

# The effect of employee loyalty



**ASSIGN  
BUSTER**

We have selected this problem because a lot of organizations now days are facing problems regarding employee turnover, as a result they suffer huge losses in form of reduction in Goodwill, Profits etc. This problem has been brought in front of many Experts for some suitable recommendations to overcome it. Employees are the strength for any organization and an organization with a habit of firing and hiring employees never lasts long. So keeping these factors in mind we have selected this Problem area so we can identify the factors which can cause the employees not to leave there organizations and be loyal to them.

## **Research Objectives**

The objectives of a research project summarize what is to be achieved by the study. Objectives should be closely related to the statement of the problem.

The general objective of a study states what researchers expect to achieve by the study in general terms. It is possible (and advisable) to break down a general objective into smaller, logically connected parts. These are normally referred to as specific objectives.

To determine contribution towards stimulating the employees in their work as well as appreciate their efforts and undertakings to enhance there loyalty.

To identify factors which contribute the most in engaging or disengaging the employee loyalty for the organization.

To identify the companies who believe that employees are the biggest strength of the company.

To identify how much companies are taking steps to increase employee loyalty.

To measure the % of loyalty variance amongst gender.

To see that either appreciating employee on achievements or standing by them can win over the trust and loyalty of its employees.

To measure the loyalty amongst middle and lower class employee.

To see various skill development workshops and training programs can enhance loyalty of employee.

To determine the effect of rewards and bonuses on employee loyalty.

To see how much working environment affects the employee loyalty.

### **Theoretical Framework:**

The theoretical framework is supposed to help the reader make logical sense of the relationships of the variables and factors that have been deemed relevant/important to the problem. It provides the relationships between all the variables so the reader can understand the theorized relationships between them. Followings are the most effective and interrelated variables we discover through parsimony method.

### **Variables:**

Following are the different types of variables we find out while conducting literature review.

## **Dependant Variable:**

It is the variable of primary interest to the research. Employee Loyalty is the dependent variable in our research.

## **Independent Variable:**

Influence on dependent variable either in positive or negative way. Job Satisfaction, Satisfaction with salary, Job Security, Job Rotation, Career Enhancement Opportunity, Incentives, Working Environment.

## **Moderating Variable:**

The moderating variable is one that has a strong contingent effect on the independent variable and dependent variable relationship. In other words we can say; better explanation of relationship between two variables. Incentives are independent variable but bonuses is moderating variable and give better understanding the relationship.

## **Incentives**

## **Employee Loyalty**

## **Bonuses**

H1: Job satisfaction is positively correlated to employee loyalty.

H2: Satisfaction with salary is positively correlated to employee loyalty.

H3: Job security is positively correlated to employee loyalty.

H4: Frequent Job rotation is negatively correlated to employee loyalty.

H5: Career enhancement opportunity is positively correlated to employee loyalty.

H6: Incentives are positively correlated to employee loyalty.

H7: Working Environment is positively correlated to employee loyalty.

### **Hypothesis:**

A tentative explanation for an observation, phenomenon, or scientific problem that can be tested by further investigation.

1: Job satisfaction is positively correlated to employee loyalty.

**Ho:  $p \leq 0$**

**H1:  $p > 0$**

2: Satisfaction with salary is positively correlated to employee loyalty.

**Ho:  $p \leq 0$**

**H2:  $p > 0$**

3: Job security is positively correlated to employee loyalty.

**Ho:  $p \leq 0$**

**H3:  $p > 0$**

4: Frequent Job rotation is negatively correlated to employee loyalty.

**Ho:  $p \geq 0$**

**H4:  $p < 0$**

5: Career enhancement opportunity is positive correlated to employee loyalty.

**H<sub>0</sub>:  $p \leq 0$**

**H<sub>5</sub>:  $p > 0$**

6: Incentives are positively correlated to employee loyalty.

**H<sub>0</sub>:  $p \leq 0$**

**H<sub>6</sub>:  $p > 0$**

7: Working Environment is positively correlated to employee loyalty.

**H<sub>0</sub>:  $p \leq 0$**

**H<sub>7</sub>:  $p > 0$**

**Methodology:**

**Non Probability Sampling:**

The total sampled population taken is 730 organizations from the area of Lahore and the sample size is taken 250 organizations and select almost 10 to 15 employee per as per convenience sampling approach.

## **DATA COLLECTION TECHNIQUES**

### **1. Interviews**

#### **Unstructured**

Unstructured Interviews are a method of interviews where questions can be changed or adapted to meet the respondent's intelligence, understanding or belief. Unlike a structured interview they do not offer a limited, pre-set range of answers for a respondent to choose, but instead advocate listening to how each individual person responds to the question.

We interviewed the employees in different organizations. The basic purpose was to get to know the real problem faced regarding employee loyalty and

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we came to know about the factors which played a major role in causing it. Factors which contributed the most were Incentives and bonus, promotions, job security.

## **Structured**

The aim of this approach is to ensure that each interview is presented with exactly the same questions in the same order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence between sample subgroups or between different survey periods.

We interviewed different employees and asked the questions in the similar pattern as specified to us, so with the interview we came to know what contributes more to employee loyalty as most of the employees stated bonus and incentives are the most important factors followed by job satisfaction, Satisfaction with salary, Job security, promotions, job rotation, career enhancement opportunities, work environment.

Followings are the question which we ask during interview.

1. Please tell me about yourself. How would you describe yourself?
2. What skills and abilities do you possess that will help make you successful in today's job market?
3. For you, what are some of the pros and cons of working on a team project?
4. What kind of relationship should exist between a supervisor and those reporting to him or her?

5. Who was the most difficult person you have ever dealt with, and how did you respond?
6. Why did you select this Company? What are your career expectations from this company?
7. What are your short-range and long-range goals and objectives? How are you preparing to achieve them?
8. What are your goals and aspirations for the next three years? Five years?
9. What did you enjoy most about your previous job experiences?
10. When comparing one company offer to another, what factors will be important to you besides salary?

## **2. Questionnaire**

This survey is another mode we adopted to get to know of the variables which affected employee Loyalty for an organization. We developed a set of questions and the formats we selected were a mixture of closed format questions, category scale and likert scale. As the questionnaire is the written record of choice of respondent, we made sure there was no biasness and we came to know which were the factors which contributed the most in causing employee loyalty for the organization less incentives, less promotions, less career opportunities.

### **Gender**

Male

Female



## **How long have you been with the company?**

Less than a year

1-5 years

6-10 years

More than 10 years

## **How committed are you to a long-term career?**

I am fully committed to a long-term career

I am somewhat committed to a long-term career

I am not sure how long I plan to stay

I would prefer not to remain

## **How would you rate your job in each of the areas below?**

**Excellent**

**Good**

**Average**

**Poor**

**Very Poor**

1. Having what you need to do your job

2. Ability to have to impact

3. Receiving supervision and feedback

4. On the job training
5. Opportunities for personal development
6. Opportunities for advancement
7. Teamwork within your department
8. Caring about employees
9. Attracting high quality employees
10. Retaining high quality employees
11. Teamwork across departments

**How would you rate your job in each of the areas below?**

**Very Satisfied**

**Satisfied**

**Neutral**

**Dissatisfied**

**Very Dissatisfied**

12. The company provides you with the type of benefits you need?

13. The company provides the type of benefits your family needs?

14. You understand the company's benefit options?

15. The company provides benefits that compare favorably with other companies in the industry?

16. That you receive appropriate salary for your contributions?

17. That your work gives you a sense of personal accomplishment?

18. Satisfaction with your direct supervisor?

19. Satisfaction with your overall job security?

20. Satisfaction with the company as a place to work?

21. Satisfaction with your job overall?

**22. Compared with a year ago, how would you describe your overall job satisfaction today?**

Much more satisfied

Somewhat more satisfied

Same level of satisfaction as last year

Somewhat less satisfied

Much less satisfied

## **How would you rate your job in each of the areas below?**

**Very Satisfied**

**Satisfied**

**Neutral**

**Dissatisfied**

**Very Dissatisfied**

23. Your manager has worked with you to identify your strengths and development areas?

24. With how your manager has worked with you to create a development plan?

25. With how your manager has worked with you to create a career path?

26. With the quality of training and development that you receive?

27. My efforts to improve myself are supported by my manager.

28. I receive fair and honest performance evaluations.

29. I have real opportunities for career development in the company.

30. I expect to have a long career with this company.

31. I would recommend the company as a place to work.

32. I frequently transfer to different departments.

**33. I feel I am being paid a fair amount for the work I do.**

Much more satisfied

Somewhat more satisfied

Same level of satisfaction as last year

Somewhat less satisfied

Much less satisfied

### **Schematic Diagram:**

Job satisfaction

H1

Salary

H2

Job security

H3

Promotions Plans

H4

Employee Loyalty

Job rotation

H5

Career enhancement opportunity

H6

Incentives

H7

Supervisor/Others employee attitude

H8

January 27, 2010

Research Methodology Project

Employee Loyalty

Focus

Objectives and Background

Theoretical Framework

Hypothesis Development

Data Collection Instruments