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The Impact of Human Resource Management Practices on Employees Loyalty in Malaysia

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Abstract:

The purpose of this study is to examine the impact that human resource management (HRM) practices have on the organizational loyalty of employees in the Malaysian context. To achieve this objective, the researchers have conducted this study on companies listed on Bursa Malaysia Exchange (Kuala Lumpur Stock Exchange) since most of these companies already have an established human resource department. 432 questionnaires were collected and the data was statistically analyzed using the SPSS software. A Pearson's Correlation test revealed that human resource management practices are significantly and positively correlated with the organizational loyalty of employees in Malaysia. The implications of this research could be used by employers in Malaysia in order to increase the organizational loyalty of their employees through the effective implementation of these human resource management practices.

Keywords: Human resource, employee loyalty, recruitment, training, performance appraisal, compensation

1. Research Background and Problem

Success in today's competitive world depends less on the benefits related to technology and economies of scale but is acquired more from human resources and the increasing involvement of human resource management practices (Quresh et al., 2010). Many organizations now acknowledge that employee retention as well as employee commitment represent a source of strategic and competitive advantage (Walker, 2001). Human resource management (HRM) refers to the practices and policies that affects employees' attitudes, behavior and performance (De Cieri et al., 2008). Human resource management practices include screening, recruiting, training, rewarding and also appraising. (Dessler, 2007). According to Danish and Usman (2010), employees are considered as one of the most vital assets of a company as they contribute to its success and growth. HRM professionals embrace the idea that employees are essential to the success of the organizations, and as such, they view employees as assets. Therefore, the key element to the survival and success of a company is the availability of the right employees in the right place and at the right time (Oladipo, 2011).

In today's world, a loyal workforce is difficult to come by. Organizational loyalty is defined as promoting the organization to outsiders, remaining loyal to the company even under adverse conditions as well as defending and protecting the organization against outside threats (Organ et al., 2006). According to Vance (2006), employees who are committed to their organizations and engaged in their work provide their organizations with competitive advantages such as lower employee turnover and higher productivity. The significance of loyalty in the workplace has been acknowledged all around the world because the performance of any business is highly dependent on the loyalty of its personnel. An organization will tend to have a better performance if its employees are more loyal (Mohsan et al., 2011). Managers find it hard to retain employees and this is a cause for concern. A high turnover rate can be an indication that an employee is not loyal towards their firm and Maloney (2013) claimed that a high employee turnover is a sign of employee disloyalty. Understanding the ways to foster employee loyalty can lead to a reduction in the number of employee turnover within a company and boost the sustainability of the firm during difficult times (Aityan and Gupta, 2012). The organizational loyalty of employees not only adds value to a company but it is also cost-effective. When employees are loyal, they will work with commitment and be diligent towards their job. This will lead to an increase in their productivity in the workplace. Moreover, loyal employees are less likely to leave their companies, thereby reducing the cost associated with the recruitment and selection of new employees (Salleh et al., 2017). Staff retention issues have continuously been affecting organizations in Malaysia. According to the "Employee Intentions Report in Malaysia" published in 2015 by the

professional recruitment consultancy firm, Michael Page, staff retention is a chief concern for employers in Malaysia as 44% of professionals intend to leave their current job in the next 12 months, with an additional 40% of professionals stating that they only see themselves in the same job for the next one to three years. Furthermore, according to a press release by "Aon Hewitt Malaysia" in November 2016, the annual voluntary turnover rates exceeded 10% in all major Asia-Pacific countries except for Japan and South-Korea. India had the highest voluntary turnover rate at 13.6%, followed closely by Malaysia at 13.0%, Singapore at 11.7% and China at 10.8%. Malaysia had a 13.0% turnover rate in 2016, the second highest in all of the Asia-Pacific markets which is cause for concern for Malaysian organizations.

Additionally, according to another press release by "Aon Hewitt Malaysia" in November 2017, the annual voluntary turnover rates exceeded 10% in all major Asia-Pacific countries except for Japan, South-Korea and Taiwan. Malaysia had an employee turnover rate of 12.8% followed by Singapore at 12.7%, China at 12.5% and India at 12.1%. Compared to 2016, Malaysia's turnover rate decreased by 0.2%, from 13.0% in 2016 to 12.8% in 2017. However, the fact that Malaysia's employee turnover rate is still in the double digits is not reassuring. This shows that employee loyalty is not widespread in organizations in Malaysia, as explained by the high turnover rates above. Furthermore, the above employee turnover trends are worrying and alarming as it may distract organizations in Malaysia from their main objective and their valuable resources in terms of money and time will be wasted in staffing processes. Moreover, these statistics indicate that since the turnover rate of employees in Malaysia is so high, Malaysian employees do not display a strong sense of commitment and loyalty towards the organizations in which they work. Thus, the aim of this research is to investigate the impact that human resource management (HRM) practices have on the organizational loyalty of employees in Malaysia.

1.1. Objectives of the Study

- To determine the impact that recruitment and selection has on the organizational loyalty of employees in Malaysia.
- To examine the impact that training and development has on the organizational loyalty of employees in Malaysia.
- To assess the impact that performance appraisal has on the organizational loyalty of employees in Malaysia.
- To explore the impact that compensation and rewards and has on the organizational loyalty of employees in Malaysia.

1.2. Significance of the Study

The results of the study will offer new insights on how human resource management practices affects employees' organizational loyalty and would benefit and assist companies in Malaysia to reshape their human resource policies accordingly. Moreover, the result of this study would act as a guidance tool for companies in Malaysia as it will provide firms with the information of to what extent does HRM practices affects the organizational loyalty of their workforce. Consequently, the companies will then be able to create a more effective HRM practices strategy in order to enhance the organizational loyalty of their employees.

2. Literature Review

2.1. Human Resource Management (HRM) Practices

The views of Frederick Taylor, the father of scientific management, on human resource practices – recruitment and selection, training and development, performance appraisal and compensation and rewards – are still highly influential and valid (Schwartz, 1999). Frederick Taylor believed that human resource management comprised of the recruitment and selection of the right personnel for the right positions, providing appropriate training and development, developing an accurate performance appraisal system and instituting a fair compensation system. According to Edgar and Geare (2005), these four criteria mentioned above are essential elements in developing a successful HRM system.

2.2. Recruitment and Selection

Recruitment is one of the crucial functions of HRM as it helps managers to attract and select the best candidates which results in an improvement of a company's performance. Nowadays, with the rise of technology, the internet plays a large role in people's life. Therefore, it is no surprise that the internet has led to changes in recruitment practices too. The trend of using online recruitment is typical for medium and small firms as well as for big organizations as it helps in creating a wide pool of qualified applicants swiftly. According to a research conducted recently, the recruitment sources that employers use include web sites (87%), internet job sites (82%) and job fairs (55%). (Bogatova, 2017). Past literature has depicted the importance of recruiting employees who are committed to a firm's values and goals (Katou, 2008). In today's complex and diverse world, retaining employees is a better and cheaper alternative compared to recruiting new workers and in order to achieve this, an organization should treat its personnel as partners as this will help to motivate them in achieving an organizations' goals in creative ways. Ferris et al. (2002) found that a company's effectiveness is affected by the effectiveness of its recruitment practices. Similarly, several other researchers agree that an effective recruitment and selection will subsequently lead to the high performance of a firm and increase its competitive advantage (Pfeffer, 1994). Moreover, according to a news article published by "MyStarJob" in 2014, Malaysian candidates are not satisfied with the recruitment process of Malaysian organizations. Only 39% of Malaysian job seekers are satisfied with the current job hiring process, according to the management consulting group, Kelly Services. In addition, the results of the survey revealed that Malaysian candidates had the lowest satisfaction with hiring processes compared to any other region

in Southeast Asia. In contrast, 59% of jobseekers in Thailand said they were satisfied, followed by 50% in Singapore, and 45% in Indonesia. This low level of satisfaction can lead to a low level of loyalty by employees. Consequently, the companies may suffer from high turnover rates since their recruitment and selection process was not done appropriately.

- H1: Recruitment and selection has a significant and positive relationship on the organizational loyalty of employees in Malaysia.

2.3. Training and Development

The goal of training is to improve the performance and behavior of an employee. Given that the range of skills and tasks needed nowadays are complex, the development of a comprehensive training program is crucial for organizations. Training increases an employee's capabilities which is paramount in ameliorating the performance of an organization (Millar and Stevens, 2012). Moreover, Watson and D'Annunzio-Green (1996) stated that well-designed training programs make an essential contribution as it increases employee commitment and satisfaction. Additionally, according to Montgomery (2006), training and development programs can increase employee retention when they meet the needs of the employees. Meeting employee needs through well-designed training programs occur when the information provided is perceived as applicable, useful and desirable by the employees. Thus, a proper training and development program helps create an urge among employees to stay in the organization for a longer period. When employees of an organization are trained and developed properly, they will feel a higher sense of commitment and loyalty towards their organization. This will therefore increase the loyalty that employees have towards the organization.

- H2: Training and development has a significant and positive relationship on the organizational loyalty of employees in Malaysia.

2.4. Performance Appraisal

An appraisal consists of an unbiased assessment of a worker's performance combined with a series of actions taken to enhance the performance of the employee (Osman et al., 2011). While performance appraisal is a vital task that superiors must carry out, supervisors admit that it is not easy to carry the task out adequately. That is because it can be quite tricky to judge a worker's performance accurately and in a constructive way. Managing the performance of a workforce is an essential part of an organization and reflects how well the organization manages its employees (Meyer and Kirsten, 2005). It is worth noting that inaccurate performance appraisals can lead to several problems such as low morale and decreased employee productivity. In addition, according to a previous study by Clarke (2015), elevated satisfaction levels on performance management is negatively correlated with the turnover rate of a company. The study found that if employees are satisfied with the way in which the performance evaluation is performed, this will lead to a decrease in turnover rate. Consequently, this shows that a well-designed performance appraisal system can increase the satisfaction of an employee, reduce employee turnover and as such, this will help to increase an employee's organizational loyalty.

- H3: Performance appraisal has a significant and positive relationship on the organizational loyalty of employees in Malaysia.

2.5. Compensation and Rewards

Reward represents anything that the workforce may value and that the management is willing to offer in return for their contributions (Chiang and Birtch, 2008). Rewards does not mean pay and employee benefits only. It also includes non-financial rewards such as recognition and increased job responsibility. Additionally, remuneration and recognition given to a company's workforce will also influence their willingness to stay in an organization and it is worth noting that a well-designed reward system can be a source of work satisfaction, high performance and loyalty among employees in an organization (Parker and Wright, 2000). Moreover, Tu et al. (2016) found that a rise in pay had a substantial impact on workforce turnover rate and that the impact is even more significant on high performers. High-performing employees who are offered substantial pay increases will have a lower tendency to quit their firm. This will help reduce the turnover rate of an organizations and as such, if employees are rewarded adequately, they will feel a strong sense of loyalty towards their organization. Furthermore, according to Hasibuan (2013), compensation helps to increase the employee loyalty and interest to the company. This claim is corroborated by Anantadjaya et al. (2015) who stated that employee loyalty is indeed affected by compensation. In addition, Manurung (2017) also claimed a proper compensation and reward system will make the employee loyal to the company and increase their contribution and productivity. Thus, the explanation above shows that the compensation and rewards is closely related to the creation of employee's loyalty. In crux, the fairer and just an employee is compensated and rewarded, the higher will be his/her organizational loyalty to the company.

- H4: Compensation and rewards has a significant and positive relationship on the organizational loyalty of employees in Malaysia.

2.6. Organizational Loyalty of Employees

According to Organ et al. (2006), organizational loyalty is defined as promoting the organization to outsiders and remaining committed to the company even under adverse conditions. According to Keiningham and Aksoy (2009), the long-term success of any organization depends heavily on the loyalty and the quality of its employees. Being loyal to a company is a notion that organizations are clearly aware of, if not envious of this elusive attribute. When employee loyalty exists in a company, it will help sustain the organization long enough for these companies to achieve the objectives that they have set for themselves. This is because a loyal workforce provides long-term stability to their firms as they remain

committed to ensure that they work assiduously towards goal attainment. Past literature such as El Saghier et al. (2015) revealed that employee loyalty can be increased through the successful accomplishment of HRM Practices. Their study found training and development, performance appraisal, compensation and selection all significantly help determine employee loyalty. Thus, El Saghier et al. (2015) concluded that HR Practices show positive and significant effects on employee loyalty. This claim has been corroborated by Uzair et al. (2017) who proved that HRM Practices does indeed have a positive relationship with job satisfaction as well as employee loyalty and commitment. Uzair et al. (2017) discovered that employees recognize the importance of performance appraisal, compensation, selection and training and development when giving their opinion on their loyalty towards their companies. Their findings showed that a company's workforce is concerned with all these aspects as depicted by the close relationship between their independent variable (human resource practices) and dependent variables (employee loyalty and commitment). Hence, Uzair et al. (2017) concluded that performance appraisal, compensation, selection and training and development all significantly help in determining an employee's loyalty and commitment.

2.7. Conceptual Framework

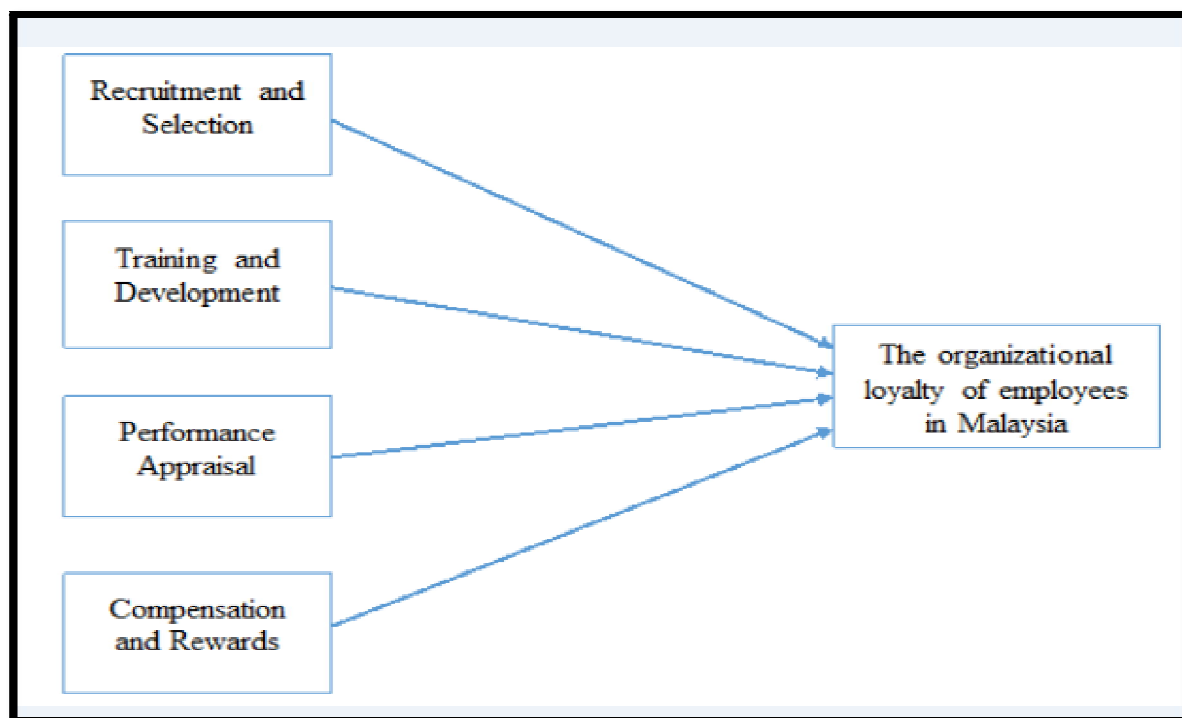


Figure 1: Conceptual Framework of the Study

3. Methodology

The population of this study is defined as all employees working in organizations in Malaysia which are listed and licensed as operational on Bursa Malaysia's main market (Kuala Lumpur Stock Exchange). The authors chose organizations listed on Bursa Malaysia Exchange as the population of study because the companies are mostly large organizations that already have a human resource management system in place as well as a dedicated human resource department. The findings of this study will benefit these companies the most. Moreover, the companies listed on Bursa Malaysia Exchange are from different industries. For example, the telecommunication industry (Maxis, Digi), food and beverage industry (Nestlé, Dutch Lady) and finance industry (Maybank, CIMB Bank). Therefore, the findings of our study will not be geared towards one industry only. Instead, the findings will be well-rounded. The researchers used questionnaires to gather the primary data, which was done by distributing them to the respondents online by using google form links. There are two main parts of the questionnaire, part A and part B. Part A contains 6 items about the respondents' profile and demographic information whereas part B contains 25 items comprising of 5 items for each variable which are recruitment and selection, training and development, performance appraisal, compensation and rewards and the organizational loyalty of employees. The part B of the questionnaire consists of items that use the Likert Scale with 5-points where 1 represents "strongly disagree" and 5 represents "strongly agree".

Before distributing the questionnaires to the actual sample, the researchers carried out a pilot test whereby 30 questionnaires were distributed randomly to employees in the Cheras area. The respondents had to fill an additional section in the pilot testing named "Pilot Study Evaluation Form" where they had to give their feedback on whether the instructions and questions were understandable and clear and whether they have any suggestions on how the researchers can improve this questionnaire. Then, based on the comments of the 30 respondents, the researchers made some minor changes to the items in the questionnaire so as to make it simpler in terms of language in an attempt to minimize confusion among respondents. After the pilot study had been conducted, the researchers started the actual data

distribution and collection process. The researchers sent the updated questionnaires via an email link to 400 random public listed companies on the Bursa Malaysia Exchange website. The researchers requested the companies to distribute the questionnaire link to at least 3 random employees in their organization and have them fill up the questionnaire.

The data distribution and collection lasted a period of 3 weeks. Responses that are incomplete are considered invalid and rejected. After the researchers eliminated the invalid questionnaires, a total of 432 questionnaires were usable for this study. This number exceeded the minimum sample requirement of 384 needed for this study. Next, all of the data that was collected was converted into information and then, a demographic analysis was conducted. Moreover, Cronbach's Alpha was also be used to test for the reliability of the data and Pearson's Correlation method was used to test for the correlation between the independent variables and the dependent variable which will be shown in the next section of this research paper.

4. Data Analysis and Discussion

4.1. Respondents' Demographic Analysis

Among the 432 responses collected, 198 (45.8%) were male and 234 (54.2%) were female. In terms of ethnicity, the majority of respondents were Malays with 205 (47.5%) responses, followed by 185 (42.8%) Chinese respondents and 42 (9.7%) Indian respondents. Next, the highest number of respondents is from the age group of "26-35 years" with 201 (46.5%) responses, followed by the "36-45 years" category which consist of 114 (26.4%) respondents, then 65 (15%) from the age group of "25 years and below". 40 (9.3%) of the respondents were from age group of "46-55 years". Lastly, only 12 (2.8%) of the respondents were from age group of "56 years and above". In addition, more than half of the respondents' highest education level was a Bachelor's degree 239 (55.3%). Next, 132 (30.6%) of the respondent's highest education level was a Master's degree. This was followed by 42 (9.7%) respondents who had a Diploma and 19 (4.4%) respondents who had a PhD. Furthermore, the majority of the respondents 172 (39.8%) received a salary ranging from RM3000 to RM3999 followed by 118 (27.3%) respondents who receive a monthly income of between RM2000-RM2999. The third group of respondents 78 (18.1%) receives a monthly income of RM4000-4999. This was followed by 60 (13.9%) respondents who receives RM5000 and above monthly. Lastly, only 4 (0.9%) respondents received RM1000-RM1999 as income monthly. Moreover, the majority of the respondents have worked exactly 2 years to less than 3 years at their current organization 117 (27.1%). This was followed by 112 (26%) respondents that have worked for exactly 1 year to less than 2 years at their current company. Next, 96 (22.2%) respondents have worked exactly 3 years to less than 5 years at their current organization. The fourth category of the respondents 55 (12.7%) have worked less than 1 year at their current company and lastly only 52 (12%) respondents have worked 5 years and above at their current organization.

Demographic		Frequency(n)	Percentage (%)
Gender	Male	198	45.8%
	Female	234	54.2%
Ethnicity	Malay	205	47.5%
	Chinese	185	42.8%
	Indian	42	9.7%
Age Group	25 years and below	65	15%
	26-35 years	201	46.5%
	36-45 years	114	26.4%
	46-55 years	40	9.3%
	56 years and above	12	2.8%
Education Level	Diploma	42	9.7%
	Bachelor's Degree	239	55.3%
	Master's Degree	132	30.6%
	PhD	19	4.4%
Monthly Income	RM1000-RM1999	4	0.9%
	RM2000-RM2999	118	27.3%
	RM3000-RM3999	172	39.8%
	RM4000-4999	78	18.1%
	RM5000 and above	60	13.9%
Length of Work at Current Organization	Less than 1 year	55	12.7%
	Exactly 1 year to less than 2 years	112	26%
	Exactly 2 years to less than 3 years	117	27.1%
	Exactly 3 years to less than 5 years	96	22.2%
	5 years and above	52	12%

Table 1: Summary of the Respondents' Demographic Information

4.2. Reliability Analysis

Cronbach's Alpha coefficient is used in this research to test for reliability of the data. In order for the scales to be reliable and accepted, Nunnally (1978) recommends a minimum level of 0.7 for the Cronbach's alpha value. For items that have a Cronbach's Alpha value of below 0.7, they are considered unreliable and therefore, cannot be accepted as stated by the rule of thumb of George and Mallery (2003). As shown in Table 2, the variables in this study have a Cronbach's Alpha value ranging from 0.721 to 0.918, which exceeds the minimum requirement proposed by the previous researchers such as Nunnally (1978). The dependent variable "Organizational Loyalty of Employees in Malaysia" has the highest Cronbach's Alpha value of 0.918 followed by the independent variable "Training and Development" with a Cronbach's Alpha value of 0.902. Both of these variables have a value of more than 0.9, which are considered excellent. In addition, the independent variables "Compensation and Rewards" and "Performance Appraisal" have a Cronbach's Alpha value of 0.883 and 0.819 respectively which are considered good. Lastly, the independent variable "Recruitment and Selection" has a Cronbach's Alpha value of 0.721 which is considered acceptable. These results are summarized in the table below.

Variables	N of Items	Cronbach's Alpha	Results
Recruitment and Selection	5	0.721	Reliable
Training and Development	5	0.902	Reliable
Performance Appraisal	5	0.819	Reliable
Compensation and Rewards	5	0.883	Reliable
Organizational Loyalty of Employees in Malaysia	5	0.918	Reliable

Table 2: Summary of the Reliability Test (Cronbach's Alpha)

4.3. Hypothesis Testing and Discussion

To test the hypotheses, a Pearson's Correlation test was used. This test determines the degree to which two variables are associated. Values that are close to 1 indicates a strong relationship whereas values that are close 0 shows a weak correlation between the variables (Vignaswaran, 2008). The first hypothesis (H1) of the study was that "Recruitment and selection has a positive and significant relationship on the organizational loyalty of employees in Malaysia." The findings revealed that H1 is accepted. The values depicted in the table 3 shows that the Pearson Correlation Coefficient is 0.570 and it is significant at 0.000. This represents a significant level of relationship between "Recruitment and Selection" and "Organizational Loyalty of Employees in Malaysia". The relationship strength between "Recruitment and Selection" and "Organizational Loyalty of Employees in Malaysia" is positive and the level of relationship strength is moderate since the Pearson Correlation Coefficient value falls between 0.40 and 0.59. The researchers' findings are reinforced with the findings of previous researchers such as El Saghier et al. (2015) who found that there is indeed a positive and significant relationship between the independent variable "Employees Selection" and the dependent variable "Employee Loyalty". As reported by El Saghier et al. (2015), "Employees Selection" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.5. Furthermore, the researchers' findings have also been corroborated by Uzair et al. (2017) who found that there is a positive and significant relationship between the independent variable "Recruitment and Selection" and the dependent variable "Employee Loyalty". As reported by Uzair et al. (2017), "Recruitment and Selection" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.433.

The second hypothesis (H2) of the study was that "Training and Development has a positive and significant relationship on the organizational loyalty of employees in Malaysia". The findings revealed that H2 is accepted. The values depicted in the table 3 shows that the Pearson Correlation Coefficient is 0.672 and it is significant at 0.000. This represents a significant level of relationship between "Training and Development" and "Organizational Loyalty of Employees in Malaysia". The relationship strength between "Training and Development" and "Organizational Loyalty of Employees in Malaysia" is positive and the level of relationship strength is strong since the Pearson Correlation Coefficient value falls between 0.60 and 0.79. The researchers' findings are reinforced with the findings of previous researchers such as El Saghier et al. (2015) who found that there is indeed a positive relationship between the independent variable "Employees Training" and the dependent variable "Employee Loyalty". As reported by El Saghier et al. (2015), "Employees Training" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.5. This showed that there is a significant relationship between "Employees Training" and "Employee Loyalty". Furthermore, the researchers' findings have also been corroborated by Uzair et al. (2017) who found that there is a positive relationship between the independent variable "Training" and the dependent variable "Employee Loyalty". As reported by Uzair et al. (2017), "Training" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.468.

The third hypothesis (H3) of the study was that "Performance Appraisal has a positive and significant relationship on the organizational loyalty of employees in Malaysia." The findings revealed that H3 is accepted. The values depicted in the table 3 shows that the Pearson Correlation Coefficient is 0.737 and it is significant at 0.000. This represents a significant level of relationship between "Performance Appraisal" and "Organizational Loyalty of Employees in Malaysia". The relationship strength between "Performance Appraisal" and "Organizational Loyalty of Employees in Malaysia" is positive and the level of relationship strength is strong since the Pearson Correlation Coefficient value falls between 0.60 and 0.79. The researchers' findings are reinforced with the findings of previous researchers such as El Saghier et al. (2015) who found that there is indeed a positive relationship between the independent variable "Performance Appraisal" and the

dependent variable "Employee Loyalty". As reported by El Saghier et al. (2015), "Performance Appraisal" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.5. This showed that there is a significant relationship between "Performance Appraisal" and "Employee Loyalty". Furthermore, the researchers' findings have also been corroborated by Uzair et al. (2017) who found that there is a positive relationship between the independent variable "Performance Appraisal" and the dependent variable "Employee Loyalty". As reported by Uzair et al. (2017), "Performance Appraisal" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.438.

The fourth hypothesis (H4) of the study was that "Compensation and Rewards has a positive and significant relationship on the organizational loyalty of employees in Malaysia." The findings revealed that H4 is accepted. The values depicted in the table 3 shows that the Pearson Correlation Coefficient is 0.826 and it is significant at 0.000. This represents a significant level of relationship between "Compensation and Rewards" and "Organizational Loyalty of Employees in Malaysia". The relationship strength between "Compensation and Rewards" and "Organizational Loyalty of Employees in Malaysia" is positive and the level of relationship strength is very strong since the Pearson Correlation Coefficient value falls between 0.80 and 1.00. The researchers' findings are reinforced with the findings of previous researchers such as El Saghier et al. (2015) who found that there is indeed a positive relationship between the independent variable "Compensation" and the dependent variable "Employee Loyalty". As reported by El Saghier et al. (2015), "Compensation" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.5. This showed that there is a significant relationship between "Compensation" and "Employee Loyalty". Furthermore, the researchers' findings have also been corroborated by Uzair et al. (2017) who found that there is a positive relationship between the independent variable "Compensation" and the dependent variable "Employee Loyalty". As reported by Uzair et al. (2017), "Compensation" is moderately correlated with "Employee Loyalty" and has a Pearson Correlation Coefficient (r) of 0.456.

Hypotheses	Results			Conclusion
	P-Value	Strength (r)	Direction	
H1: Recruitment and selection has a positive and significant relationship on the organizational loyalty of employees in Malaysia.	0.000	0.570	Positive	Accepted
H2: Training and development has a positive and significant relationship on the organizational loyalty of employees in Malaysia.	0.000	0.672	Positive	Accepted
H3: Performance appraisal has a positive and significant relationship on the organizational loyalty of employees in Malaysia.	0.000	0.737	Positive	Accepted
H4: Compensation and rewards has a positive and significant relationship on the organizational loyalty of employees in Malaysia.	0.000	0.826	Positive	Accepted

Table 3: Summary of the Pearson's Correlation Test

5. Conclusion and Recommendations

The aim of this research is to analyze the impact that human resource management (HRM) practices have on the organizational loyalty of employees in Malaysia. The findings revealed that all four independent variables – recruitment and selection, training and development, performance appraisal and compensation and rewards – have a positive and significant relationship on the dependent variable "organizational loyalty of employees in Malaysia". This fact has been demonstrated with a Pearson's Correlation test and the results are shown in table 3. The implications of this study are that the findings and results of this research will benefit and assist companies in Malaysia by acting as a guidance tool so that organizations in Malaysia can reshape their human resource management practices accordingly in order to increase their employees' loyalty. Consequently, companies in Malaysia will be able to reduce the turnover rate of their employees which will save the organizations from having to spend additional costs on recruitment and staffing of new employees. Concerning recommendations, future researchers could widen the population sample and location to gain a better coverage. A wider geographic coverage such as South-East Asia as opposed to only one country and a bigger population sample could help researchers in yielding more comprehensive results. Moreover, while conducting research on this topic, future researchers can extend the period of data distribution and collection to at least two months in order to maximize the number of replies from respondents. This would help future researchers get a larger quantity of responses and consequently, a more in-depth data analysis can be conducted. Furthermore, future researchers can include other independent variables while conducting research on the same topic. Researchers can use independent variables such as employee participation (Quresh et al., 2010), job security (Aleem et al., 2012) and career planning (El Saghier et al., 2015) when considering human resource management practices as the independent variable so as to know the extent to which these factors affect the organizational loyalty of employees. Therefore, by considering these variables, future researchers will be able to develop a more enhanced and extensive research that could lead to more outcomes and results and on this topic.

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