

**A STUDY OF FACTORS THAT AFFECT EMPLOYEE LOYALTY
AND SATISFACTION IN THE ORGANIZATION
(CASE STUDY OF LAND AND HOUSES CO., LTD)**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
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ABSTRACT

Due to a dynamic business environment, many companies focus on retaining their employees for their benefits and competitive advantages. They try to avoid high turnover and low satisfaction which affect in negative way to their organization. This study focus on employee loyalty and satisfaction in the case study of organization. The purpose are identify the factors which affect employee loyalty and analyze the employee satisfaction toward their company's benefits and their job.

In order to study employee loyalty and satisfaction, the theoretical framework is developed based on literature review which explained the definition and the relationship between each term. In-depth interview with open-end questions was selected for research methodology by the reason of deeply explore the respondent's feeling and perspective on a subject. 10 respondents are in the same department but different position.

The finding shows that "working condition, compensation, and learning environment" were considered as the most important factors to employee loyalty. Most employees are quite satisfied for overall satisfaction. They all agree that money is not the primary thing that makes them stay long in the organization. But the work and the environment are more important because it is related to their feelings.

KEY WORDS: Employee loyalty / Employee satisfaction / Job satisfaction /
Real estate organization

40 pages

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CHAPTER I

INTRODUCTION

Increasing employee job satisfaction and improving employee retention are among the most important objectives for an organization (MetLife survey, 2003). Loyalty is fast becoming an important influential factor for business success. Many organizations try to focus on maintaining their employees' satisfaction (Sims & Kroeck, 1994). Organizations with a low employee turnover rate experience better performance and a positive employee image of their company. Shellenbarger (n.d.) states "Loyalty shapes people's choices not only about where to work, but also about how long, hard and wholeheartedly to apply their mental energies - the fuel that drives the new economy" (cited in Durkin, 2005).

Loyalty is the willingness to make an investment or personal sacrifice to strengthen a relationship. Encyclopedia Britannica (1998) defines loyalty as a person's devotion or statement of attachment to a particular object, which may be another person or a group, an ideal, a duty, or a cause. It expresses itself in both thinking and action. Reichheld (2001) explains loyalty is "the willingness to make an investment or personal sacrifice to strengthen a relationship". While Robbins (2001) defined employee loyalty as "a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization" (as cited in Tunmikapong et al., 2002)

Loyal employees represent a cost savings over recruiting and training new hires, and loyal employees can be incredible assets to a growing company. Furthermore, there is a direct relationship between customer loyalty and a company's growth and profitability. You can't have loyal customers without loyal employees. Employee loyalty is evident to your customers and it's nearly impossible to generate loyal customers without strong internal loyalty (Green, 2007). Nowadays, changes in the world of business are influenced by many factors. Eric Ries said that good planning cannot guarantee the success of a business because those factors are always

changing. But appropriate adjustments are necessary for survival in the current situation (as cited in เลอชาติ and กริยา, 2014). Employee loyalty is an important factor for the company because it provides a higher level of motivation to increase productivity and effectiveness of the business. We can say that good employees are good for business and finding good employees is quite challenging. Not only is finding good employees crucial but retaining them is another important challenge (Grace, n.d.). If a company focuses on building loyal employees, it can increase both customer satisfaction and company profitability.

In conclusion, low loyalty and job satisfaction can contribute to organizational problems and associated with increased levels of turnover and absenteeism. They also cost the organization in terms of low performance and decreased productivity. It is important for the organization to be aware of the factors which affect employee loyalty.

Organization background

Land and Houses Public Company Limited is the top ranking real estate company in Thailand. The business of the company is residential housing development, concentrating particularly on single detached houses. To date almost all the developments have been in the Greater Bangkok area and in other major cities in Thailand. In 2012, The Company was honored with the Trusted Brand 2012 award in a survey by Reader's Digest magazine and is the first Thai property developer to receive such recognition. It also won the Platinum Award in a survey by Reader's Digest magazine for the seventh year in a row.

The total number of employees at Land and Houses was 819 in December 2013. Their human resource development program provides an internal training center. In addition, some employees have been sent to train outside the company to increase their potential and competencies both theoretically and operationally. The company also provides benefits on health care and recreation, as well as a provident fund and discounts for the purchases of company products.

While many companies are now facing the problem of low employee loyalty, Land and Houses doesn't share this problem. In fact, the company has many

employees who stay longer than 10 years. And many of them are even staying for more than 20 years, which is quite unusual for a private company in Thailand.

The research objectives of this study are therefore:

- 1) To identify the factors which affect employee loyalty
- 2) To analyze the employee satisfaction toward their company's benefits and their job.

The results of this study can help the management of Land and Houses public company limited to better understand employee insight in terms of loyalty. It also helps to understand influential factors which affect employee loyalty. Moreover, this research could be used as a case study for other companies which need to build employee loyalty in the organization.



CHAPTER II

LITERATURE REVIEW

2.1 Definitions of Employee loyalty and job satisfaction

Researchers that have studied employee loyalty identified loyalty in different perspectives. The definition of employee loyalty is explained in many theories. The various perceptions that indicate high employee loyalty are - a). A willingness to remain with the organization (Solomon, 1992), b) Productivity that exceeds normal expectations, i.e., goes beyond the call of duty (Mowday, Porter and Steers, 1982) and c) Altruistic behavior (Laabs, 1996). Employee loyalty is not just a tenure with the same organization but it is about wanting to continue in the organization. Nowadays, employees are not motivated solely by money, employee behavior is also linked to their attitudes. In conclusion, employee loyalty is an essential part of an organization. A company which has a high level of employee loyalty will also have higher productivity and effectiveness because employees will have more willingness and devotion to do a good job (Tunmikapong et al., 2002).

Many employees spend a large part of their life in working time (Ilies et al., 2007). If they are satisfied with their job, physical and mental health will be good. Job satisfaction is a positive attitude towards the job. These outlooks or tendencies may be related to job factors such as job security, organization policies, type of supervision, job environment, type of work, salary, chances of advancement growth, a sense of responsibility and other various fringe benefits. So, one can define job satisfaction of an employee as a developed behavior as a result of satisfaction of various needs and wants while performing their duties.

Motivation is a factor that guides individuals to act in specific ways, both positive and negative. In brief, a positive work environment that offers employees job satisfaction motivates them to keep in mind the best interests of the organization. Mullins (1996) explained motivation as a process which adopted from job satisfaction. Schermerhorn (1993) sees job satisfaction as an emotional and affective response to

various aspects and characteristics of a job. Spector (1997) views job satisfaction in terms of how people perceive and think about their jobs and the various facets of those jobs. Various theories have been proposed by researchers as to how to motivate employees in organizations in different ways. Jurkiewicz et al., (1998) explained that motivating people in an organization is the primary task of managers performing at high level. There are many factors that can motivate employee such as job security and stability, teamwork, status, opportunity to advance, autonomy, high pay etc. It is different in each organization and for each person.

There are several factors that can influence employee satisfaction and loyalty, and these factors may change over time. The Society for Human Resource Management (SHRM) has been conducting its job satisfaction survey in year 2012 which aims to identify and understand the factors important to overall employee job satisfaction and loyalty. It presents the top five aspects of “employees frequently feel that they are putting all their effort into their work” (SHRM, 2012). The result shows;

- 83% of employees were determined to accomplish their work goals and confident they can meet their goals.
- 79% of employees were satisfied with the relationship with their co-workers.
- 75% of employees were satisfied with opportunities to use their skills and abilities at work.
- 72% of employees were satisfied with how their work contributed to their organization’s business goals.
- 71% of employees were satisfied with their relationship with their immediate supervisor.

Employee loyalty and job satisfaction should not be something that the organizations measures once a year. But they need to be built into daily activities. Employee loyalty and job satisfaction should be the shared responsibility of both employees and the organization.

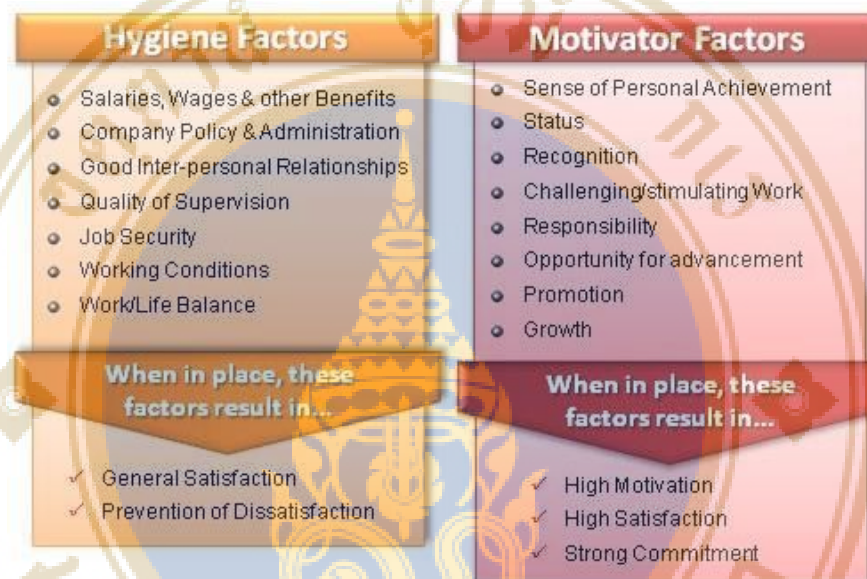
2.2 Employee satisfaction and two-factor theory

The two-factor theory, also known as motivation-hygiene theory, by Frederick Herzberg is one perspective of employee motivation that is directly related to job satisfaction. In 1959, Herzberg published his analysis of the feelings of 200 engineers and accountants from over nine companies in the United States. These professionals were asked to describe experiences in which they felt either extremely bad or exceptionally good about their jobs and to rate their feelings on these experiences. Responses about good feelings are generally related to job content (motivators), whereas responses about bad feelings are associated with job context (hygiene factor). “Motivators involve factors built into the job itself, such as achievement, recognition, responsibility and advancement which produce job satisfaction. Hygiene factors are extrinsic to the job, such as interpersonal relationships, salary, supervision and company policy which produce job dissatisfaction” (Herzberg, 1966 – as cited in Teck-Hong & Waheed, 2011).

Herzberg (1992) explains that there are two major factors supported in his theory. Motivation factors or intrinsic factors are the job factors that if delivered enhance satisfaction and motivation. However, their absence does not necessarily create dissatisfaction. The following aspects, called satisfiers, consist of work itself, responsibility, recognition, achievement, growth etc. On the other hand, Hygiene factors or extrinsic factors, called dissatisfiers, when not available, can produce dissatisfaction. They are company policy, pay, working conditions, supervision etc. Both satisfaction and dissatisfaction are believed to be crucial for the organization to administer because they ultimately impact the productivity as well as the effectiveness of either the workers or the performance of the organization. In order to increase the efficiency of employees in particular, and the organization in general, it is important to enhance the effectiveness of employees, so that they may have optimistic attitudes towards their jobs. It is a fact that general attitude of employees towards their job, organization and life do have an effect on the grade of their job satisfaction. For this reason, it is very important and useful for organizations to understand the factors that can create satisfaction because satisfied employees can contribute to improved morale which in turn will bring greater happiness and greater self-realization.

This two-factor theory shows the factors that relate to job satisfaction. Intrinsic factors such as achievement, recognition and responsibility were related with job satisfaction. On the other hand, extrinsic factors such as company policy and administration, supervision, interpersonal relationship and working conditions were related with dissatisfaction. If there are enough motivation from both factors, employees will tend to stay in the company.

Next is the figure of Herzberg's two-factor theory which shows the factors and their effects.



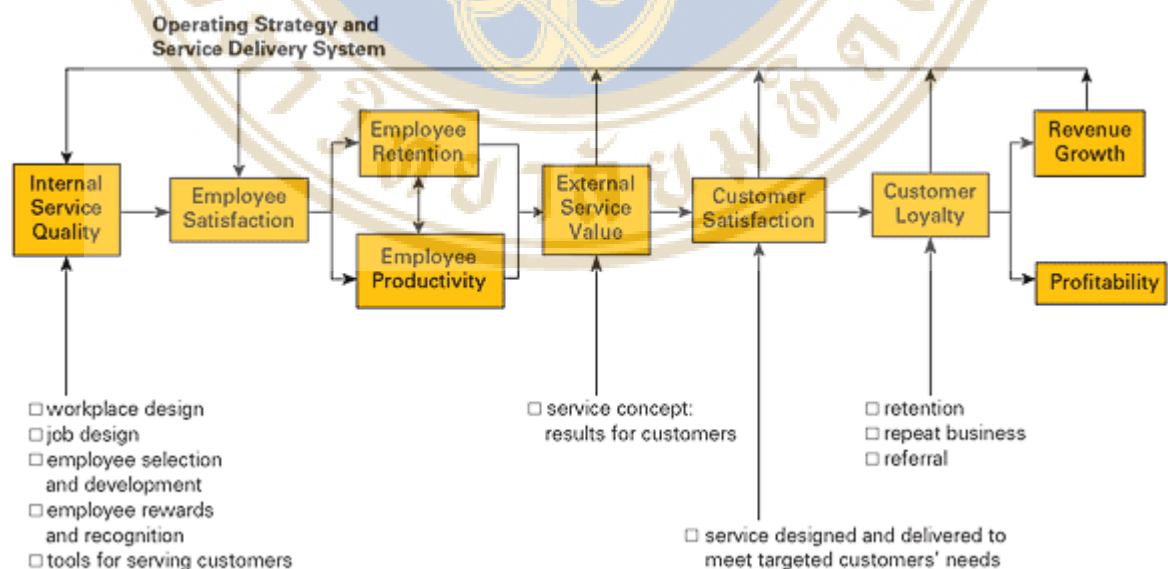
Source: Frederick Herzberg (1964) by Dudovski (2013)

2.3 Relationship between employee loyalty and employee satisfaction

Employee satisfaction is the positive feeling of employee related to their job and workplace (Hassan et al, 2013). Employee loyalty is a feeling of positive direction of employee related to the organization and its goals, and wished to maintain membership in the organization. It is a psychological bond, which binds individuals to the company (Anolsek, 1995 as cited in J. A. Antoncic & B. Antoncic, 2011). It includes the construct of commitment. Employee satisfaction refers to how an employee feels about their job as it relates to compensation and benefits, opportunity to growth, working environment and related conditions while loyalty refers to the employees' commitment and connection to their work and organization.

Many research studies conducted on employee satisfaction and employee loyalty have commonly found that relationship between employee satisfaction and employee loyalty is positive (Hassan et al., 2013). On the other hand, negative employee satisfaction is linked with turnover intention (Brown & Peterson, 1993, Martensen & Gronholdt, 2001, Lee et al., 2008 cited in Hassan et al, 2013). Study of Matzler, & Renzl (2006) found that employees who are satisfied with the organization are more loyal as compared to those who are dissatisfied. Their study also concluded that higher level of satisfaction among employee leads to higher level of loyalty and commitment of employees (cited in Hassan et al, 2013). There also found that employee satisfaction is not only positive impact on employee commitment to organization but it is also one of the most important factors that predict the employee loyalty (Harrison & Hubbard, 1998, Borycki, et al., 1998 cited in Hassan et al, 2013). The company cannot have a loyal employee without their satisfaction, but not satisfied employee will be loyal.

The service-profit chain by Heskett et al. (1994) show the strong relation between profitability, customer loyalty, employee satisfaction, loyalty and productivity. He had made research on 20 service companies which are very large in size to find out the linkage of all these factors. One part of this chain shows relationship of loyalty of employee and their satisfaction as below;



Source: The links in the Service-Profit Chain by James L. Heskett et al. (1994)

Heskett et al. stated that employee satisfaction drives loyalty. He explained the result of studies in different organizations. In property and casualty insurance company, 30 percent of all dissatisfied employees had intention to leave the company. In the case of Southwest Airlines, one of the United States ten best places to work with the highest rate of employee retention in the airline industry, turnover rates of their employees is less than 5 percent per year. USAA, insurance and other financial service providers, also report low level of employee turnover due to high employee satisfaction level. From his studies, employee satisfaction tends to affect employee loyalty. Employees who are satisfied with the company are willing to stay longer than dissatisfied employees, and loyal employees are more likely to be satisfied employees than employees that are disloyal.

In conclusion, employee satisfaction is a measurement of employee's feeling in their job and conditions. It does not measure how much effort employees are willing to spend for their organization. Employee loyalty measures an attitude that they feel committed and would like to remain in the organization. Company cannot have a loyal employee without first being a satisfied employee, but they certainly could have a satisfied employee who is not loyal.

2.4 Factors affecting employee satisfaction (and loyalty)

There are many factors which are derived from Herzberg's theory and other related literature. It specified the meaning of the factors which relate to job attitude and satisfaction of employees. From the earlier part of the literature review, it can be concluded that these factors could affect employee satisfaction. However, there are many factors that affect satisfaction and lead to loyalty. In personal factor, age and tenure year are the factors which affect loyalty. In organizational factors, pay supervision, co-workers, working condition, advancement and sense of job security are the affecting factor of loyalty. The factors are categorized into three main categories as follows.

2.4.1 Personal factors

Demographic profiles

Robbins (2001) defined “Personal factors are demographics such as age, gender, marital status, education and tenure”. These impact on employee performance, productivity, absence, turnover, citizenship and satisfaction.

Age is the factor which affect in loyalty. “Age was slightly positively correlated with loyalty because older people tend to be more committed to the organization (Rowden, 2000)”. Hung and Liu, 1999 (cited in Tunmikapong et al., 2002) also stated “Age was significantly related to loyalty, which means employee who is more senior, in term of length of employment, has more commitment than who is younger”

Marital status is one of the factor found in many research that married employees have fewer turnover than other groups. A study of Austrom and Macy (1998) shows that married employees have lower absences, less turnover and more satisfied with their job that who unmarried because they have more responsibility and need more steady job.

Job tenure is the factor which related employee loyalty. Hung and Lui, (1999) states “It was found that tenure is correlated significantly with level of employee loyalty, which means that the more experienced an employee was, the more committed he or she would be”. In addition, there is a study by D. Schultz and E.S. Schultz (1994) shows that tenure and satisfaction are positive related. “Job satisfaction appears to increase after a number of years of experience and to improve steadily there after” (cited in Tunmikapong et al., 2002)

Personality

Allport (as cited in Robbins and Judge, 2013) defined personality is “the dynamic organization within the individual of those psychophysical systems that determine his unique adjustment to his environment.” Personality is the total ways in which an individual interacts with others. It is a “unique and relatively enduring internal and external aspect of an individual” (Carson, 1989).

Personality is one of personal factors which affect to employee loyalty. Personality is individually unique. Even we can see similar things among people, but there are special properties or the combination of properties that make people

different. In conclusion, attitude, personality and other important variables are different in each individual. It means each person has personal characteristics which affect the level of job satisfaction differently.

2.4.2 Job factors

Job characteristics

Judge et al. (2000) explained that “specific job characteristics, e.g. skill variety, task significance, lead to positive psychological states such as feelings of meaningfulness and responsibility, which in turn lead to satisfaction with the job.” From the literature review about job factors, job challenge is a factor that makes employees satisfied with their work. Employees are interested and committed to challenging work and willing to stay in the organization (De Pater et al., 2010). “Job characteristics can be routine or varied, creative or stultifying, overly easy or overly difficult. The duties of position can include an opportunity to carry through an entire operation or they can be restricted to one minute aspect of it” (Herzberg et al., 1992).

In conclusion, job characteristics are one of the factors that makes employees satisfied with their job. It includes challenging and interesting of a job and opportunities to use their skills also gives an employee autonomy or freedom in their work. Job clarity in both job content and job context are important to job satisfaction.

2.4.3 Organizational factors

Organizational culture

Robbins and Judge (2013) stated that “organization culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations”. There are seven primary characters of organization culture; innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability.

A strong culture should reduce employee turnover because it has high agreement in what organization represents. It can influence on member behavior because there is a high degree of behavior control.

In conclusion, organization culture is the core value of employees. It includes values and beliefs of an organization. It will affect employee performance and satisfaction by the same perception of employees.

Company policy

“An organization's policies can be a great source of frustration for employees if the policies are unclear or unnecessary or if not everyone is required to follow them. Although employees will never feel a great sense of motivation or satisfaction due to your policies, you can decrease dissatisfaction in this area by making sure your policies are fair and apply equally to all” (Syptak, Marsland, and Ulmer, 1999, 26-30). Supervisors require leadership skills and the ability to treat all subordinates fairly.

In conclusion, company policy could be a source of satisfaction and dissatisfaction. It should be fair and appropriate to employees and they should be willing to follow the policy. This will decrease employees' dissatisfaction and build employee loyalty for the organization.

Supervision

Supervision is about “the supervisor's willingness or unwillingness to delegate responsibility or to teach” Herzberg (1992). Syptak, Marsland, and Ulmer, (1999) mentioned about how to decrease dissatisfaction in this area, “You must begin by making wise decisions when you appoint someone to the role of supervisor. Be aware that good employees do not always make good supervisors.” “You should teach your supervisors to use positive feedback and should establish a set means of employee evaluation and feedback so that no one feels singled out.”

Compensation

Employee compensation is a key of the employment relationship. It is a critical importance to both employees and employers. “Employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing business and thus, their ability to sell at a competitive price in the product market.” Compensation is one of the influence factors to attract and retain employees (Gerhart et al., 1994). The organization should provide salary and compensation that can compete in the market. An offering which is below market only

attracts the worst of prospective employees (Deal, 2001). Employees are more satisfied with fair rewards. It can include a variety of benefits and perks other than money (Bavendam, 2000).

Compensation is one of the influence factors which affects employee loyalty. The company can retain talented employees if they offer competitive compensations. If employees perceive unfair compensation, they will have strong dissatisfaction with the organization.

Working conditions

Working conditions are the “physical conditions of work, the amount of work or the facilities available for doing the work” (Herzberg et al., 1992). It includes everything even a chair, desk, ventilation or space. The environment in which people work has a tremendous effect on their level of pride for themselves and for the work they are doing (Syptak, Marsland, and Ulmer, 1999).

In conclusion, working environment is a context factor which is related to job satisfaction. Employees can feel the carefulness of organization if they provide a good working environment. At the same time, employees will have high value and motivation when they work in a good environment.

Job security

Herzberg (1992) said that job security is not a feeling of security but it is considered as tenure and company stability. Bavendam (2000) stated “employees with job security are also more willing to be more innovative and take risk for the organization. Whereas, a lack of job security decreases satisfaction, commitment and involvement.”

In conclusion, another meaning of job security is job stability. Employees will have more satisfaction in a stable and secure job and they can contribute their work consequently. This will lead to job satisfaction.

Recognition.

Recognition is considered as the most powerful workplace influence motivator compared with other motivators (Deal, 2000). Herzberg et al. (1992) described recognition as words from another person. The source could be anyone that employee interacts or works with. Some act of notice, praise or blame are called negative recognition. “Individuals at all levels of the organization want to be

recognized for their achievements on the job. Their successes don't have to be monumental before they deserve recognition, but your praise should be sincere (Syptak, Marsland, and Ulmer, 1999).

In conclusion, recognition shows the communication between organization and employees. It is the method of acknowledgement in employee achievement in both of financial and non-financial rewards. And it leads to increased employee satisfaction.

Empowerment

Syptak, Marsland, and Ulmer (1999) mentioned “Employees will be more motivated to do their jobs well if they have ownership of their work. This requires giving employees enough freedom and power to carry out their tasks so that they feel they “own” the result. Be careful, however, that you do not simply add more work. Instead, find ways to add challenging and meaningful work, perhaps giving the employee greater freedom and authority as well.” “Employees should have enough authority to do their jobs easily and efficiently. This not only makes the organization efficient, it is one way the organization says I trust you.” (Bavendam, 2000). In addition, Herzberg (1992) stated “employees will be more motivated to do their job well if they have ownership of their work. This requires giving employees enough freedom and power to carry out their tasks so that they feel they own their result.”

In conclusion, empowerment is strongly related to job satisfaction and commitment. When employees are involved in their job, they feel themselves being a part of a job. They will take more responsibility and have high attention to their job. This leads to increase of job satisfaction.

Advancement

“Advancement is an actual change in the status or position of the person in the company”. A situation which increased opportunities without any change in status, is not formally an advancement. (Herzberg et al., 1992). Syptak, Marsland, and Ulmer (1999) mentioned to the organization that “If you do not have an open position to which to promote a valuable employee, consider giving him or her a new title that reflects the level of work he or she has achieved. When feasible, support employees by allowing them to pursue further education, which will make them more valuable to your practice and more fulfilled professionally.”

In conclusion, employees will be satisfied and willing to stay in an organization which fulfills their career goal. The organization should provide an opportunity in employee's career path to increase employee loyalty in the organization.

Learning environment

Knight et al. (2014) interpreted "Learning environment as the social, physical, psychological, and pedagogical contexts in which learning occurs and which affect their achievement and attitudes." Learning environment is about a chance of learning. It not only improves employees' skill, knowledge and performance but also keeps employees' interest at a high level. Deal (2000) stated "the employee is more eager to go to work if they feel they will learn something new and improve themselves. Interest and loyalty will follow."

In conclusion, the organization should provide a learning environment in the work place to continuously keep employee interested in their work and also to increase employees' job satisfaction and loyalty.

2.5 Conceptual framework

The conceptual framework of this study can be presented as follows:



Researchers categorize the factors that affect employee loyalty into three main categories. This study will try to find which factors affect to employee loyalty and which factors are affect only employee satisfaction. Below is the explanation of each factor so that the reader can understand their meaning more clearly.

2.5.1 Personal factors

Many theorists state that employee loyalty could be affected from personal factors. There are many variables, each one has a difference in attitudes, personality and other important variables. It means that each person has their own characteristics that affect their level of job satisfaction differently. These factors include the following variables

- **Demographic profiles** are the personal information of the respondents in terms of age, gender, marital status, education, job tenure and department.
- **Personality** factors influence personal behavior in different situations which include employee effort which is a willingness and attempt to work.

2.5.2 Job factors

In Herzberg's theory, the two-factor theory, the job factor is identified as one of the motivations for job satisfaction. This factor includes this following variable

- **Job characteristics** are the contents of the job that provide employee satisfaction. Some examples are the variety in the job itself, difficulty of goals and the use of personal skills. It includes the constructs of interesting and meaningful duties as well as the, feeling of personal accomplishment and improvement.

2.5.3 Organizational factors

Besides personal and job factors, employee loyalty could also be affected by organizational factors. The organization should provide the learning environment for their employees for continuous improvement their skills and stimulating challenges develop and finally, improve their job satisfaction and loyalty. Organizational factors contain many variables as follows:

- **Organizational culture** is the key values, beliefs and norms shared by members of organization. This includes the constructs of people investment and employee involvement.

- **Company policy** concerns the management style and organization structure. It is a source of employee's satisfaction or dissatisfaction. It is about fairness and employees' willingness to follow the rules. It also includes the easy understanding of policy and easy access to policy.
- **Supervision** is the leadership style of management, their helpfulness and a trust in leader.
- **Compensation** is the payment and resources to reward employees. It includes the constructs of fair and sufficient compensation and a compatibility with employee responsibility. It is a very important factor that affects employee loyalty. If employees perceive unfair compensation, it will lead to strong dissatisfaction.
- **Working conditions** are the overall working environment in the organization. A friendly and comfortable work environment and good relationship with colleagues fosters a desire to spend time with their job.
- **Job security** is the steadiness of employment. It is about secure job stability with little or no change. Employees are attracted to stay in the organization if they feel that they can do good work. They will be satisfied with the work that is stable and secure. It can contribute to their work, this will lead to job satisfaction.
- **Recognition** is the acknowledgement of employee achievement. It is about timely, meaningful recognition of employee achievements.
- **Empowerment** is the process that provides greater autonomy to employees through information sharing and provision to control their job. When they can become involved or participate more in their job, they feel as though they are more involved and responsible which leads to their desire to take even more responsibility.
- **Advancement** is the opportunity of upward mobility. It includes the opportunity to grow in their career. Potential to grow in their career path leads to long-term goals of employee. They will contribute much more to their work to achieve their goal and will be loyal to the organization.

- **Learning environment** is the workplace environment that is open to sharing information and learning new things. This variable can lead to continuous improvement in personal and team work.

Employee loyalty is the future attitude that could be developed from job satisfaction. It is affected by some factors in personal, job and organizational factors. Employee loyalty is a situation in which employees identify with a particular organization and its goals, and desire to stay in the organization. It is an attitude that is very important.



CHAPTER III

METHODOLOGY

3.1 Data collection method

To find out the answer for the research objective, there are 2 data collection methods for data analysis in the next step. The first method is the research information from the literature review and company data (in terms of background, news and benefits). This stage helps to understand the company context and trace of influence benefits which affect the employees. The literature review is used for framing the ideas and to be the guideline for the interview questions. The second method is an in-depth interview of existing employees. The in-depth interview method in a one on one session is used to collect data from the employees. This method is an appropriate tool because it is an open-ended, discovery-oriented method, which allows the interviewer to deeply explore the respondents' feelings and perspectives on a subject. This results in rich background information that can shape further questions relevant to the topic.

The key characteristics of in-depth interviews (Lisa A. et al.,n.d.) are 1) Open-ended Questions which begin with the word that encourages the respondent to talk e.g. how, what do they think and why. These words help the respondents explain what they think and not only answer "yes" or "no". Also this provides the respondents freedom to answer the questions using their own words. 2) Semi-structured Format is important to pre-plan the key questions. The interview should also be conversational with questions flowing from previous responses. 3) Seek Understanding and Interpretation in respondent answers. Using active listening skills to reflect upon what the respondent is saying. Also try to interpret what is being said and seek clarity and understanding throughout the interview. 4) Recording Responses by audio-recording and complement with written notes. Written notes include observations of both verbal and non-verbal behaviors as they occur, and immediate personal reflections about the interview.

The interviewees are the employees who work for Land and Houses. All employees are different in term of their position but they all have more than 7 years of experience in this company. All employees will get the same questions to provide equivalent evaluation. Due to the high number of employees in the company (over 800 people), they were divided into 3 groups based on their experience with the company.

1. 7-10 years' experience: assistant manager/ manager
2. 11-20 years' experience: assistant manager/ manager
3. Over 20 years' experience: manager/ assistant vice president

3.2 Data Source

The total number of employees of Land and Houses Public Company Limited is about 800 people. Of the 800 total employees, ten with different work experience were selected for in-depth interviews. Minimum work experience of seven years was required. From the sample, there are four respondents who have work experience between 7-10 years, four respondents between 11-20 years and two respondents over 20 years. All of them work in different departments. The demographic profile of the ten respondents is shown in the next table.

Table 3.1 The demographic profile of respondents

Respondents	Age (year)	Working experience (year)	Position	Department
1	38	10	Manager	Research and design
2	40	21	Manager	Interior
3	37	7	Manager	Research and design
4	35	9	Ass. manager	Production (Drawing)
5	37	12	Ass. manager	Area Planning
6	48	27	Ass. Vice president	Architecture
7	45	10	Manager	Production (Drawing)
8	38	17	Manager	Purchasing
9	42	22	Manager	Architecture
10	36	8	Manager	Area Planning

Data Collection

The researcher interviewed all respondents with the same ten questions. Gordon (1975) stated that all the questions in every interview should be the same for standardization. It can be sure that any differences in the answers are due to differences among the respondents rather than in the questions asked (as cited in Barriball k.l. & While a.1994)

The interviews are in the closed room of Land and Houses. Voice recording was used for following data. All respondents got the same questions which asked about their opinions. Semi-structured interviews were selected because it suited for the exploration in perceptions and opinions of respondents with complex and sometimes sensitive issues and enabled probing for more information and clarification of answers (Barriball k.l. & While a.,1994). The sequence was a little bit different for each conversation, but still kept in semi-structured format. Some of the respondents were not talkative and gave short answers at the beginning. The interviewer had to

create a friendly discussion and an informal atmosphere at the beginning to try to seek their insights.

Questions

1. What is your position? How long have you work here?
2. Can you describe roughly your work experience before joining this company?
3. Before you joined Land and Houses, what was your previous job? Is it the same or different from here?
4. Why did you choose this company when applying for a new job? What were your expectations?
5. Can you describe the work culture of Land and Houses? What things do you like/ dislike?
6. In regards to your current position, what are the things that you are satisfied/dissatisfied?
7. In your opinion, what are the influential factors that affect your decision to stay longer in the company?
8. Are you satisfied in working for this company? Why or why not? (*let the interviewer describe the satisfaction or dissatisfaction in each factors*)
9. If you were allowed to add or change the employer benefits, what would you want to do?
10. In reference to working life, what goals do you want to achieve?

CHAPTER IV

DATA ANALYSIS

All of the data in this section was collected by using the methodology in Chapter III. The aim is to analyze the received data to present employee loyalty of Land and Houses in terms of three factors; personal factors, job factors and organization factors and to analyze employee satisfaction which affects employee loyalty.

4.1 Data Analysis

Ten employees were interviewed using the same ten questions for each. The summary and conclusion of their answers are presented in the subtopics below:

4.1.1 Work experience and position

In the beginning of the interviews, the researcher tried to ask general questions which helped the respondents to focus on the discussion topics and to recall their experiences. In regard to their work experience at Land and Houses, the majority of the interviewees had more than ten years of experience. Some of them had never worked for any other company. Only two respondents had worked for more than three companies.

Most of the interviewees were at least at manager level. This is due to the fact that the company promotes their employees to assistant manager and manager level from within, but it depends on performance of each employee. Promoting to assistant vice president level is harder because employees need to have high performance and ability. However, promotion to the vice president level is really difficult because there are only one or two people per department. All of the respondents expected more than just the opportunity of promotions within the company.

4.1.2 Expectations prior to joining Land and Houses Public Company Limited

The respondents who had no work or little experience in a small company, expected good job stability. They had the perception that the company is reputable and can provide the stability and better benefits than other companies. Here are the list of their stated expectations;

- Stability
- Better benefits than previous company
- Career growth
- Career development
- Opportunity to study
- Interesting work

All but three of the respondents expected stability and better benefit from the company. One of the respondents expected to now have routine work. Another respondent, who has worked for many companies, expected to learn new things. She stated that she desired to work in many company in different jobs because she wanted to make sure that the company and job was suitable for her. Another respondent who came from another top ranking real estate company, said that he did not care about welfare but was most concerned about work growth. He selected to join Land and Houses because of the reputation and the outstanding products in quality and design of the company.

4.1.3 Perception of their organization

- **Friendly environment**

Everyone agreed that Land and Houses has a good working environment. Those that had previous experience said “I Think this is the best place that I ever worked, we live like a family”. But a friendly environment affects both positive and negative aspects of the employees. Some employees are satisfied because the work environment suits them because they do not like stress and high pressure. A good working atmosphere supports their performance. If they feel tired from work, a good environment can make them feel better. Another advantage is that they can talk to others easily. That makes them feel satisfied and willing to work in this company.

Although there are many advantages of a friendly environment, some people still think that there are some disadvantages. For example, they feel that too friendly an environment leads to less respect to others, or perhaps someone might eat or play during working hours. One Assistant Vice president commented that they lack professional working and English skills. He is also concerned about their readiness for AEC. Overall perception toward working environment is good but some issues have developed such as the too relaxed environment.

- **Working process**

Those who have dealings with many parties commented that the operation has a lot of steps. There are comments from many committee and co-workers and all of them expect the results to improve. They feel that in the end the final product is of high quality but the production is too time-consuming. This issue is that it's difficult to manage time and their schedule is very tight.

- **Visionary founder**

Land and House has been established for a long time, the founder and his vision was one of the things that can motivate employees. One respondent which has 27 years' experience said that "I am working here since I graduated. In the past, my working area was near his working room. I became aware of his vision and I also learned many methods and techniques in my working life. He is one of the factors that has kept me working here so long. Because I have great respect and confidence in him. If the company needs to change the management team, it might affect my loyalty". Different employees have different perceptions toward the company, but overall it is in a positive direction.

4.1.4 Perception of their job

Each respondent has different job characteristics but overall rated their satisfaction in the same level with only some details differing. Job satisfaction leads to employee loyalty. There is one respondent (no.1) that said his job is very interesting and enjoyable. He stated that his job is interesting, meaningful and he feels personal accomplishment. His boss always asks about his feeling in the job, so he always has a chance to do what he likes. Another respondent explained that he used to work in a

boring job and he wanted to quit. But he had a chance to change his job so he decided to stay. His new job allowed him to increase his ability and it was more meaningful. One other respondent explained that she can learn many new things from the work itself and the environment. She enjoys her work and wants to work hard. The result is quite similar to Herzberg's two-factor theory in the sense that the job itself, empowerment and learning environment are considered as motivators of employee loyalty.

4.1.5 Factors influencing employee loyalty

When the researcher asked the question "In your opinion, what are the influential factors that affect your decision to stay longer in the company?" Following are the results of the respondents' answers.

Table 4.1 The personal influence factor to employee loyalty

Respondents	Working experience (year)	Most influence factor(s)
1	10	Interesting job/ Empowerment
2	21	Working conditions/ Bonus/ Family insurance
3	7	Personal improvement
4	9	Personal improvement
5	12	Working conditions / Bonus/ Provident fund
6	27	Employee effort/ Provident fund
7	10	Empowerment / Personal improvement
8	17	Meaningful job/ Working conditions
9	22	Interesting job/ Working conditions
10	8	Working conditions/ Welfare

Most respondents mentioned similarly that working conditions are one of the most influence factors of employee loyalty. Working conditions are considered as total working environment which includes a friendly environment, comfortable

environment and good relationship between colleagues. The respondents explained that a friendly environment makes them feel happy to stay in the organization. Working environment here is not too stressful, not too much pressure and everyone has a good relationship. Those who have been working for many companies said that the working environment of Land and House is better than in other companies that he have been worked. Colleagues not only talk about work, but they can discuss personal issues with each other. It seems like a family. If they have problems, they can consult with colleagues.

The second most influential factor is compensation. Everyone recognized that good welfare is satisfactory. Although not very high, but when compared to other small and medium sized companies it is much better. Land and Houses provides medical insurance for employees and their family (Wife or husband and kids, bonus, provident funds etc. Although the salary is a bit low when compared in the market, but it is balanced out with other compensation.

The third most important factor is learning environment. For employees who are concerned about the work, they mention the opportunity to learn new jobs. They feel the importance of developing their own ability. They do not like the routine work but are interested in learning a new job. Although it is difficult it is also challenging and provides the opportunity to develop their own ability.

These results are related to the two-factor theory of Herzberg. The employees' perception in working environment and compensation are positive approach. These two factors are hygiene factor. When employees are satisfied in these factors, they don't experience dissatisfaction with the organization, and keep turnover low. Learning environment includes challenging work and the opportunity for advancement. These are motivator factors which result in high motivation and high satisfaction. These factors lead to a strong commitment and result in employee loyalty.

4.1.6 Overall Satisfaction

Overall, when asked about their overall satisfaction with both the organization and the position including benefits received, most employees commented that they are quite satisfied. They all agree that the salary is too low but when considering their benefits and bonus it is satisfactory. Money is not the primary thing

that makes them stay long in the organization. But the work they do and the environment is more important because it is related to their feelings. Everyone mentioned that the work environment of Land and Houses is good because there is no competition between an employees. One respondent said that anyone can work happily here but it also depends on their personal expectation. If someone expects high level of challenge, they might be bored. They feel that their job is stable and this is the thing which makes people feel safe and committed to the company.

The respondents who have stayed here more than 15 years said that the environment is a good match with their personal character. They felt comfortable with the operation. Although there are some things which they do not like, overall it is not a big problem. They understand the issues and can adjust themselves. The younger interviewees, in addition to a friendly society, they also saw an opportunity to learn more skills and they can increase connection with others. Although the salary is not high when compared with other companies, but overall they are satisfied to work in the company.

Their answers support the two-factor theory that states when respondents are not satisfied with benefits and working conditions which are hygiene factors that can create dissatisfaction. Low salary but more benefits can balance that and satisfy the employees. When respondents feel satisfied the negatives can be overlooked, so they do not have any intention to leave and they stay longer in a company. Challenge, opportunity for advancement and responsibility of their work affects motivation and satisfaction. Some respondents who enjoy their work and feel that they are important to the company are happy. These three factors are concluded in motivator factors. When an employee has motivator factors, it results in high motivation to do their job. They also have high satisfaction level and it leads to a strong commitment to stay in the organization.

4.1.7 Life goal

Many people would resign if they had a better opportunity. However, due to family obligations that they have they are not willing to leave. Some respondents said that although they would resign, however if the company keeps the current work schedule which is not working late and did not affect the time much they would stay.

They are still satisfied on working because they have time to do other things. All respondents state that they would resign, but not because they want to work with other companies but to start their own business. When asked about when they will resign, they did not specify the time. For example some responses were, “I am not sure but when I am ready”, “In some day”. It seems like the intention to leave the organization is not very high. They are still satisfied and okay and plan to stay in the organization. Work and life balance is one of the hygiene factors. As long as employees are satisfied in their job and can balance it with their life, it results in general satisfaction and prevent dissatisfaction.

One interesting point is about early retirement welfare. Employees of Land and Houses can leave the company when they are 55 years old and get a pension. One respondent said that he wants to use early retirement. He has worked here since he graduated and he wants to stop working before 60 years of age. However, if the company still sees value in him he might continue working. This program is one major reason that the company has many employees in top management level. It is like an obstacle to growth for the younger generation of employees. This welfare can help new generation employee see the opportunity to grow in their career. It is relevant to the two-factor theory that growth is one of the motivator factors which result in high motivation and strong commitment.

4.2 Data discussion

According to the findings from in depth interview of ten respondents who are employees of Land and House, discussion of the data will focus on three factors which are personal, job and organizational factors. All factors affect the employee loyalty in the organization in different levels. The hygiene factor results in general satisfaction and prevents dissatisfaction of employees. But the motivator factor gives a result in high motivation, high satisfaction and strong commitment (Herzberg, 1992).

Personal factors are generated in demographic profile and personality of the employees. Each person has a different profile and personality. In regards to the

demographic profile, age is one of the issues. Some interviewees said that they want interesting jobs but some said that they are more concerned with stability.

Working experience results in different expectations. The employees which have little or no working experience from other companies focus on the reputable company that links to stability and security of the job. For employees who have more experience want more challenging work and opportunity for advancement, they have high willingness and attempt to work. There two groups have different level of employee. Regarding literature in chapter two (2.4.1 Personal factor-Job tenure), low working experience employees are more economic loyalty. While higher working experience employees are more resume loyalty.

Marital status is one of the factor that employee are concerned with. Stability is very important for family life. When a company provides insurance for their family, it is like giving stability to the employee's family. Scholarship for their children is another benefit that affects family issues. Employees who are married need stability for their life and it not easy to make the decision to resign from the company.

Life goals are different with each person. Some employees want job security while others are more concerned with work and life balance. But the employees who expect more challenging work and the opportunity for advancement and growth will have high motivation. These factors are motivator factors and can lead to strong commitment to the organization.

Job factors is another characteristic of the job. It includes motivator factors which result in high motivation, high satisfaction and strong commitment.

Regarding literature in chapter two (2.4.2 Job factor), employees that spend most of their time doing routine work do not have high motivation. Their working style may be day by day, following but not leading. This character is appropriate in some departments. But challenging work, opportunity for advancement, and a learning environment can result in high motivation of employees. The result shows that employees who have interesting job feel interesting, meaningful and personal accomplishment. The organization should provide ongoing career development opportunities to increase their skills and abilities. Supervisor should concerns about their subordinate feeling in the job. Employees and managers should

meet periodically throughout the year, not just at the annual performance review, to discuss progress against development activities.

To provide employees with challenging jobs, the design of job should individually provide them both intrinsic and extrinsic motivation to achieve organization objectives. When employees are satisfied with their work, they will tend to stay in the organization. This result supports the literature about the relationship between employee satisfaction and loyalty in chapter two.

Organizational factors result in both general satisfaction and high satisfaction. There are many answers from the respondents that support the organizational factor.

Learning environment is the main criteria that create high motivation of employees. For challenging work, all employees agree that more challenging work can lead them to enjoy their work more. They have an opportunity in personal improvement. They have high motivation to do their job and complete their task. They have high satisfaction and a strong commitment to the organization. The result is supports literature of service profit chain that employee satisfaction creates employee retention and affects to employee productivity.

Growth is one of the motivator factors. Most of the respondents expect career growth opportunities. If the organization can provide opportunity for growth in their career, they would not resign from the company. These employees are compensation employee. They still remain in the organization until they can get better benefit from another job.

A sense of personal achievement makes employees feel satisfied with their work. Three employees which had job rotation and their new job can gives a sense of achievement will have motivation to do their tasks. They will get high satisfaction from the achievement. If their job is continuing, it will provide a strong commitment to the organization.

To conclude, there are three main factors which link to employee loyalty. Each factor has different sub-factors which is different for each employee. From the result of the in-depth interviews, the results are relevant to the two-factor theory of Herzberg. The factors which support the hygiene factor will result in general

satisfaction and prevention of dissatisfaction. The factor which supports the motivator factor will result in high motivation, high satisfaction and strong commitment. The company should provide hygiene factors not below employees' satisfaction level. The motivator factors should focus on personal preferences to create employee loyalty with the organization.

4.3 Recommendations

The recommendations are a result of the discussion from the previous section. According to the findings, this research would like to give recommendations to the organization in relation to 3 factors.

In relation to the organizational factors: keep a good environment but also build relationships (between staff and organization and among the staff).

The company should start with focusing on hygiene factors because hygiene factors can create dissatisfaction and can lead to negative perceptions of the organization. From two-factor theory of Herzberg, dissatisfaction in hygiene factor is a cause of leaving. Based on the interview data, there is no negative perception towards hygiene factors. All employees have high satisfaction level in the environment and this is a key factor of employee loyalty. The company should maintain satisfaction level of hygiene factors such as company policy, supervision, compensation and working conditions to prevent resignation. The relationship among the staff is very important. A good relationship helps the company to prevent employee dissatisfaction which is a cause of staff turnover.

The company should work to improve communication with the staff to increase good relationship between staff and organization. Such as regular company meetings to introduce important information to employees, and allow employees to ask questions as well. To make employees feel better with organization, they can share the company's plans with the staff by explain the plans for growth and expansion, and get all employees to understand and take pride in the company's future. They also can reward employees who offer ideas that improve company productivity. The rewards can be cash or travel package. When company can keep employees updated on plans

and incorporates employee suggestions to improve those plans, the employees feel more committed with organization.

Regarding job factors: match people with the job that they are interested in and give challenging work.

Job characteristic is a motivator factor. The company should focus more on this factor because it can lead to high motivation, high satisfaction and strong commitment. High motivation can help the company to get high productivity and working performance from their employees. It leads to the benefit of the organization. High satisfaction and strong commitment can develop to employee loyalty.

To improve job characteristics, the organization should provide employees with more challenging in their jobs that can create a high level of employee satisfaction. There are examples that someone did not resign because they had a chance to do more interesting jobs. Redesigning job structure helps them to match the job with their personal factors. The organization should continuously provide employees with more challenging jobs that can create high satisfaction level of employees' job and loyalty. There are two alternatives for redesigning the structure; job enrichment and job rotation.

Job enrichment will give more authority and responsibility to employees. It is similar to empowerment. Job rotation provides a chance to employees to learn multi-tasks and have relationships across departments. It creates job satisfaction and enjoyment for employee's work. To increase the challenge, the organization can provide job rotation within a team in each department. Each team member has to learn main duties in the department and can perform them when some members are absent. This will give a benefit in team performance. On the other hand, job rotation can be used when good performance employees want to resign. The organization should offer the opportunity for job rotation in appropriate position based on their capability. This method is another way to keep good employees.

In regards to personal factors: provide appropriate benefits and compensation.

To create employee loyalty to the organization, it is not necessary to completely match the employees' desired level of compensation. But the company should provide a general satisfaction level when compared to other companies. The

salary does not have to be above standard level. The salary can be a little bit low while bonus is high. The point is to balance all compensation to employees. Insurance is most important benefit for employees and their family. Currently, the organization gives insurance cards to employees for using in a hospital. It just changed from the past where employees had to pay first and file a request later. This method can cover all cases. But for insurance card, it has the advantage that employees can use insurance card for payment. But there are some disadvantages that it cannot use in small clinic and cannot cover some cases. The recommendation is the organization should keep using insurance card but increase access and flexibility to cover all cases.



CHAPTER V

LIMITATIONS AND CONCLUSION

5.1 Conclusion

This research study is about the factors affecting employee loyalty in a Thai company. The case studied a large business which has a high number of employees. The target groups are existing employees who have work experience of more than 7 years. All of them have different positions and departments.

There are three main factors which lead to employee loyalty which refer to the two-factor theory of Herzberg. Conceptual framework has three main factors which link to employee loyalty. Each factor has different sub-factors which are different for each employee. The factors which are included in hygiene factors will result in general satisfaction and prevention of dissatisfaction. The factors which are included in the motivational factors will result in high motivation, high satisfaction and strong commitment. Regard to findings, it shows that “working condition, compensation, and learning environment” were considered as the most important factors to employee loyalty. Most employees are quite satisfied for overall satisfaction. They all agree that money is not the primary thing that makes them stay long in the organization. But the work they do and the environment is more important because it is related to their feelings.

The finding from interview shows that “working condition, compensation, and learning environment” were considered as the most important factors to employee loyalty. Most employees are quite satisfied for overall satisfaction. They all agree that money is not the primary thing that makes them stay long in the organization. But the work they do and the environment is more important because it is related to their feelings.

5.2 Limitations

This study used Land and Houses public company limited as a case study of a real estate company in Thailand. The possibilities of general findings are depending on variables of employees' profile, job characteristic and the organization. The first limitation concerns the sampling frame. From the huge number of employees (over 800 people), the answers of ten respondents might not represent all employees. It is hard to interview all employees. For future research, quantitative research in questionnaire survey is suggested in order to get the result to cover a higher number of employees. The second limitation is the department of sample. Future research can pick up the sample in other departments such as finance, IT, service, marketing and sales etc., to cover other perspectives in each department.

It would be more interesting for future research to study the details of different dimensions such as absenteeism, turnover or employee performance and get the information about critical problems of the organization. And it would be useful to study other factors which affect employee loyalty.

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