A Study to Analyze the Relationship between Organizational Commitment and Fair Reward Practices of Engineers in NCR (National Capital Region), India

Abstract

Employees are one of the most important assets determining the success of an organization in a competitive environment. In this context, committed employees contribute maximally to organization’s success and competitiveness. Employees who are committed to their organization are glad to be members of it consider in and experience good about the organization and what it stands for, and aim to do what is good for the organization. Fair reward practices are regarded by employees as a symbol that the organization concerns and supports its employees. So this study aims to study the relationship between Organizational Commitment and fair reward practices with special reference to engineers of NCR. In conducting this study, information about Fair Reward Practices, levels of organizational commitment and Turnover intention will collected from the engineers of NCR. To test the hypothesis correlation and simple linear regression is used.

Keywords: Organizational Commitment, Fair Reward Practices, Human Resource Management, Turnover Intention, Employees

Introduction

Employees are one of the most important assets determining the success of an organization in a competitive environment. In this context, committed employees contribute maximally to organization’s success and competitiveness. Employees who are committed to their organization are glad to be members of it consider in and experience good about the organization and what it stands for, and aim to do what is good for the organization. In fact, Organizational Commitment was introduced in early 1950 in the field of Organizational Behaviour and since then it remained a topic of research for many researchers. Researchers like Paré, G. & Tremblay, M. 2004; Chew, Y. T. & Wong, S. K. 2008; Ugboro, I. O. 2006; Slattery, J. P. & Selvarajan, T. T. R. 2005; Meyer, J. P. & Allen, N. J 1997; Mowday, R. T. 1998, focused that with continuous interest in Organization Commitment can be extended to various beneficial indicators viz. better performance, higher attrition and reduced absenteeism and organizational efficacy. This resulted in a number of empirical research studies to understand the antecedents and consequences of Organizational Commitment. However, there have been few studies linking Organizational Commitment with fair reward practices in the Indian context. So this study aims to study the relationship between Organizational Commitment and fair reward practices with special reference to engineers of NCR.
Commitment has been defined as the identification and the attachment to an organization and implies three elements: a strong belief/acceptance of the organization’s objectives and values, the willingness to exert strong efforts for it and the firm intention to stay within the organization (Mowday, R. T et al 1982). The idea of loyalty and commitment towards the organization is termed as organizational commitment in broad sense.

Evidence generally supports the theory that affective commitment is positively associated with certain desired outcomes while continuance commitment generally has negative associations. However, only preliminary studies have been conducted in the area of morale commitment. This reinforced the importance of studying the affective commitment of core and contract employees. More precisely, researchers have showed that Organizational Commitment enhances the individuals’ performance and reduces turnover and absenteeism. It also facilitates the acceptance of changes in a new environment.

Organizational Commitment has gained importance to modern organizations for gaining competitive advantage by reducing labour turnover, absenteeism and increasing motivation. The positive effects of Organizational Commitment (OC) have been well documented in management literature. Organizational Commitment has been found to be strongly related to the intention to leave one's job and to the intention to search for job alternatives. Knowledge of the antecedents of Organizational Commitment will enable organizations to manage these withdrawal behaviors. Further research studies have shown that Organizational Commitment must be differentiated from job satisfaction: Organizational Commitment controls and guides the person in the organization, whereas job satisfaction results from an individual relation to work, Organizational Commitment shows the strength of the commitment which a working person feels for the organization he or she works in.

Thus, drawing from above paragraphs it can be inferred that committed employees contribute a lot in the organization and it’s functioning by operating in the limelight of achieving the organization’s goals. Likewise, personnel who are steadfast for their organization are happy and delighted to be a part of it, have confidence in it and feel good about the same (Feinstein, A. H. & Vondrasek, D. 2001). Though a large amount of work has been written and talked about of Organizational Commitment but still there exists the great amount of confusion on how the factors associated with it contribute to the development of the Organizational Commitment.

**Conceptual Framework**

The concept Organizational Commitment has grown in popularity in the literature on industrial and organizational psychology (Cohen, A. 2003). Early studies on Organizational Commitment viewed the concept as a solitary attribute, based on an attitudinal viewpoint, acceptance recognition, involvement and loyalty (Porter, L. W. et al 1974). An attitudinal viewpoint refers to the psychological attachment or affective commitment formed by an employee in relation to his/her identification and involvement with the respective organization (Porter, L. W. et al 1974). HRM policies build an emotional attachment with the organization in form of affective commitment (Jeet, V. and Sayeduzzafar 2014, Hassan, S. and Mahmood, B. 2016). Attachment of employees towards the organization takes various forms, ranging from total commitment to no commitment at all. Moral attachment towards the organization is based on an optimistic and strong orientation to the organization, results from incorporation of the organization’s values, objectives, and norms. Calculative attachment is less strong and rests on an exchange relationship between the individual and the organization. Employees feel committed to an organization to the extent that they perceive some beneficial or equitable exchange relationship.

Porter, L. W. et al (1974) further describe Organizational Commitment as “an attachment to the organization, characterized by an intention to remain in it; an identification with the values and goals of the organization; and a willingness to exert extra effort on its behalf”. Individuals believe the degree to which their own values and goals relate to that of the organization as part of Organizational Commitment; therefore it is considered to be the linkage between the employee and the organization.

Cohen, A. (2003), states that “commitment” is a strength that binds an employee to a course of action significant to one or more targets”. This common explanation of commitment relates to the definition of Organizational Commitment is that “it is the relative power of an employee’s recognition with and attachment in an organization”.

Meyer, J. P. & Allen, N. J. (1984) suggested a three-dimensional measurement of Organizational Commitment showing that this attitude could be better understood as a multidimensional concept. They defined the three dimensions as:

- Affective commitment, e.g. “positive feelings of identification with, attachment to, and involvement in the work organization”
- Continuance commitment, e.g. “the extent to which employees feel committed to their organizations by virtue of the costs that they feel are associated with leaving (investments or lack of attractive alternatives)”
- Normative commitment, e.g. “the employees’ feelings of obligation to remain in the organization”
Review of Literature

Maslow, A. H. (1954) arranged human needs in a hierarchical order, and according to him once a need is satisfied, the individual shift to the next unsatisfied need which now motivate his/her behaviour. The needs defined by Maslow, A. H. (1954) are “physiological needs (which include basic necessity of an individual such as hunger, clothing, shelter, water, and sex), safety needs (which include such as job security, safety of life and belongings), social needs (such as need for love, companionship, and sense of belonging), esteem needs (which include need for recognition, accomplishment, achievement, and self respect), and self-actualization needs (which includes the need for an employee to reach his/her highest potential at workplace in conquering his/her environment). However, monetary reward is one of the basic necessity requirements of employment to satisfy and fulfill these human needs at work organizations (that is, wages and salaries) which is pay. Something given or received in return for work done or service rendered is known as monetary reward. Expectation (reward) of employees on job performed motivates and encourages them to be committed (Vroom, V. H. 1964).

Monetary reward is a yardstick in determining the level of employees’ commitment (Omolayo, B. & Owolabi, A. B. 2007). Therefore, it can be said that monetary reward has a chief impact on employees till they remain in the organization. Where in other researcher proved that job reward explained impact on the difference in organizational commitment among different professional groups (private and public sector) but to a limited extent (Mastekaasa, A. 2009). Monetary rewards refer to all the reimbursement, monetary and non-monetary, that an employee receives during his/her service relationship with an organization (Malhotra, N. et al 2007). Fair organizational rewards refer to the perceived fairness of various job outcomes including compensation conditions, performance evaluations and job assignments (Paré, G. & Tremblay, M. 2004).

Fair reward practices influence organizational commitment positively. Research conducted on doctors perceived that if there is no relation between performance and rewards then it was concluded that employees have very low motivation to perform in the organization and hence less organizational commitment (Maheshwari, S. et al 2007). It was also evident from the findings that timely and fair promotion method, pay and rewards within banks augmented the organizational commitment level among employees (Hamid, S. & Murad, S. 2009).

A fundamental relationship linking rewards & benefits and commitment had been explored by various researchers who worked over the impact human resource practices on organizational commitment (Maheshwari, S. et al 2007; Ghazanfar, F. et al 2012; Zaitouni, M. et al 2011; Paré, G. & Tremblay, M. 2004, Soltani, M. 2015). Monetary reward can be used as a motivator to enhance employees’ enthusiasm and commitment to attain organizational objectives (Pfeffer, J. 1994, 1995, 1998). When employees understand, recognize, and identify that the compensation policy intends to offer “internal reward fairness”, they be likely to have high organizational commitment (Stum, D. L. 1999).

Fair reward polices would associated employees’ performance level to the estimated rewards. The theory given by Vroom, V. H. (1964) suggested that employees weigh their effort (output) with the compensation they receive. If employees viewed compensation practices as fair, and justice is being provided, then than become satisfied, and therefore committed with the organization for long-term (Adams, J. S. 1965). Researches pointed out that rewards were significantly and positively associated with organizational commitment (Suifan, S. T. 2015)

Good monetary reward are regarded by employees as a symbol that the organization concerns and supports its employees, ensuring in the development of a powerful affective commitment and ensure that losing such a reward would be costly (continuance commitment). This feeling results in a greater experience of a continuance commitment, obligated connection to the workplace, extending in turn to a stronger normative commitment (Meyer, J. P. & Allen, N. J. 1997). Various researchers (Omolayo, B. & Owolabi, A. B. 2007; Mastekaasa, A. 2009; Maheshwari, S. et al 2007; Hamid, S. & Murad, S. 2009; Ghazanfar, F. et al 2012; Zaitouni, M. et al 2011; Paré, G. & Tremblay, M. 2004; Sawalha, N. et al 2012) have established the relationship between fair reward and organizational commitment. Based on the previous researches this study takes initiative to find out the relationship between fair reward and organizational commitment.

Research Methodology

In conducting this study, information about Fair Reward Practices, levels of organizational commitment and Turnover intention will collected from the engineers of NCR. Specifically, respondents were asked about the Fair Reward Practices; their level of commitment to the organization and their intention to retain or leave the organization in the coming one or five years. These respondents were also asked to rate their own level of commitment to the organization and their level of turnover intention. Research Design of this study was descriptive because this study was based on the hypothesis testing using various statistical tools.
Objective of the Study

This study first tried to establish the relationship between Fair Reward Practices and Organizational commitment and then the impact of organizational commitment on employees' Turnover intention.

So on the basis of the above discussion the objectives of this study are as follows: -

This study will try to:-

1. To establish the relationship between Fair Reward Practices and Affective Commitment.
2. To establish the relationship between Fair Reward Practices and Normative Commitment.
3. To establish the relationship between Fair Reward Practices and Continuance Commitment.

Sample Design:

The size of the population used in this study was infinite i.e. the actual size of the population was not known. In this research, the engineers working in NCR were taken for study. As the population was not known in this study, so the convenience sampling method will be used.

Since the size of the population in this study was unknown so at 95 per cent (Z) level of confidence with ±5 confidence interval (margin of error: c) and 50 per cent (p) response percentage the sample size was 384 by using the formula mentioned below.

*Formula used for calculating sample size:*

\[
ss = \frac{Z^2 \times (p) \times (1-p)}{c^2}
\]

Where:

- \( Z = Z \) value (e.g. 1.96 for 95 per cent confidence level).
- \( p = \) percentage picking a choice, expressed as decimal (Response percentage) (.5 used for sample size needed)
- \( c = \) confidence interval, expressed as decimal. (05 = ±5 is used)

The sample size used in this study was 392 which is appropriate as per the rule and calculation.

*http://www.surveysystem.com/sample-size formula.htm*

Methods of Data Collection

Data would be collected from the engineers of private organizations in NCR. Questionnaire was used to collect the primary data in this study. Responses for commitment and Fair Reward Practices were collected using Likert scale where as turnover intention of the employees were measured on open ended scale which was later on converted in to coding. To test the impact of Fair Reward Practices on organizational commitment the scale of Paré, G. & Tremblay, M. 2000; Paré, G. & Tremblay, M. 2004, was used for Fair Reward Practices and scale of Allen, N. J. & Meyer, J. P. (1990) was used for Organizational commitment. These scales were modified after pilot study so an adopted and modified scale was used for the study. The 15 items used to construct the Organizational Commitment scale were derived from the instrument developed by Allen, N. J. & Meyer, J. P. 1990. Cronbach’s alpha reliability test was used to test the reliability of the scale. The reliability coefficient of the organizational commitment scale of 15 items was 0.879. KMO value of organizational commitment scale was 0.830 which is a measure of Sampling Adequacy. The 3 items used to construct the Fair Reward Practice Scale were derived from the instrument development Paré, G. & Tremblay, M. 2000; Paré, G. & Tremblay, M. 2004,. Cronbach’s alpha reliability test was used to test the reliability of the scale. The reliability coefficient of the Fair Reward Practice scale of 3 items was 0.837. Two item self-developed scale was conducted to measure the turnover Intention of employees. Cronbach’s alpha reliability test was used to test the reliability of the scale. The reliability coefficient of the turnover intention scale of two items was 0.811.

Respondent’s characteristics: The respondents’ biographical characteristics are presented in order to get a clear picture of the distribution of the sample. Demographic variables that were measured from the respondents were as follows:

- **Age**
- **Gender**
- **Qualification of the Respondents**
- **Total Work Experience**
- **Total Work Experience in Current Organization**
- **No. of Organizations Served by Respondents till Data**

<table>
<thead>
<tr>
<th>Table-1: Demographic Profile of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td>21-30</td>
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<td>31-40</td>
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<tr>
<td>41&amp;Above</td>
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<tr>
<td><strong>Total</strong></td>
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</table>
Research Tools
To test the hypothesis correlation and simple linear regression was used using SPSS 16.

Hypothesis
Accordingly the following hypotheses have been formulated for this study as:-

HO1: There is no significant relationship between the Fair Reward Practices and Organizational Commitment (Affective Commitment).

Ha1: There is a significant relationship between the Fair Reward Practices and Organizational Commitment (Affective Commitment).

HO2: There is no significant relationship between the Fair Reward Practices and Organizational Commitment (Normative Commitment).

Ha2: There is a significant relationship between the Fair Reward Practices and Organizational Commitment (Normative Commitment).

HO3: There is no significant relationship between the Fair Reward Practices and Organizational Commitment (Continuance Commitment).

Ha3: There is a significant relationship between the Fair Reward Practices and Organizational Commitment (Continuance Commitment).

Limitations and Scope of this Study
This study has covered only engineers of the private sector of NCR, other employees of different sectors can also be covered such as teachers, doctors, chartered accountants, bankers, lawyers etc. The sample of this study has been drawn only from the private sector of NCR which may has limitations for generalization to other sectors of the economy. Other sectors of the economy can be covered as well as the on the other geographical areas also such as east, south, etc. As this study has taken in to consideration the private sector, for future research other sectors such as govt. sector can also be taken into consideration and a comparative research can also be done. Moreover segments of sectors such as manufacturing, service, IT etc., may be used for future research. This research also provides insight for future research, as it has considered the private sector, public sector can also be considered and a comparative study.

<table>
<thead>
<tr>
<th>Gender</th>
<th>MALE</th>
<th>352</th>
<th>89.8</th>
<th>89.8</th>
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<td>Total</td>
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<th>Qualification</th>
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<th>7.1</th>
<th>7.1</th>
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<td>Graduate</td>
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<td>64.3</td>
<td>64.3</td>
<td>71.4</td>
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<tr>
<td>Post-graduate</td>
<td>112</td>
<td>28.6</td>
<td>28.6</td>
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<tr>
<td>Total</td>
<td>392</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
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<th>Total Work Experience</th>
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<td>3-5</td>
<td>96</td>
<td>24.5</td>
<td>24.5</td>
<td>51.0</td>
<td></td>
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<tr>
<td>6 &amp; Above</td>
<td>192</td>
<td>49.0</td>
<td>49.0</td>
<td>100.0</td>
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</tr>
<tr>
<td>Total</td>
<td>392</td>
<td>100.0</td>
<td>100.0</td>
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<th>58.2</th>
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<tr>
<td>3-5</td>
<td>92</td>
<td>23.5</td>
<td>23.5</td>
<td>81.6</td>
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</tr>
<tr>
<td>6 &amp; Above</td>
<td>72</td>
<td>18.4</td>
<td>18.4</td>
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<tr>
<td>Total</td>
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<td>100.0</td>
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<thead>
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<th>Total No. of Organizations Served Till Date</th>
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<th>200</th>
<th>51.0</th>
<th>51.0</th>
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<tr>
<td>3-5</td>
<td>184</td>
<td>46.9</td>
<td>46.9</td>
<td>98.0</td>
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</tr>
<tr>
<td>6 &amp; Above</td>
<td>8</td>
<td>2.0</td>
<td>2.0</td>
<td>100.0</td>
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</tr>
<tr>
<td>Total</td>
<td>392</td>
<td>100.0</td>
<td>100.0</td>
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</table>
on commitment can be done. Also the impact of demographic variables can be taken into consideration.

**Analysis and Findings**

The outcome of HO1: was that ‘Fair Reward Practices’ has a positive significant relationship with Affective Commitment. The regression analysis showed ‘Fair Reward Practices’ to be significant at the 0.000 level, which is lower than the 0.05 confidence level of this study. This result rejects the null hypothesis and accepts the alternate one, which concludes that “There is a significant relationship between Fair Reward Practices and Affective commitment”.

Table No. 2

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.416*</td>
<td>.173</td>
<td>.171</td>
<td>.77811</td>
</tr>
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</table>

a. Predictors: (Constant), Fair Reward Practice
b. Dependent Variable: Affective Commitment

The outcome of HO2: was that ‘Fair Reward Practices’ has a positive relationship with Normative Commitment. This result is in line with the work of Zaitouni, M. et al 2011; Sawalha, N. et al 2012; they also supported relationship between Fair Reward Practices and Normative Commitment. The regression analysis showed 'Fair Reward Practices' to be significant at the 0.000 level, which is lower than the 0.05 confidence level of this study. This result rejects the null hypothesis and accepts the alternate one, which concludes that “There is a significant relationship between Fair Reward Practices and Normative commitment”. Table 6 (ANOVA) shows that Fair Reward Practice is a significant predictor of Normative Commitment.

Table No. 3

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>49.352</td>
<td>1</td>
<td>49.352</td>
<td>81.511</td>
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<tr>
<td>Residual</td>
<td>236.128</td>
<td>390</td>
<td>.605</td>
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<tr>
<td>Total</td>
<td>285.480</td>
<td>391</td>
<td></td>
<td></td>
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</tbody>
</table>

a. Predictors: (Constant), Fair Reward Practice
b. Dependent Variable: Affective Commitment

The outcome of HO2: was that ‘Fair Reward Practices’ has a positive relationship with Normative Commitment. This result is in line with the work of Zaitouni, M. et al 2011; Sawalha, N. et al 2012; they also supported relationship between Fair Reward Practices and Normative Commitment. The regression analysis showed 'Fair Reward Practices' to be significant at the 0.000 level, which is lower than the 0.05 confidence level of this study. This result rejects the null hypothesis and accepts the alternate one, which concludes that “There is a significant relationship between Fair Reward Practices and Normative commitment”. Table 6 (ANOVA) shows that Fair Reward Practice is a significant predictor of Normative Commitment.

Table No. 4

<table>
<thead>
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<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.450</td>
</tr>
<tr>
<td></td>
<td>FACTOR FOUR</td>
<td>.340</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Affective Commitment

The outcome of HO2: was that ‘Fair Reward Practices’ has a positive relationship with Normative Commitment. This result is in line with the work of Zaitouni, M. et al 2011; Sawalha, N. et al 2012; they also supported relationship between Fair Reward Practices and Normative Commitment. The regression analysis showed 'Fair Reward Practices' to be significant at the 0.000 level, which is lower than the 0.05 confidence level of this study. This result rejects the null hypothesis and accepts the alternate one, which concludes that “There is a significant relationship between Fair Reward Practices and Normative commitment”. Table 6 (ANOVA) shows that Fair Reward Practice is a significant predictor of Normative Commitment.

Table No. 5

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.228*</td>
<td>.052</td>
<td>.049</td>
<td>.76124</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), FACTOR FOUR
b. Dependent Variable: FACTOR COMMITMENT TWO
The outcome of HO3: was that 'Fair Reward Practices' has a positive significant relationship with Continuance Commitment. The regression analysis showed 'Fair Reward Practices' is to be significant at .001 level, which is lower than the 0.05 confidence level of this study. This result rejects the null hypothesis and accepts the alternate one, which concludes that “There is a significant relationship between Fair Reward Practices and Continuance commitment”.

Table 9: (ANOVA) shows that Fair Reward Practice is a significant predictor of Continuance Commitment.
Conclusion:

The statistical findings show that Fair Reward Practice is significant predictors of Affective Commitment, normative commitment and continuance commitment as well. To enhance the commitment of engineers towards the organization Fair Reward Practices should be sound and clear because committed engineers are less intends to leave the organization which in turn decrease the labour turnover within the organization. Fair organizational rewards refer to the perceived fairness of various job outcomes including compensation conditions, performance evaluations and job assignments (Paré, G. & Tremblay, M. 2004). So when engineers of NCR perceive fairness in the reward system then they feel attached to their organization.

The result of this study demonstrated that fair reward practices are significantly related to affective commitment. This result is in the line with the work of various researchers (Zaitouni, M. et al 2011; Paré, G. & Tremblay, M. 2004; Sawalha, N. et al 2012; Kipkebut, D. J. 2010, Suifan, S. T. 2015, Hassan, S. and Mahmood, B. 2016). It proved that if organizations adopt a system of equality in reward system i.e. similar pay for similar work compared with in the organization as well as compared with the same work in the other similar organizations then the engineers of NCR feels emotionally attached to their organizations. In the line with the findings of the researchers (Zaitouni, M. et al 2011; Paré, G. & Tremblay, M. 2004; Sawalha, N. et al 2012) the result of this research showed a positive relationship between fair reward practices and continuance commitment. Result showed that a fair reward practice does improve the continuance commitment of engineers of NCR. It proved that engineers stay in the organization “due to no other alternatives for job or the investment for leaving the present organization is high” affected by the reward system adopted by the organizations. The findings of this study also showed a positive relationship of fair reward practices with normative commitment. It shows that commitment of engineers of NCR by the virtue of norms and ethics fluctuate due to the reward system in the organization, also engineers of NCR feel emotionally attached to their organization if they feel equality in the reward system opted by the organization (I estimate my salary as being fair internally, My salary is fair in comparison with what is offered for a similar job elsewhere, The pay increases and/or bonuses I received in the last two years adequately reflect my recent performance evaluations). Omolayo, B. & Owolabi, A. B. (2007) proved that “Monetary reward to employees is very important especially if the organization want to realize and achieve its goals and objectives. This is because monetary reward affects the commitment level of employees irrespective of their gender, work tenure and educational level. Therefore, inadequate monetary reward system is seen as a major setback of employees’ commitment and this can bring about increase in absenteeism, lateness, low performance, feeling of grievances, and employees turnover”. Results also demonstrated that fair rewards are significantly related to all the three dimensions of commitment. Ghazanfar, F. et al (2012) argued that “high reward contingent on performance has been identified as one of the best practices and can be used as an incentive to boost employees’ motivation and commitment to achieve organizational goals”. Results of this present study also supported that fair reward practices are significantly associated with organizational commitment. Stum, D. L. (1999) also proved that “When employees understand, recognize, and identify that the compensation policy intends to offer “internal reward fairness”, they be likely to have high organizational commitment”. Reward practices would link employees’ performance level to the expected rewards (Zaitouni, M. et al 2011) therefore management should implement a system of fair reward practices i.e. reward should be linked with the performance of the employees as well as with the similar work done by the employees in other organizations, this will improve the emotional attachment of employees with the organization. Monetary reward can be used as a motivator to enhance employees’ enthusiasm and commitment to attain organizational objectives (Pfeffer, J. 1994, 1995, 1998). When employees understand, recognize, and identify that the compensation policy intends to offer “internal reward fairness”, they be likely to have high organizational commitment (Stum, D. L. 1999).

Fair reward polices would associated employees’ performance level to the estimated rewards. The theory given by Vroom, V. H. (1964) suggested that employees weigh their effort (output) with the compensation they receive. If employees viewed compensation practices as fair, and justice is being provided, then than become satisfied, and therefore committed with the organization for long-term (Adams, J. S. 1965).

Bibliography


