

Measuring the Influence of Dispositional Characteristics and Motivational Factors on Employee Loyalty among Teachers at Private Islamic Schools in Kelantan, Malaysia

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Abstract

Employee retention that mirrors employee loyalty is an important measure of an organization's job environment and the quality of its management. Loyal employees represent a cost savings over recruiting and training new workers, and loyal employees can be incredible assets to a growing company. The objective of the study is to determine the influence of dispositional characteristics and motivational factors on employee loyalty among 100 teachers employed in selected private Islamic schools in Kelantan. The sample was determined using systematic random sample and data was gathered using a self administered research questionnaires. Descriptive analysis was utilized to describe the respondents and the Pearson Product Moment Correlation was used to assess the influence of the independent variables on its dependent. The result indicates the positive significant relationships between variables and supports the hypotheses. This study suggests that dispositional characteristics along with the motivational factors employed in this study influencing employee loyalty to the organization, and therefore the factors could be utilized by managers as dimensions to be focused to, in order to promote organizational citizenship among employees.

Keywords: Dispositional Characteristics, Motivational Factors, Employee Loyalty.

1. Introduction

Human resource professionals admit that employee retention is a key factor in an organization's success. Economic growth on a global scale and the creation of thousands of jobs has generated a need for marketing and administration strategies in talent recruitment and retention (Hutchings, De Cieri, & Shea, 2011). Loyal employees represent a cost savings over recruiting and training new hires, and they can be incredible assets to a growing company. Furthermore, there is a direct relationship between customer loyalty and a company's growth and profitability. It is difficult to have loyal customers without loyal employees as the customers believe that loyal employees must be groomed and managed by a good management team (Hutchings et al., 2011).

In Malaysia it is a common phenomenon that employees shift from one organization to another within a period of five years. Employees would tend to leave their companies to slightly better pay due to low emotional attachment with their organization. According to Nijhof, de Jong and Beukhof (1998), the achievement of an organization does not only rely on how the organization utilizes its human capitals and competencies but also on how it incites commitment to the organization. Hence, the biggest challenge for Malaysian organizations is to promote a sense of commitment and belonging among their employees.

2. Phenomenon of the Study

The success of any company is directly linked to the satisfaction of the employees who embody that company. This means that enhancing people are a critical agenda to the success of any organization; and that no matter how temporarily challenged the economy may be, ultimately, a company's most talented performer always have other employment options (Freeman, 2005). Most managers do not realize how expensive losing workers can be. Anything less than a loyal, productive worker will cost a company; which is why performance goal setting and review are critically important for weeding out the 'bad' ones; or for providing additional training and support to those who can be developed or rehabilitated (Shaw, Gupta & Delery, 2005). But there is more than just the replacement expense when a competent employee leaves. Replacement can cost a company anywhere from 35% to 50% of an hourly worker's salary. For a technical or professional worker, the cost can go as high as 125% of that worker's salary (Shaw et al., 2005).

At another flip of a coin, employee loyalty is crucial to the organization because it mirrors the overall organizational performance. Failure in managing employee loyalty can cause employee turnover. Employee turnover has been a major focus in human resource area as it causes losses to the organization in terms of institutional memory (Noraani, 2010; Shaw et al., 2005) and affects the quality of products and services (Johnson, 1981). Harvard leadership professional, Kotter (1990) professed that "good management is about evoking loyalty and commitment. Coping with change in any complex business requires employees who have a sense of belonging and recognition, and a sense that they belong to an organization that cares about them. Nothing less will work."

According to Vacancies and Placements Statistics (2006-2010), Ministry of Human Resource Malaysia, there were 368,094 active registrants in 2010. Placements Statistics reported to the Labour Department by Industry for 2010 were 9,422 employees. Retrenchment Statistics reported to the Labour Department by Occupational Categories for the year 2010 were 7,085 employees. These statistics indicate that there are a lot of sources of employees in the Malaysia marketplace. But according to the statistics, percentage of placements and retrenchment were almost equal.

The former Prime Minister, Mahathir Mohamad (1992) stressed the importance of workers' loyalty to ensure economic growth. He even wrote an article, "Loyalty is Key to Business Success" (1992), which was published by all the national dailies. He warned that loyalty to the company was then not a virtue. Most workers laid their loyalty to those offering higher pay and perks. It is not durable. The next company to offer better rewards will kill whatever

loyalty they may have from their previous employers (Mahathir Mohamad, 1992). Malaysia is one of the booming economies where the official unemployment rate is 2.8 percent effective full employment (NST, Oct 28, 1995). Many companies run at below capacity because they cannot get (or retain) skilled workers. This is true for both operational workers and management. Most Malaysians can walk out of their job and into another on the same day. This scenario has jolted the country's leadership, (NST, Oct 28, 1995).

As previously proposed by many researchers, this study is concerned about two of the factors, that have an impact on employee's loyalty. Taking a closer look, this study focuses on dispositional characteristics and motivational factors as antecedents and how these factors play its important function in influencing employees' tenure in their organization. This study is conducted to measure the relationships between personality trait of self efficacy and internal locus of control represented the first perspective and internal and external motivation as another perspective; on loyalty amongst teachers who work at the selected private Islamic schools in Kelantan, Malaysia.

3. Past Evidences

Loyalty is defined as the willingness to make an investment or personal sacrifice to strengthen a relationship (Reichheld, Frederick, F. 1998). Employees serve as the brain and body of the organization on a daily basis. Whether they interact with clients by telephone or e-mail, or meet customers face-to-face every day, loyal employees are needed in order to have and retain loyal clients. If an employee feels upset with the organization, that fact will come across to customers; if he is loyal, that will come across too. Employees who are loyal and enthusiastic will encourage the customers to also feel emotionally attached and enthusiastically towards the organization (Reichheld, Frederick, F. 1998). This sub-chapter details the two elements of a personal characteristic: self efficacy and internal locus of control and two dimensions of motivation: internal and external and its influence on employee loyalty.

3.1 Dispositional Characteristics

3.1.1 The Influence Self-Efficacy Trait on Employee Loyalty

In general all people can identify goals they want to accomplish, things they would like to change, and aims they wish to achieve. However, most people also realize that putting these plans into action is a simple job. Bandura (1994) emphasized that an individual's self-efficacy plays a major role in how goals, tasks, and challenges are obtained. General self-efficacy is conceptualized as a stable cognition that people hold and carry with them, reflecting the expectation that they posted and the ability to successfully perform tasks in a variety of achievement situation (Riggs 1994, cited in Noraani, 2010) greater benefit of their work for their family. Self-efficacy mirrored an individual's beliefs about his or her ability to successfully perform a given behaviour or task (Bandura, 1977, Hackett & Betz, 1981, Noraani, 2010) and likely leads to gain for the worker which can contribute to family functioning.

Research has shown that individuals gradually accumulate their self-efficacy through prior cognitive, social, and physical accomplishments as well as through formal learning (Bandura, 1986). Self-efficacy thus grows with hard won achievements as opposed to personality and traits, which are relatively stable characteristics. Self-efficacy is a personal construct of Bandura's (1982) Social Cognitive Theory. The theory explains how behaviour, cognitive and personal factors including self-efficacy, and environmental events interact and influence each other in a dynamic fashion. It is evident in the literature that the individual self-efficacy of performing a task is positively related to individual performance. Gist and Mitchell (1992) proposed a model to explain self-efficacy-performance relationship. The model provides a simplified display of the process of self-efficacy form and its relation to performance. Overall, this model implies that people directly and indirectly evaluate their experience and arrive at judgments about the extent of their abilities to perform a specific task. Individual

performance is also found to be related to satisfaction and loyalty. Therefore this study proposes:

Hypothesis 1: There is a positive significant relationship between self-efficacy and employee loyalty.

3.1.2 The Influence of Internal Locus of Control on Employee Loyalty

Internal locus of control is a personality construct and has been accepted as an important organizational variable since the general locus of control was first conceptualized in Rotter's Social Learning Theory (Rotter, 1966). As defined by Spector (1988, p.335), work locus of control is an expectancy that rewards, reinforcements or outcomes related to work life are controlled either by one's own actions (internality) or by other forces (externality).

People with a high internal locus of control (internals) believe that the promotions or penalties they obtain at work are due to their own actions and performance. On the other hand, people with a high external locus of control (externals) believe that those events at work are beyond their control and are the result of fate, chance, luck or decisions made by other parties (Noraani, 2010). Besides being related to a lot of organizational variables, work locus of control was especially found to be associated with organizational commitment. It is proven that internals tended to be effectively committed to their employing organization whereas externals are more possible to be in continuance commitment (Coleman et al., 1999, p.995).

Theoretically, relative to people low on internal locus of control, people high on this trait should exert more effort and persist toward acquiring valued outcomes because they feel they are able to control outcomes. Greater effort and perseverance generally lead to higher performance (Bandura, 1993; Locke and Latham, 1990; Baron and Markman, 2003). Empirically, previous studies have found locus of control to be associated with (1) academic achievement (Findley & Cooper, 1983); (2) coping with organizational change (e.g. Judge et al., 1999; and (3) job motivation, job performance, and career success (for a quantitative review see Judge and Bono, 2001; for a narrative review see Spector, 1982). Given that previous studies have established associations between locus of control and performance-related outcomes, it would be reasonable to expect a similar link between this trait (as exhibited by entrepreneurs) and the performance of entrepreneur-led firms. Therefore this study proposes:

Hypothesis 2: There is a positive significant relationship between internal locus of control and employee loyalty.

3.2 The Influence of Motivational Factors on Employee Loyalty

It is important for the organizations to meet and introduce new motivational needs of employees since the change have been observed on the workplace realities in today's organizations (Roberts, 2003). A motivated person has the awareness of specific goals; must be achieved in specific ways; therefore he/she directs its effort to achieve such goals (Nel et al., 2001). There are two main types of motivation; internal and external. Internal motivation is the driving force that comes from within your own self. When employees are internally motivated, they can produce a good quality of jobs and results in higher productivity. Another type; an external motivation is a motivation that comes from outside oneself. Doing the job because it will impress someone, or because it will award a prize for it, or because be punished if the job unfinished, that's motivation comes from outside your internal value system. It's important to recognize what's driving workers along, and to build a sense of pride in the worker's work. It's culturally accepted to make other people proud of, but it's also important that workers impress themselves from time to time.

Motivation starts with the individual. Listening to employees' individual needs and concerns are the primary steps in preventing them from straying. Suggestion boxes and regular reviews are a great start, but casual conversations tend to reveal more than formal forums. By using an

incentive program to initiate employee accountability, every employee likes to know how the hard work reflects on the company. Setting up incentive programs that tie the individual's achievement to the company's success fosters pride and self-worth. Doing this rewards the employee ownership in his actions and will also provide a yardstick to measure productivity.

Understanding what motivated people and how they were motivated was the focus of many researchers following the publication of the Hawthorne Study in 1937, results (Terpstra, 1979). Five major approaches that have led to our understanding of motivation are Maslow's Need-Hierarchy Theory (1943), Herzberg's Two-Factor Theory (1959), Vroom's Expectancy Theory (1964), Adams' Equity Theory (1963), and Skinner's Reinforcement Theory (1909-1990). According to Maslow, employees have five levels of needs (Maslow, 1943): physiological, safety, social, self-esteem, and self-actualizing. Maslow argued that lower level needs had to be satisfied before the next higher level needs; would motivate employees. Herzberg's work categorized motivation into two factors: motivators (satisfier) and hygiene (dissatisfies) by Herzberg, Mausner, and Snyderman, (1959). Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction that paves the way direct to employee loyalty. Hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction. Vroom's theory is based on the belief that employee effort will lead to performance and performance will lead to rewards and employee loyalty (Vroom, 1964). Therefore this study posited that:

Hypothesis 3: There is a positive significant relationship between motivational factors and employee loyalty

4. Research Methodology

4.1 Research Design and Procedures

This correlation research is conducted to determine relationships between dispositional characteristics and motivational factors with employee loyalty. Data for this study was collected using a self-administered questionnaire from 100 respondents representing eight Islamic schools in Kota Bharu and Kubang Kerian, Kelantan. The respondents were randomly selected by means of systematic random selection, whereby 98% of the respondents are Malay and the remaining are Arabs.

4.2 Measurement

4.2.1 Employee Self-Efficacy

Employee self-efficacy was assessed using 10 items of the Work-Family Conflict Self-Efficacy Scale (Cinamon, 2003). The original measure was developed in Hebrew and later translated into English. The sample item from the self-efficacy is: "I always influenced the decisions that are made in the school." The scale tested Cinamon (2003) and resulted in reliability coefficients of 0.84. The reliability coefficient for the current sample was 0.891.

4.2.2 Internal Locus of Control

Internal Locus of Control was assessed by using Spheres of Control by Paulhaus (1983). The scale consists 10 items representing two dimensions: self control (e.g., I can pretty determine what will happen in my life) and self confidence (e.g., When I get what I want, it's usually because I worked hard for it.) The reliability score for this scale in previous sample was 0.80. But for the current research the reliability coefficient was 0.861.

4.2.3 Motivation

Motivation was assessed by using standardized "objective" assessment procedures by Tangenberg (2005). Motivation consists of two dimensions: motivation from external (e.g.

My family motivates me a lot towards my career) and internal (e.g., I am creative and always eager to try new things or I have clear in my life goals.) The reliability coefficient was 0.892.

4.2.4 Employee Loyalty

Employee Loyalty was measured by using 6 item questionnaire developed by Weiss, Darwis, England, and Lofquist, (1967). (e.g. I plan to stay with this organization for a long time to advance my career). For the current study the reliability was 0.84. For all the above measurements, the respondents indicated their degree of agreement/disagreement on a 10-point Likert scale running from 1 (Extremely disagree) to 10 (Extremely agree).

5. Findings and Discussion

5.1 Demographic Profile

With the results of descriptive analysis the respondents' age are ranging from 20 to 45 years old and most of them (72%) are below 30 years of age. The highest level of education attained by respondents ranged from Sijil Pelajaran Malaysia (SPM) to Bachelor Degree. Slightly more than a half respondents (57%) completed their education with a Bachelor Degree, 15% with Diploma, 8 % with Sijil Tinggi Agama Malaysia (STAM), 14% with Sijil Tinggi Pelajaran Malaysia (STPM), and 6% with Sijil Pelajaran Malaysia (SPM). From the study, most respondents (61.0%) were serving the schools between one to three years and slightly above the quarter (28%) of them were working more than five years. From the analysis majority of respondents (36%) had previously worked with two employers, 24% with a single employer, 20% with three employers, 14% with four employers, and 6% with five employers. Most of the respondents (88%) are teachers, 6% are senior teachers, and 6% of them are headmasters. From the study, most respondents (67%) worked about eight hours per day and the rest (33%) worked more than eight hours per day. The income received by respondents ranging from RM650 to RM700 were 37%, RM701 to RM750 (21%), RM751 to RM800 (2%), RM801 to RM850 (4%), RM851 to RM900 (3%), RM951 to RM1000 (15%), RM1001 to RM1050 (6%), and RM1051 to RM2000 (12%). From the analysis 45% of the respondents were married and 65% have working spouses.

5.2 The Influence of Self-Efficacy on Employee Loyalty

The result of the data analysis shows that as the level of self-efficacy of teachers increased, their level loyalty ($r = 0.537$, $p = 0.001$) increased. This finding confirms the relationship and supports the hypothesis that teachers who possessed high self-efficacy also experienced a high level of loyalty. In a research by Judge & Bono (2001), individuals higher in self-efficacy looked for more opportunities and experienced more success, they likely acquire new skills and perspectives, positive mood, confidence and even economic assets for use in the family and life (Judge & Bono, 2001). Support for this proposition was also found by Noraani, (2010) and Erdwins, Buffardi, Casper & O'Brien, (2001), whose researches demonstrated that high levels of task-specific self-efficacy pertaining to job skills predicted lower levels of conflict between work and family and high organizational commitment and loyalty. Therefore supports the hypothesis.

5.3 The Influence of Internal Locus of Control on Employee Loyalty

Result from analysis indicates that as the level of internal locus of control of teachers increased, their level loyalty ($r = 0.458$, $p = 0.001$) increased. This finding answers the objective and supports the hypothesis that teachers who possessed high internal locus of control also experienced high loyalty towards their organization. This finding was aligned with a research by Lewis and Borders, (1995); Spector, (1986) concluded that an internal locus of control was related to higher job and family satisfaction that led to more loyalty to the organization (e.g., Lewis & Borders, 1995; Spector, 1986). The finding also similar with finding from Brookings, Bolton, Brown & McEvoy (1985) that concluded individuals with an internal locus of control were more likely to believe that they had control over events in their

lives while internals perceived fewer stressors and therefore experienced less strain and had high loyalty towards their organization (Noraani, 2010; Siu, Lu, & Cooper 1999). Therefore supports the hypothesis.

5.4 The Influence of Motivation on Employee Loyalty

From the study, as the level of employee motivation of teachers increased, their level of loyalty ($r = 0.578$, $p = 0.001$) increased. This finding supports the hypothesis that teachers who experience high motivation will have high loyalty to their organization. The finding is paralleled with a research by Frone, Yardley, & Markel (1997) that found motivation served as an asset that enhanced performance and well-being in the family (Frone et al., 1997). The study also supports finding from Baker, Israel, & Schurman (1996) that concluded motivation support from coworkers could decrease one's negative feelings about the job and associated with high loyalty with their organization (Baker et al., 1996). Therefore, the hypothesis is supported.

6. Conclusion

The findings suggest the importance of self efficacy and internal locus of control and motivational factors to enhance employee loyalty towards their organization. Higher level of understanding of the dispositional characteristics and motivation can increase the level of organizational citizenship amongst employee. Therefore organizations are called to emphasize on these dispositional traits as well as motivational factors as dimensions to be emphasized to in order to promote loyalty amongst their employees.

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