this company</td>
<td>0.14 ± 0.08</td>
<td>0.13 ± 0.06</td>
</tr>
<tr>
<td>I have dreams about the future of my company and its work</td>
<td>0.15 ± 0.10</td>
<td>0.13 ± 0.11</td>
</tr>
<tr>
<td>My achievements in the company and the strategies to achieve it</td>
<td>0.15 ± 0.10</td>
<td>0.13 ± 0.11</td>
</tr>
<tr>
<td>My company makes very meaningful contributions to this society</td>
<td>0.09 ± 0.22</td>
<td>0.12 ± 0.05</td>
</tr>
</tbody>
</table>

Note: Gender: 1 (female), 0 (male). **p < 0.01, *p < 0.05.

Correlations for university graduates appear above diagonal and others below diagonal.
### Table 3. Results of hierarchical regression analyses.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
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</thead>
<tbody>
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<td>0.06 **</td>
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<td>-0.01</td>
<td>-0.01</td>
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<td>0.04 **</td>
<td>0.05 **</td>
<td>0.06 **</td>
<td>0.04 **</td>
<td>0.04 **</td>
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<td>0.07 **</td>
<td>0.07 **</td>
<td>0.03 *</td>
<td>0.05 **</td>
<td>0.03 *</td>
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<td>0.03 **</td>
<td>0.03 **</td>
<td>0.01</td>
<td>0.02 **</td>
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<td>-0.01</td>
<td>-0.01</td>
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<td>Malay</td>
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<td>-0.02</td>
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<td>Chinese</td>
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<td>-0.03</td>
<td>-0.04</td>
<td>-0.04</td>
<td>-0.03</td>
<td>-0.02</td>
</tr>
<tr>
<td>Indian</td>
<td>0.04 *</td>
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<td>0.03</td>
<td>0.01</td>
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<tr>
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<tr>
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<tr>
<td>Company 4 (dummy)</td>
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<td>0.00</td>
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<tr>
<td>Company 5 (dummy)</td>
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<td>0.07</td>
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<tr>
<td>Company 6 (dummy)</td>
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<td>Company 9 (dummy)</td>
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<td>0.02</td>
<td>0.02</td>
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<td>Company 10 (dummy)</td>
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<td>-0.02</td>
<td>0.00</td>
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<td>-0.02</td>
<td>-0.02</td>
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<td>Company 11 (dummy)</td>
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<td>-0.01</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>Company 12 (dummy)</td>
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<td>0.01</td>
<td>0.05</td>
<td>0.02</td>
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</tr>
</tbody>
</table>

**Extrinsic rewards**

- Satisfaction with personnel evaluation: 0.20 ** 0.05 ** 0.02 *
- Satisfaction with other treatments: 0.33 ** 0.18 **
- Fatigue: 0.02 ** 0.02 *

**Social rewards**

- Supervisor support: 0.32 ** 0.15 **
- Co-worker support: 0.25 ** 0.10 **

**Intrinsic rewards**

- Autonomy: 0.21 ** 0.18 **
- Training provision: 0.27 ** 0.13 **
- Role clarity: 0.26 ** 0.16 **
- Sample: -0.01
- Sample×Satisfaction with personnel evaluation: 0.20 **
- Sample×Satisfaction with other treatments: 0.00
- Sample×Fatigue: -0.12 **
- Sample×Supervisor support: -0.04
- Sample×Co-worker support: -0.12 *
- Sample×Autonomy: 0.19 **
- Sample×Training provision: -0.03
- Sample×Role clarity: -0.12 **

R²: 0.06 0.26 0.29 0.32 0.40 0.41

Adjusted R²: 0.06 0.25 0.28 0.32 0.40 0.41

F: 19.72 ** 93.73 ** 112.64 ** 127.31 ** 166.21 ** 144.37 **

Note: *Significance at the 5% level; **Significance at the 1% level.
that they are trusted and valued by their organization, and in turn engender higher levels of OC. However, in the
previous empirical work on organization in the West (Steijn & Leisink, 2006) and China (Chen & Aryee, 2007;
Miao, Newman, Sun, & Xu, 2013), and suggests that Malaysian employees tend to be more committed if they
are provided with discretion on the work. Being provided with autonomy should provide a signal to employees
seniority and high levels of reciprocity between individuals.

Likewise, the finding that the provision of training enhances OC, providing support for Hypotheses 7, is in line
with Hypotheses 4 and 5, supervisor and co-worker support were found to have a significant influence on OC.
These findings provide further evidence of the importance of social rewards in a collectivistic society such as
Malaysia. This result may be at the same time preferable observations for Japanese companies which intend to
successfully transplant activities in Malaysia as they are also known collectivistic and members are requested to
build strong relationships with their supervisors and co-workers in a workplace characterized by respect for
seniority and high levels of reciprocity between individuals.

Autonomy was found to influence OC, providing support for Hypotheses 6. This is in line with findings from
previous empirical work on organization in the West (Steijn & Leisink, 2006) and China (Chen & Aryee, 2007;
Miao, Newman, Sun, & Xu, 2013), and suggests that Malaysian employees tend to be more committed if they
are provided with discretion on the work. Being provided with autonomy should provide a signal to employees
that they are trusted and valued by their organization, and in turn engender higher levels of OC. However, in the
case of Japanese MNCs, they typically make more use of Japanese expatriates who tend to stay in their host
countries for longer than other countries’ expatriates (Furuya, Stevens, Bird, Oddou, & Mendenhall, 2009;
Tungli & Peiperl, 2009). As a result, it is said that local employees cannot participate in decision-making and
cannot have much promotion opportunity (Legewie, 2002). The result of this paper indicates that such
ethnocentric management style should be changed giving more autonomy in the workplace to them to enlarge
their OC.

In line with Hypotheses 4 and 5, supervisor and co-worker support were found to have a significant influence on
OC. These findings provide further evidence of the importance of social rewards in a collectivistic society such as
Malaysia. This result may be at the same time preferable observations for Japanese companies which intend to
successfully transplant activities in Malaysia as they are also known collectivistic and members are requested to
build strong relationships with their supervisors and co-workers in a workplace characterized by respect for
seniority and high levels of reciprocity between individuals.

Table 3. Results of hierarchical regression analyses. (continued)

| Variables                  | Organizational commitment | | Organizational commitment |
|----------------------------|----------------------------| | | |
| | | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | | | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | |
| Date (University graduates, n=2,222) | | | | | | | | | | | | | |
| Step 1 | | | | | | | | | | | | | |
| Step 2 | | | | | | | | | | | | | |
| Step 3 | | | | | | | | | | | | | |
| Step 4 | | | | | | | | | | | | | |
| Step 5 | | | | | | | | | | | | | |
| Date (Others, n=9,854) | | | | | | | | | | | | | |
| Step 1 | | | | | | | | | | | | | |
| Step 2 | | | | | | | | | | | | | |
| Step 3 | | | | | | | | | | | | | |
| Step 4 | | | | | | | | | | | | | |
| Step 5 | | | | | | | | | | | | | |

Note: *Significance at the 5% level; **Significance at the 1% level.
with most other findings from empirical works in Asia. However, it contradicts the findings of some previous works conducted on samples in the West, which find that training does little to enhance OC. This difference may be perhaps attributed to generally low income level of Malaysia, where people cannot spend for skill improvement fully except they are members of stable and big companies which spend for them. Furthermore, there was year-on-year drop in the number of employees trained in the country - from 93% in 2014 to 85% in 2015 according to a survey by Cegos (2015). In such a circumstance, a company’s training provision will be more easily perceived as a reward and in turn cause increase of OC.

A significant relationship between role clarity and OC, in line with Hypotheses 8, may result from the fact that employees in Malaysia tend to become more committed to organization if they are provided with clear work division. This result is in line with most other studies in the West and Asia, but additionally may partly be due to multiethnic culture of Malaysian workplace where employees feel comfortable to work together with those of the same ethnic group (Mansor, 2001).

Significant interaction results as per Hypotheses 10, 12 and 15 suggests that the relationships of OC with satisfaction with personnel evaluation, fatigue and autonomy are greater among university graduates compared with others. On the contrary, other significant results supporting Hypothesis 14 and 17 imply that the relationships of OC with co-worker support and role clarity are weaker among university graduates compared with others. In line with this, the results of separate regression analyses were supportive to Hypothesis 18, 19 and 20 that OC of university graduates are more related to extrinsic and intrinsic rewards and less related to social rewards than others. However, in detail, insignificant interaction results which support Hypotheses 11, 13 and 16 suggest that there is no significant difference between university graduates and others on the relationships of OC with satisfaction with other treatments, supervisor support and training provision.

5. Implications for Theory and Practice

The present study contributes to the literature in four main ways. First, in line with previous works, it shows that national culture is an important factor to determine antecedents of organizational commitment (OC) (Glazer, Daniel, & Short, 2004). Specifically, it highlights differences between the factors that enhance the OC of employees working in Malaysia and employees working in the West. Compared to employees from less hierarchical, more individualistic cultures in the West, employees working in Malaysia, which are of more collectivistic cultures, typically respond more positively to the existence of social rewards, namely high-quality relationships with others in the workplace.

Second, however, it became also apparent that the East is not an area of single culture. OC of Malaysian employees is more associated with intrinsic rewards than extrinsic and social rewards, whereas that of Chinese employees in previous research is more correlated with extrinsic and social rewards than intrinsic rewards. This difference is in line with the assertion that as a country develops economically and people become wealthier, they become more individualistic and respond more positively to intrinsic rewards than extrinsic or social rewards (Boyacigiller & Adler, 1991; Hofstede, 1980; Triandis, 1989). For managers of Japanese companies who are inclined to rely on monetary rewards and social activities for motivating employees and do not fully consider of the employees’ way of working and development opportunity, this result will be much important to be referred to change their way of management in Malaysia and other relatively well industrialized developing countries to better direction.

Third, whereas provision of training has been shown to be less important in the West, the results of this study demonstrate that in Malaysia it is important, as were similarly shown in other developing countries (Owoyemi, Oyelere, & Elegbede, 2011; Newman, Thanacoody, & Hui, 2011). The reason why the results obtained in Malaysia is different from the one in the West might be because employees in Malaysia are still technically immature in general and do not cause mismatch between the training a company provides and the skill an employee wants to obtain. As most employees in Malaysia do not possess enough remedy to enhance their own skill, training offered by a company may typically be perceived as enough reward for them to reciprocate to the company. The fact that most results obtained in other studies conducted in settings of transitional economies find positive and significant relations between training and OC supports this assertion. Although not a few companies tend to reduce expenditure for training due to high turnover rate and recent economic downturn in Malaysia, it will be important to maintain the quantity or quality of training for keeping OC of employees.

Forth, some differences between university graduates and others became clear. Satisfaction with personnel evaluation, fatigue and autonomy are more important for the former and co-worker support and role clarity are more important for the latter. These results coincide with the fact that many Japanese companies are in difficulties to attract university graduates who like to be employed by companies which offer them good
treatments and chance for utilizing specialties they obtained at schools or are not much interested to having personal intervention each other (Yu & Meyer-Ohle, 2008). In this sense, Japanese companies may have to reconsider its HRM practices, especially of payment scheme, work-life balances, job discretion and personal interaction at the workplace to further attract the best university graduates in Malaysia. Although one of these results that OC of university graduates is not associated with role clarity as much as that of others may partly be because they have overcome ethnic-oriented mindsets through more advanced and westernized education or because they have been accustomed to some extent to the style of working in Japanese companies, i.e., ‘flexible at best and ambiguous at worst’ (Yu & Meyer-Ohle, 2008), it is at the same time fully considerable that Japanese companies have failed to attract the best talented employees who desire to be employed by a company which provides more specific work division well defined in the form of job descriptions as is indicated in previous work (Yu & Meyer-Ohle, 2008).

Supplemental consideration may be necessary for the result of fatigue which showed odd results: e.g., fatigue is negatively correlated with OC in the sample of university graduate whereas it is positively correlated with OC in the sample of other employees. What can we think about these contradictory results? Off course, it is natural to be considered that fatigue itself has an effect to lower OC, but at the same time we may have to note that fatigue may have another effect to enhance OC if an employee perceives workloads as the investment to organization (Meyer & Allen, 1997). Accordingly, we may possibly interpret the results as: university graduates were more individualistic and perceived fatigue as an unpleasant gift and as the result they had lower OC when they felt tired; other employees were less individualistic and perceived fatigue as an investment to the company and as the result they had higher OC in the same condition. Actually, recent empirical cross-country research shows that employees from individualistic countries reported a higher perceived workload and higher turnover intentions than their counterparts in collectivistic countries while working the same number of hours (Yang, et al., 2012).

Off course, needless to say, employees’ health control is necessary to be implemented effectively irrespective of its relation with OC and educational backgrounds on humanitarian grounds.

For the result of satisfaction with other treatments, in which there was no significant difference in relation with OC between university graduates and others, the reason may partly be attributed to the characteristics of multiethnic culture of this country. As there are ethnic groups different in custom, the company has to care for these groups individually in so far as widespread areas such as food prohibitions, dress code, facilities for religious obligation, etc. Employees’ requirements to these conditions are considered to be equally strong irrespective of their educational standards and as the result university graduates and others may have responded to such rewards to the same extent.

Likewise, the contradictory results of supervisor support and co-worker support, i.e., the former was not significantly moderated by educational backgrounds in correlation with OC being different from the latter although they were both grouped in the same category of social rewards, may be due to the Malaysian culture. Malaysia was ranked the highest in terms of power distance in more than 60 countries (Hofstede, 1980) and there is considerable dependence of subordinates on bosses, where the emotional distance is large and subordinates are unlikely to approach and contradict their bosses who are often regarded as the patriarch with the dominant role in decision making and whose action is not often questioned (Abdullah, et al., 2001). As the high-power-distance culture is quite strong in Malaysia, it is considered that the effect of supervisor support to OC may not be weakened even through westernized higher education. This result indicates that the selection of supervisors is equally important for Malaysian employees irrespective of their educational backgrounds. However, it is often pointed out that Japanese companies are not good at attracting the best human resources (Froese & Kishi, 2013) and this weakness may apply to recruitment of skillful managerial staffs, too. In other words, there is a significant room for improvement in the way of recruitment of supervisors to enhance OC of employees at various positions.

On the other hand, the result of no significant difference in association of training and OC between university graduates and others may be explained as the following: Although university graduates may require larger quantity and higher quality of training than other employees, such desires may not be fulfilled easily if the company could not afford to prepare such opportunities to them. This kind of mismatch may be larger for university graduates than others as the former has own specialties cultivated at schools and accordingly the former’s response to training may have been undermined to the same degree of other employees. This result may be partly due to inadequate education systems of universities in Malaysia which is often pointed out to be impractical (Lapita, 2014), but at the same time seemingly due to Japanese companies’ ineffective HRM.

Overall it became clear that balanced HRM, not only focusing on some particular rewards but also on more varieties of rewards seem to be effective for enhancement of OC of employees, especially of low educational
backgrounds, who work for Japanese companies in Malaysia. However, such balanced HRM may not be equally effective for enhancing OC of university graduates who like to obtain more extrinsic and intrinsic rewards and less social rewards. Although Japanese companies have focused more on social rewards to foster greater OC creating opportunities for employees to interact with each other inside and outside of the workplace, and such policies may have successfully contributed to the corporate developments being supported by collectivistic Malaysian less-educated employees, managers hereafter may be encouraged to pay more attention to intrinsic rewards, taking more of a participative approach and seek input from their subordinates in the decision-making process especially for those of high educational backgrounds. Furthermore, for attracting talented and skilled employees for a long period, managers are also recommended to consider more about payment scheme truly competitive.

6. Conclusion

This study investigated the relationship between rewards and organizational commitment (OC) of 12,076 employees who work for 32 Japanese companies in Malaysia. Hierarchical regression analysis revealed that all of three types of reward are important for OC, in the order of intrinsic, social and extrinsic rewards. These findings suggest that the antecedents of OC in Malaysia are different from those in the West or other lower income Asian countries such as China. The comparison between University graduates and others showed that extrinsic and intrinsic rewards had stronger while social rewards had weaker influence on OC in university graduates than in others. In detail: satisfaction with personnel evaluation and autonomy were more strongly correlated with OC in university graduates while co-worker support and role clarity were more significantly correlated with OC in others; fatigue was negatively correlated with OC in university graduates while positively correlated with OC in others; other rewards, i.e., satisfaction with other treatments, supervisor support and training, were equally correlated with OC in university graduates and others.

Overall it became clear that balanced HRM, not only focusing on some particular rewards but also on more varieties of rewards seem to be effective for enhancement of OC of employees, especially of low educational backgrounds, who work for Japanese companies in Malaysia. However, such balanced HRM may not be equally effective for enhancing OC of university graduates who like to obtain more extrinsic and intrinsic rewards and less social rewards. Although Japanese companies have focused more on social rewards to foster greater OC creating opportunities for employees to interact with each other inside and outside of the workplace, and such policies may have successfully contributed to the corporate developments being supported by collectivistic Malaysian less-educated employees, managers hereafter may be encouraged to pay more attention to intrinsic rewards, taking more of a participative approach and seek input from their subordinates in the decision-making process especially for those of high educational backgrounds. Furthermore, for attracting talented and skilled employees for a long period, managers are also recommended to consider more about payment scheme truly competitive.

7. Study Limitations and Suggestions for Future Research

There are three significant limitations on this research. The first one is of applicability. This research aimed to clarify relationship between OC and various rewards of employees working for Japanese companies in Malaysia. However, the results need to be tested whether they are unique to Japanese companies in Malaysia or common to companies of different origins in other Asian countries. If there is any difference, different advices have to be done to the managements according to where they are from or where they are located. This problem will be gradually solved in future research.

The second limitation is about possible differences between ethnic groups. The researcher controlled ethnic groups by dummy variables and tested the difference of OC level between them, but did not take into account such difference in rewards-OC relations. The researcher is going to treat this matter in future research.

The third limitation of this research is about reliability. This study used self-report data from single respondents, which may have resulted in common method bias. Future research might consider the inclusion of supervisor-rated scales to reduce common method bias and remedy the weakness of the present study design.

References


Malaysian Institute of Management.


Itakura, H. (2002). Zigensei wo kouryō shita wagakuni jugyōin no sosiki commitment no saikento: Kokusai chosa data ni yoru nii bunseki (A reassessment of organizational commitment and its dimensionality in


**Note**

This research was done as a project of International Economy and Work Research Institute when the researcher was a member of it.

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Appendix. Demographic information.

### Educational background

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<th>Upper Secondary School</th>
<th>Specialized College</th>
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<td>1,057</td>
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<td>9,854</td>
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### Gender

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<th>2-5 year</th>
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<th>10-19 years</th>
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### Ethnicity

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<th>Others</th>
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<tbody>
<tr>
<td>University graduates</td>
<td>1,231</td>
<td>887</td>
<td>80</td>
<td>24</td>
<td>2,222</td>
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<tr>
<td>Others</td>
<td>8,158</td>
<td>966</td>
<td>621</td>
<td>109</td>
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<tr>
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<td>1,853</td>
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### States

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<th>Johor</th>
<th>Kedah</th>
<th>Kelantan</th>
<th>Perak</th>
<th>Negeri Sembilan</th>
<th>Kuala Lumpur</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>University graduates</td>
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<td>546</td>
<td>209</td>
<td>213</td>
<td>191</td>
<td>65</td>
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<tr>
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<td>1,200</td>
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<td>1,165</td>
<td>315</td>
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78