

**INFLUENCE OF LEARNING TRANSFER
FACTORS ON COMPETENCIES AND
PERFORMANCE IN THE SABAH
HOTEL INDUSTRY**



TOH PEI SUNG

UMS
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMICS AND
ACCOUNTING
UNIVERSITI MALAYSIA SABAH
2015**

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**THESIS SUBMITTED IN FULFILLMENT FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY**

**FACULTY OF BUSINESS, ECONOMICS AND
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2015**

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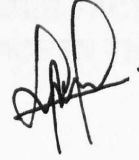
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DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpt, equations, summaries and references, which have been duly acknowledged.

18 August 2015



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CERTIFICATION

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A handwritten signature in black ink, appearing to read 'Arsiah', is written over a horizontal line.

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ABSTRACT

The hotel industry has become one of the major contributors to the gross domestic product (GDP) and has been identified as one of the core economic sectors in the 12 National Key Economic Areas (NKEAs). However, the hotel industry is confronted with the issues of strong competition such as the growth of registered hotels and uncertainty in the environments such as natural disasters, health emergencies and terrorist attack. As such competitive and uncertainty environment, hotels are aggressively boosting the promotional activities to attract and retain customer loyalty toward its hotel for the sustainability and growth. These issues have later highlighted employees are one of the important elements in the hotel industry as they are the main assets in providing excellent service quality towards the customers. Indeed, the hotel industry is facing challenges to enhance employee performance due to the low level of quality service and decrease the average occupancy rate provide strong justification of the need for enhancement. In order to provide an excellent service, employee training is a very prominent factor. Therefore, the training outcomes should be evaluated to ensure that the training contributed to an increase in competencies and employee performance. With regard to this, the learning transfer has become the most important factor because it is part of the training process that will influence the development of human capital and employee performance. The objective of this study is to examine the relationship between learning transfer, competencies and performance among employees especially in Sabah hotel industry. Quantitative approach has been used for this study and the sample size consists of 331 operational employees. The data are analyzed using the Statistical Package for the Social Sciences version 21 (SPSS 21) and SmartPLS 2.0. The study analyzed based on PLS-SEM to test the hypothesized relationship, which focuses on the measurement model and the structural model. The results of this study suggested that employee performance could be increased through learning transfer factors such as secondary influence and motivation. Besides that, the results also suggested that competencies could be increased through secondary influence, motivation, environment, ability and reaction. Moreover, this study found the evidences that competencies mediate the learning transfer factors and individual performance in the following three [3] relationships: (1) secondary influence and employee performance; (2) motivation and employee performance; and (3) environment and employee performance. This study contributes to the theory of the formation of a new model of the learning transfer system in which contains the elements of human resource outcomes and also the inclusion of a new variable such as a reaction; and secondly, the study contributes to the human resource practices by identifying the importance of learning transfer factors in the context of Sabah hotel industry.

ABSTRAK

PENGARUH PEMINDAHAN PEMBELAJARAN KE ATAS KECEKAPAN DAN PRESTASI DI KALANGAN PEKERJA DALAM INDUSTRI HOTEL SABAH

Industri hotel telah menjadi salah satu penyumbang utama kepada Keluaran Dalam Negara kasar (KDNK) dan telah dikenal pasti sebagai salah satu sektor ekonomi teras dalam 12 Bidang Ekonomi Utama Negara. Walaubagaimanapun, industri hotel berhadapan dengan isu-isu persaingan yang kuat seperti pertumbuhan hotel berdaftar dan ketidaktentuan dalam persekitaran seperti bencana alam, kecemasan kesihatan dan serangan pegganas. Akibat persekitaran yang kompetitif dan ketidaktentuan, hotel meningkatkan aktiviti promosi secara agresif bagi menarik dan mengekalkan kesetiaan pelanggan terhadap hotel untuk kemampuan dan pertumbuhan. Isu-isu ini kemudian telah menekankan bahawa pekerja adalah salah satu elemen penting dalam industri hotel kerana mereka adalah aset utama bagi menyalurkan kualiti perkhidmatan yang terbaik kepada pelanggan. Sesungguhnya, industri hotel sedang menghadapi cabaran untuk meningkatkan prestasi pekerja yang disebabkan tahap rendah kualiti perkhidmatan dan penurunan kadar purata penginapan memberi justifikasi yang kuat tentang keperluan untuk penambakan. Dalam usaha untuk menyediakan perkhidmatan yang terbaik, latihan pekerja adalah faktor yang penting. Oleh itu, hasil latihan perlu dinilai bagi memastikan supaya latihan menyumbang kepada peningkatan dalam kecekapan dan prestasi pekerja. Berhubung dengan ini, pemindahan pembelajaran telah menjadi faktor yang paling penting kerana ia adalah sebahagian daripada proses latihan yang akan mempengaruhi pembangunan modal insan dan prestasi pekerja. Objektif kajian ini adalah untuk mengkaji hubungan pemindahan pembelajaran, kecekapan dan prestasi pekerja terutamanya dalam industri hotel Sabah. Pendekatan kuantitatif telah digunakan untuk kajian ini dan saiz sampel yang terdiri daripada 331 pekerja operasi. Data dianalisis dengan menggunakan Pakej Statistik untuk Sains Sosial versi 21 (SPSS 21) dan SmartPLS 2.0. Kajian ini dianalisis berdasarkan PLS-SEM untuk menguji hubungan hipotesis di mana fokus pada model pengukuran dan model struktur. Hasil kajian ini mencadangkan bahawa prestasi pekerja boleh ditingkatkan melalui faktor pemindahan seperti pengaruh sekunder dan motivasi. Selain itu, hasil kajian juga mencadangkan bahawa kecekapan boleh ditingkatkan melalui pengaruh sekunder, motivasi, persekitaran, keupayaan dan reaksi. Tambahan pula, kajian ini membuktikan bahawa kecekapan mengantara faktor pemindahan pembelajaran dan prestasi individu dalam tiga [3] hubungan: (1) pengaruh sekunder dan prestasi pekerja; (2) motivasi dan prestasi pekerja; dan (3) persekitaran dan prestasi pekerja. Kajian ini memberi sumbangan kepada teori melalui pembentukan model sistem pemindahan pembelajaran yang baru di mana mempunyai elemen hasil sumber manusia serta penambahan pembolehubah baru seperti reaksi; dan kedua, kajian ini memberi sumbangan kepada amalan sumber manusia dengan meneliti kepentingan faktor pemindahan pembelajaran dalam konteks industri hotel Sabah.

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Tourism is defined as activities of person travelling to and staying in places that outside from their location for business, vacation and other purposes not related to an activity from and within the place visited which not more than one year consecutive year (Page, 2009). Nowadays, tourism has become the significant key growth engines in Malaysia, which is one of the core economic industries on 12 National Key Economic Areas (NKEAs) for transforming Malaysia into a higher nation income by 2020 and to boost the economy. Generally, NKEA is defined as a driver of economic activity, which has the potential to directly, and materially contribute a quantifiable amount of economic growth to the Malaysian economy (Economic Planning Unit, 2010).

The tourism industry has been grown from RM58.3 billion in 2011 to RM60.6 billion in 2012 which placing Malaysia 13th in terms of global tourist receipts meanwhile from 24.7 million in 2011 to 25 million in 2012 which placing Malaysia 10th in terms of global tourism arrivals (United Nation World Tourism Organization, 2013). In line with this, accommodation services, especially hotels, which is one of the sub-sectors of tourism that currently hailed as the important key economic area in Malaysia for now and the future. Table 1.1 shows the tourists arrivals and receipts in Malaysia within 10 years.

Table 1.1: Tourists Arrivals And Receipts In Malaysia (2004-2013)

Year	Arrivals	Receipts
2013	25.7 Million	65.4 Billion
2012	25.0 Million	60.6 Billion
2011	24.7 Million	58.3 Billion
2010	24.6 Million	56.5 Billion
2009	23.6 Million	53.4 Billion
2008	22.0 Million	49.6 Billion
2007	20.9 Million	46.1 Billion
2006	17.4 Million	36.3 Billion
2005	16.4 Million	32.0 Billion
2004	15.7 Million	29.7 Billion

Source: Tourism Malaysia (2014)

On the other hand, the tourism industry in Sabah has been recorded increases of tourist arrivals and becomes one of the major contributors to the gross domestic product. For the year of 2012, Sabah welcomed a total of 2,875,761 arrivals (Sabah Tourism Board, 2013). Specifically, international arrivals in Sabah are recorded at 941,765 arrivals meanwhile domestic arrivals in Sabah are recorded at 1,933,996 arrivals.

For the year 2013, Sabah welcomed a total of 3,383,243 arrivals (Sabah Tourism Board, 2013). Specifically, international arrivals in Sabah are recorded at 1,089,320 arrivals meanwhile domestic arrivals in Sabah are recorded at 2,293,923 arrivals. This indicates that total visitor arrivals have been increased from 2012 to 2013 in Sabah. Table 1.2 shows the tourists arrivals and receipts in Sabah within 10 years.

Table 1.2: Tourists Arrivals And Receipts In Sabah (2004-2013)

Year		Arrivals	Receipts
2013	International	1.09	
	Malaysian	2.29	
	Total	3.38	6.35
2012	International	0.94	
	Malaysian	1.93	
	Total	2.87	5.20
2011	International	0.85	
	Malaysian	2.00	
	Total	2.85	4.98
2010	International	0.80	
	Malaysian	1.70	
	Total	2.50	4.42
2009	International	0.56	
	Malaysian	1.68	
	Total	2.24	3.87
2008	International	0.70	
	Malaysian	1.60	
	Total	2.30	4.70
2007	International	0.99	
	Malaysian	1.49	
	Total	2.48	3.20
2006	International	0.75	
	Malaysian	1.34	
	Total	2.09	2.88
2005	International	0.76	
	Malaysian	1.07	
	Total	1.83	2.5
2004	International	0.79	
	Malaysian	0.98	
	Total	1.77	2.00

Source: Sabah Tourism Board (2014)

The travelers, who need accommodations, especially hotels for them to stay and to enjoy leisure during their travel period (Noor Izza, Yuhanis, Zaiton and Khalid, 2013). Yet, they demand a high service quality of the hotels (Maharjan, 2012; Abdullah and Hamdan, 2012). On top of that, employees are the main assets that comprise the human capital to deliver the package of hotel products. For instance, to provide a good quality service towards tourist arrivals along they stay in hotels. Human capital can be regarded as set of competencies which consists of knowledge, skills, abilities and others (personalities) (KSAOs) as prerequisite of the job holder, to develop and give value added to produce economic values as the competitive advantage and thus enhancing the performance (Arthur and Sheffrin, 2003). In line with this, the development of human capital in the hotel industry is essential to ensure the service meets the expectations of the market. The human capital development through training is important that enabling the employees to enhance their skills and knowledge for performance enhancement in order to gain a competitive advantage (Birasnav and Rangnekar, 2009). Therefore, learning transfer is needed so that employees apply what they have gained from training to their job (Subedi, 2004). It is essential for organizations to identify the learning transfer factors, which enhance the competencies required to perform well in their job and in turns lead to the enhanced performance of the employee. It also would imply to the learning knowledge that competencies are the important variable in the mechanism on the relationship between learning transfer factors and employee performance.

1.1.1 Issues

The Hotel industry is typically quite sensitive to trend changes, especially unexpected fluctuations in the general economy, which affecting its organizational performance (AlBattat, Mat Som and Chiang, 2014). It is noted that unexpected fluctuations influencing the tendency of travel by business and leisure travelers and also the willingness to spend on leisure and hospitality-related activities (Wong, 2004). Natural disasters, health emergencies and terrorist attack such as Severe Acute Respiratory Syndrome (SARS); earthquake and tsunami disaster; and terrorist attacks on 9/11; intruder attacks (i.e incident in Lahad Datu) and H1N1 diseases are known as highly uncertainties that lead to the negative impacts on

hotel performance (UNESCAP, 2005). The numbers of tourists have decreased due to an avoidance of travel (Lau, Akbar and Fie, 2005).

Hence, Tourism Malaysia's aggressive promotion such as *Matta Fair*, *Cuti-Cuti Malaysia*, 1Malaysia Mega Sale Carnival, Mt. Kinabalu International Climbathon and Sabah Fest – A Cultural Extravaganza, Borneo Arts Festival and Visit Malaysia that are aimed to attract and encourage inbound and outbound tourists (Tourism Malaysia, 2014). Furthermore, the numbers of registered hotels are increasing tremendously for nowadays (Malaysian Association Hotel, MAH, 2014). As such competitive and uncertainty environment, hotels are aggressively boosting the promotional activities to attract and retain customer loyalty with its hotel for the sustainability and growth. On top of that, the employee is an important element as hotel product by providing an excellent service quality towards the customers, which beyond the expectation of customers. As a result, the hotel industry is facing the challenge of achieving a high level of quality service performance. This is because a good quality service performance could enhance the customer satisfaction, which in turns spread positive word-of-mouth recommendations (Lee and Shamini, 2011).

Indeed, statistical data from sociological research show that 82 percent of customers do not repeat their visit to the hotel due to the dissatisfaction of the service performance process (Lukanova, 2010). In fact, the issue of recognition of hotel employees as professional is one the main concern for the Malaysian Association of Hotels (MAH) (Lau, Akbar and Fie, 2005). The hotel industry, on the other hand, also facing employees' interpersonal and responsibility issues toward customers (Abdullah and Hamdan, 2012).

A study done by Mola and Jusoh (2011) shows that the perceived service quality did not meet expectations of the hotel guests, which means there are gaps need to be addressed by the hoteliers from luxury and backpackers in order to improve the existing gaps. In other words, the results have shown the gaps between perceived service quality and expectation of customers in the performance. These negative scores indicate dissatisfaction of customers regarding the service

quality in the hotel that they stayed. Meaning to say, customers did not feel satisfied with the actual services that did not meet what customers want when staying in particular hotels.

Another study has found that 34 percent accounted for the interpersonal, between guests and employees are considered as service failures that reflecting to the employees' behaviors or attitudes (Keaveney, 1995). This is consistent with Barbara and Pamela (2004), which stated that service failures are likely to occur in the interaction between consumers and employees especially in the hotel industry.

In addition to this, there is a research carried out by Pengiran Bagul and Marzuki in 2007 has pointed out the issues such as lack of skills and experiences in the hospitality industry. This is in line with a research carried out by Rahim and Tazijan in 2011, which found that there is a low ability concerned with skills and also lack of knowledge contributing to the low level of service quality in the hospitality. The role of hotel as travel-related organization is to satisfy customers' needs through the skills of the employees (Lukanova, 2010).

Hameed and Waheed (2011) stated that the success or failure of an organization (hotel) performance depends on employee performance. On the other hand, previous literature has indicated that hotel star rating, and hotel performance are linked (Razalli and Ramayah, 2006). This shows the interrelationship between hotel rating, hotel performance and employee performance. It is stated that hotel star rating indicates the quality of service in a hotel (Israeli, 2002).

In other words, the higher the star rating, the better the hotel performance will be (Pine and Phillips, 2005). This is also reflected that the employees' performance is excellent and achieving their standard performance. However, it is noted that even the higher star-rating hotel such as 4-5 stars still could not eradicate mistakes and problems (Karatepe and Ekiz, 2004) such as inexperienced, unprofessional, and misbehaving staff (Ekiz, Lattimore and Memarzadeh, 2012).

The occupancy rate is the main indicator of success in measuring the hotel performance as well as employee performance (Abdullah and Hamdan, 2012). According to Bardi (2010) occupancy rate reveals the success of a hotel employee in attracting customers to the hotel and it is measured by the number of rooms sold divided by the number of rooms available. In this competitive environment, Malaysia hotels are aggressively promoting their hotels and offering competitive prices in order to attract customers and gain a sustainable competitive advantage.

However, not all potential and regular customers would decide to stay in a hotel or return to the same hotel because of the lower room prices, cleanliness and facilities (Abdullah and Hamdan, 2012). In fact, an outstanding of service quality does play an important factor in influencing customers' decision (Abdullah and Hamdan, 2012; Lee and Shamini, 2011). The choices and needs of customers different from one to another, but they have the same common needs, which is a good quality service (Abdul Aziz and Mohd Hairil, 2012).

According to statistic published by the Ministry of Tourism (2013) showed that occupancy rates are ranging between 60.80 percent and 74.00 percent from the year 2007 to 2012 for hotels in Sabah (Tourism Malaysia, 2013). In fact, the occupancy rates for hotels in Sabah dropped by 17.80 percent from the year 2007 to 2010 (Tourism Malaysia, 2013) but the occupancy rates have been slightly increased by 4.8 percent from the year 2010 to 2012 (Tourism Malaysia, 2013). This indicated that there was increasing and decreasing in the number of hotel room occupancy and reflected the performance of employees. That is, the higher the employee performance, the higher the occupancy rates that lead to bigger profits (Abdullah and Hamdan, 2012). The occupancy rates can be seen in Table 1.3 and Figure 1.1.

Table 1.3: Hotel Occupancy Rates In Sabah (2007-2012)

Years	Occupancy rates (percent)
2012	60.80
2011	58.80
2010	56.20
2009	60.80
2008	66.80
2007	74.00

Source: Tourism Malaysia (2013)

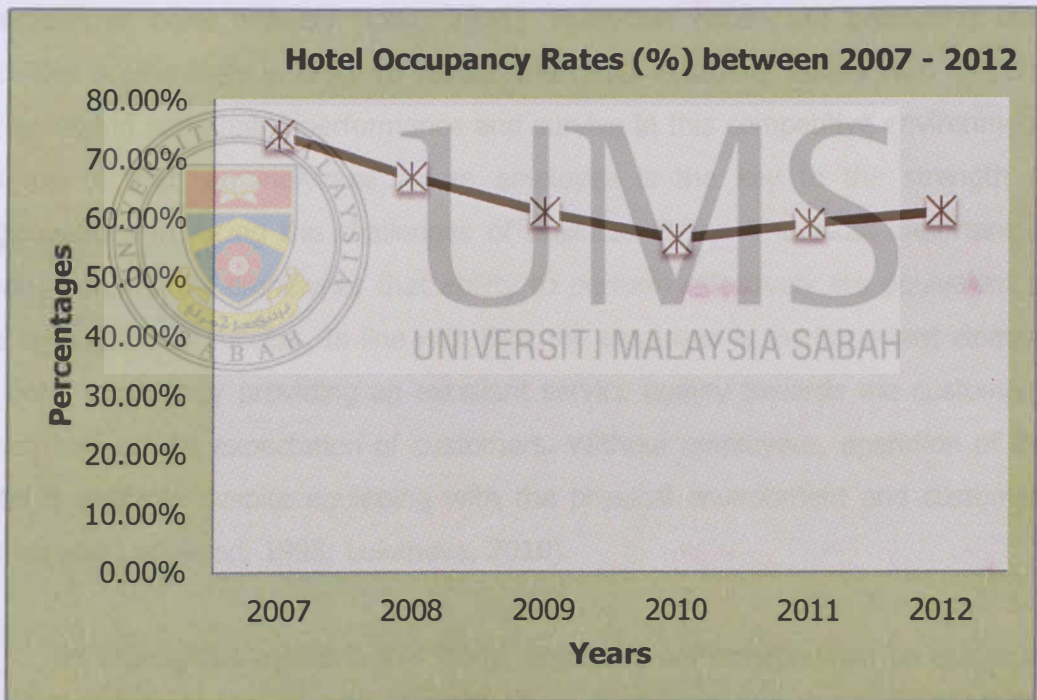


Figure 1.1: Hotel Occupancy Rates In Sabah (2007-2012).

Furthermore, the hospitality organizations' efforts at improving service quality through large investments in training, hoteliers at a loss to explain why the effectiveness of training is often unsatisfactory (BAYU, 2015; Zhao, Zhan and Namasivayam, 2004). It has been addressed in the previous literature as a problem

of learning transfer (Song *et al.*, 2006). That is, many scholars and practitioners are concerned about the learning transfer issue, which employees' ability to transfer what they have learned in training to the workplace. According to Dixon and Brown (2012), employees are failing to recognize that actually what they have learned neither from training and experiences can be used to solve a similar problem in the work environment. Additionally, there were less study of learning transfer factors, especially identifying, designing or measuring factors that may influence transfer without investigating how these factors might be effectively changed or managed (Holton and Baldwin, 2003; Holton, Chen and Naquin, 2003).

1.1.2 Gaps of the Study

Despite of the strong competition and high uncertainties that influencing the operation of hotel industry (Ong, 2004), Malaysian hotels are promoting their activities aggressively in order to attract and retain customer loyalty with its hotel for achieving sustainable performance and survive in this competitive environment. On top of that, an individual as an employee is the key to the strength of organizations in facing the challenges of business today. The most important of having competitive employees that ability to perform effectively are equivalent to the organization's success. In line with this, the employee is the important element as hotel product by providing an excellent service quality towards the customers, which beyond the expectation of customers. Without employees, operation of the hotel is unstable despite equipping with the physical environment and customers (Jones and Lockwood, 1998; Lukanova, 2010).

As highlighted earlier in this study, employee performance can be enhanced through investment such as training. The potential and new employees are being managed through the function of human resource management while acquiring, developing and retaining the existing knowledge, skills, abilities, personalities that known as competencies through the function of human resource development in order to achieve the organization's goals (Haslinda and Mahyuddin, 2009).