



# Employees' Loyalty at Le Tran Furniture Limited in Vietnam

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**Abstract.** The purpose of this study is to determine how the employee's loyalty to the company can contribute to the company's long-term development. Achieving this level of devotion from employees requires the company to recognize and implement factors affecting employee loyalty. Thus, this study is designed to identify five factors influencing the employee's devotion to a company. The five factors considered in this study are working environment, working conditions, training and development, mission, and challenges. A survey questionnaire with 30 statements relating to these 5 factors is conducted, and 385 responses were received from production managers, ISO managers, mold managers and equipment managers, staff, and workers of the company. SPSS application is applied for data analysis. The results of the study reveal that these five influencing factors are the key factors that play a decisive role in the devotion and loyalty of employees. Since then, the conclusions not only guide the company to enhance the loyalty of employees but also is an advantage of how this will give benefits to the organization.

**Keywords:** Employee Loyalty · Employee Devotion · Challenges · Mission

## 1 Introduction

Most workers, staffs, and managers in a company together play their roles in contributing to the company's development and sustainability. Despite that, on the contrary, in the company itself, most companies are not able to realize their own major role to the employees. Their important and main role is to understand the status and desires of their employees when employees are working and serving the lifetime of the company itself in general and of employees in particular. Unfortunately, this case is not concerned by most companies or even if it is considered, but not scientifically exploited. Therefore, in society, gradually established has been an employee's phenomenon of jumping from a company to a new one [1] just because the status and mood of the employees in the previous company were not satisfactory and afterward the loyalty between the company and the employee were not formed.

Henceforth, a question arose as a firm is trying to improve these aspects, for instance: how to obtain loyalty or employee devotion to the company? How do recognize the status and mood of employees in the company? Which method to implement or which direction would be good and justifiable scientifically for the company? The research aims to answer these questions by studying the influences of the five factors: working environment, working conditions, training & development, mission, and challenges.

Specifically, this paper analyzes and digs into the relationship between the five influencing factors with employee loyalty. Hereafter, the research objectives of this study are:

- to clarify the relationship between working environment and employee loyalty.
- to clarify the relationship between working conditions and employee loyalty.
- to clarify the relationship between training & development and employee loyalty.
- to clarify the relationship between mission and employee loyalty.
- to clarify the relationship between challenges and employee loyalty.

## 2 Literature Review

### 2.1 Employee Loyalty

According to the Collin dictionary [5], loyalty is a condition in which one person has a long-term stable relationship with someone else for something. Following that meaning of loyalty, the loyalty of an employee implies that he or she can remain steady within the connection with the organization for the long term for his or her work. In this way, it demonstrates that his or her stay in the company or the organization for work might be calculated by the sum of time [17]. On the other hand, the changes in the economy, such as transformation or lessening, and these days affected by the COVID-19 pandemic [8], make the meaning of employee loyalty alter. Employee loyalty is not possibly evaluated by the amount of time they are at work for the organization, but by the amount of allegiance to how the employee works for the work [12]. Moreover, [15] proved that employee loyalty derives from the eagerness of an employee devotes to or sacrifices for the company to fortify a relationship. Thus, employee loyalty is depicted as the desire to take part with the organization in long term, which plays a significant and positive part in the maintenance of members within the organization.

As a result, some research has been carried out to realize the set of changed variables that has a noteworthy impact on employee loyalty.

### 2.2 Working Environment

Following the revolution of the 21st, together with the researched development of the concept of employee loyalty, the set of variables affecting attends quickly. More components are surveyed, analyzed, and demonstrated to have an essential influence on employee loyalty. According to [4], one of the basic factors affecting employee loyalty is the working environment. [7] investigated the influence of the working environment on the loyalty of employees. [6] found that employee loyalty is improved to a high level

by the factor of a positive working environment associated with good-natured interactive relationships between colleagues or superiors. Furthermore, as indicated by [23], the positive linear relationship derived between employee satisfaction and employee loyalty, which suggested that there was a connection between working environment and employee loyalty. They have also demonstrated that the work environment has a considerable effect on employee loyalty.

Subsequently, shortly speaking, as the needs of employees are fulfilled sufficiently well at work regarding the working environment, their sense of dedication to the organization will be strengthened, as well. As a result of employees' sense of loyalty towards the organization advanced up, employees are trending to appear to be loyal to their work as well as the organization [9].

### **2.3 Working Condition**

As far as the working environment of the organization satisfies employees' expectations, working condition has also been verified as one of the key factors influencing employee loyalty [6]. That is why [24] has assumed that employees are effectively loyal to the organization and that the employee's concept of jumping from work to work is exceedingly difficult to be accomplished if the employee's sense of belonging to the organization is fulfilled by good working conditions. Then, employee loyalty is a result of the satisfaction of working conditions. Organizations should be attentive to their working conditions [14]. [22] also claimed that one of the essential components which lead to employee loyalty is working conditions. The result of the employees' satisfaction with working conditions will bring workers an upward tendency of being mindful to stay with the organization [10]. As a result, these days most employees are actively searching for an organization that provides them with decent working conditions [16].

### **2.4 Training and Development**

Following the determinant of working conditions, [13] concluded that training and development also greatly determine the employee's firm loyalty to the company while employees are concerned about it. As a matter of fact, [18] agreed with the conclusion that one of the major carriers of employee satisfaction is training. In turn, [21] ascertained that a key factor leading to employee satisfaction is training in service of constant professional growth. In addition, [25] also realized that one of the substantial factors that contributed to employee loyalty is training and development. It is also clear that according to [25], employees plan to pursue opportunities for training and development in order to enhance and want the future of their job and promotion opportunities to remain long and expand much within the organization. As a result of [25] report, it was found that happy employees would have any intention of remaining loyal to the organization if they are offered the opportunities to learn and develop at the same time provided a clearly identified career path that they can take within the organization.

### **2.5 Mission**

In conjunction with the most listed components impacting employee loyalty, the strategy of holding employees faithful to the organization was shared by [11] that it has to contain

an organization's mission among vision, values, and approaches. The organization's mission is based on certain center values, such as taking individuals as a center of esteem, which is, as a rule, an explanation that drives the organization to accomplish a corporate objective. A company's mission is to represent a demonstration that embodies the drive behind the presence of an organization [19]. Focused on the path is critical, as great entertainers remain loyal to an organization whose aims are communicated clearly and achievable. In addition, [3] clarified that the mission was a vital component of maintenance. An extra think by [2] also appears that an organization's mission is important to maintain employees in that it characterizes an organization, expresses its ideals, and ultimately and explicitly envisions its future mission.

## 2.6 Challenges

Organizational superiors constantly confront different challenges when attempting to diminish turnover rates and try to retain valuable employees [20]. According to Tara, the challenges contain employees' needs of aptitudes, knowledge, working experience, training & development, employee recognition of the organization, work fulfillment, and all of which can influence the capacity of companies to employ and hold quality and important employees. Subsequently, Tara pointed out the matter of challenges, that in this study are mentioned within the questionnaire, are moreover the same as the challenges of giving employees opportunities to do their enhancement by themselves and the company plays its part as a leader for their career path to be identified clearly so that they can comprehend their exertion investing to remain in company for a long time ought to be a profitable thing to do.

For the most part, this research on employee loyalty recognition appears that employees remain in organizations as long as the working environment, working conditions, training & development, mission, and challenges are all fulfilled while employees reach an agreement.

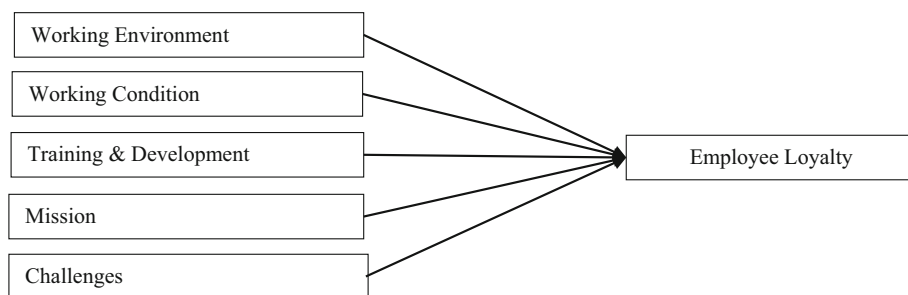
## 3 Methodology

The independent variables identified in this study include working environment, working condition, training & development, mission, and challenges. The dependent variable is employee loyalty. Figure 1 is the research framework of this study.

Five hypotheses have been developed for this research:

- H1: There is a relationship between working environment and employee loyalty.
- H2: There is a relationship between working condition and employee loyalty.
- H3: There is a relationship between training & development and employee loyalty.
- H4: There is a relationship between mission and employee loyalty.
- H5: There is a relationship between challenges and employee loyalty.

Quantitative research in combination with questionnaires and document reviews is applied to achieve the above objectives. 460 questionnaires were sent out with 385 responses received. In the qualitative stage, in-depth interviews are conducted with 35



**Fig. 1.** Research Framework

experts in the industry to explore insights into the current situation of employee royalty. The target population is entrepreneurs related experts and manufacturers managers in the field.

Respondents are analyzed to find out some general characteristics of participants in the survey. This general information will help the researcher establish final findings when combined with other statistical analyses for the research.

### **3.1 Respondent's Profile**

#### **3.1.1 Gender**

Gender is classified into two groups in this survey. In total, 385 respondents, and 277 respondents are male, which accounts for 71.9 percent. 108 respondents are female and account for 28.1 percent (Table 1).

#### **3.1.2 Age**

Age is classified into five groups in this survey. In total, 385 respondents, 184 respondents are from 21 to 30 years old, accounted for 47.8%. These are the number of skilled workers who hold the key to the production part of the company. These skilled workers account for nearly one and a half of the total number of employees in the company. Among them is also the total number of mature labours from this workforce with advanced skills from many years of the profession, with 99 respondents, from 31 to 40 years old, accounting for 25.7%, reaching up to a quarter of the total number of employees in the company. The next group is of mid-class staff, between 41 and 50 years old, 50 respondents, accounted for 13.0%. They are mid-managers of the company's operation. Moreover, both two groups of under 20 and above 50 years old accounted for 13.5%.

#### **3.1.3 Experience**

Participants are classified into three divisions in this survey. The production division includes unskilled workers and mature or skilled workers. The total number of this production section is in both two groups of less than 2 years and from 2 to 5 years. In total, this is the largest group of 292 respondents, accounting for 75.8%. This figure shows that product performance is reached many thanks mainly to the production volume of this

**Table 1.** Demographic Profile (N = 385)

<b>Gender</b>	Frequency	Percent			
Male	277	71.9			
Female	108	28.1			
<b>Age</b>	Frequency	Percent	<b>Monthly Income</b>	Frequency	Percent
<21 years old	42	10.9	VND 7M	125	32.5
21–30 years old	184	47.8	VND 7-15M	199	51.7
31–40 years old	99	25.7	VND 15-25M	34	8.8
41–50 years old	50	13.0	>VND 25M	27	7.0
>50 years old	10	2.6	Total	385	100.0
<b>Experience</b>	Frequency	Percent	<b>Education</b>	Frequency	Percent
<2 years	146	37.9	Under high school	222	57.7
2–5 years	146	37.9	High school	57	14.8
6–10 years	63	16.4	College	34	8.8
>10 years	30	7.8	Undergraduate	67	17.4
Total	385	100.0	Graduate	5	1.3

section of mature or skilled and unskilled workers. Next is the management division, including junior and senior management. 63 respondents, accounting for 16.4%, are junior managers, including programming engineers, ISO managers, and mold managers, who have been working for 10 years already. 30 respondents, accounting for 7.8%, are senior managers, with above 10 years of work. They are senior managers, system engineers, and overseas sales managers.

### 3.1.4 Monthly Income

Participants are divided into three groups in this survey. In total, 199 respondents, accounting for 51.7%, make from 7 to 15 million VND per month. This largest group includes junior managers and mature workers who play an affecting role in production. The second large group of 125 respondents, accounted for 32.5%, belongs to unskilled workers, having a monthly income of 7 million VND. They are achieving their improvement through the support of mature or skilled workers. 34 respondents with a monthly income of 16 to 25 million VND, accounted for 8.8%, are production managers, ISO managers, mold managers, and equipment managers. 27 respondents with a monthly income of above 25 million VND, accounting for 7.0%, are business managers, and senior managers. Both the two groups of respondents account for 15.7%, which is considered the smallest group that holds the company operation.

**Table 2.** Reliability Statistics

	Cronbach's Alpha	N of Items
Working environment	0.887	5
Working condition	0.880	5
Training & development	0.871	5
Mission	0.879	5
Challenges	0.886	5

### 3.1.5 Education

Participants are classified into three ranks in this survey. The largest rank includes workers who are under high school and high school. They are unskilled and skilled or mature workers. In total, unskilled ones include 222 respondents, accounting for 57.7%, much more than one and a half of the number of employees in the company. They were hired with a beginning simple requirement of skills to get familiar with work in the first period. Then, they will be supported by many-year skilled or mature workers during their first time at work. These mature workers include 57 respondents, accounting for 14.8%. The cumulative percentage of both under high school group and high school group, who make products in the assembly line, is 72.5% which accounted for more than two in three employees. Next is the group of junior managers, from college group to university group, respectively 34 respondents, 67 respondents, accounted for 8.8%, 17.4%. 5 respondents are post-graduates, who are senior managers, accounting for 1.3%

### 3.2 Reliability

Table 2 shows Cronbach's Alpha values for independent variables and dependent variable. Cronbach's Alpha value of each variable is greater than 0.6. Thus, there is an internal consistency of all variables.

### 3.3 Regression

In Table 3, the adjusted R-square of the multiple correlation coefficient values indicates that 59.5% of the variances associated with employee loyalty can be explained by the 5 independent variables. The F-statistics is also significant ( $F = 114.063$ ,  $p < 0.05$ ) which confirms that all 5 variables collectively make a significant contribution to the fitness of the regression model and are statistically significant in explaining the variance of employee loyalty.

Model 1 in Table 4 shows the coefficients for the five predictors of employee royalty. All the independent variables are significantly related to employee royalty. Work environment has the highest significant and positive relationship ( $B = 0.260$ ,  $p < 0.05$ ) with employee royalty. Training & development ( $B = 0.250$ ,  $p < 0.05$ ) and challenges ( $B = 0.217$ ,  $p < 0.05$ ) respectively have a significant positive relationship with employee

**Table 3.** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.775 <sup>a</sup>	.601	.595	.47408

a. Predictors: (Constant), challenges, working condition, training & development, working environment, mission. F = 114.063, sig = 0.000

**Table 4.** Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.617	.170		-3.619	.000		
	Working environment	.260	.037	.254	6.936	.000	.787	1.271
	Working condition	.190	.026	.257	7.376	.000	.869	1.151
	Training & development	.250	.038	.228	6.586	.000	.881	1.135
	Mission	.215	.042	.196	5.120	.000	.718	1.393
	Challenges	.217	.028	.279	7.778	.000	.819	1.221

<sup>a</sup>. Dependent Variable: Loyalty

royalty. Mission has a significant correlation (B = 0.215, p < 0.05) with employee royalty. Work condition has the lowest significant correlation (B = 0.190, p < 0.05) with employee royalty.

## 4 Conclusion and Implications

Through results from data analyses, the five hypotheses of this research are proved to be supported. Hypotheses’ findings are summarized in Table 5.

### 4.1 Discussion

Statistics and results from the analysis reveal many things about the five factors that have influenced employee loyalty of Le Tran Furniture Limited.

- The number of surveyors involved in this research was split by a high proportion of manufacturing employees, in addition to a limited number of technology and management personnel. A significant number of participants includes skilled and unskilled staff at the company’s manufacturing facilities. This indicates a high interest on the



**Table 5.** Hypothesis Summary

No.	Hypothesis	Results
1	There is a relationship between working environment and employee loyalty.	Supported
2	There is a relationship between working condition and employee loyalty.	Supported
3	There is a relationship between training & development and employee loyalty.	Supported
4	There is a relationship between mission and employee loyalty.	Supported
5	There is a relationship between challenges and employee loyalty.	Supported

part of the company regarding the strategy of improving employee retention within the company and keeping workers loyal to the company.

- Many managers acknowledge that the company's concern about employees' decision to remain has not been sufficiently invested while many employees believe that the company still has adequate responsibility for the policy of employee loyalty within the company.
- The company, therefore, decided to conduct research on the 5 core components influencing employee loyalty within the company so that the company would be able to encourage the long-term interest of workers taking part in the organization, which plays a significant and positive role in the preservation of members within the organization.
- The "Challenges" factor is a special concept among the remaining factors in this study. This requires all workers to have to invest their willingness to support each other at work to manage the situation and solve the challenges. In this way, the company has been creating corporate working connections between colleagues and superiors.
- Human resources have always been a strategic benefit for Vietnam with low cost and availability. This facilitates the fact that technical capability would not be a matter for the company when conducting the training & development program and challenges program for workers to reinforce their capacity and loyalty through education, training through work-related challenges while employed. That is also why most people assume that Vietnam's main power resources can be strengthened through education and training through work-related challenges. In addition, the Government of Vietnam has also taken the same steps as the company has taken to increase professional training by educating about work-related challenges. This is also advantageous news for the company to address those 5 key determinants that affect employee loyalty, especially the "Challenges" factor.

This survey had 385 respondents. In addition to the findings of the survey, the researcher had a variety of face-to-face discussions with some of these respondents, primarily managers and heads of divisions and team leaders, on the questionnaire in order to understand most of the sense of employee loyalty within the company. As a result, the author has collected many good insights into the study.

Five factors including working environment, working condition, training & development, mission, and challenges were identified to have a significant influence on employee loyalty in Le Tran Furniture Limited with 68.709% of the variances associated with

employee loyalty can be explained by the five factors affecting employee loyalty. Of the five factors, the working environment has the most significant influence, and training & development come second.

To answer the questions initially stated above, Le Tran Furniture Limited can obtain loyalty and employee devotion by specifically improving the training & development department as well as working environment for the employee. By understanding the factors mentioned in this research, the firm can also have a better understanding of the status and mood of employees. For long-term growth, it is suggested to Le Tran Furniture Limited take an initiative approach by focusing on the human resources of the firm, especially with the training and development for both current and new employees.

## 4.2 Limitations and Implications for Future Research

To sum up, the study has made a substantial contribution to both theoretical and practical consequences for the organization in Vietnam to consider the sense of loyalty of employees. Employees of manufacturing facilities are considered a priority category with a thorough review to enhance each factor that influences employee loyalty. Even though the research was conducted in the company privately, it could interpret and cover sufficiently different aspects of different organizations in Vietnam.

For future studies, therefore it is supposed that the greater the diversity of the data survey, the more compelling the research becomes. Other than that, it is known that there are several other factors that influence employee loyalty. Future studies, therefore, have a range of reasons and resources to undertake and expand knowledge of employee retention.

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