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Factors influencing employee loyalty directly and indirectly through job satisfaction - A study of banking sector in Ho Chi Minh City

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KEYWORDS

Employee job satisfaction; employee loyalty; banking industry; path analysis.

A B S T R A C T

This study attempted to identify the relationship between job satisfaction and organizational loyalty of employees who are working in banking industry in Ho Chi Minh City (HCMC). In addition, this study also elicited employee's views on the different factors contributing to their loyalty toward their current banks. Quantitative approach was the major method used, with statistical techniques applied, including factor, multiple regression, and path analyses. The unit of analysis was at individual level with the sample size of 201 employees of eleven banks operating in HCMC. The findings of this study indicated that the higher levels of satisfaction, supervisor support, fringe benefits, teamwork, working environment, and training were positively associated with the higher level of organizational loyalty. The factors of satisfaction, supervisor support, teamwork, and working environment play crucial roles and significantly affect employees' loyalty. Based on the results of the path analysis, this study argued that in order to achieve high employee loyalty, companies in banking industry should achieve high level of employee job satisfaction, enhance supervisor support and teamwork among employees, and provide good working environment.

Introduction

In the recently years, the state that employees resigned from one company only after a few months of working to seek for another jobs, happened against most of companies in HCM City. According to the research of Loan Le Limited Company

(2013) forty-one percent of employees who work under 6 months would resign or be fired by companies. In line with this research, the research of Labor Magazine (2013) had shown that among the 445 employees who are now looking for the

job, there are 39% of employees resigned after working for one company from 1 to 2 years, 26% resigned after 3 years of working. That was known as the unsolvable problem that made many companies faced a difficult situation in order to remain their daily operation and cost management since they have to recruit new employees many times. Most of the banking officers are young labors with university degree. They are all report to be the most likely group of having intention to change job. Most of them are willing to quit their current job if they have a better job's offer from other banks. This fact put banks in difficult situation that they have to spend a large amount of money and time to recruit and train new staffs several times. Especially in the service field, where the staff's training is considered to be the most important factor deciding the success of the company and the training cost is very high.

Therefore, it is crucial for banks to satisfied their employees and retain them. This study was conducted to identify which are important factors that have most effect on employee job satisfaction and their loyalty. This research also tried to explain the direct and indirect effects on employee loyalty through their job satisfaction. Finally, based on the empirical findings, improvement and development suggestions to banking organizations will provided as practical guidelines to enhance employees' satisfaction and their loyalty.

Literature review

Employee job satisfaction is not a new concept in business. The concept was first mention and developed by Landsberger (1958) with the Hawthorne effect. Although he did not mention about job satisfaction in his studies, it is still be considered the basic for the development of

the job satisfaction concept. Hawthorne effect had pointed out that employee works for purposes other than pay. Since that time, several researches and studies had examined this concept. The most popular definition of job satisfaction is one developed by Locke (1976). He defined employee job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." This definition examined job satisfaction as the feeling and thinking that arouses from within one person and is not affected by outside impacts. However, Rice et al. (1989) proposed that "satisfaction is determined, in part, by the discrepancies resulting from a psychological comparison process involving the appraisal of current job experiences against some personal standards of comparison", which showed out that job satisfaction depends mostly on the outside factor, which is other employee's job experiences. While there is still no agreement in the definition of employee job satisfaction, employee job satisfaction can be understand as the ability of an employee to give an opinion about general emotion and their thinking forms about their job and workplace as the result of the comparison to others. Therefore, employee job satisfaction does not fix, it is affected by other factors and changes when other factor changes.

The earliest and well-known study about factors that affect job satisfaction was the studies of Herzberg(1968). In his study, Herzberg interviewed a group of employees to find out what made them satisfied and dissatisfied on the job and found out two important factors that affect job satisfaction were motivation and hygiene factors. Motivation-hygiene theory factors pointed out that factors creating of job satisfaction were separate and distinct from factors that led to job dissatisfaction. Factors that led to

job satisfaction are called motivators, include of achievement, recognition, the work itself, responsibility and advancement. Factors that prevent job satisfaction and lead to job dissatisfaction are called hygiene factors and include administrative policies, supervision, salary, interpersonal relations and working conditions. His study had put a strong foundation for later research on factors affect job satisfactions. From the beginning of the 20th century, several researches were conducted to find out the set of factors that has greater affect on job satisfaction. According to Pearson (1991), the basic factors that have significant influences on employee motivation and job satisfaction are payment, promotion and autonomy. Since the turn of the 21th, together with the popularity of the concept of TQM practices, the set of factors expand rapidly.

More factors are examined and proven to have critical effect on employee job satisfaction. Arsić et al. (2012) use the elements of TQM practice to investigate their effects on employee job satisfaction and loyalty. They suggested that top management commitment, employee empowerment, teamwork, job evaluation, employee compensation are critical factors of TQM practice that would positively impact employee job satisfaction. Jun et al. (2006) also investigated effects of TQM practice on employee job satisfaction. They found that employee empowerment, teamwork, and employee compensation have a significant and positive influence on employee job satisfaction, also the improved employee job satisfaction leads to a higher level of employees' organizational loyalty. Another study that also used the concept of TQM practice is the study of Chang et al. (2010), according to the study, employee job satisfaction can be improved through the inclusion of TQM

practices associated with human resources. These practices are employee empowerment, employee compensation, team-work and management leadership. Beside the studies of the set of factors base on the TQM practices, other studies come up with the set of factors based on the related features of the job. According to Ellickson and Logsdon (2001), there are various factors-related job satisfaction, for example pay, fringe benefits, equipment and resources, physical work space, safe working environment, career development opportunities, overall supervisor relation and departmental esprit de corps (which is the pride of being a member of a team). In terms of employee job satisfaction, Parvin(2011) has mentioned four dimensions that have a profound impact on employee job satisfaction comprising salary, efficiency in work, fringe supervision, and co-worker relations. Turkyilmaz et al. (2011) investigated various studies related to employee job satisfaction and identified 17 main groups. These are: supervisor management; empowerment-participative management; salary, recognition, reward and promotion; teamwork and cooperation; training program, career development; working condition; communication; family-friendly policy; cooperate culture; compensation; job itself; organization as a whole; emotional exhaustion; performance management; recruitment; demographics; coworker relations.

Although different research brings out different sets, there are still some main elements considered to be crucial factors that appeared on most of the researches. Those factors are believed to have greater impact on job satisfaction. They are supervisor support, fringe benefits, teamwork, working environment and training.

According to Kottke and Sharafinski (1988) just as employees form global perceptions concerning their valuation by the organization, they develop general views concerning the degree to which supervisors value their contributions and care about their well-being. Supervisor support plays a significant role in creating employee motivation and autonomy. The relationship between supervisor support and job satisfaction has received a great deal of attention in past research. Previous research has examined the relationships between supervisor support and job satisfaction and reported a positive relationship between supervisor support and job satisfaction (Chang et al., 2010). As supervisors take care to help and support the contact employees and are concerned about their needs, these employees will feel more satisfied (Griffin, Patterson and West, 2001). Such supervisor supportive behavior has been found to be related to employee job satisfaction.

Fringe benefit is the material and non-material incentives the company offers to its employees to commit them to the company. In other words, fringe benefits are incentives that employees receive in addition to their wages and salaries during active job duty and in addition after retirement (OECD, 2007). Fringe benefit includes three main parts: obvious benefits, foregone labor benefits and hidden benefits (Hayes and Gaskell, 2007). Among the three, obvious benefits is the most popular that are offered to employees by most companies. It includes social security, retirement, insurance, etc.. Foregone labor benefits, which can be understood as the "released time", including personal days, paid maternity/paternity/parental leave, jury duty, bereavement time, and military service leave. The last one is the hidden benefits, which are extra benefits provided

employee to help them perform the job better or helping with recruitment and retention employees. Hidden benefits is not stable, it is varied across companies and can be modified according to the company policy and objectives. According to the result of Artz (2010) fringe benefits are significant and positive determinants of job satisfaction. Fringe benefit is also believed to have a profound impact on employee loyalty. It plays as a motivator factor that helps to improve employee performance and to reduce employee turnover (Kasper et al., 2012).

Teamwork is "organized co-operation" which can be performed simultaneously by the team (Ingram and Desombre, 1999). It is suggested that teamwork is a collaborative and shared activity that is directed towards a common goal. Effective teamwork can motivate employees and improve employee performance and self-efficacy. This increase in motivation and self-efficacy through teamwork can be a source of employee autonomy, significance, bonding with team members and satisfaction (Griffin, Patterson and West, 2001).

Working environment includes all the factors about the job such as all the facilities for doing the job, comfortable workplace and ventilation, safety workspace, and the degree of noise. These factors influence employee job satisfaction since employees want a working environment that provides more physical comfort (Ceylan, 1998). When this is provided by the firm, employee job satisfaction increases. The relationship between working environment and job satisfaction has been proved by many researchers. It is shown that working environment is a critical factor in determining the level of employee job

satisfaction (Chang et al., 2010; Jun et al., 2006).

Employee training provides opportunities to employees widen their knowledge and abilities for more efficient teamwork and achieve individual development (Jun et al., 2006). When workers receive self-development training, the level of their job satisfaction is higher than those without such training (Chang et al., 2010). Also, Herzberg (1968) found that employee job satisfaction is influenced when they have an opportunity for advancement of individual competencies through various training programs. When employees attended to training programs, they gain self-confidence of making their jobs, they perceive career development opportunities and they think that their companies make investment in them (Jun et al., 2006). As result of this positive situations, employee job satisfaction increases.

Traditionally, employee loyalty meant the ability to stay with the organization in long term. It based on the premise that employee loyalty could be measure by the amount of time one work for the company or organization (Silvestro, 2002). However, as the economic is changing: downsizing, cooperate restructuring had made the definition of employee loyalty change. Employee loyalty cannot be measured by the time they are work for the company alone, it need to include the amount of commitment employee makes when they are on the job (Phaneuf, 2013). According to Reichheld (2003) loyalty is the willingness of an employee invest in or sacrifices for the organization to strengthen a relationship (Reichheld, 2003). Thus, loyalty is characterized by the intention to engage with the organization in long term, which plays a positive role in retention of members in the organization. While job

satisfaction mainly focuses on the attitude of employee toward his current job, employee loyalty explores a wider framework, which is employees' attitude toward the organization (Chen, 2006). According to Chang et al. (2010), employee job satisfaction is an antecedent to employee loyalty. Some other studies such as Jun et al.(2006) and Arsić et al. (2002) also consistently report a strong relationship between organizational loyalty of employees and employee job satisfaction. Empirical evidence also suggests a positive relationship between employee job satisfaction and loyalty of employees (Fletcher and Williams, 1996). Employees who feel satisfied with their jobs will most likely be more loyal to organization than dissatisfied employees (Kim et al., 2005). Once the employee job satisfaction increased, the degree of organizational loyalty of employee also raise higher. On the other side, once the employee job satisfaction decreased, it will leads to the decrease of employee loyalty, employee morale and the increase of job turnover. Low job satisfaction could also cause employees to recede from their jobs, seek new jobs, or change their current jobs and careers.

In order to obtain all the objectives and further analyses, this study hypothesizes that:

- H₁: Factors of supervisor support, fringe benefits, training, team work and working environment positively affect employee job satisfaction.
- H₂: Factors of supervisor support, fringe benefits, training, teamwork and working environment positively affect employee loyalty.
- H₃: Employee job satisfaction positively affects employee loyalty.
- H₄: Employee loyalty is indirectly affected by factors of supervisor support, fringe

benefits, training, team work, and working environment through job satisfaction.

Methodology

Target population of this research was employees who are working in banking industry in HCMC. The structured questionnaires were directly and conveniently delivered to 201 full time employees who are working in 11 banks in HCMC. Below is the list of banks and number of cases collected from each bank.

According to Gorsuch (1983), a minimum subject to item ratio of at least 5:1 in Exploration Factors Analysis (EFA), but they also have stringent guidelines for when this ratio is acceptable, and they both noted that higher ratios are generally better. Based on the number of items used to measure independent variables of employee job satisfaction and organizational loyalty (11 items) and dependent variables of supervisor support, fringe benefits, training, team work and working environment (19 items) of the research model of this study, the ratio applied for EFA of dependent variables was 18:1 and the ratio for EFA of independent variables was 10:1. Statistically, these ratios promise a better reliability and validity of this study.

Questionnaire design and data collection

The questionnaire was designed basing on measured variables derived from the literature reviews for five independent variables and two dependent variables. Most questions were set as statements on five-point Likert scale, ranging from 1 is “strongly disagreed” to 5 is “strongly agreed”. A pre-test was conducted with the sample size of 20 employees who are working in ACB bank in order to generally

evaluate the reliability of the measurement. Finally, the final questionnaire was completed and delivered directly to employees who are working in banks with the sample size as listed in Table 1 above with directions and precise contents to help them give answer correctly.

Factor Analysis and Reliability

Two exploratory factory analyses, which used the principal component extraction method and Varimax rotation of 11 items of the group of dependent variables including: employee job satisfaction, employee loyalty and 19 items of the group of independent variables; supervisor support, working environment, training, fringe benefits, and teamwork, were conducted on the sample of 201 employees who are working in banks in HCMC. Prior to running the analysis with the SPSS, the data was screened by examining the descriptive statistics on each item, inter-item correlations, and possible univariate and multivariate assumption violations. From this initial assessment, all variables were found to be continuous, variable pairs appeared to be bivariate normally distributed, and all cases were independent of one another. For this study, the factor analysis procedure was applied twice; once for the group of dependent variables, including two variables, and again for the group of five independent variables. The Kaiser-Meyer-Olkin measure of sampling adequacy was .874 for the dependent variables and .876 for the independent variables (according to Pallant, 2005, to be significant, the value has to be .60 or above), indicating that the present data was suitable for principal components analysis. Similarly, Bartlett’s test of sphericity (Bartlett, 1954) was significant ($p < .001$), indicating sufficient

Table.1 Bank names and number of cases

S.No.	Name	Number of cases
1	Eximbank	6
2	Abbank	16
3	DongA Bank	8
4	Vietbank	5
5	Sacombank	19
6	ACB	21
7	Vietcombank	58
8	Laoviet bank	15
9	Agribank	33
10	SHB	12
11	VietA bank	8
	Total	201

Table.2 Summary of Dependent Variables with Reliability Coefficients

Factors	Number of Items	Cronbach's Alpha (N=201)
Factor 1: Employee job satisfaction (EMJOSA)	6	.858
Factor 2: Employee Loyalty (EMPLOY)	5	.836

Table.3 Summary of Independent Variables with Reliability Coefficients

Factors	Number of Items	Cronbach's alpha
Factor 1: Supervisor support(SUSU)	5	.915
Factor 2: Working environment (WOEN)	4	.851
Factor 3: Training (TRAIN)	3	.860
Factor 4: Fringe Benefits (FRIBE)	4	.773
Factor 5: Teamwork (TEWO)	3	.806

correlation between the variables to proceed with the analysis. Using the Kaiser-Guttman's retention criterion of Eigen values greater than 1.0, a two-factor solution provided the clearest extraction for the group of dependent variables, including

11 items (Guttman, 1954; Kaiser, 1974). The two factors of the dependent variables accounted for 60% of the total variance and the Cronbach's coefficients ranged from .836 to .858 among the factors, indicating good subscale reliability.

In addition, a five-factor solution was conducted for the group of independent variables consisting of 19 items. The five factors accounted for 73.2% of the total variance. The five factors were considered appropriate and retained for further analysis. The Cronbach's coefficients ranged from .773 to .915 among the five factors indicating good subscale reliability.

Research findings

Profile of Employees Involved in the Study

Most of employees work in staff position with 162 occupying 80.6% of total respondents. The rest of two groups just have small ratio. There just have 15 supervisors with 7.5% and 11 senior managers with 5.5%.

Regarding to gender, it is easy to see that most of employees who are working in banking industry in HCM city are female with 129 occupying 64.2%, whereas, there just have 70 employees who are male occupying small ratio 34.8%.

About age, most of the bank's employees are young labor (occupied 74.1%) and belong to the group that has high intention to change job. In detailed, employees who are in age from 25 – 35 are 120 employees dominating 59.7%. The group of age from 18 – 25 occupies 14.4% with 29 employees. The group of age from 35 – 45 have 43 employees with 21.4%. The last two groups just contribute a small percentage; those are 3 employees who belong to age from 45 – 55 with 1.5 %, and 1 employee who is in age of over 55 and occupying only 0.5%.

Employees who graduated from university dominate in term of education with 145

people occupying 72.1%. Next group is vocational with 11 employees with rate of 5.5%. The group of high school also occupies 5.5%. About group of Postgraduate, it has 18 people with rate of 9%. The last group is college is 7% with 14 people.

Regarding to income, there have 114 employees who have income from 5 to 10 million occupying 56.7%, and 41 employees who have income from 10 to 15 million occupies 20.4%. The group of employees which has income under 5 million is 7.5% with 15 employees. There are only 11 employees who have income from 15 to 20 million with 5.5% and 8 employees who have income over 20 million with 4%.

Factors Affecting the Employee Loyalty

In order to test the hypotheses (H_1 , H_2 , and H_3) of this study, a series of three multiple regression analyses were conducted. The first hypothesis was proposed to test the effects of the independent variables and to identify which factors significantly influence and predict employee job satisfaction. The second hypothesis was formed to test the effects of the independent variables and to identify which factors significantly play important roles in predicting employee loyalty. The third hypothesis was employed to test effect of employee job satisfaction on their loyalty.

Correlations between variables

The results of correlation coefficients as showed in Table 4 below indicate that there were significant relationships between the dependent variable, EMJOSA, and the independent variables: SUSU, FRIBE, TEWO, WOEN and TRAIN. In these significant relationships, there was very strongly positive correlation between SUSU and EMPJOSA ($r=.708$, $p<.001$).

This means that the better employee relationship with management, the higher level of job satisfaction employees feels. Besides that, the variables of TEWO and WOEN were strongly correlated with EMPJOSA ($r=.643$, $p<.001$) and ($r=.684$, $p<.001$), respectively. This means that the better the relationship among employees and the better working environment employees were gotten, could lead to higher employee job satisfaction. In addition, there was a moderate positive correlation between FRIBE and TEWO ($r=.481$, $p<.001$) and ($r=.474$, $p<.001$). This means that the better fringe benefits and training employees have gotten can lowly affect to the level of job satisfaction employee feel.

The results of correlation coefficients in Table 4 also indicate significant relationships between the dependent variable, EMPLOY, and the independent variables: SUSU, FRIBE, TEWO, WOEN and TRAIN. In these significant relationships, there was very strongly positive correlation between SUSU and EMPLOY ($r=.561$, $p<.001$). This means that the better employee relationship with management, the higher level of employees loyalty. Besides that, the variables of TEWO and WOEN were strongly correlated with EMPLOY ($r=.551$, $p<.001$) and ($r=.547$, $p<.001$), respectively. This means that the better the relationship among employees and the better working environment employees were gotten, could lead to higher employee loyalty. In addition, there was a moderate positive correlation between FRIBE and TEWO ($r=.335$, $p<.001$) and ($r=.314$, $p<.001$). This means that the better fringe benefits and training employees have gotten can lowly affect to the level of employee loyalty.

In conclusion, three out of five independent variables of this research had positively

strong and significant relationships with employee job satisfaction and employee loyalty. Those are supervisor support, teamwork, and working environment. The other two factors of training and fringe benefits possessed modestly significant relationships. These results showed that high levels in supervisor support, working environment and team work were associated with high level in employee job satisfaction and loyalty.

Factors directly affecting employee job satisfaction

According to the result of significance and coefficient between each independent variable and employee job satisfaction, as showed in table 5, we can see that the three out of five independent variables of this research had direct effect on employee job satisfaction. Those are working environment, teamwork, and supervisor support. Besides that, in order to identify which factor in the three factors have most influence to job satisfaction of employee, this study based on standardized coefficient (Beta). Through that, it can be seen that supervisor support possessed the highest Beta with ($\beta = .534$, $p < .001$), followed by team work with ($\beta = .330$, $p < .001$), and working environment with ($\beta = .158$, $p < .001$).

Factors directly affecting the Employee Loyalty

From the result of coefficients showed in Table 6, it can be seen that the three out of five independent variables of this research indicated positive effects on employee loyalty. Those are supervisor support with ($\beta = .294$, $p < .001$), teamwork with ($\beta = .311$, $p < .001$), and working environment with ($\beta = .298$, $p < .001$).

Table.4 Variables' Correlations

Particular	Employ	1	2	3	4	5	6
1. EMJOSA	.597**	1.000					
2. SUSU	.561**	.708**	1.000				
3. FRIBE	.335**	.481**	.529**	1.000			
4. TEWO	.551**	.643**	.585**	.403**	1.000		
5. WOEN	.547**	.584**	.556**	.442**	.461**	1.000	
6. TRAIN	.314**	.474*	.578*	.498*	.505*	.404*	1.000
Mean	4.04	3.84	3.71	4.04	3.79	3.96	3.85
SD.	0.543	0.606	0.743	0.626	0.669	0.669	0.780

** Correlation is significant at the 0.01 level (2-tailed).

Table.5 Coefficients between IVs and EMJOSA

Variables	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
SUSU	.394	.000	.268
FRIBE	.073	.189	.059
TEWO	.301	.000	.233
WOEN	.203	.000	.162
TRAI	-.025	.673	-.019

Note: Dependent Variable: EMJOSA: Employee Job Satisfaction

- Predictors: SUSU, FRIBE, TEWO, WOEN, TRAI

- ANOVA: F (5, 200) = 62.202, Sig =000, p < .001

- Model summary: R² = .615

Table.6 Coefficients between IVs and EMPLOY

Variables	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
SUSU	.294	.000	.200
FRIBE	-.014	.829	-.011
TEWO	.311	.000	.240
WOEN	.298	.000	.238
TRAI	-.126	.070	-.097

Note: Dependent Variable: EMPLOY: Employee Loyalty

- Predictors: SUSU, FRIBE, TEWO, WOEN, TRAI

- ANOVA: F (5, 200) = 32.519, Sig =000, p < .001

- Model summary: R² = .455

Table.7 Coefficients between EMJOSA and EMPLOY

Variables	Standardized Coefficients (Beta)	Sig.	Correlations (Part)
EMJOSA	.597	.000	.597

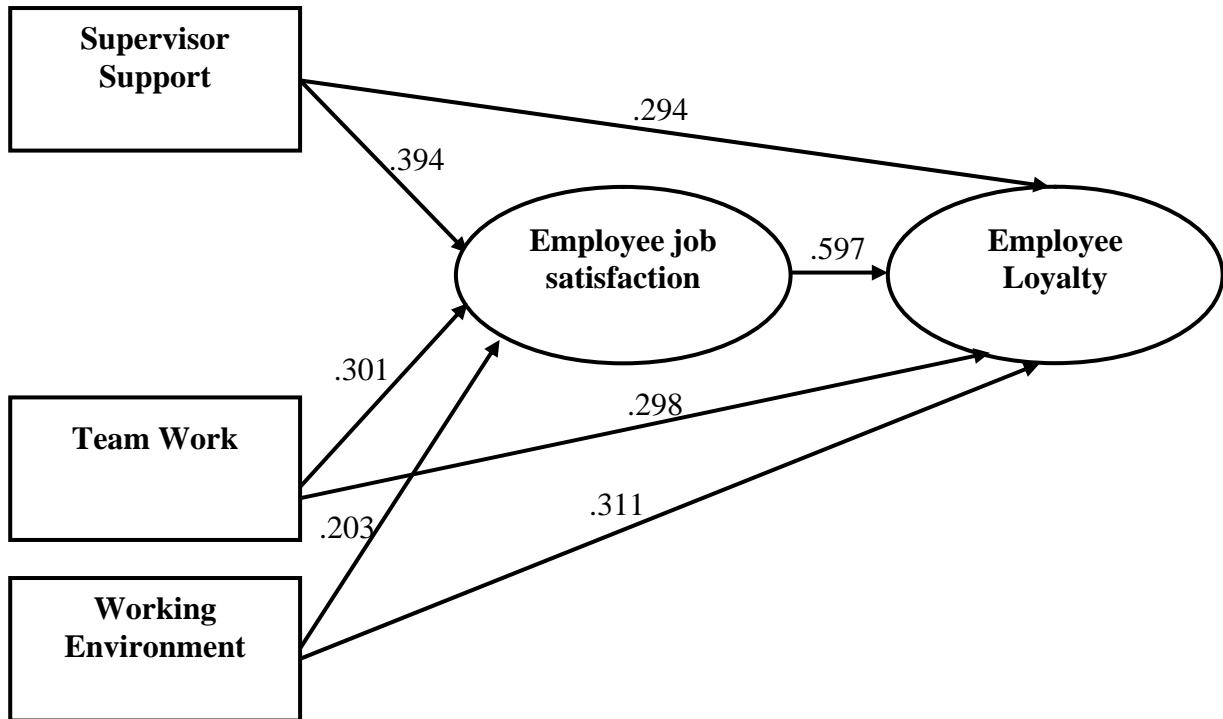
Note: Dependent Variable: EMPLOY: Employee Loyalty

- Predictors: EMJOSA: Employee Job Satisfaction

- ANOVA: F (1, 200) = 110.441, Sig. = .000, p < .001 - Model summary: R² = .357

Figure.1 Path Coefficients of the Structural Equation for Hypothesis Testing

Path Diagram of Employee Loyalty



Note: All coefficients in the model were significant at the .001 level.

Table.8 Direct, Indirect, and Total Causal Effects

Variable Names	Direct	Indirect	Total
SUSU	.294	.235	.529
TEWO	.311	.180	.491
WOEN	.298	.121	.419
EMJOSA	.597	---	.597
Total	1.500	.536	2.036

From the result of simple linear regression between employee job satisfaction and employee loyalty as showed in Table 7, it can be seen that employee job satisfaction provided strong positive effect on employee loyalty with ($\beta = .597$, $p < .001$).

Indirect effects on employee loyalty

The result of multiple regression analysis showed that the employee job satisfaction was mainly affected by three important factors: supervisor support ($\beta = .394$), teamwork ($\beta = .301$), and working environment ($\beta = .203$). These three factors directly affected the intervening variable of employee job satisfaction and then employee job satisfaction directly caused an effect on employee loyalty ($\beta = .597$). Therefore, through the intervening variable of employee job satisfaction, the factors of supervisor support, teamwork and working environment created indirect effects on employee loyalty at (.235), (.180), and (.121) respectively.

These findings indicated that the factors of supervisor support, teamwork and working environment had significant positive effects on both employee job satisfaction and employee loyalty. Thus this study argues that when employees who feel that they are satisfied to the factors such as: supervisor support, teamwork and working environment, there are more likely to see that they are also more satisfied and loyal to their current job.

Total Causal Effects of Employee Loyalty

Regarding the total effects, according to table 8, the employee job satisfaction had the strongest effect on employee loyalty with $\beta = .597$. Next is the supervisor support factor with $\beta = .529$, this also considered as a very strong effect (De Vaus, 2002). The factor of teamwork

ranked at third with $\beta = .491$, this means that teamwork had a substantial effect on the employee loyalty. Lastly is the factor of working environment with $\beta = .419$, this means that working condition effect on the main dependent variable. The total effect of these factors on employee loyalty was 2.036.

Based on the degree of effects of those factors, this study can conclude that employee job satisfaction's factor is the most important factor that affected to loyalty of employees who are working in banking industry in HCMC, followed by supervisor support, teamwork, and last is working environment. In other word, the result of this study pointed out that employees in banking industry in HCMC estimated the employee job satisfaction is most important and necessary in order to lead them to loyal to their current job, followed by supervisor support, teamwork, and working environment. Regarding to training and fringe benefits, although, it positively associated with employee loyalty, but it regarded to have no effect on employee job satisfaction. This means that employees in banking industry in HCMC do not care more about chances of training and fringe benefits. Because of that, training and fringe benefits cannot have impact to their loyalty to current job.

Discussion

This study presented empirical evidence regarding the factors affecting employee loyalty directly and indirectly, as well as provided reliable scales to measure theoretical dimensions such as employee loyalty, employee job satisfaction, working environment, team work and supervisor support. The study also tried to measure employee loyalty through employee job satisfaction. The findings of this study are

not new in term of factors affects employee job satisfaction. The implementation of supervisor support, team work and working environment had been proven to have potential benefits of increasing employee job satisfaction in organization(Chang et al., 2010; Ellickson, M. and Logsdon, K.,2001). In his study Chang et al. (2010) also found out that there is no relationship between training and employee job satisfaction. However, those factors are not only affecting employee job satisfaction, they also have indirect effects on employee loyalty. The present study explores the role of those factors on employee loyalty by explaining the link between them and employee loyalty. The results of this study, based on the significant correlations between the independent and dependent variables, indicated that employee job satisfaction is not the only one factor that lead to employee loyalty as findings of Arsić et al. (2012)and Fletcher, C. and Williams, R. (1996), employee loyalty also be determined by supervisor support, team work and working environment. Thus, this study theoretically contributes in building a more comprehensive research model for measuring employee loyalty directly and indirectly through the mediation of job satisfaction and providing a better understanding of the causal relationships between factors of supervisor support, team work, working environment, job satisfaction and employee loyalty, thereby contributing to the existing diversified literature in the field of organization management. In addition, basing on the empirical results, this study practically suggests that in order to achieve a high level of employee loyalty, managers of banks in general and especially in HCMC should pay great attention and consideration to all factors that provide significant correlations and unique contributions to predict employee loyalty

directly or indirectly. The higher level of supervisor support, team work, working environment, fringe benefits, training programs, and job satisfaction will lead to the higher level of employee loyalty. The significant determinants of employee loyalty that managers of banking companies and organizations should assign priority to were: a) employee job satisfaction; b) supervisor support; c) teamwork; and d) working environment

Conclusion

All the objectives of this study have been successfully obtained: firstly, to explain the relationship between employee job satisfaction and employee loyalty, secondly, identifying which factors are important (including: supervisor support, teamwork, working environment, fringe benefits and training) that have related to employee job satisfaction, and which one had the most impact to employee job satisfaction, thirdly, to explain the relationship between each independent variable and employee loyalty, and how well those factors can explain to employee loyalty, fourthly, to identify which are factors (including employee job satisfaction) that have the most effect and how much do those factors directly and indirectly affect to employee loyalty. The application of the multivariate statistical techniques with factor analysis, standard multiple regression analyses, simple linear regression and path analysis allows for the exertion of a causal relationship between the independent and intervening variables of employee loyalty model. Explanations and suggestions given were based on the review of the literature and the empirical findings of the study. In terms of significant relationships, bivariate correlations and Pearson product-moment correlation coefficients were employed to explore the

relationship and its strength between each in dependent variable and employee engagement, as well as between each intervening variable and the dependent variable of the study. The direct and indirect effects of employee loyalty were discussed and explained in order to obtain clear answers and evidence for all research hypotheses. Thus, the implications of this study provide both theoretical and practical contributions to the field of organization management and development.

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