Can Career Advancement and Job Security Act as Collaterals for Commitment? Evidence from the Hotel Industry of Malaysia

Aizzat Mohd. Nasurdin, Noor Hazlina Ahmad, Cheng Ling Tan

Abstract—This study aims to examine the role of career advancement and job security as predictors of employee commitment to their organization. Data was collected from 580 frontline employees attached to two departments of 29 luxury hotels in Peninsular Malaysia. Statistical results using Partial Least Squares technique provided support for the proposed hypotheses. In view of the findings, theoretical and practical implications are discussed.

Keywords—Organizational commitment, career advancement, job security, frontline employees, luxury hotels, Malaysia.

I. INTRODUCTION

One of the most critical factors affecting the success of the hotel industry is employee commitment [1]. According to [2]-[6], frontline employees are bound to adopt the organization’s customer-oriented values, are highly motivated, observed better attendance, tend to stay longer with the organization, exhibit better levels of role stress, more likely to exhibit extra-role behavior, perform better, and deliver the highest level of service quality. Given the functional outcomes associated with commitment and the fact that the hotel industry is constantly plagued with high labor turnover [7], having a committed workforce is essential.

Malaysia is a country blessed with a diversity of tourist attractions ranging from its rich flora and fauna, island paradises, primeval rainforests and caves, and heritage buildings and modern architecture, to its multiracial culture. Moreover, the country is well-connected in terms of accessibility and flight connectivity. As a result, in 2011, Malaysia was ranked as one of the top ten most visited countries in the world by the United Nation World Tourism Organization [8]. In 2012, Malaysia registered a total of 25.03 million tourist arrivals and generating an income of Malaysian Ringgit 168 billion in tourist receipts [11]. This information reflects the vitality of the tourism sector in driving Malaysia’s economic growth.

Due to the increase in tourist arrivals, more hotels have been established to augment existing accommodation services. As a consequence, the hotel sector recorded remarkable development in the country. This is illustrated in the growth in the number of hotels within a span of 12 years, which almost doubled from 1492 in 2000 to 2724 in 2012 [12]. This evolution has resulted in tougher competition since each hotel attempts to acquire a stake of the tourist market. Since customers are increasingly concerned about the quality of service rendered by the service provider, the issue of service quality has grown in strategic importance [13]. As a result, there is growing pressure for hotels to deliver high quality services to their customers [14], [15]. For this reason, hotels ought to have a committed and loyal workforce. Researchers [6] suggest that in a dynamic, service-oriented environment such as that of the hotel industry, securing employee commitment will ultimately enhance organizational performance and success. Besides, commitment has a positive influence on employee performance since committed employees display persistence in completing their in-role tasks and accomplishing goals, are more ready to accept change, and are more willing to assume extra-role responsibilities [6]. In a similar vein, committed employees work harder and perform better [16]. Within the service environment, these outcomes will lead to better service quality. Since frontline employees have direct and frequent face-to-face interactions with customers, they play an important role in linking a firm with its customers and thus in forming good relationships. Committed frontline workers are the ones who would be responsible in delivering outstanding service quality [17].

According to [18], in view of the recent challenges encountered by hotels such as the need for increasing customization and greater customers’ expectations, employees’ commitment should be considered as an instrument for attaining higher organizational performance. In fact, the commitment level of employees at the frontlines will influence on employee performance since committed employees display persistence in completing their in-role tasks and accomplishing goals, are more ready to accept change, and are more willing to assume extra-role responsibilities [6]. In a similar vein, committed employees perform better [16]. Within the service environment, these outcomes will lead to better service quality. Since frontline employees have direct and frequent face-to-face interactions with customers, they play an important role in linking a firm with its customers and thus in forming good relationships.

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organizational commitment has been conceptualized as a general affective response of an employee to the organization as a whole. This form of commitment is often referred to as affective commitment. Researchers [20] in their meta-analysis categorized antecedents of commitment into personal characteristics, job/role characteristics, group-leader relations, and organizational characteristics. According to [21], the effective management of a firm’s human resources is the most appropriate strategic move in creating a workforce that is highly knowledgeable, motivated, and committed. The reason being human resource management (labeled as HRM) practices create situations where employees become highly immersed in the organization and work hard to accomplish organizational goals. According to [22], [13], [23], how an organization manages its human resources (which can be detected from its HRM practices) sets the tone and conditions of the employee-employer relationship. When such relationship is regarded as that of social exchange [24] where the norm of reciprocity [25] applies, employees would be more likely to become committed to their organization.

According to [26], HRM practices can serve as an effective tool in fostering employee commitment. However, its potential impact in stimulating employees’ commitment has received limited attention from researchers [27]. This point of view concurs well with [28] who appeal for more research linking HRM practices and employee commitment at both the organizational and individual-level of analyses. Although many HRM practices have been identified as possible predictors of organizational commitment, the focus of the present study is on career advancement and job security. According to [29], career advancement is the progression of career opportunities within the organization, while job security is the extent to which organization provides stable employment to its employees [30]. These two HRM practices represent the core practices in the traditional and new models of workplace employment [31]. In addition, the choice of these two specific HRM practices is appropriate for the hotel industry since it has often been viewed as having limited career advancement and lacking in job security [32]. In addition, most studies on commitment were carried out in the western context particularly North America [33]. Since cultural differences may play a role in explaining the antecedents of employee commitment [34], this study, which provides empirical evidence from Malaysia, would contribute to the existing literature from a cross-cultural perspective. In light of the above-mentioned gaps, the significant contribution of the tourism industry to Malaysia’s national income, the need for hotels to retain their employees in order to remain competitive, and the central role of frontline employees’ attitudes during service delivery to customers, this study seeks to investigate the effects of perceived career advancement and job security on organizational commitment of frontline hotel employees in Malaysia.

II. LITERATURE REVIEW

A. Organizational Commitment

The organizational commitment construct has been defined in many ways. Scholars [19] initially defined commitment as comprising at least three factors: (a) a strong belief in, and acceptance of, the organization’s goals and values, (b) a willingness to exert considerable effort on behalf of the organization, and (c) a strong desire to remain in the organization. This form of commitment is viewed as unidimensional and focuses on the affective attachment between the individual and the organization. Other scholars, however, have expanded the commitment conceptualization to include other forms of attachment. For instance, [35] suggested that the bond between an employee and the organization could take three forms: compliance, identification, and internalization. Researchers [36], on the other hand, differentiated three forms of commitment: affective, continuance, and normative. These conceptualizations, however, have some overlaps. Scholar [28] in his review of organizational commitment remarked that his earlier approach to commitment [see: 19] is similar to the internalization dimension identified by [35] and affective commitment dimension labeled by [36]. In addition, [37] viewed commitment as reflecting one’s attachment, emotionally and functionally, to one’s place of work. Despite the plethora of definitions, all definitions of organizational commitment share two underlying themes: (1) organizational commitment is a bond to the whole organization, and (2) the definitions of commitment differ based on how the bond is viewed. A review of the literature reveals that of the many forms of commitment, affective commitment is the most common type being scrutinized.

B. Human Resource Management (HRM) Practices

HRM practices have been viewed as organizational activities that are directed at managing the pool of human resources and ensuring that resources are employed towards the fulfillment of organizational goals [38]. Within the hospitality literature, HRM practices refer to an individual’s perceptions of the extent of implementation of the strategies, plans, and programs used to attract, motivate, develop, reward, and retain the best people to meet organizational goals [39]. Despite its salient role, the hospitality industry has been reputed to have poor HRM practices [32].

The effects of individual HRM practices on employee commitment have been previously examined. In the hospitality literature, these practices include empowerment [4], [40], career mentoring/development [41], [42], recognition [40], competence development/training [40], [42]-[44], compensation/rewards [40], [43], [45], information sharing [40], orientation [46], and performance appraisal [42], [43]. To our knowledge, none have looked into the impact of career advancement and job security on employee commitment. Despite the powerful role of the above-mentioned HRM practices on commitment, we believe that career advancement and job security represent two major concerns for hotels. The
reason being the hotel industry has been known to have underdeveloped HRM practices [32] such as lacking in job security and limited career development prospects [30], [47]. In fact, besides good wages, job security and opportunities for career advancement are two of the top three HRM features that hotel employees desire from their employers [48]. Despite the importance of career advancement and job security, researchers [31] affirmed that few studies have empirically examined the effects of these two practices on employees’ attitudes. These two practices are considered suitable particularly within the Malaysian hotel industry which has been afflicted with high labor turnover as asserted by [49]. Hence, the focus of the present study is on hotel employees’ perceptions of career advancement and job security as predictors of their organizational commitment.

C. Career Advancement and Organizational Commitment

Career advancement refers to the extent to which employees perceived that they have clear career opportunities within the organization [29]. According to [31], career advancement is associated with the opportunity for employees to perform more significant tasks, shouldering greater responsibilities, and having more autonomy at work. Such perceptions of a bright career prospect will motivate employees to become more dedicated to the organization. In addition, career advancement provides employees with the opportunity to learn new skills and experiences associated with a new position. This signals to employees that they are being appreciated and trusted by the organization. In social exchange relationships [24], employees are likely to become indebted to their organization which lead them to exhibit greater commitment to the organization as a means of reciprocation [50]. In the career development process, organizations should encourage employees to take responsibility for their own careers by offering them continuous assistance in the form of feedback and conveying information about career opportunities, positions, and vacancies that might be of interests to employees [51]. The study by [52] among 1029 permanent employees in the United States’ state agency provided evidence that employees become more committed to the organization when their career expectations are met. Similarly, the results of a longitudinal study conducted by [53] on professional-level employees in Canada showed that career advancement triggers affective commitment. Another study by [31] among 478 senior executives working in state-owned and non-state-owned firms in China revealed that career advancement was positively linked to organizational commitment. Thus, the following hypothesis is put forth.

H1. Employees’ perception of career advancement will be positively related to their level of organizational commitment.

D. Job Security and Organizational Commitment

Job security refers to one’s expectations about continuity in a job [54]. According to [29], job security refers to the degree to which employee could expect to stay in the job over an extended period of time. Thus, employees would develop better perceptions of their job security when they can expect to stay in the organization for as long as they wish. Employment security signals an organization’s long-term commitment to its employees, which will induce employees to reciprocate in the form of commitment to the organization consistent with social exchange relationships [13]. In harmony with this view, researchers [29] claimed that when employees realized that it is difficult for the organization to dismiss them from their job, they may experience a sense of being valued and cared for by the organization. This, in turn, will make employees feel obligated to repay the organization by amplifying their commitment [50]. Despite the importance of job security in today’s turbulent environment, most employers tend to resort to headcount management in order to remain competitive [55]. As noted by scholars [31], offering job security would incur higher costs and labor rigidity to employers. Findings from previous studies provide empirical evidence on the positive effect of job security on behavioral outcomes. For instance, in an empirical study of 654 accounting professionals in Canada, researchers [56] showed that job security fosters positive attitude such as organizational commitment. This is because when employees realized that the organization finds it difficult to dismiss them from their job, they may experience feelings of being valued and cared for by the organization [29]. In return, employees may feel obliged to repay the organization through increased commitment [50]. Another study among employees from 350 financial service companies using 97 panel interviews concluded that job security enhances employees’ passion in serving their customers [57]. Scholars [58] in their study of 199 employees from Egyptian telecommunication companies reported that job security is a key determinant of employees’ productivity. Another empirical study conducted on 1977 employees from a large Finnish telecommunication company revealed that job security increases employees’ trust toward the organization, which in turn, enhances their commitment [59]. A more recent study by [60] on 1229 employees from 11 firms in the information technology sector of the United States demonstrated that employees who perceived greater job security were more committed to their organization. Therefore, it is proposed that:

H2. Employees’ perception of job security will be positively related to their level of organizational commitment.

III. METHODOLOGY

A. Sample and Data Collection Procedure

We first identified all luxury hotels with 4 and 5 star ratings from the directory of hotels in Malaysia published by the Ministry of Tourism [61]. A total of 128 hotels were discovered and these hotels were located in the northern, central, and southern regions of Peninsular Malaysia. Only 29 hotels, however, agreed to take part in the survey. We distributed the survey packets addressed to the HR managers of the respective hotels using either mail or “drop” and “pick-up” method depending on the location of the hotel. Each of the survey packets contains 20 questionnaires in which 10 questionnaires were to be distributed to frontline employees in
the front office department and another 10 questionnaires were to be circulated to those in the food and beverage department. To avoid work disruption, distribution of the questionnaires was made by selected hotel officials. Respondents were given two weeks to complete the questionnaires. After the specified time, 580 responses were found to be useable and later analyzed.

B. Measures and Analysis

In this study, career advancement was assessed with 4 items adapted from [29]. Similarly, job security was gauged with 4 items adapted from [29]. Meanwhile, organizational commitment was measured using 9 items adapted from [19]. The response was based on a five-point Likert scale (“1” = “strongly disagree” to “5” = “strongly agree”).

Partial Least Squares (PLS) technique was utilized to test the two hypotheses. According to [62], analysis of the research model entails two stages which starts with the assessment of the measurement model followed by the structural model. The first stage is to evaluate the model’s reliability and validity whereas second stage aims at evaluating the significance of the proposed relationships and to estimate the amount of variance explained.

IV. RESULTS

A. Descriptive Results

Our sample consisted of females (56.0%) and males (44.0%). The ethnic composition of the sample include: Malays (68.7%), Chinese (16.6%), Indians and others (15.0%). 74 percent of the respondents were secondary school leavers. 58.8% of the sampled employees were unmarried. The average age, job tenure, and organizational tenure for the sample were 27.5 years, 4.1 years, and 4.2 years respectively. Meanwhile, the mean values for career advancement (mean=3.74; SD=0.69), job security (mean=3.69; SD=0.72), and organizational commitment (mean=3.89; SD=0.74) can be regarded as moderate.

B. Measurement Model Results

Table I illustrates the result of the measurement model. As reported, all item loadings (0.79 - 0.89) exceeded the threshold value of 0.70 recommended by [63]. The composite reliability of the constructs (0.90 - 0.96) also exceeded the 0.70 ceiling value suggested by [62]. Hence, it can be concluded that our measurement model is reliable. In addition, the validity of the measurement model was assessed based on its convergent validity and discriminant validity. As presented in Table I, all the AVE values (0.69 - 0.74) surpassed the cut-off value of 0.5 [64], denoting that the measurement model has sufficient convergent validity.

Table II indicates that the square roots of the AVE of the latent variables exceeded the correlations of other constructs. As portrayed in Table III, the loadings for each construct were greater than all of its cross-loadings. Based on the information presented in Tables II and III, and adhering to the guideline proposed by [64], we surmised that the measurement model has satisfactory discriminant validity.

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<th>Construct</th>
<th>Items</th>
<th>Loading</th>
<th>AVE</th>
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Note: AVE denotes Average Variance Extracted

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<th>TABLE II DISCRIMINANT VALIDITY OF THE MEASUREMENT MODEL</th>
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Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations

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<th>TABLE III CROSS LOADINGS</th>
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Before evaluating the structural model, the effects of the control variables were estimated. As shown in Table IV, of the six variables, only academic qualification, ethnicity, and marital status were found to have significant effects on the endogenous variable. However, the R-square changes (0.01) for these variables were deemed negligible based on the interpretation of [65]. Hence, we opted to exclude the control variables in the hypothesis testing.

Table V displays the beta coefficients of the proposed relationships whereby both career advancement ($\beta = 0.49$, $p < 0.01$) and job security ($\beta = 0.26$, $p < 0.01$) have positive effects on organizational commitment. Thus, our two hypotheses were supported. The results of the structural model also showed that career advancement and job security were able to explain 49.3% of the variance in organizational commitment (refer to Fig. 1).

From a management perspective, our findings suggest that the provision of career advancement opportunities and job security lead to enhanced organizational commitment. It would be to the hotel’s advantage to develop a clear career development plan for frontline employees. Hotel managers should communicate clearly the policies on career advancement and notify employees of promotional opportunities available in the hotel. When employees become aware that they have the potential to move up their career paths, they will be more likely to become motivated. As a result, they would be more willing to exert greater efforts on behalf of the organization, resulting in higher commitment. In a similar vein, hotel managers should provide career mentoring by engaging in frequent feedback sessions with their subordinates particularly the younger and inexperienced ones on their career aspirations. Through such sessions, managers may be able to inform employees of potential positions that the former can move to and subsequently provide the essential developmental experiences that they need to fill these positions. When employees judged their employers as a caring one, they will be more likely to reciprocate by becoming more committed. In addition, employees’ perceptions of job security will elevate their organizational commitment. Human resource managers may work closely with departmental heads to create a culture that emphasizes employees’ well-being. Assurances of job security particularly at the beginning of the employment relationship may influence new employees to believe that the organization is interested to participate in a long-term commitment with them. As a result, employees are likely to express their appreciation of the organization through enhanced commitment.

As with other empirical studies, the current research has a number of limitations. First, our sample was confined to frontline employees working in luxury hotels (with four and five-star rankings) in Malaysia, which may limit generalizability of the findings. Sampling hotels from lower categories including budget hotels may yield more reliable results. Further, extending the sample to include other segments of the hospitality sector such as restaurants, and theme parks may ensure generalizability of the results. In addition, our data were gathered using a cross-sectional design, so no inferences of causality can be conclusively established. Since commitment tend to vary over time as noted by [68], [69], a longitudinal approach would be more appropriate in future investigations. Finally, although we have provided justifications for selecting career advancement and social exchange relationship [24], employees are likely to feel obligated to repay the organization through greater commitment. Further, our results indicate that job security serves as a predictor of employee commitment, which concurs with earlier findings [56], [57], [66], [67]. The provision of job security suggests a long-term commitment on the part of the organization towards its employees. In social exchange context [24], such devotion will engender employees to reciprocate in the form of increased commitment to the organization.

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job security as predictors of commitment, we acknowledged the existence of other potential HRM-related determinants such as training [70], [71], compensation [48], [70], orientation [36], and selective hiring [3]. Future research exploring these variables can offer more comprehensive insights.

VI. CONCLUSION

In conclusion, by focusing on career advancement and job security as predictors of frontline employees’ commitment within the hotel industry of Malaysia, the current study contributes to the hospitality literature by providing empirical evidence on the validity of the social exchange framework [24] and the norm of reciprocity [25] in eliciting employee commitment cross-culturally. Hotel employees’ perceptions of their career advancement prospects and job security are influential determinants of their commitment to their organization. Besides, this study contributes to better performance of hotels by providing suggestions on ways to foster employee commitment in light of the high turnover rates associated with the hotel industry internationally [30], [72] and locally [49], [73].

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