

**UNIVERSITI TEKNOLOGI MARA**

**“THE PREDICTORS INFLUENCING  
EMPLOYEE LOYALTY AT BANK  
RAKYAT IN THE STATE OF  
TERENGGANU”**

**NUR MUNIRAH BINTI ZAINUDIN**

Dissertation submitted in partial fulfillment of the  
requirements for the degree of  
**Master in Office Systems Management**

**Faculty of Business Management**

July 2017

## ABSTRACT

Employees are the most important and valuable assets of an organization. An organization's success could not be realized without employees' support and contribution. This study aims to examine the factors that influence employee loyalty among employees of Bank Rakyat in the state of Terengganu. Researcher had identified three factors that could influence towards employee loyalty. The three factors are identified as work environment, reward and recognition and training and development. In addition, this study also explored the mediator relationship between work environment, reward and recognition, training and development and Islamic Management Style towards employee loyalty. The sample of this study is 115 people by using stratified random sampling. The data were analyzed using the Statistical Package for Social Science (SPSS 22). The findings show that Reward and Recognition, Training and Development have significant relationships with Employee Loyalty. The results of regression analysis also showed that the Training and Development is the main predictor of Employee Loyalty and Islamic Management Style is the mediator of the relationship between Reward and Recognition and Training and Development of Employee Loyalty. The implications of future studies and studies in this area are also discussed.

## ACKNOWLEDGEMENT

Alhamdulillah, all praises to Allah for the strengths and His blessing in finishing this thesis. I would never have been able to finish my dissertation without the supervision from my advisor, Dr Haji Zainuddin Zakaria. He has been extremely tremendous from the start and supports us constantly. His precious help of constructive comments and suggestions throughout the experimental and thesis works have contributed to the success of this research. Not forgotten, my appreciation to the all staff Bank Rakyat who have helped during collecting the data.

Sincerely thanks to all my friends I have known especially my classmates for the moral supports and kindness. It was really nice to know all of you. Thank you for the friendship and the reminiscences.

Last but not least, my sincere gratitude goes to my beloved parents; Zainudin Ahmad and Salmah Mohd Yunus and also my beloved husband and daughter; Mohd Anuar Idris and Ariqah Mikhaila Mohd Anuar for their endless devotions, love and encouragement. To those who indirectly had unwritten in this research, your kindness means a lot to me. Thank you very much.

# TABLE OF CONTENTS

	<b>Page</b>
<b>AUTHOR'S DECLARATION</b>	iii
<b>ABSTRACT</b>	iv
<b>ACKNOWLEDGEMENT</b>	v
<b>TABLE OF CONTENTS</b>	vi
<b>LIST OF FIGURES</b>	vii
<b>LIST OF TABLES</b>	viii
<b>CHAPTER 1 : THE INTRODUCTION OF THE STUDY</b>	1
1.1 BACKGROUND OF THE STUDY	1
1.2 PROBLEM STATEMENT	2
1.3 RESEARCH OBJECTIVES	4
1.4 RESEARCH QUESTIONS	4
1.5 SIGNIFICANCE OF THE STUDY	5
1.5.1 Benefit to Bank Rakyat	5
1.5.2 Benefit to the Employees	5
1.5.3 Benefit to the body of knowledge	6
1.5.4 Benefit to the Researcher	6
1.6 LIMITATIONS OF THE STUDY	7
1.6.1 Respondent's Cooperation	7
1.6.2 Questionnaire	7
1.6.3 In terms of Islamic Management Style	8
1.7 SCOPE OF THE STUDY	8
1.8 DEFINITION OF TERMS	9
1.8.1 Employee Loyalty	9
1.8.2 Work Environment	9
1.8.3 Reward and Recognition	9

1.8.4 Training and Development	10
1.8.5 Islamic Management Style	10
<b>CHAPTER 2 : LITERATURE REVIEW</b>	<b>11</b>
2.1 DEPENDENT VARIABLE	11
2.1.1 Employee Loyalty	11
2.2 INDEPENDENT VARIABLE	13
2.2.1 Work Environment	13
2.2.2 Reward and Recognition	14
2.2.3 Training and Development	17
2.3 MEADIATING VARIABLE	19
2.3.1 Islamic Management Style	19
2.4 CONCEPTUAL FRAMEWORK	23
2.5 RESEARCH HYPOTHESIS	24
<b>CHAPTER 3 : RESEARCH METHODOLOGY</b>	<b>25</b>
3.1 RESEARCH DESIGN	25
3.1.1 Type of Investigation	25
3.2 SAMPLING DESIGN	26
3.2.1 Target Population	26
3.2.2 Sampling Frame and Sampling Location	27
3.2.3 Sampling Technique	27
3.2.4 Sampling Size	28
3.3 RESEARCH INSTRUMENT	29
3.3.1 Questionnaire Design	29
3.3.2 Questionnaire Structure	34
3.4 RELIABILITY OF INSTRUMENT	35
3.5 DATA COLLECTION METHOD	36
3.6 DATA SOURCES	36