Determining the Influences of the Employee’s Loyalty in the Organizational Setting

Kanwal Javed1, Maryam Sana2, Waqas Ahmed Siddique3, Dr. Abdul Aziz4
1 Research Scholar, Department of Business Administration Federal Urdu University Art Science & Technology, kanwal.javed112@outlook.com
2 Research Scholar, Department of Business Administration, University of Karachi, maryamsana.ms1995@gmail.com
3 PhD Scholar, Hamdard University Karachi, eng.waqaas@outlook.com
4 Assistant Professor, Department of Business Administration Federal Urdu University Art Science & Technology, abdul.aziz@fuuast.edu.pk

ARTICLE DETAILS

ABSTRACT

Purpose:
The aim of the following research is to provide a brief insight into employee loyalty towards their organization and its effects on working conditions, working environment and bonuses and incentives. As employees are considered to be key strategic assets of every organization so it is essential for the organization to study the factors which produce a profound effect on loyalty.

Methodology:
For the progression of the research findings, the precedent research followed a T-test, F-test, ANOVA, multiple regressions, Factor analysis, Durbin Watson, correlation as the methodology

Findings:
The work environment, work condition, and bonus and incentives affect the employee loyalty.

Conclusion:
On the basis of data, it can be concluded that the determinants of the work environment, work condition, bonus and incentives of the current dissertation have a significant impact on employee loyalty. Therefore, it is feasible to suggest that the organization should focus on the work environment, work condition, bonus and incentives for enhancing the performance of the organization and driving the optimal outcome for securing the leading position in the industry.

Keywords
Insight
Loyalty
Effect
Working Condition

Corresponding author’s email address: kanwal.javed112@outlook.com
1. Introduction

The following chapter will provide a brief overview of the problem origination and its effect with respect to the studied phenomena. The problem statement has been constructed along with the research question to provide a comprehensive idea about the purpose of the study. Moreover, objective and hypothesis have been provided to scrutinize the research literature.

To maintain the effective functionality of the organization, it is essential for the corporate to maintain higher level of employee engagement for the survival and wellbeing of them in the competitive environment. It has been believed that the highly motivated employees are considered to be the most loyal amongst all, hence requiring extra efforts from the organization to retain them as they are the main source of generating higher profit. It’s tranquil to complicate durability with loyalty for illustration employee staying in the organization for a few years, while at the same moment committed to his goals and objectives (Alvi, Surani and Hirani, 2013). The person having such quality is perceived to be loyal among them and depicts a loyal pattern, however, nonentity could have been additional from the manner they felt. If employee, not entirely satisfied with the organization attitude and behavior, the chances is higher that the employee feel dissatisfied and switch the organization until a good opportunity not has been provided. Whereas, employee feeling satisfied with the functionality of their organization is most likely to remain committed (Chung, 2013). The following conception has been widely applicable for every sort of employee performing a certain set of requirements and duties in a particular organizational setting. Loyalty has been explained by the significantly associated it with the characterization of the employees as well employees as the crucial source of gaining the competitive edge since they signify a important share in relation to the locating, recruiting training, health care plans, gratuities and other dimensions. The administration of stabilize structure organization progresses their training programs welfares packages, performance appraisal and work system grounded on their company strategies. Typically these policies are intended at evolving loyal employees as these centrals to an additional long-lasting freehold. Loyalty is a type of faithfulness and trueness requiring organizational o transform itself in the arena of organizational behavior (Ying, 2012).

In a common manner, the employee’s psychosomatic accessory or loyalty to the association within the corporate is appreciable. Employees and organizations have shared errands and common pledges both specified and describe their association. Occasionally managers encourage the employee to accept newly developed strategy it is impractical for managers predictable great to their employees. In the previous times employees supposed when they were employed by a corporation that they would be associated with that business until the retired. In the beginning of the 1980s, the industrial revolution was on its peak and companies were demonstrating an increasing trend by securing elevating revenue, workers insights of generation engagement were devastated by business downsizing, company rearrangements to other circumstances or nations and inert salaries (Arshad, Masood, and Amin, 2013).

Loyalty has two magnitudes internal and external affecting the employee level of engagement and commitment. Loyalty is essentially an emotional affection with the organization environment values such as culture, norms and ethics. The internal extents reconsidered to be the emotional constituent depending on the individual feelings of compassionate of abrasion and promise. The following influences of the employee loyalty is said to be cherished and attracted to the external measurements as it has to
perform with the loyally evidently by itself. This aspect is encompassed of the behaviors that exhibition the emotional constituent and is the portion of loyalty that depicts the variation sat the highest level (Arshad, Masood and Amin, 2013). The initial step is to re-evaluate the loyalty as determinants of the internal feelings that can be established in a diversity of new approach. The terminology of the loyalty from what it has been on the previous time. Employee loyalty can be implicit as operative obligation amids the employees. Loyal employees can be identically the assets to the organization as they can benefit to improve the main source of the revenue stream for the organization. The following behaviour is considered to important as the loyal employee has the higher value for caring for the customer in the appropriate manner to satisfy the customer (Farooq and Khan, 2011).

1.1 Problem Statement
The following research aims to investigate the dimension of the loyalty effecting the functionality of the organization. Employees depicting non-loyal attitude towards their organization mainly due to working conditions, working environment and bonus and intensives alarm the company’s wellbeing. Therefore, it is essential for an adopt such policies to increase the commitment of the employees. Moreover, the researcher believes that there must be some more reasons for affecting the loyalty level of the employees. The research aims to outline the crucial dimension of the employee commitment. Therefore, on the basis of the arguments presented, the problem statement of the following dissertation is constructed as below:

“What is the adverse dimension of the organizational settings affecting the employee loyalty?”

2. Literature Review
In recent time, the business environment is becoming competitive and requires high level of performance for ensuring the level of succession. However, performance level is just not decided at the organizational management level, it is a structured format of continuous motivation (Ying, 2012). Employee commitment and employee loyalty are measured to be independent influences supposed to have substantial level of association with employee performance. Employee engagement is a significant utensil in performance administration. When personnel are employed and are not given the essential task, amenities and working environment then workforces are not entirely involved; additionally lack the components of loyalty near the organization (Ahmed, et.al. 2010). Though employee engagement is a new-fangled terminology in the social effort, it has been acquainted with persons in the managing community for nearly two periods. While on the other hand employee loyalty highly subsidizes importantly to employee performance. According to literature by Bhuvanaiahand Raya, (2015), the terminology loyalty is mentioned to staffs that are dedicated to the accomplishment of the organization and consider that employed for the particular corporate is beneficial for them and their career development. According to Alvi, Surani, and Hirani, (2013), performance denotes mutually understandable and ratable entity, employee behaviors and consequences. In the view of Chib, (2012)majority of the banking corporate operational in the retail banking sector of Pakistan hire sales executives to retail the banks produces or services on daily base to encounter their customary performance. The chief job assumed to these sales executives is to perform outdoor sales, such as visiting work places, markets, educational institution, hospitals and other organizations to open bank accounts for potential clienteles, familiarize the bank’s different products or services and also
exploration for clienteles who are attentive and succeed to admittance loans commencing the bank.

Rewards are considered as the major source to increase the motivation level and performance of employees (Ikramullah et al., 2012). But the research of Ahmed et al., (2010) argues that effective appraisal systems are found in very companies of Pakistan because they are often hard to establish. The question of how specific the reward should be and when the reward should be given and rewarding team efforts can be a tricky subject to master (Guo et al., 2014). If proper goal setting is to be done then effective feedback should be provided (Burlacu, 2013). It can unarguably be said that without any presence of goal pursuit in the feedback setting, goal setting loses its worth because one cannot assess the progress towards his or her goals (Baron et al., 2012). Feedback plays an important role to help employees attain their performance goals and also acts critically for them to remain committed and produce effective performance (Nassazi, 2012). Without feedback, people are oblivious to their regression or progression; it also becomes difficult for them to measure the efforts that are needed to pursue the goal effectively. Feedback is found most effective when it is directed towards setting more challenging goals (Farooq, and Khan, 2011) because it allows for individuals and teams to identify the weaknesses in their current goals. Hence modifications can be made (Waiyaki, 2017).

Motivation is one of the most critical ingredients in employee productivity and performance. It is also argued in the literature that feedback should be given in such a way that it should increase motivation whether it is positive or negative feedback (Anitha, and Kumar, 2016). Rasheed and his partners argue that in Pakistan very few leaders provide feedback effectively without hurting the feelings of the employee. It is found that employees who are not satisfied with the behavior of leaders also face difficulties during the job (Ikramullah et al., 2012). Whereas it has been observed that the motivated workers are found to exert efforts with high intensity towards attaining the distinct goal or direction. Workers can be reinforced in the form of tangible rewards that will act as recognition and praise for the worker

3. Methodology

3.1. Research Design

The aim of the research study has been studied but researcher shed light on the unexplained variables which might have a greater impact on the studied philosophy. Positivism considered the fact that research aim/purpose is reality and can be evaluatethrough objectives. The research aim can be isolated but the observations can be repeatable.

A set of questionnaire was designed by the researcher on the Likert scale as data collection instrument to obtained primary data. De Vaus (2013) stated in his study that questionnaire can be defined as the printed layout constructed to fetch data through written responses by sample population. The self-design questionnaire was used to solicit a response from the responds ranging from 1 to 5 on a liker type scale. The questionnaire was self-distributed which leads to anonymity and lesser chances of biasness as they were set in a particular and consistent manner.

The data was gathered through the structured questionnaire of population sample size of 100 employees working in different departments of MCB. After the data gathering procedure, the data was organized in a systematic manner to be analyzed. For the analysis of close-ended questions obtained through questionnaire, a
computer-based programmed known as (SPSS) was considered. Data was further examined and evaluated through descriptive statistics and frequency diagram was made which was represented through pie-chart and bar diagrams.

3.2. **Theoretical Framework**

![Diagram showing the theoretical framework]

3.3. **Stochastic Model**

\[ \text{Performance} = \alpha - \beta_1 (W.E) - \beta_2 (W.C) - \beta_3 (B&I) \]

3.5. **Research Hypothesis**

- \( H_1 \): There is a significant impact of working environment (W.E) on employee’s loyalty.
- \( H_2 \): There is a significant impact of working conditions (W.C) on employee’s loyalty.
- \( H_3 \): There is a significant impact of bonus and incentives (B&I) on employee’s loyalty.

**Research Findings and Results**

4.1 **Data Overview**

Data were analyzed to examine, elaborate and explore the organizational factors affected the employee loyalty. Data was fetched through a self-constructed questionnaire, filled by 100 people in total with 100% response rate. Assuming that total population of the MCB agreed that all of the factors categorized by the author in the research study positively affect the employee loyalty. All of the questionnaires were successfully completed and returned by the respondents. The descriptive statistical analysis was employed to answer all the questions asked in the questionnaire in the percentages and frequencies format. The level of statistical significance of the association between the selected variable was set at 0.05. Each hypothesis was tested and validated to ensure the reliability of the study. The questionnaires were prepared on the operational list of item to measure the elements of the study. Prior to the hypothesis testing, a liability test was done for examining the data validation and consistency.
4.2. Factor Analysis

Factor loadings specify variance explained by each component of the dissertation indicating the value range from -1 to 1. In the following given figures, it can be evaluated that the strength of the overall model is considered to be higher. In figure 3, it has been depicted that 50% overall variability in the model. In figure 4, the overall value of the communalities are higher, thus it can be said that each four factors are well perceived. The screen plot shows that the three factors have shown the highest variability. In the figure 5 and 6, data seems to be normal and there are no such extremes outliers presented in the study.

![Scree Plot](source: Author’s own elaboration)

**Table 1: Total Variance Explained**

<table>
<thead>
<tr>
<th>Components</th>
<th>Initial Eigen values</th>
<th>Extract Sum Of Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% Variance</td>
</tr>
<tr>
<td>1</td>
<td>2.018</td>
<td>50.439</td>
</tr>
<tr>
<td>2</td>
<td>.882</td>
<td>72.488</td>
</tr>
<tr>
<td>3</td>
<td>.707</td>
<td>17.679</td>
</tr>
<tr>
<td>4</td>
<td>.393</td>
<td>9.833</td>
</tr>
</tbody>
</table>

**Source: Author’s own elaboration**

**TABLE 2: COMMUNALITIES**

<table>
<thead>
<tr>
<th>Components</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, Q2, Q3, Q4, Q5</td>
<td>1.000</td>
<td>.260</td>
</tr>
<tr>
<td>Q6, Q7, Q8, Q9, Q10</td>
<td>1.000</td>
<td>.680</td>
</tr>
<tr>
<td>Q11, Q12, Q13, Q14, Q15</td>
<td>1.000</td>
<td>.627</td>
</tr>
<tr>
<td>Q16, Q17, Q18, Q19, Q20</td>
<td>1.000</td>
<td>.451</td>
</tr>
</tbody>
</table>

**Source: Author’s own elaboration**
4.3. Descriptive Statistics
The following section of the chapter describes the population and samples response in a cumulative manner. The sample responses are presented in such manner that it can be said as a whole representative response instead of presenting each respondent response. Analysis is presented in frequency formats describing the frequency of responses gathered from the respondents. Through reviewing the diagram 7 illustrated below, it can be evaluated that the following research has a significant association among the variable as the significant value is less than 0.05 and the KMO represent that the sample is adequate enough to represent the entire population as it has value more than 0.6.
Table 3: KMO & Bartlett’s Test

<table>
<thead>
<tr>
<th>Measure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-meyer-olkin Measure of sampling adequacy</td>
<td>.645</td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td>68.107</td>
</tr>
<tr>
<td>Approx. Chi-square</td>
<td></td>
</tr>
<tr>
<td>Df</td>
<td>6</td>
</tr>
<tr>
<td>sig</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

Table 4: Descriptive statistics

<table>
<thead>
<tr>
<th>Questions</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Analysis N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, Q2, Q3, Q4, Q5</td>
<td>13.8500</td>
<td>4.84377</td>
<td>100</td>
</tr>
<tr>
<td>Q6, Q7, Q8, Q9, Q10</td>
<td>14.8600</td>
<td>3.89773</td>
<td>100</td>
</tr>
<tr>
<td>Q11, Q12, Q13, Q14, Q15</td>
<td>12.9100</td>
<td>3.51934</td>
<td>100</td>
</tr>
<tr>
<td>Q16, Q17, Q18, Q19, Q20</td>
<td>11.8600</td>
<td>3.85605</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

4.4. Correlation Findings

Correlation technique was engaged to extent the association between the two unremitting variables deliberated in the current research study. Correlation technique amount the size and direction of the association between the two variables. Correlation denoted by ‘r’ and the value of the ‘r’ always in between minus 1 to plus 1 (-1 and +1). In the below-provided figure, it has presented that the Q1-15 (work environment, work condition, and bonus and rewards) are positively correlated with the other questions (employee loyalty) asked in the questionnaire. It can be evaluated that the following three independent variables have a significant positive relationship with the employee loyalty.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Pearson correlation</th>
<th>Sigma(2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1, Q2, Q3, Q4, Q5</td>
<td>.279**</td>
<td>.005</td>
<td>100</td>
</tr>
<tr>
<td>Q6, Q7, Q8, Q9, Q10</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q11, Q12, Q13, Q14, Q15</td>
<td>.591**</td>
<td>.000</td>
<td>100</td>
</tr>
<tr>
<td>Q16, Q17, Q18, Q19, Q20</td>
<td>.340**</td>
<td>.001</td>
<td></td>
</tr>
</tbody>
</table>

**Correlation is significant at the .01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

Source: Author’s own elaboration

4.5. Regression Findings

The regression analysis has been opted by the author of the current study to mathematically measure the relationship association among the two or more variable in context to the data. Regression is been employed to analyze the causes and effect association between the variables. In the below-given charts study clearly indicates the cause of independent variable on the dependent variable.
The above-presented regression table evaluates the model performance in the context of the brand awareness. R is used to signify the multiple correlation coefficients ranging in between minus one to positive one value. The table illustrates the value of 0.241, indicating the positive relationship of independent variables with employee loyalty. Whereas, R square is used to demonstrate the coefficient of determination ranging between 0-1. As per the table given above the R square is 0.058 evaluating that 5.8% of variation is found in the variables. It can be said that model only explains the 5.8% of the variability provided feedback by representatives around its mean.

The ANOVA test has been used to determine the significance of the variable in the model. Insignificant variables have no effect on the conceptual framework making the whole model less reliable. From the above-given table of ANOVA, it can be evaluated that work environment, condition, and reward sure a significant variable as its value is less than 0.05, thus it can be evaluated that the each three dependent with employee loyalty.

The dependent variable in the model is Q16,Q17,Q18,Q19,Q20.
The coefficient model in regression analysis used to determine the significant contribution of a coefficient in the model. The above provided shown that coefficients work environment, condition and rewards and bonuses has significance level of association with employee loyalty. The regression model is also used to develop regression equation. The following regression equation is constructed from the above-given data:

Association between the work environment and employee loyalty = 9.201 + 0.192 (work environment).

Association between the work environment, work conditions and employee loyalty = 5.763 + 0.126 (work environment) + 0.293 (work condition).

Association between the work environment, work conditions, and bonus and incentives with employee loyalty = 4.469 + 0.127 (work environment) + 0.155 (work condition) + 0.258 (bonus and incentives).

The above constructed equation is used as the calculated contribution for the tested variables to achieve association between the work environment, condition and rewards and bonuses with employee loyalty.

### Table 9: Hypothesis Summary

<table>
<thead>
<tr>
<th>S #</th>
<th>Hypothesis Statements</th>
<th>Value of Pearson Correlation</th>
<th>Value of Sig</th>
<th>Resultant Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is significant impact of working environment on employee’s loyalty</td>
<td>.01</td>
<td>.016</td>
<td>Accepted</td>
</tr>
<tr>
<td>2</td>
<td>There is significant impact of working conditions on employee’s loyalty</td>
<td>.01</td>
<td>.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>3</td>
<td>There is significant impact of bonus and incentives on employee’s loyalty</td>
<td>.01</td>
<td>.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**Source:** Author’s own elaboration

5. **Conclusion & Recommendations**

In the previous section of the paper, it has been analyzed that the employee loyalty is significantly affected by the work environment, work condition and rewards presented to the employees. The loyalty is also dependent on the organizational practice to promote and motivate the employee in achieving their daily targets and eventually accomplishing their optimal goal in the organization. The work environment and condition are related to the inner environment of the organization. The organizational culture and supervisor behavior has been playing a significant role in the progression and development of the organization. From the research findings, it has been evaluated that the positive organizational culture and management behavior highly promote the morale of the employee and allow the employee to demonstrate the personal development. Moreover, the hypothesis of the research has been accepted so the research statement narrating that; organizational component such as work environment, work condition, and rewards highly influence the level of employee loyalty.

### 5.1 Recommendation and Future Implication

On the basis of the research findings, the researcher has scheme the following recommendation for the concerned individuals:
• Marketers or the entrepreneurs can develop a better understanding through the research model to increase their insight into the influencing dimension of the employee behavior depicting higher commitment to the organization affecting the organization development in Pakistan.

• The research was conduct on the smaller scale, thus demanding the reliability and durability of the findings. If the research accompanied larger set of sample population the data gathered will assist future researchers and corporate in understanding the ‘trigger’ which led to ultimate development.

• The research is conducted on the banking retailing sector depicting the importance of the employee devotion and commitment with the organization in the literature, the findings assist the corporate in designing employee-centric strategies to enhance the morale of employee.

5.2 Limitation of the Study

Throughout the conduction of dissertation layout, the researcher has confronted numerous limitations which is sated below:

The restricted sample size has produced a significant impact on the research findings. The research study embedded 100 sample sizes of the employees working in the MCB Pakistan. The findings generated on the basis of the responses are considered to non-eligible for representing the overall aspect of the industry.

The research study has been directed to explore the dimensions of employee loyalty affecting the organizational settings such as environment and performance in MCB Pakistan. Therefore, findings are applicable to the Pakistan population representing the organizational development scenarios in the particular chosen industry.

5.3 Future Implication

The researcher has recommended numerous areas for future research studies so additional studies can be shown in the similar arena:

The current dissertation has been limited its scope to the influence of employee loyalty in organizational surroundings. However, several research literature have highlighted the several other factors influencing the organizational progression and development in a competitive environment. Incorporating addition key variables in the research design will enlighten its scope. Moreover, Future studies can be conducted on larger scale representing more than one company in the banking retailing industry, and in another case, a comparative analysis could be performed to increase the viability of the dissertation.

Another suggestion delivered by the researcher is to study the more factors such as employee satisfaction, job retention, job commitment, communication barriers, organization strategic development policies, incentives and reward program in empowering the corporate position in the market.

References


