

Career Development, Job Security and Employee Loyalty at a Luxury Resort in Terengganu, Malaysia

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ABSTRACT

Competent and loyal employees are the backbone to hotel operation and are seen as the greatest asset. This study investigates the relationship of career development and job security toward employee loyalty at luxury resort in Terengganu, Malaysia. A quantitative approach consists of questionnaire that included measures of career development, job security and employee loyalty was administered. A total of 60 usable data was analyzed using Pearson correlation coefficient. Alpha value showed that the items of the instrument had preferable value. Importantly, career development ($M=3.64$, $SD=.928$) and job security ($M=3.70$, $SD=.768$) are positively correlated to employee loyalty. It revealed that non-monetary benefits i.e. job security and career development had positive impact on employee loyalty. Developing and improving the dimensions would greatly assist hotel operators to create loyal employees for mutual benefits of the employees and the hotel.

Keywords: *Employee Loyalty, Career Development, Job Security, Hotel, Malaysia*

INTRODUCTION

Hospitality and tourism industry is one of the largest contributors to the Malaysian economic growth. The rapid development of the industry has seen a huge demand for competent employment. A report by Travel and Tourism (2011), the hotel industry is estimated to have approximately 1.6 million jobs during year 2020. Labor force, without a doubt, is the fundamental resource operating the hotel industry (Sekyi, Boakye & Ankumah, 2016) and no hotel can have excellent operation without them (Azinuddin, Zainal, 2014). Noting that, having qualified, committed and skilled employees are deemed crucial in this demanding industry. Although the hotel might be managed by mediocre employees, competent employees could put the performance of the business to a greater height. Apparently, the hotel industry faced a challenge in fulfilling the gap due to shortage of competent employees.

The hotel industry is known providing low pay rate, working long hour, challenging nature of job and shift work (Kim, Murrmann & Lee, 2009; Wildes, 2007; Bothma & Thomas, 2001; Kusluvan & Kusluvan, 2000). It is believed important for the hotel needs to reassure confidence of the employees to remain loyal and motivated. Seemingly, employees are the primary source in ensuring the hotel stays competitive (Kandasamy & Ancheri, 2009) and no hotel could operate efficiently without competent employees (Enz & Siguaw, 2000). Due to the significance of their contributions, employees are considered as the valuable asset to the hotel organization (Azinuddin & Zainal, 2014).

The hotel industry, in particular, has suffered an increasingly high turnover rate of employee resulting from certain aspects. High turnover rate is a sign of lack of employee loyalty due to certain factors such as low compensation, poor working conditions and inadequate benefits (Carraher, 2011; Milman, 2003; Wasmuth & Davis, 1983). Employee retention has become the most critical challenge for organizations of immediate future, driven by employee loyalty (Kreisman, 2002). The impact of losing competent employees has affected the organizational productivity and performance. Thus, it is crucial to determine the importance of employee loyalty and factors affecting it.

Studies showed that workplace-related issues influenced employee attitudes toward the organization. Previous researchers have found several variables such as job satisfaction (Chen, Tsui & Lee, 2017; Kiruthiga & Magesh, 2015; Stum, 1998), rewards and recognition (Sekyi et al., 2016; Abdullah, Karim, Patah, Zahari, Nair & Jusoff, 2009; Fischer, 2004) good relationships with colleagues and superiors (Chen, 2001; George, 2000; Johnson & Indvik, 1999), organizational factors (Ongori, 2004; James, 2004) and performance appraisal (Abdullah et al., 2009) have impacted employee loyalty in hotel industry. Thus, identifying the elements affecting their loyalty is deemed important in order to devise strategies to improve individual and organizational performance. However, limited evidence suggests that career development and job security contributed to employee loyalty within hotel industry. Apart of investigating the effects of monetary benefits on employee loyalty, this study, therefore, attempts to determine the relationship focusing between non-monetary components i.e. career development and job security on employee loyalty and provide managerial implication in order to enhance employee loyalty based on the findings.

REVIEW OF LITERATURE

Employee loyalty has been seen as one of the key aspects for better organizational performance (Lee, Lim, Swanson, Park & Lee, 2016). It shows that the employees prioritize the company's interests rather than their own benefits. Some examples of employee loyalty are highlighting positive side of the organization, protecting the organization against criticism and not complaining about the organization (Niehoff, Moorman, Blakely & Fuller, 2001). Additionally, employee loyalty might be seen in forms where employee put extra effort in completing their tasks and respecting superior's direction (Costen & Salazar, 2011; Matzler & Renzl, 2006). Assuredly, the advantage incurred by employee loyalty is significant as it ensures reduced training costs (Ineson & Berechet, 2011). Many studies (e.g. Jawahar & Stone, 2011; Till

& Karen, 2011; Whiting & Kline, 2007; Dailey & Kirk, 2002; Bloom & Michel, 2002; Lam, Zhang & Baum, 2001) assessed employee loyalty with specific reference to monetary benefits.

However, the fact that loyalty of employee to the organization might be steered by other factors than monetary benefits is crucial. Hinkin and Tracey (2000) revealed the responsibility of managerial personnel to in retaining employees, highlighting the importance beyond financial rewards. The importance of financial benefits affecting employee loyalty became secondary following social issues (Israeli & Barkan, 2003). Moreover, Poe (2003) agrees with the findings and states that non-monetary factors are equally significant to employee loyalty. Also, Ineson, Benke and László (2013) revealed that non-monetary aspects had a greater impact on employee loyalty rather than to monetary rewards. Vetráková and Mazúchová's (2016) study revealed that career development and job security ranked top following financial benefits, as the result of work motivation in hotel. Thus, it highlights that career development and job security play important role to retain employees in the hotel industry.

Apparently, lack of career development and opportunities for promotion were key aspects associated with employee turnover (Ineson & Berechet, 2011), indicating poor employee loyalty. Contradictory to Ineson and Berechet's (2011) study, Sekyi et al. (2016) found that career development was the least favorable factor affecting employee loyalty in the hotel industry in Ghana as compared to other factors such as working environment, teamwork, communication and employee participation and relationship with superiors. However, career development was imperative to retain employees and is perceived as one of the key attractors to organization (Kreisman, 2002). Abdullah et al. (2009) confirmed that opportunity for career development has increased the tendency of employees to become loyal to the organization. It implies that the employees feel they have future endeavor with the organization. Thus, career development is seen as an important determinant in assessing employee loyalty within hotel industry.

Job security is crucial in countries of high rate of unemployment (Katou & Budhwar, 2007). Several studies confirmed that job security contribute to create loyal employee and low satisfaction with job security increases the employee to leave the job (Blomme, Van Rheede & Tromp, 2010; Laine, Heijden, Wickstrom, Hasselhorn & Tackenberg, 2009; Vandenberghe & Tremblay, 2008). The decision to provide a secured employment to employees is deemed important to ensure the employees have the sense of loyalty to the hotel, therefore, reduce the employee turnover.

METHODS

Participants and Procedures

This study adopted cross-sectional design, where the data was collected at one point of time. Respondents of this study consisted of employees from various departments employed in a luxury resort located in Terengganu. Permission to conduct the study was granted from the management office however, researchers could not personally distribute the questionnaires to

the respondents. Thus, researchers employed a 'drop off/ pick up' method in distributing the questionnaires for the primary data collection. A total of 100 questionnaires were handed to the human resource personnel and researchers have briefed the personnel to administer the questionnaire to each employee using convenience sampling technique. This study was able to obtain all the questionnaires, indicating 100 percent response rate. However, of the 100 questionnaires, this study able to yield 60 usable questionnaires (60%) and were later coded and analyzed.

Questionnaire Design

A 15-item instrument was assembled based on literature to measure the correlation of career development and job security on employee loyalty at particular workplace context. Researchers designed the instrument using 5-point Likert scale. Respondents were required to indicate their degree of agreement with each statement using the scale of 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree, and 1 = strongly disagree.

Data Analysis

Researchers analyzed the data using Statistical Package for Social Science (SPSS) version 20. Prior to testing the relationship of the variables, researchers tested the reliability and consistency of the items of the questionnaires with Cronbach's alpha. Descriptive statistics were also employed to analyze demographic data. The relationship between two group of variables, independent and dependent variables were analyzed using Pearson's correlation test to enable researchers to answer the research objectives.

ANALYSIS AND DISCUSSIONS

Demographic Profiling

Age statistic shows that 37 (61.7%) of the respondents are female while remaining 23 respondents (38.3%) are male. The statistics also showed that the highest frequency of the age was 35 years old and above with 26 respondents (43.3%) and followed by 30 to 34 years old with 18 respondents with the percentage 30%. The third highest of the frequency was 25 to 29 years old with the 10 respondents (16.7%) whilst 6 respondents (10%) of 25 years old and below obtained the lowest frequency. In regard to race, 53 respondents (88.3%) are Malay, 6 respondents (10%) are Chinese and only 1 respondent (1.7%) recorded as others. There were 35 respondents (58.3%) married and 25 respondents (41.7%) were single. As for the educational level, majority of the respondents (60%) have qualification from high school, followed by 13 respondents (21.7%) are diploma holder. 10 respondents (16.7%) have bachelor degree qualification while only 1 respondent has other qualification. In terms of job designation, 14 respondents (23.3%) were housekeepers, followed by 13 respondents (21.7%) from other departments such as maintenance, spa, gift shop. 10 respondents (16.7%) were from food and beverage department and 8 respondents (13.3%) were receptionist. Additionally, 7 respondents (11.7%) were working in the public area, 5 respondents (8.3%) working as bellboy and remaining 2 respondents (3.3%) and another respondent (1.7%) were managers and department officer, respectively. Half of the respondents (50%) were working

with the resort between 5 to 9 years and 16 of them (26.7%) have length of service below 5 years. Lastly are those who have working for the resort for more than 9 years that represent 23.3% of the total respondents.

Descriptive Statistics

Table 1 presents the means, standard deviations, reliability coefficients and correlations of the study variables. The mean value for two independent variables, career development and job security were perceived moderately higher by the respondents of this study with the mean score of 3.64 (*SD*=.928) and 3.70 (*SD*=.768), respectively. Employee loyalty was slightly on the high side recording a mean score of 3.85 (*SD*=.636). All items under each variable range between very good to excellent (Hair, Money, Samouel & Page, 2007). Moreover, Pallant (2013) stated that alpha values above .7 are considered acceptable however, values above .8 are preferable. Thus, the questionnaire has good internal consistency, indicating the Cronbach alpha coefficient was between .854 and .913.

In terms of correlation coefficient, independent variables, career development and job security had significant positive correlations with dependent variable, employee loyalty. The relationship between the variables was examined using Pearson product-moment correlation coefficient. Different authors recommend different interpretations pertaining to the strength of correlation. Cohen (1988, p.79-81) suggests that correlation between .1 to .29 is weak, .3 to .49 is medium and .5 to 1 is strong. From the result presented below, there is a positive relationship between the variables. The strength of correlation between job security and employee loyalty is medium while there is a strong correlation between career development and employee loyalty.

Table 1: Means, standard deviations, reliability coefficient and correlations

Variable	<i>M</i>	<i>SD</i>	1	2	3
Employee Loyalty	3.85	.636	(.854)		
Career Development	3.64	.928	.54**	(.913)	
Job Security	3.70	.768	.44**		(.880)

Note: ***p*<.01 (2-tailed)

DISCUSSION AND CONCLUSION

The main objective of this study is to determine the relationship between career development, job security and employee loyalty at luxury resort in Terengganu, Malaysia. The findings indicated that career development and job security are positively correlated to employee loyalty. It clearly indicated that non-monetary benefits contributed to employee loyalty in hotel industry. The findings present parallel results with several previous studies in similar context. The results from Pearson correlation coefficient implied that the more career development and job security are provided, the more loyal the employees. In order for hotel industry to produce loyal employees, it is necessary to create a supportive career advancement and job security to

the employees. Hence, employees would feel they have future with the hotel and secure a steady employment.

The findings of this study could be used by hotel operators in developing career advancement program and employment to create loyal employees. However, it is important to mention that the sample of this study is relatively small and the findings are limited to specific geographic area where the study was carried out. Although this study highlights the career development and job security as predictors affecting hotel employee loyalty, monetary benefits should not be ignored. Future study might include these dimensions to provide a comprehensive outcome of non-monetary and monetary benefits toward employee loyalty. An extended study also might include a larger representation of employees from different hotel to establish improved implication on the hotel settings.

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