



EMPLOYEE'S LOYALTY FACTORS: THE CASE STUDY OF A JAPANESE – THAI MULTINATION COMPANY*

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Abstract

The purposes of this study were as follows; 1) to examine the factors that make employee's loyalty in organization, 2) to investigate the relationship between personal characteristics and employee's loyalty factors, and 3) to find that what is the other factors that employee expectation from their organization and motivate them to more loyalty. The population used in this research consisted of 31 current employees of a Japanese-Thai Multination Company. Mixed Methodology Research (Quantitative research and Qualitative research) were used to analyzed the data. A questionnaire was the instrument in this study, comprising closed-ended question, Likert matrix questions and in-depth Interview. The Statistical Package for Social Sciences program was used to analyze the data. The data received were analyzed by descriptive statistics [these were frequency, percentage, mean, and standard deviation], and inferential statistics [T-Test, and F-Test (One-way ANOVA)]. If the difference with pair-wise comparisons at 0.05 was found, the Least Significant Difference was used to determine the difference. The result of this research reveals that all factors affected their loyalty to the organization with agree level of overall engagement. The most factor that has mean of overall agreement with the employment benefits aspect having an effect on their loyalty to the organization was $\bar{x} = 4.39$ which were "agree level." The relationship between personal characteristics and employee's loyalty factors, employees with different personal characteristics don't have different opinions on factor that influent organization loyalty and status at 0.05 of statistical significance. The other factors that employee expectation from their organization and motivate them to more loyalty are family welfare, a chance for career growth and salary increase.

Keywords: Employee Loyalty, Employee Retention, Employee Loyalty Management, Japanese-Thai Multination Company.

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Introduction

In the business world, there is a high competition and a rapid changing environment in the modern time. The organization will succeed depends on managing and using the resource efficiently. The most important resource is Human resource. Employees are assets to every organization and they are the main factor of any organizational progress, Uzma (2015). that has an effect to run the business to stay ahead and survive in business world because employees are the most valuable recourses in organization.

The company has to retain human resource. If the company lose the valuable human resource, it seems that lose a valuable resource too. Employee loyalty is important that make the willingness of the employee exert high levels of effort on behalf of the organization, a strong desire to stay with the company. According to Mwangi and Omondi (2016) opined that staff retention is one of the key challenges facing many organizations around the world.

Employee loyalty higher incline to encourage the employee work efficiently and effectiveness. They can help company to make a profit and reach goal. Employees who are loyal to the organization are tended to do their work at the company better and fewer mistakes than people who are not loyal to their organization Peter Shankman (2014). In the other hand employee loyalty lowers work for compensation only and always want to find new company. In addition if employee resign from organization. It makes the company has cost to recruit a new employee that use time and much money.

In general, employee loyalty may be best delineated in terms of a process, where certain attitudes give rise to certain behaviors (intended or actual). There have been major changes within the business world and the workforce in the last couple of decades. In the past, once hired an employee believed it had been a life time job and managers expected their unstinting loyalty to the company. Similarly, workers used to be devoted to their employer. This image of employment loyalty has gradually changed with the advent of “globalization” when employees began to face restructuring, company relocation, and downsizing. Employers ‘broke the rules’, mutual obligations are reconsidered, life time employment and devotion is no longer expected, job-hopping is considered to be a normal phenomenon, and people are constantly striving for higher salaries or higher working condition.

Loyalty and trust become harder to get and give within the work place. Loyalty seems like a quality that's becoming increasingly difficult to find, whether it's employee loyalty to a company. In the past, employees believed that when they were employed by a company that they would be with that company until they retired but nowadays companies sought to increase profits, workers' perceptions of lifetime employment were ruined by corporate downsizing, company relocation to other states or countries and stable wages.



There are a lot of factor that make the employee loyalty toward the organization such as job satisfaction, nature of work, career path, work environment, Employment benefits etc. There for the company have to find what is the factor that results in company loyalty.

A Japanese-Thai Multination Company provide remodeling and relocation, office interior finish work, and sales of office furniture. The company offers consulting services. The company was founded in 2004 and is based in Bangkok, Thailand.

The company is aware that its workforce is considered the most important resources and loyal employees are the greatest asset to drive the company's success and running business stay ahead in highly competitive business. The company focuses on developing ability and knowledge of employees like field of work training, improves employee's knowledge by the employees select curriculum by themselves. Along with permit the moral of employees such as (and the company has the welfare for the employees for promote morale to employees) salary raise, annually bonus, travel aboard, annually party, uniform suit, provident fund, etc. The company also provides new activities to respond employee's satisfaction such as fitness entrance fee, teeth expense. However, from the data of personnel department has reported find out that there are a rate of turnover in each year, in 2016 average 5 persons per year, 17.85 percent, in 2017 average 8 persons per year, 29.35 percent, in 2018 average 2 persons per year, 6.67 percent and in 2019 average 3 persons per year, 9.38 percent (Information from Human Resources department, A Japanese – Thai Multination Company, received October 30, 2019). So it effected to lack of employees to develop the organization, and effected to the image of company. The resignation of employees comes from many factors but the important factor of the employee resignation is lack of loyalty and lack of organizational commitment.

Nowadays all employees always focus on benefit, especially the young generation. Thus the researcher would like to study what factors that are able to make loyalty in the company.

In the present company strive to achieve the loyalty of their employees more than in the past, especially among high-tech organizations, banks, health institutions and other organizations in which the participation and the status of its employees do not depend on the number of years spent by the employees in a specific organization, but on its qualification and experience in taking the decisions that affect the future of the organization (Aityan & Gupta, 2012).



Objectives of Research

This study aims to answer the following questions:

1. To examine the factors that make employee's loyalty in organization.
2. To investigate the relationship between personal characteristics and employee's loyalty factors.
3. To find that what is the other factors that employee expectation from their organization and motivate them to more loyalty.

Research Methodology

The research focuses on finding employee's loyalty factors in employee loyalty: The case study of A Japanese - Thai Multination Company.

1. Research design

Mixed Methods Research (Quantitative research and Qualitative research) was used to analyze the data because it uses both quantitative and qualitative approaches in the research process to explore research findings that are extensive, deep and clear for the benefit of understanding the phenomena under the study.

2. Population and sample group

2.1 Population

Total of population are 31 employees that work in Japanese-Thai Multination Company.

2.2 Sample Group

The purposive or selective sampling technique is chosen to examine the entire population because it can be used with both qualitative and quantitative research methods and the sample being investigated in this study is small. The population is all employees of the company.

Purposive Sampling Group was selected in this research that all of employees total 31 persons who work in A Japanese - Thai Multination Company.

3. Research tools

The tools used for research are as follows:

3.1. Questionnaires

The questionnaires were divided into two parts as follow:

The first part consisted of closed-ended questions which were used to collect personal characteristic information of the respondents concerning, gender, marital status, age, educational background, income, position level and length of employment.

The second part of questionnaire asked the respondents their opinions for factors affecting loyalty to the organization using Likert Scaling. The questions were reviewed



and checked by three experts and the methodology of valuation used was the IOC (Index of consistence).

3.2. In-depth interview were used to collect data from CEO, manager and employees. In-depth interview contained four items were checked by adviser.

4. Data Collection

The data were collected by distributing the questionnaire to the participants within one month (1-28 February 2020). One week later, the questionnaires were returned randomly. The data analysis process took about one month. Two weeks were spent to complete the report for this study.

4.1 Questionnaires were sent to all employees in A Japanese-Thai Multination Company.

4.2 The interview was used to collect the data for 5 employee form CEO, manager and employees.

5. Data Analysis

5.1 Quantitative survey questions were used to analyze and the statistics used for analyzing data include frequencies, percentages, means, standard deviations, independent sample T-Test, F-Test, One-way ANOVA and LSD if the difference with pair-wise comparisons at 0.05 was found.

5.2 The qualitative method was used for in-depth interview which are analyzed and the statistics used for analyzing data were based on frequencies.

Research Results

The researcher presented the findings accordingly to the research objectives proposed as follows:

The results of this research can be summarized as follows:

Part I: Presents the respondents personal characteristic information.

Demographic information regarding staff members at A Japanese-Thai Multination Company showed that 67.7% of the respondents were female and 29.0% of the respondents were aged 36-40 years. 74.2% of the respondents held a Bachelor's degree. 38.7% of the respondent get the income were 50,001 bath or more. 67.7 % had worked with the company over 6 years. 51.6 % of the respondent were manager position and status of the respondent were married 80.6 %.

Part II: Demonstrates mean of level of agreement of the respondents towards the factors that affect them to have loyalty to the organization.

All respondents agreed that with the nature of work, Career path, Work environment, Employment benefits, Relationship with supervisors, Relationship with colleagues and



Corporate culture affected their loyalty to the organization with agree level of overall engagement ($\bar{x} = 4.31$, S.D. = 0.72). The most factor that has mean of overall agreement with the Employment benefits aspect having an effect on their loyalty to the organization was 4.39 which were “agree level.”

Part III: Presents the results of the hypothesis testing.

Null Hypothesis (H_0): There is no relationship between opinions on factors that influent organization loyalty if employees have different personal characteristic factors: Position level, Education background, Age, Gender, Length of Employment, Income, and Status.

Alternative Hypothesis (H_1): There is a relationship between opinions on factors that influent organization loyalty if employees have different personal characteristic factors: Position level, Education background, Age, Gender, Length of Employment, Income, and Status.

The results of Hypothesis accept H_0 . There is no relationship between opinions on factors that influent organization loyalty if employees have different personal characteristic factors: Position level, Education background, Age, Gender, Length of Employment, Income, and Status at 0.05 of statistical significance.

The results shows that employees with different personal characteristics don’t have a difference opinion on factor that influent organization loyalty.

Part IV Present the suggestions gained from the respondents that they expectation from their company that motivate them to more loyalty.

The other factors that employee expectation from their organization and motivate them to more loyalty is family welfare, a chance for career growth and salary increase.

Table 1 Display the results and the agreement of respondents’ effect to Employee’s loyalty factors.

The following factors affect you to have loyalty to the organization:	\bar{x}	S.D.	Opinion Level
1. Nature of Work	4.37	0.62	Agree
2. Career path	4.20	0.96	Agree
3. Work environment	4.36	0.68	Agree
4. Employment benefits	4.39	0.71	Agree
5. Relationship with supervisor	4.35	0.70	Agree
6. Relationship with colleagues	4.37	0.64	Agree
7. Corporate culture	4.10	0.74	Agree
Total	4.31	0.72	Agree



Research Discussion

The findings may be discussed based on seven aspects in accordance with the objectives of the study and the researcher's observations are described as follows.

1. Nature of Work

It was found that the respondents agreed that the nature of work to encourage them to stay longer with the company included a preference to work on important, challenging jobs, feeling motivated and happy with working and a variety of jobs. They agreed to appropriate levels of work based on knowledge and ability. This concurs with what Supapak Kamnerdkarn (2010) stated in her research that the respondents agreed that the nature of work to encourage them to stay longer with the company included a preference to work on important and challenging jobs and a variety of jobs.

2. Career path

The result of an agreement, based on overall career path is one of the factors that has affected many employee's decisions to retain their loyalty towards this organization. The result of an agreement, based on overall career path is one of the factors that has affected many employee's decisions to retain their loyalty towards this organization. This concurs with what Sekyi et al. (2016) found that career development was the one factor affecting employee loyalty. Management should be concerned with officers' career path to kept the employee's loyalty.

3. Work environment

The respondents agreed those working environments. This is similar as Supapak Kamnerdkarn (2010) stated in her research that working conditions is an area concerned with protecting the safety in workplace such as work area cleanliness, room temperature, light, noise, are factors affecting their loyalty to the organization.

4. Employment benefits

The respondents agreed that satisfaction with compensation, getting wage/salary appropriate with the responsibility affect them in working with the company longer in order to promote organizational loyalty. This is similar as Supapak Kamnerdkarn (2010) stated in her research that the respondents unanimously agreed that satisfaction with compensation, salary and bonus, health insurance as well as an appropriate amount of annual holidays affect them in working with the company longer.

5. Relationship with supervisors

It was found that the respondents agreed that the relationship with their supervisor promotes a feeling of loyalty to the organization. This is similar as Supapak Kamnerdkarn (2010) stated in her research that it was found that the respondents agreed that the relationship with their supervisor promotes a feeling of loyalty to the organization. The respondents felt that if



their supervisors listen to their opinion, help them to solve work problems, and treated all subordinates equally then those actions helped to create a feeling of loyalty.

6. Relationship with colleagues

The result was found that the respondents agreed that the relationship with colleagues promotes a feeling of loyalty to the organization. This is similar as Supapak Kamnerdkarn (2010) stated in her research that it was found that the respondents agreed that the relationship with their colleagues promotes a feeling of loyalty to the organization. The respondents also thought that having a good relationship and the opportunity to communicate in the organization will build their connection.

7. Corporate culture

The respondents agreed that corporate culture promotes a feeling of loyalty to the organization such as build and supports a good relationship among staff members, instill that employees to help and support one another, builds the member feel like home and same family, culture instill treating the member to have a with respecting and honour one another and feeling satisfied with corporate culture in the workplace. This concurs with what Aljayi, Fjer, Guennioui, and Tamek (2016) stated that the working environment culture is the factor that are affecting employee engagement and he argued that employees who have less commitment toward their organization would result in disloyalty.

Research Body of Knowledge

The Research Body of Knowledge is Employee retention or making employees loyal to the organization must rely on many factors including nature of work factor, career path factor, work environment, employment benefits factor relationship with supervisors' factor, relationship with colleagues and corporate culture factor. In addition, there are other factors that employees need, which is shown in the Figure 1 as follow.



Figure 1 Research Body of Knowledge

Research Suggestion

1. Suggestions in practice.

1.1 The population of this study was strictly limited to only the employees of A Japanese-Thai Multination Company thus, the results of this study may not be applicable to other organizations, or those of different businesses.

1.2 The administrators should allow employees to express their opinions on the job, or during the company's activities, allowing them the opportunity to decide their future development, and possible career path. For the officer whose satisfaction level is lower than most they should be treated with respect, and shown that they can develop themselves, by improving their job performance. Then, a way should be found to promote them to a higher position, if available.

2. Suggestions for research.

2.1 The researcher may consider expanding the amount of the population, as well as the research area, in order to attain broader results.

2.2 From these research findings, this data can be used to improve the personnel administration of the organization, especially enhance a greater atmosphere of loyalty within the organization and support employees to stay with the organization for a longer period. The organization should collect data, concern the needs of each individual employee. In order to better promote or encourage their needs, the organization should plan accordingly for their employee's welfare with better compensation benefits.



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