JOB SATISFACTION, EMPLOYEE LOYALTY AND JOB PERFORMANCE IN THE HOSPITALITY INDUSTRY: A MODERATED MODEL

Tran Thi Kim Phuong†
Tran Trung Vinh‡

†University of Economics, The University of Danang, Danang City, Vietnam.
‡Email: phuong.tkh@due.udn.vn Tel: (+84)900517108
Email: vinhvt@due.udn.vn Tel: (+84)916501309

ABSTRACT

Examining the interrelationships among job satisfaction, employee loyalty, and job performance in the hospitality sector in Vietnam is rarely done. This study provided a deeper understanding of the relationships between job satisfaction, employee loyalty and job performance, and the effect of job positions as a moderator on these relationships. This study synthesized theories from past research to derive a conceptual model to clarify this phenomenon. This work applied structural equation modelling (SEM) and a multi-group analysis to test four hypotheses, with data from 315 employees of lodging enterprises in Danang city, Vietnam. Empirical results showed that: (1) job satisfaction has a positive direct impact on employee loyalty and job performance; (2) employee loyalty positively affects job performance; and, (3) the effect on the relationship between job satisfaction and employee loyalty differs by job position. Lastly, these findings have implications for lodging managers.

Contribution/ Originality: The paper's primary contribution is finding that job position is a significant moderator impacting the relationships among job satisfaction, employee loyalty and job performance. This paper provides important implications for managers in the Danang hospitality industry through theoretical and practical contributions.

1. INTRODUCTION

Tourism is a “smokeless industry”, a phenomenon which currently contributes significantly to the success of the global economy. Tourism and travel contribute directly to GDP, directly accounting for more than 2.3 trillion USD, with the value of world tourism exports estimated at more than 14 billion USD (The World Travel & Tourism Council, 2018). With such great contributions to the global economy and society in general, the tourism industry is focused on the development of investment (Tran & Tran, 2017; Wang, Tran, & Tran, 2017). This is demonstrated by the total investment for tourism and travel, reaching about 8 trillion USD, equivalent to about 4.6% of the total global economic investment.

Tourism in Vietnam has also made dramatic improvements. Vietnam ranked 3rd in the top 10 countries with the highest number of international tourists in 2017 (Vietnam National Administration of Tourism, 2018b) with total revenue from tourism accounting for 500 trillion VND in 2017, up by 27.5% in comparison to 2016 (Vietnam National Administration of Tourism, 2018a). The Vietnamese tourism sector is expected to contribute to growth in...
the GDP of about 7.2% per year in the near future, reaching nearly 600 billion VND in 2026 (The World Travel & Tourism Council, 2018).

Danang is in central Vietnam, playing a crucial part in the socio-economic growth of Vietnam in general and the Central Highlands region. With the advantages of natural conditions, especially favorable tourist location, Danang is an attractive destination for tourists and is tipped to be at the top of the list of the brightest destinations (Tran, Vo, Cao, & Doan, 2015; Tran, Nga, & Nguyen, 2017) in Vietnam. In the period from 2011 to 2016, the growth rate in the number of tourists to Danang averaged 20.97%, and average revenue growth stood at 31.59% (Danang Department of Tourism, 2018).

The hospitality industry is a significant part of putting up the growth of the tourism industry in Danang. In recent years, Danang’s hospitality industry has boomed. Figures have risen from a total of 260 accommodation establishments with 8,736 rooms in 2011 to 693 accommodation establishments with 28,780 rooms in 2017 (Danang Department of Tourism, 2018).

The rapid increase in the number of accommodation enterprises has led to fierce competition in this sector; as such, the demand for human resources has increased sharply. According to preliminary statistics from the Vietnam National Administration of Tourism, the tourism industry in Vietnam requires an additional 40,000 employees annually, and this number is forecasted to increase to a total workforce of about 870,000, with a projected growth rate of 7% per year, in the period from 2016-2020 (Nguyen, 2016). At least 30% more staff are needed in the hospitality industry itself; this demand forces businesses to raise wages to attract workers, which in turn leads to increased operating costs (Truc, 2017).

To create a difference to enhance their competitiveness, businesses are constantly seeking and improving the elements of business operations. People are considered as a key weapon and a sustainable competitive advantage in the success of accommodation enterprises, while other factors can be easily imitated by competitors (Santa, López-Guzmán, & Cañizares, 2014). In addition, revenue in the hospitality industry is mainly contingent upon employee turnover (Gazioglu & Tansel, 2006).

However, many accommodation enterprises are facing difficulties in recruiting and retaining laborers. One of the reasons is that employees can easily change their work environment by willingly relocating to different workplaces for better positions and improved welfare conditions (Tran & Tran, 2017). When long-term employees quit their jobs, enterprises incur high costs in training new employees (Chaturvedi, 2010). With the unpredictable business environment and intense business competition, employees play a crucial role for almost companies; as such, examining the job satisfaction, job performance, and employee loyalty has recently gained growing attention in the tourism field.

Previous work confirmed the relationships between job satisfaction and employee loyalty (Abdullah et al., 2009; Hussain, 2012; Waqas et al., 2014; Yin, Fen, Meng, Yin, & Jack, 2012) job satisfaction and job performance (Dugguh & Dennis, 2014; Muindi & K’Obonyo, 2015; Nabi, Syduzaman, & Munir, 2016) and employee loyalty and job performance (Brown, McHardy, McNabb, & Taylor, 2011; Elegido, 2013). Findings from previous studies confirmed positive relationships among job satisfaction, employee loyalty and job performance. In short, when employees have higher satisfaction regarding their job position and working environment, the probability of their resignation or retirement will be lower. In addition, job satisfaction in employees will lead to higher work performance and higher efficiency for businesses (Almutairi, Moradi, Idrus, Emami, & Alanazi, 2013). In addition, Heskett, Sasser, and Schlesinger (1997) proposed the profit chain model to fully explain the connections among profit growth, customer satisfaction, service value and employee satisfaction.

Although there have been many previous studies on the correlations among job satisfaction, employee loyalty and job performance, there exists little investigation regarding the hospitality industry in Vietnam. Differences in demographic characteristics, job positions, work experience, salary, and total working tenure among employees also affect their perception of satisfaction, loyalty and performance.
This study was conducted to fully explain the relationships between job satisfaction, employee loyalty and job performance, as well as the effect of moderating variables on these relationships. To achieve this, this study synthesized theories from past research to derive a theoretical model which clarifies this phenomenon. This work examined a conceptual model via conducting empirical research for Danang’s hospitality industry and used the structural equation model (SEM), which has been commonly applied in past studies and various fields (Hair, Ringle, & Sarstedt, 2011; Hershberger, 2003) to examine multivariate dependence relationships simultaneously. Besides theoretical contributions, this study also provides important implications for lodging managers.

2. LITERATURE REVIEW

2.1. Research Concepts

2.1.1. Job Satisfaction

Job satisfaction has an important role in the success of any organizations. Job satisfaction is considered to evaluate the extent of fulfillment a job brings an employee which consequently influences that employee’s conduct and job performance. It is challenging to establish job satisfaction, but by doing so, employees will feel comfortable and excited to innovate their job (Syptak, Marsland, & Ulmer, 1999). Therefore, the study of employee job satisfaction is a vital issue, especially for service organizations such as those within the hospitality sector, particularly as the employee is an essential element in the process of service delivery from business to customer.

Most job satisfaction definitions outline a complex and multi-dimensional picture (Volkwein & Parmley, 2000). According to Hoppock (1935) job satisfaction refers to a mix of cognitive, physiologic and environmental factors that make a person satisfied or dissatisfied with his/her work. Job satisfaction represents the positive or negative emotions of workers toward their job position. Similarly, Vroom (1964) also considers that employee job satisfaction is emotionally-oriented concerning the work they are performing. Once employees are satisfied with their work, they will have a positive attitude towards it and vice versa (Armstrong, 2006).

From another approach, researchers believe that job satisfaction is the outcome of a comparison between an employee’s expectations and the actual results related to their work (Mason & Griffin, 2002; Wright, 2006). Job satisfaction reflects the perception of employees from the results of job awareness that meets their physical and psychological needs (Aziri, 2011). It is evident that employee job satisfaction is higher if their high expectations are met, meanwhile, the prediction of their ability to quit will be higher without the satisfaction of their work (Alexander, Lichtenstein, Oh, & Ullman, 1998).

2.1.2. Employee Loyalty

Employee loyalty also is a common area of interest for researchers and employers. Loyal employees importantly contribute to the development of any companies. The value of employee contributions to the business will increase with their working time at the company. Hence, a company’s policies always are aimed at growing employee loyalty to facilitate their lengthy tenure. Many companies point to a difficult situation and losses in profits due to employee departures. The frequent departure of employees can impact the effectiveness and spirit of those who remain in the enterprise.

Employee loyalty is defined in various ways. Loyalty means a demonstration of one’s commitment to an organization, typified by the relative advantage of a person’s identification with, and active engagement in, the operations of a firm (Mowday, Steers, & Porter, 1979). When the employee believes in the values, mission and statements of an organization, it can manifest an intense aspiration to keep a relationship with that enterprise, a phenomenon described in a word as loyalty (Mathieu & Zajac, 1990). Bettencourt, Gwinner, and Meuter (2001) also indicated that employee loyalty is an organizational behavior that expresses adherence to the firm to increase interests. In other words, loyalty is a psychological state that emphasizes the correlation between labors and the
company, in turn impacting the decision of a worker to carry on with a particular organization (Allen & Grisaffi, 2001).

In terms of the hospitality industry, loyalty can manifest itself in employees, such as effort and creativity in work, respect for organizational culture and obedience to superiors' orders (Costen & Salazar, 2011; Matzler & Renzl, 2006). Once employees are loyal to the business, they will fully believe in the goals of the organization and work for the common goals of the company and want to stick with the business for a long time.

### 2.1.3. Job Performance

The ultimate target of business owners is profitability; the success of an organization also relies on employee performance, as poor performance hampers an enterprise’s ability to succeed. The success of a firm is normally based on the organization broadly building upon the performance of each employee (Pushpakumari, 2008). It is quite clear that those demonstrating better performance will have a higher preference in being hired compared to those who do not perform as well. High achievers are needed to fulfill an organization’s missions and statements and to continue the genesis of competitive advantages (Sonnentag & Frese, 2002). Therefore, to increase productiveness in an organization, the firm needs to identify and exploit solutions which can advance the job performance of employees.

There exist various definitions for the concept of job performance. Javed, Balouch, and Hassan (2014) defined job performance as generally referring to whether a worker carries out his/her duty well or not. Aguinis (2009) also indicated that “the definition of performance does not include the results of an employee’s behavior, but only the behaviors themselves”. Performance refers to the behavior or actions of employees, not the production or the outcome of their work. In another study, performance is considered as a function of an individual ability/skill/effort in a given situation (Lawler & Porter, 1967). Job performance also is “the total expected value to the organization of discrete behavioral episodes that an individual carries out over a standard period” (Motowidlo, 2003). Task performance and contextual performance are two components to measure employee job performance (Kahya, 2009).

In terms of the hospitality industry, the job performance of employees is categorized as when workers apply their specific knowledge and skills to accurately conduct their tasks according to the standard service procedures of accommodation establishments. Employees perform various tasks within the organization, primarily providing guests with functions such as accommodation services, catering services and other additional services and jobs related to features such as finance, accounting, marketing, sales and personnel. All these activities performed by the staff are related to the organization’s goals.

### 2.2. Relationships among Research Concepts

Previous studies conducted to measure the job satisfaction of employees; as such, it is defined as an essential element determining employee loyalty, job performance, and a business’s development and stability (Angle & Perry, 1981; Riketta, 2002).

The organization must satisfy employees to make them loyal. It means that the lower the worker’s satisfaction leads to the higher the job leaving (Mobley, Griffeth, Hand, & Meglino, 1979). In short, satisfied employees will become loyal when the firm gives them a chance to learn and grow; this employee loyalty manifests by developing their job satisfaction. In that way, all workers will be a part of making organizations successful, having greater satisfaction and eventually developing higher loyalty (Anne & Gronholdt, 2001; Arsić, Nikolić, Zivković, Urošević, & Mihajlović, 2012; Eskildsen & Nussler, 2000; Javed et al., 2014).

Arsić et al. (2012) carried out an empirical study to collect data from 261 employees to examine the effect of job satisfaction on employee loyalty. Findings found that the higher the job satisfaction, the more loyal senior employees were. Other findings from the study of Javed et al. (2014) demonstrated that there is a positive correlation between worker loyalty and job satisfaction with $\beta = 0.415$ and p-value =0.000, meaning job satisfaction...
contributes more than 41% to the loyalty of employees. This positive relationship was also confirmed by McNeese-Smith (1996); Fosam, Grimsley, and Wisher (1998); Fu and Deshpande (2014). In terms of the hospitality industry, previous studies also confirmed the positive impact of employee job satisfaction on employee loyalty (Chen, Tsui, & Lee, 2017; Costen & Salazar, 2011).

Thus, this study suggested that job satisfaction influences employee loyalty. From that assumption, the following hypothesis was formulated:

\[ H_1: \text{Job satisfaction of employees has a direct positive effect on employee loyalty.} \]

It is a fact that the job efficiency which workers perform will be higher when they do it with high satisfaction. This is shown in previous studies (Javed et al., 2014; Wright, Cropanzano, & Bonett, 2007; Yvonne, Rahman, & Long, 2014). For example, an empirical study by Yvonne et al. (2014) demonstrated that there is a positive impact of employee job satisfaction on employee job performance via collecting data from 77 workers working at 24 stores in the Kepong area, Wilayah Persekutuan, Kuala Lumpur.

Javed et al. (2014) conducted a study on a sample of 150 employees in Bahawalpur. The study found that job satisfaction has an influence on job performance. Job satisfaction contributes 14% to job performance, meaning job efficiency of employees was explained by how employees satisfy their job. Within the hospitality industry context, past studies also investigated this correlation (e.g., (Almutairi et al., 2013; Fisher, 2003; Gu & Siu, 2009; Nimalathasan & Brabete, 2010; Prasanga & Gamage, 2012; Tsai, Cheng, & Chang, 2010)).

Thus, this study suggests that job satisfaction influences job performance. From that, the following hypothesis was formulated:

\[ H_2: \text{Job satisfaction has a direct positive effect on job performance.} \]

Employee loyalty plays a vital role in enhancing organizational performance. It can be explained that loyal employees might perform better because they generally look at the bigger picture. They work not because of salary or responsibility, but because they want to pursue their passions and interests in their career path. Therefore an employee working with loyalty is more likely to increase the organization's performance for which they are in charge (Elegido, 2013). Based on the findings from previous research, employee loyalty has a positive correlation and unique contribution in determining job performance (Brown et al., 2011; Chughtai & Zafar, 2006; Darolia, Kumari, & Darolia, 2010; Razzaq, Ayub, Arzu, & Aslam, 2013). For example, examining the relationship between employee loyalty and job performance is the aim of the study by Brown et al. (2011). This study used data from the 2004 UK workplace and obtained result about the positive effect of loyalty workers on job performance. Thus, this study suggests that employee loyalty influenced job performance. From that, the following hypothesis was formulated:

\[ H_3: \text{Employee loyalty has a direct positive effect on job performance} \]

Based on Maslow (1943) the Two Factors Theory by Herzberg, Mausne, and Snyderman (1959) and Vroom (1964) there is the impact of many factors considered as moderating variables in bringing job satisfaction for employees, thereby enhancing employee loyalty and job performance. Human needs are classified into five categories, and basic needs must be met before higher requirements. The more jobs that allow individuals to grow and achieve higher levels of demand, the easier it is for individuals to achieve job satisfaction (Ali, 2016). Thus it can be seen that through Maslow (1943) in order to evaluate the employee job satisfaction, it is highly essential to determine the needs or concerns of employees in relation to the level of demand. In addition, the Two Factors Theory by Herzberg et al. (1959) has divided elements of satisfaction and non-satisfaction into two groups: motivational factors and hygiene factors. The motivational group relates to factors such as the nature of the work, recognition, promotion potential, and responsibility. This group, when satisfied, will bring satisfaction to employees. Hygiene factors will help employees achieve a positive attitude and reduce discontent in terms of supervision, salary, working conditions, relationships with colleagues, and job position. Vroom (1964) proposed three variables to consider expectancy, instrumentality, and valence. This theory shows the interaction between
individual variables within the workplace and is associated with employee expectations. Employees feel satisfied when receiving a salary for their efforts commensurate with their level of expectations regarding job position. Differences between expectations and actualities will not bring job satisfaction to employees.

From the above discussion, this study assumed that the process of determining the degree of relationships among job satisfaction, employee loyalty and job performance in the hospitality industry would be impacted by job position. As a result, the following hypotheses were established:

- **H4a**: The impacts of job satisfaction on employee loyalty differ between standard employee positions and positions at the supervisory level and above.
- **H4b**: The impacts of job satisfaction on job performance differ between standard employee positions and positions at the supervisory level and above.
- **H4c**: The impacts of employee loyalty on job performance differ between standard employee positions and positions at the supervisory level and above.

As a result, a conceptual model Figure 1 was established with three constructs showing the relationships among research concepts.

![Figure 1. Conceptual framework.](image)

### 3. METHODOLOGY

#### 3.1. Study Context

The Danang hospitality industry was chosen for this study. Although people are a key factor in creating competitive advantages for accommodation businesses, the recruitment/retention of workers is nonetheless complicated for lodging business operations in Danang. Therefore, it is highly essential for lodging managers to deeply understand the interrelationships among job satisfaction, employee loyalty and job performance based on the responses of workers who have been working in the Danang hospitality industry.

#### 3.2. Content Validation

After proposing the research model, this study analyzed the specific characteristics of the conditions of the hospitality industry in Danang and adapted items of factors from previous studies. In particular, six items used to assess job satisfaction were adapted from the study of Homburg and Stock (2005) four items for employee loyalty were adapted from Costen and Salazar (2011) and six items for job performance were from Almutairi et al. (2013).

All measuring items of scales must ensure reliability (Allen & Yen, 1979) and internal consistency (Nunnally, 1978). To examine the theory, it was highly essential for verifying content validity (Hair, Black, Babin, & Anderson, 2010). Thus, preliminary research was done by gathering opinions from the targeted respondents to test the latent variables and modify them, if needed. If the measuring items were verified in terms of requirements and
content, they were included in the questionnaire. This work then performed one pilot study with twenty respondents working in the Danang hospitality industry. As Cronbach’s alpha values of all factors were greater than 0.7, the result showed that all dimensions were acquiring good reliability (Nunnally & Bernstein, 1994).

3.3. Research Instruments

This study designed the survey question, including the three dimensions with sixteen items. This work conduct to pre-examine and adjust the questionnaire to warrant the content validity. All factors were assessed based on a Likert scale developed by Likert (1932) with five levels, from 1 – totally disagree to 5 - totally agree. The questionnaire was designed in English to ensure the meaning of all measuring items, then converted to Vietnamese to facilitate data collection. Part 1 of the survey asked for respondent information. Part 2 was used to assess three research concepts of the research model.

This study collected empirical data from respondents working in the Danang hospitality industry. Data collection was done through online surveys. The questionnaire was created on Google Docs, and then the questionnaire was shared on Facebook and Google Plus. The questionnaires were distributed over two months, from July 2017 to August 2017. After finishing the process of data collection, 315 valid questionnaires were used for analysis. The information of respondents is shown in Table 1.

![Table 1](image)

**3.4. Analysis Techniques**

This quantitative study used SPSS 18 and AMOS 21 tools to analyze the collected data. To acquire the respondent’s information, we performed the descriptive analysis. Next, we also carried out exploratory factor analysis, reliability test and confirmatory factor analysis. Finally, we used SEM and multi-group analysis to check the hypotheses.
4. RESULTS

4.1. Exploratory Factor Analysis and Cronbach’s Alpha Analysis

Exploratory factor analysis (EFA) was used to extract the dimensions of factors. As shown in Table 2, Using the method of principal component extraction with VARIMAX rotation, three research concepts explained 67.535% of the total variance (> 50%), KMO = 0.875 (> 0.5) and Sig = 0.000 (< 0.05). Thus, three variables were maintained. According to Hair et al. (1998), fifteen observed variables with a factor loading greater than 0.5 were kept, while JP05 with a factor loading less than 0.5 was excluded.

This study carried out a reliability test to check the suitability and reliability of three factors. The results show that Cronbach’s alpha values ranged from 0.813 to 0.952. Each measuring item’s item-to-total correlations were higher than 0.3. This study confirmed the reliability of basic research when all dimensions had an alpha coefficient higher than 0.7 (Hair, Black, Babin, & Anderson, 1998; Nunnally & Bernstein, 1994).

<table>
<thead>
<tr>
<th>Constructs / Dimensions</th>
<th>EFA (n=315)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Factor loadings</td>
</tr>
<tr>
<td>Job satisfaction (JS)</td>
<td></td>
</tr>
<tr>
<td>JS01- Overall, I am quite satisfied with my job.</td>
<td>0.848</td>
</tr>
<tr>
<td>JS02- I do not intend to work for a different company.</td>
<td>0.927</td>
</tr>
<tr>
<td>JS03- I like my job.</td>
<td>0.879</td>
</tr>
<tr>
<td>JS04- There are no fundamental things I dislike about my job.</td>
<td>0.876</td>
</tr>
<tr>
<td>JS05- I like my job more than many employees of other companies do.</td>
<td>0.908</td>
</tr>
<tr>
<td>JS06- I consider this employer to be my first choice.</td>
<td>0.858</td>
</tr>
<tr>
<td>Job performance (JP)</td>
<td></td>
</tr>
<tr>
<td>JP01- I find practical solutions to problems.</td>
<td>0.793</td>
</tr>
<tr>
<td>JP02- I adapt quickly to changing situations.</td>
<td>0.785</td>
</tr>
<tr>
<td>JP03- I assume a sense of ownership and responsibility in the quality of personal performance.</td>
<td>0.770</td>
</tr>
<tr>
<td>JP04- I strive to meet deadlines.</td>
<td>0.779</td>
</tr>
<tr>
<td>JP05- I encourage colleagues to do more than what is expected.</td>
<td>0.374</td>
</tr>
<tr>
<td>JP06- I create effective work relationships with others.</td>
<td>0.800</td>
</tr>
<tr>
<td>Employee Loyalty (EL)</td>
<td></td>
</tr>
<tr>
<td>EL01- I am proud to work for this company.</td>
<td>0.776</td>
</tr>
<tr>
<td>EL02- I would recommend this company to family and friends as one of the best places to work.</td>
<td>0.780</td>
</tr>
<tr>
<td>EL03- I would stay with this company even if offered the same job with slightly higher pay at another company.</td>
<td>0.812</td>
</tr>
<tr>
<td>EL04- It is likely for me to work for this company as long as this company wants me.</td>
<td>0.802</td>
</tr>
</tbody>
</table>

KMO = 0.875, p = 0.000
Total variance explained = 67.535%

4.2. Confirmatory Factor Analysis

Confirmatory factor analysis (CFA) was used to examine all measurement models. It included convergent validity and discriminant validity. Table 3 shown the criteria of element for measuring the convergent and discriminant validity.
Table 3. The criteria for assessing convergent and discriminant validity.

<table>
<thead>
<tr>
<th>Element</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convergent validity (Hair et al., 1998)</td>
<td></td>
</tr>
<tr>
<td>Standardized loadings</td>
<td>( &gt; 0.7 )</td>
</tr>
<tr>
<td>SMC</td>
<td>( &gt; 0.5 )</td>
</tr>
<tr>
<td>CR</td>
<td>( &gt; 0.7 )</td>
</tr>
<tr>
<td>AVE</td>
<td>( &gt; 0.5 )</td>
</tr>
<tr>
<td>Discriminant validity (Fornell &amp; Larcker, 1981)</td>
<td></td>
</tr>
<tr>
<td>Correlation between two constructs</td>
<td>( r^2 &lt; AVE_1 ) and ( r^2 &lt; AVE_2 )</td>
</tr>
</tbody>
</table>

The results of checking the convergent validity and discriminant validity for measurement models were assessed and reported in Table 4 and Table 5. Compared to the criteria for the assessment Table 3 it was evident that the convergent validity and discriminant validity of measurement models were achieved.

Table 4. Results of measurement model evaluation.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Item reliability</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Standardized Loading</td>
<td>SMC</td>
<td>t-value</td>
</tr>
<tr>
<td>Job satisfaction (JS)</td>
<td>JS01</td>
<td>0.836</td>
<td>0.699</td>
<td>19.216***</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS02</td>
<td>0.928</td>
<td>0.861</td>
<td>23.444***</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS03</td>
<td>0.872</td>
<td>0.761</td>
<td>20.762***</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS04</td>
<td>0.865</td>
<td>0.748</td>
<td>20.434***</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS05</td>
<td>0.901</td>
<td>0.812</td>
<td>22.088***</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>JS06</td>
<td>0.854</td>
<td>0.729</td>
<td>20.266 ***</td>
<td>0.952</td>
</tr>
<tr>
<td>Employee loyalty (EL)</td>
<td>EL01</td>
<td>0.709</td>
<td>0.503</td>
<td>-</td>
<td>0.813</td>
</tr>
<tr>
<td></td>
<td>EL02</td>
<td>0.701</td>
<td>0.492</td>
<td>10.541***</td>
<td>0.813</td>
</tr>
<tr>
<td></td>
<td>EL03</td>
<td>0.721</td>
<td>0.520</td>
<td>10.768***</td>
<td>0.813</td>
</tr>
<tr>
<td></td>
<td>EL04</td>
<td>0.757</td>
<td>0.573</td>
<td>11.128***</td>
<td>0.813</td>
</tr>
<tr>
<td>Job performance (JP)</td>
<td>JP01</td>
<td>0.776</td>
<td>0.603</td>
<td>-</td>
<td>0.867</td>
</tr>
<tr>
<td></td>
<td>JP02</td>
<td>0.785</td>
<td>0.616</td>
<td>13.891***</td>
<td>0.867</td>
</tr>
<tr>
<td></td>
<td>JP03</td>
<td>0.745</td>
<td>0.555</td>
<td>13.143***</td>
<td>0.867</td>
</tr>
<tr>
<td></td>
<td>JP04</td>
<td>0.696</td>
<td>0.484</td>
<td>12.189***</td>
<td>0.867</td>
</tr>
<tr>
<td></td>
<td>JP05</td>
<td>0.757</td>
<td>0.573</td>
<td>13.365***</td>
<td>0.867</td>
</tr>
</tbody>
</table>

Note: *** denotes \( p < 0.001 \).

Table 5. Discriminant validity of the measurement model.

<table>
<thead>
<tr>
<th>AVE/ ( R^2 )</th>
<th>JS</th>
<th>EL</th>
<th>JP</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS</td>
<td>0.768</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL</td>
<td>0.051</td>
<td>0.522</td>
<td></td>
</tr>
<tr>
<td>JP</td>
<td>0.119</td>
<td>0.069</td>
<td>0.566</td>
</tr>
</tbody>
</table>

4.3. An Assessment of the Structural Model

The theoretical model was examined through the structural equation model (SEM) with three constructs and a correlation matrix among the fifteen measuring items. SEM results depicted in Figure 2 are \( \chi^2 = 223.164 \) (\( p = 0.00 \)), \( df = 87 \), \( \chi^2/df = 2.565 \) (< 3), CFI = 0.956 & TLI = 0.947 (> 0.9) and RMSEA = 0.071 (< 0.08). The results indicated that the model fit the data well.
The path relationships between factors in the proposed model were examined through p-value. Table 6 shows that all paths were significant at $p < 0.05$, which means that hypotheses H1 to H3 were accepted. As hypothesized, job satisfaction positively impacts employee loyalty (SEs = 0.226; $p = 0.000$), also confirming previous research (e.g., (Chen et al., 2017; Costen & Salazar, 2011)) and job performance (SEs = 0.302; $p = 0.000$), consistent with other studies (e.g., (Almutairi et al., 2013; Gu & Siu, 2009; Nimalathasan & Brabete, 2010; Prasanga & Gamage, 2012; Tsai et al., 2010)). The findings of this work also revealed that employee loyalty has a positive effect on job performance (SEs = 0.194; $p = 0.004$), as seen in previous studies (e.g., (Brown et al., 2011; Chughtai & Zafar, 2006; Darolia et al., 2010; Razzaq et al., 2013)).

### Table 6. Results of hypothesis testing.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Causal path</th>
<th>Standardized estimates (SEs)</th>
<th>Standard error</th>
<th>CR</th>
<th>p-value</th>
<th>Test results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>JS $\rightarrow$ EL</td>
<td>0.226</td>
<td>0.059</td>
<td>3.512</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>JS $\rightarrow$ JP</td>
<td>0.302</td>
<td>0.064</td>
<td>4.843</td>
<td>***</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>EL $\rightarrow$ JP</td>
<td>0.194</td>
<td>0.075</td>
<td>2.915</td>
<td>0.004</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *** denotes $p < 0.001$.

### 4.4. A Multi-Group Analysis

This study used critical ratios for differences between parameters to evaluate the different impacts among groups of job position (standard employee positions and supervisory positions and above) on the relationships among job satisfaction, employee loyalty and job performance.

The findings from Table 7 show that job position difference does not affect the link between job satisfaction and job performance, nor employee loyalty and job performance ($p > 0.1$). Job satisfaction does not have a significant effect on employee loyalty for positions at the supervisory level and above (Estimate = 0.063 & $p = 0.494$); there is, however, a direct influence for the standard employee position group (Estimate = 0.329 & $p = 0.000$). As a result, the impacts of job satisfaction on employee loyalty differ between standard employee positions and positions at the supervisory level and above ($p < 0.1$). The effect of job satisfaction on employee loyalty is stronger for standard employee positions than for positions at the supervisory level and above.
Table 7. Results of a multi-group analysis.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standard employee positions</th>
<th>Positions at the supervisory level and above</th>
<th>z-stat</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4a JS → EL</td>
<td>Estimate 0.329 P 0.000</td>
<td>Estimate 0.063 P 0.404</td>
<td>-2.187**</td>
<td>Supported</td>
</tr>
<tr>
<td>H4b JS → JP</td>
<td>Estimate 0.398 P 0.000</td>
<td>Estimate 0.215 P 0.023</td>
<td>-1.407</td>
<td>Unsupported</td>
</tr>
<tr>
<td>H4c EL → JP</td>
<td>Estimate 0.246 P 0.014</td>
<td>Estimate 0.137 P 0.221</td>
<td>-0.734</td>
<td>Unsupported</td>
</tr>
</tbody>
</table>

Notes: *** p-value < 0.01; ** p-value < 0.05; * p-value < 0.10.

5. CONCLUSION

Employees are an important tool and vital for the success of every enterprise; as such, the behavior of employees has been the most intensely researched topic in this field. The hospitality industry in Danang has actively contributed to the development of Danang tourism sector. In the success of accommodation businesses, the human is considered as a vital factor contributing to create a difference for the organization. Lodging managers, therefore, have paid much attention to the characteristics of individual employee behavior, particularly job satisfaction, employee loyalty and job performance. This study aimed at comprehending the nature of the relationships between job satisfaction, employee loyalty and job performance among Danang hospitality workers. This empirical study surveyed 315 respondents who have been worked in various lodging businesses in Danang. This work applied structural equation modeling (SEM) and a multi-group analysis to test hypotheses. Empirical results confirmed that the model fit the data well. This study provides important implications for lodging businesses through theoretical and practical contributions.

5.1. Managerial Implications

The research results confirmed that job satisfaction positively effect on employee loyalty (0.226) and job performance (0.302), as well as demonstrating that employee loyalty positively affects job performance (0.194). These results emphasized the importance of job satisfaction in building up loyalty and job performance of employees in the hospitality industry. In short, it can be said that a satisfied worker can also be loyal to his organization: the more effectively employees work, the higher their loyalty towards the firm. Employees feel satisfied with their work when their expectations (e.g., working environment, working relationships, promotion opportunities, salary policy and so on) are met. Meanwhile, employee loyalty and job performance are the outcome of job satisfaction.

Therefore, lodging businesses are always looking for elements that influence the job satisfaction of employees, causing employees to adjust and develop issues related to job satisfaction. For example, Danang lodging businesses should provide more competitive salaries than competitors and create more advancement opportunities for employers to not only entice many workers but also retain them. In addition, to bring high job satisfaction to workers, the enterprises can organize more team-building activities to build close relationships between superiors and subordinates and among colleagues, such as traveling together or organizing events for special occasions. Finally, companies should create more rewarding programs, give promotions when warranted, and offer salary augmentation to increase job satisfaction.

The results from this work confirmed that the effect of job satisfaction on employee loyalty is higher for standard employee positions than for positions at the supervisory level and above. It can be explained that workers in supervisory positions and above often have a lot of experience, therefore they can complete their work independently and are less contingent upon other individuals. In addition, although their level of job satisfaction could be low, they felt unsure about quitting after considering their job status plus salary and remuneration.

In contrast, workers in standard employee positions are often young people; perhaps they have just recently graduated or have less work experience, and as such will pay more attention to their working environment,
working relationships, and the factors satisfying them. As a result, if their job satisfaction is high, they will work at the business longer to build up their work experience; however, if they are not satisfied, their readiness to quit the job will be higher. From the above discussion, it is necessary for lodging managers to deeply understand what elements bring satisfaction to each job position group to enhance their job satisfaction, thereby increasing their loyalty.

5.2. Future Research

This study makes some implications about the Danang hospitality industry by evaluating the relationships among job satisfaction, employee loyalty and job performance. However, this study was not fully highly representative for the hospitality industry in other cities because the collected sample was quite small. Therefore, further study needs to be conducted with a larger sample to get more generalized findings, and the effects of more moderating variables should be investigated to ascertain how different groups perceive job satisfaction, employee loyalty and job performance.

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