

Factors Affect Employees Loyalty In Thuy Van Industrial Zone, Phu Tho Province

Dr. Luu The Vinh¹
Bui Thi Ly²

¹ Faculty of Economics and Business Administration, Hung Vuong University
Nong Trang Ward, Viet Tri City, Phu Tho Province, Vietnam

² Faculty of Political Education and Educational Psychology, Hung Vuong University
Nong Trang Ward, Viet Tri City, Phu Tho Province, Vietnam

Email: luuthevinh227@hvu.edu.vn

ABSTRACT

Employee loyalty, employees' attitudes, and behaviors play a vital role in the quality of work, at the same time, employees are primarily responsible for guaranteeing competitive advantage and sustainable development for enterprises. To collect data, the research questionnaires were sent to domestic companies in Thuy Van industrial zone. Base on the collected data and by using the method of evaluating the reliability of the scale and the factor analysis. The research analyzed and identified the factors affecting employee loyalty in the companies in Thuy Van industry zone including 4 factors: salary, promotion, relationship, and welfare. In which, the salary was the strongest factor affecting employee loyalty, next was the relationship, advancement opportunities and finally welfare. The research results show that these factors have a positive impact on employee loyalty. Thence, to improve employee loyalty and maintain employees in the company, the research proposed recommendations to so increase employee satisfaction with the above factors will increase their loyalty to the company.

KEYWORDS: *Employee loyalty, Thuy Van industrial zone, Phu Tho*

1. INTRODUCTION

In the operations of economic entities in general and businesses in particular, human resources play a very important role, it is a driving force and a foundation for sustainable development. In order to survive, compete successfully and develop sustainably, businesses need to have a sufficient human resource in both quantity and quality to meet job requirements.

Nowadays, the integration process leading to the formation and development of enterprises in all the sectors of the economy, that has made the labor market change rapidly, and the movement of human resources between enterprises has become more and more popular. The situation that capacity and highlyqualified employees move to other enterprises with high salaries, better treatment currently occurs not only in industries and fields such as banking, securities, electricity... but is becoming the most common problem in most businesses.

Thuy Van Industrial Park is located in the north of Viet Tri city, Phu Tho province, with an

area of 369ha, the occupancy rate is 94.5%. Currently, this industrial park has attracted 77 projects, of which focusing mainly on groups of textile and garment, construction materials production, mechanical engineering, plastic packaging... These are industries with great volatility in labor quantity. Especially after the holidays and Tet holidays, the workforce does not return to work or move to a new workplace, which has a great impact on the operation of enterprises. Therefore, studying to clarify the factors affecting the loyalty of employees in enterprises in the Thuy Van industrial parks will help enterprises to find out appropriate solutions to gradually solve this problem is necessary

2. RESEARCH METHODOLOGY

The researcher used the quantitative research method by interviewing the employees currently working at Thuy Van industrial zone through the questionnaire. The sample was selected according to the convenient sampling method. The survey questionnaires were given directly to the employees who were working in the enterprise in Thuy Van industrial zone. By using the 5 points Likert scale with level 1 means "Strongly disagree" to level 5 means "Strongly agree" and collected data were processed using SPSS22 software. The reliability of the scale is assessed through Cronbach alpha coefficients, follow that the non-conforming variables would be rejected and the scale would be accepted when the Cronbach alpha coefficient meets the requirements. And to find statistically significant differences in some individual characteristics to employee loyalty T-test and ANOVA analysis were used. According to Hoang Trong and Chu Nguyen Mong Ngoc (2008), in factor analysis, the sample size must be at least 4 or 5 times the number of variables[1]. There are 20 observed variables, so the sample needs were $n=5 \times 20=100$. The number of samples in the official study is 225 which is considered suitable.

3. LITERATURE REVIEW

The loyalty

Loyalty is a widely used concept and it can be explained in many different ways. An individual can be loyal to many different things, either one at a time or several at the same time. When an individual is loyal, it could mean that they feel loyal towards a certain thing (Royce, 1991) or they could feel devotion towards someone (Arvidson & Axelsson, 2014)[2]. When an individual has loyalty towards something it could indicate that they identify with an organizational or societal group (Rosana & Velillas, 2003)[3] or even that they are willing to sacrifice themselves for someone/something (Hajdin, 2005; Elegido, 2013)[4]. Loyalty can be something felt by employees towards things such as their employer, colleagues, or leader and can be an important factor in the performance of a company.

"Loyalty, as a general term, signifies a person's devotion or sentiment of attachment to a particular object, which may be another person or group of persons, an ideal, a duty, or a cause. It expresses itself in both thought and action and strives for the identification of the interests of the loyal person with those of the object" (Encyclopedia Britannica, 1998)[5].

Based on Loyalty Research Center (2002), employee loyalty can be defined as "employees believe that they have no regrets for working in their organization and they have considered it was the best choice for them"[6]. The salary, bonus, and benefits given to the employees will enhance them to work hard and the loyalty will increase to stay in the organization. There is a

considerable expense incurred for replacing an employee whether he/she is holding a high position or low position in the organization since employee loyalty is not easily built up in the organization. Employee loyalty is a very important tool nowadays for the improvement of the organization's quality and productivity. Employee loyalty is diminishing towards the organization among the present generation; many organizations are trying to find some ways to increase employee loyalty.

In today's business environment, corporations depend on their employees more than at any other time in the past. This is particularly true in hi-tech, biotech, finance, and other market segments where employee contribution does not directly depend on the nominal time spent at work. Employee dedication and employee care of corporate interests are part of employee loyalty. Formally constructively defining employee loyalty is not an easy task. According to Powers (2000), "employee loyalty (unfortunately) is whatever the employee and employer agree that it is"[7]. Hart and Thompson (2007), make the point that although employee loyalty has been widely discussed in the literature, the concept of loyalty remains loosely defined. They suggested a three-tiered, psychologically-based definition of loyalty that included "the variety of obligation types that loyalty can imply, and anticipates the potential for asymmetrical loyalty configurations between employers and employees"[8]. Loyalty cannot be expected without reciprocity. To expect a high level of loyalty from its employees, a company is expected to show a similar, or even higher, level of loyalty to them. It is typical for a company to lay off employees without warning, taking them by surprise. Most employees in corporate America realize that they can be let go at any time and that management would do their best to hide layoff plans. Even the expectation of losing one's job so suddenly, and in quite an intimidating manner, maybe enough to destroy employee loyalty. This is just one example of how corporate America is shooting itself in the foot. There are many other examples of corporations showing very little loyalty toward their employees.

Loyalty can be a component of organizational commitment. Allen & Mayer (1990), focused on three psychological states of employees when they engage with the organization: Employees loyal to the organization derived from their true feelings; The employees stay with the organization even though they can get higher salaries and better working conditions in the other; They may be loyal to the organization simply because they don't have a chance to get a better job, And they can be loyal to the organization because of the ethical standards that they follow[9]. According to Mowday, Steers, and Poter (1979), loyalty is the "intention or desire to remain as a member of the organization"[10]. Employees intend to stay for a long time with the enterprise they will stay with the business, even though the other can offer more attractive wages and employees are more loyal to their profession than to the employer.

Nowadays, the nature of the relationship between employees and employers has undergone fundamental changes and needs to reassess the concept of loyalty (Tran Thi Kim Dung & Nguyen Thi Mai Trang (2007)[11]. Nowadays, after Vietnam has joined the WTO, more and more foreign investors come to Vietnam that creates a shortage of high-quality human resources and making the labor market hotter. Therefore, employees usually make many requirements so that they can engage with the company. Some employees consider income as the most important factor in their jobs. Many other employees want to have the opportunity to learn and develop themselves, etc. Another side, some managers think that they want to have good employees for three years than have employees stay with the company for life but with a poor capacity. In general, the new point of view about loyalty is not widespread among Vietnamese enterprises and still has many difficulties in measuring. Therefore, in this study, we used Mowday's loyalty definition that means staying with the company for a long-

time.

Factors affect the loyalty of employees

After gathering the opinions of the respondents, and based on the research of Tran Thi Kim Dung and Nguyen Thi Mai Trang (2007), and Vu Khac Dat (2008)[12,13] on the loyalty of employee and actual personnel situation in the enterprises in Thuy Van industrial zone, this article focused on six factors: Salary; Working environment; Relationship; Rewards; Welfare, Promotion opportunities.

Salary

Salaries are a precious asset that motivates employees to strive. It affects employees' work behavior, motivating employees to work, improving their jobs, increasing productivity, and decreasing the rate of people quitting.

Enterprises often have many different views and goals when setting up the payment system, but in general, businesses are aiming for four basic goals: Attracting employees: The recommended salary is usually one of the most basic factors for a candidate to decide whether to accept a job in the company or not. Businesses that pay higher salaries are more likely to attract good candidates. Retain good employees:in order to maintain good employees for the business, paying high salaries is not enough but also must show fairness within the enterprise. When employees find that businesses are not paying them fairly, they will often feel frustrated, inhibited, and depressed, even leaving the business. Employee incentives:If the policies and governance activities of enterprises allow employees to realize that their efforts were not adequately compensated, they would not want to try to work anymore, gradually, it can form inertia, passivity in all employees. Meet the requirements of the law:the fundamental issues of law related to the salary of workers in enterprises often focus on the following issues: minimum wage, time and regulation of working conditions, child labor regulations, allowances, and welfare regulations such as social insurance, illness, maternity, labor accident

Working Environment

Loyalty is a two-way process. If an employer is not loyal to employees, then the thinking goes in the same way that employees thinking why they should be loyal to the employers (Goodman, 1995)[14]. The perception of the employees regarding the nature of the workplace has been widely increasing (Boyett with Boyett, 1995)[15]. Some aspects of the workplace include, change (more rapid), self-managed teams, organizational structures, These may help the employees to become loyal.

Yeung (2011) provided strong evidence regarding the significant roles played by employee satisfaction and loyalty in order to enhance the operational performance of organizations in the high-contact service sector. Managers have to give sufficient authority to employees, increase employee accountability, delegate responsibilities and encourage teamwork[16]. This will create an optimistic and healthy work environment which will create a productive workforce and it will enhance motivation. It will create confidence and loyalty. It will enhance the profitability of the organization. Employees with an engaging work environment that provides them with personal development and recognition have a stronger probability to remain loyal to the company.

According to Al-Anzi (2009), research findings show that over 90% of the employees feel that their mood and attitude towards their work changes according to the quality of the work environment[17]. This in turn reflects on employee loyalty. The employee will be loyal to the organization that provides them with a favorable working atmosphere, which includes strong

leadership and healthy interrelations, safety, wellbeing, opportunities, inclusion in decision making (Gill, 2009)[18]. The loyalty of the employees will increase in organizations where employees are valued. This will help in increasing the sense of pride of the employees and will work to their fullest potential (Cole, 2000)[20]. The organization should understand their employees' needs and should know their employees well to enhance the operation and productivity of the organization. The employees should be respected and treated with dignity. Employees should be recognized and rewarded for their achievement of goals and objectives. All these will help in increasing loyalty among employees.

Obviously, employees are always concerned about the working environment because the working environment is related to personal convenience, but at the same time, it is also a factor that helps employees fulfill their tasks.

Relationship (Co-worker, Supervisor and Subordinates)

According to Graversen (1992), a co-worker relationship plays an important role in the well-being of the employees in the organization[20]. When the social working environment of the employees is not good, then this will significantly induce stress among employees leading to disloyalty. Employee downsizing, rightsizing, and re-engineering have mainly resulted in layoffs. This may ultimately result in a considerable reduction in the commitment of employees leading to a reduction in employee loyalty (Moskal, 1993)[21]. The organization should know what motivates its employees and incorporate that knowledge into identifying, recruiting, employing, training, and retaining a productive workforce. Motivating the employees requires both managers and employees to work together.

For the majority of employees, work is not only for money, but it also intends to satisfy the needs of interaction. So, having collaborators and supporters will increase job satisfaction. The leader's behavior is also a key factor determining satisfaction. Employee satisfaction increases when their leaders are knowledgeable, friendly, know how to give praise when employees perform well, listen to employees' opinions, and concern about the interests of employees (Nguyen Huu Lam, 1996) [22]. In order for employees to wholeheartedly serve the business, the communication arts of superiors to subordinates is very important. The more managers create a friendly atmosphere, trust the employees, pay attention to building good relationships, behave politely, respect employees, listen to their opinions, do not force them by the power, but by their true prestige, the more employee promote their talents, work harder and more effectively (Thai Tri Dung, 2010)[23].

Welfare

According to Tran Kim Dung (2003), welfare shows the enterprise's concern for the employees' life, stimulating employees' loyalty and attachment to the enterprise. Welfares include Social insurance and health insurance; retirement; holiday; lunch provided by the business; Corporate gifts for employees on birthdays, weddings, and happy parents' longevity [12].

It includes two main parts: welfare in accordance with the laws and benefits are voluntarily applied by the company. One part, to motivate employees to work, and partly to maintain and attract talented people to work for the company. Each company has a variety of subsidy initiatives, but all of them have a common goal of encouraging employees to work, feel secure in their work, and stick with the agency (Nguyen Huu Than, 2001)[24].

Promotion

Career development plays an important role in increasing the loyalty of the employees. According to Kreisman (2002), career development is important in retaining employees. Skill

development opportunities and career movement are key attractors of the organizations. If an organization does not recognize the individual needs and desire to grow, then the lack of development will become a primary reason for resignation[25]. Career development means when the employees are finding a place in an organization where they can express excellence and contribute to the achievement of organizational goals and a dignified position in which they could advance such as promotions and upward mobility.

Training and development help employees update new skills and knowledge, helping them to successfully apply technological and technical changes in the business. At the same time, it helps employees acquire the necessary skills for promotion opportunities and replace the previous managerial staff in necessary. Satisfying the training and development needs of staff will stimulate employees to perform their jobs better, achieve higher results, and want to be given more challenging tasks with more opportunities for promotion. Therefore, training is considered a fundamental factor to meet the strategic goals of the organization. The quality of employees has become one of the competitive advantages of businesses, so businesses should focus on training policies and create opportunities for employees to develop themselves (Tran Kim Dung, 2003)[12].

4. HYPOTHESIS

H1: High salary will make the employee more loyal to the company

H2: Colleagues support to make employees more loyal to the company

H3: A favorable working environment will make employees more loyal to the company

H4: Welfare ensures that employees are more loyal to the company

H5: Promotion and train opportunities make employees more loyal to the company

5. RESULT AND DISCUSSION

Sample information

The total number of surveys collected was 235. The total survey analysis was 225 survey questionnaires with complete answers, 10 survey questionnaires were rejected due to insufficient information.

In term of gender: The survey results show that there are 171 men and 54 women participating in the interview, the number of men accounts for 76.8% and women accounts for 23.2%

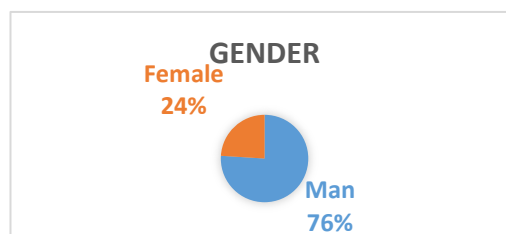


Figure 1: Ratio of Gender

Source: Results of author's analysis, 2020

In terms of age: with 225 respondents responding to the interview, the largest number is from

25 to under 35 years old, with 118 people, account for 52.2%. Followed by the age from 35 to under 45, with 60 people, account for 26.8%; 29 people over 45 years old, account for 12.9%. The rest are under 25 years old, with a small number of 18 people, account for 8%. This shows that the workforce in the company is quite young, which is suitable for the industry characteristics of the business.

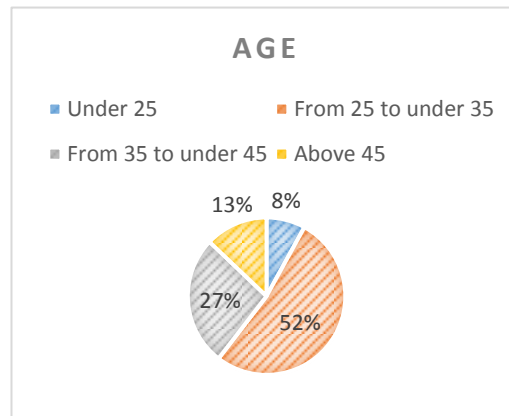


Figure 1: Ratio of Age
 Source: Results of author's analysis, 2020

In terms of qualifications: According to the survey results, the largest number of people with high school degrees, with 102 people accounting for 45%, the number of people with technical workers or above is 122 people, accounting for 55%.

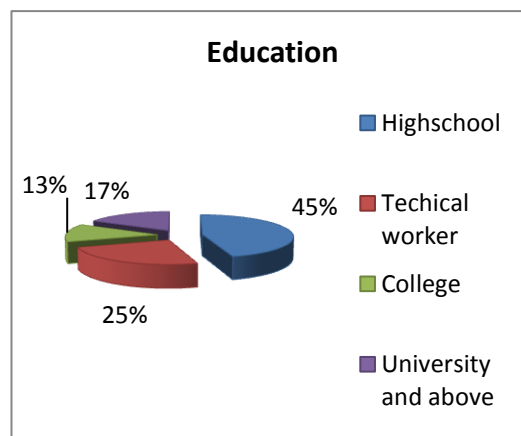


Figure 2: Ratio of Qualification
 Source: Results of author's analysis, 2020

In terms of the position and seniority: there are 51 people are professional staff, accounting for 22.7%, the rest are 174 direct production workers, accounting for 77.3 %. There are 57 people with seniority of fewer than 5 years, accounting for 25.3%, from 5 years to less than 10 years, there are 92 people, accounting for 40.9%, from 10 years to less than 20 years, there are 50 people, accounting for 22.2%, and above 20 years, there are 26 people, accounting for

11.6%. Most of the company's workforces are people with 5 years or more working experience, accounting for 74.7%. This shows that the employees are quite loyal to enterprises.

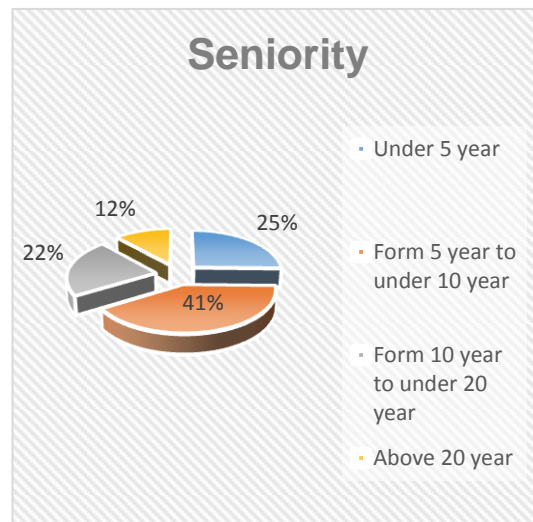


Figure 2: Ratio of Seniority
Source: Results of author's analysis, 2020

Evaluate the reliability of the scale and factor analysis

Evaluate the reliability of the scale

The reliability of the scale is assessed through Cronbach Alpha coefficients that are calculated from data analysis by using SPSS software. According to Hoang Trong and Chu Nguyen Mong Ngoc (2008) “Many researchers agree that when Cronbach Alpha is from 0.8 to nearly 1, the scale is good, from 0.7 to nearly 0.8 is usable. In the case of the concept of the scale is new to the respondent in the context of the study, a Cronbach Alpha from 0.6 and above is available (Slater, 1995).

Table 1:
Summary of Cronbach alpha of the scales

Order	Scales	Cronbach's alpha
01	Salary	0,916
02	Working Environment	0,818
03	Relationship	0,858
04	Welfare	0,816
05	Promotion	0,905
06	Loyalty	0,880

Source: Results of author's analysis, 2020

In this study, the observed variables with the total variable correlation coefficient greater than

0.3 are accepted and Cronbach alpha is greater than 0.81. Hence, all the scale is acceptable in terms of reliability and brings in to analyze.

Exploratory Factor Analysis (EFA)

The 17 independent variables included in the analysis have a variance extract was 71,158%, which shows that 71,158% of the data variation is explained by the above factor. KMO coefficient = 0.89 higher than 0.5 is satisfactory. The loading factor of all factors is greater than 0.5. The significance level of the Bartlett test has Sig = 0.000 less than 0.05, so reliability at 95% of the observed variables are correlated with each other overall. Therefore, the EFA result was appropriate

Table 2:
Result of independent variables analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.890
Bartlett's Test of Sphericity	Approx. Chi-Square	4427.766
	Df	378
	Sig.	.000

The observed variables of the salary factor were the lowest of all factors. This shows that the employees were not satisfied with the company's salary policy. In which SF2 items (the employees think that the company pays wages in fair) is the highest with 2.84 points. And lowest is the SF3 items with 2.42 points when employees believe that they can not live well with their salary and they think their salary was lower than other companies. This is understandable because most of the companies in the Thuy Van industrial zone are companies in the garment and footwear, construction industry... most of them are unskilled, untrained, and seasonal labor. However, managers need to pay more attention to this issue.

Source: Results of author's analysis,2020

With 3 dependent variables of the loyalty scale into the analysis. The loading factors are greater than 0.5. The scale of employee loyalty to the company has the variance extracted by 73.833%, shows that 73.833% of the data variation is explained by this factor. Bartlett test has Sig = 0.000 less 0.05, so with the reliability at 95% the observed variables are correlated in the whole and the KMO coefficient = 0.791 higher than 0.5 and the result was appropriate

Table 3:
Result of dependent variable analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.791
Bartlett's Test of Sphericity	Approx. Chi-Square	501.931
	Df	6
	Sig.	.000

Source: Results of author's analysis,2020

Hypothesis testing

The regression results show that the working environment had Sig = 0.132 higher than significance level = 0.05, so this factor was eliminated. This shows that the working environment did not affect employee loyalty. Therefore, hypothesis H3 was unaccepted.

Table 4:
Result of hypothesis testing

Hypothesis	Beta value	Sig	Conclude
H1: High salary will make the employee more loyal to the company	0.34	.000	Accept
H2: Colleagues support to make employees more loyal to the company	0.31	.000	Accept
H3: A favorable working environment will make employees more loyal to the company		.132	Unaccept
H4: Welfare ensures that employees are more loyal to the company	0.12	.000	Accept
H5: Promotion and train opportunities make employees more loyal to the company	0.25	.000	Accept

Source: Results of author's analysis, 2020

The results of descriptive statistical analysis

Salary

The observed variables of the salary factor were the lowest of all factors. This shows that the employees were not satisfied with the company's salary policy. In which SF2 items (the employees think that the company pays wages in fair) is the highest with 2.84 points. And lowest is the SF3 items with 2.42 points when employees believe that they can not live well with their salary and they think their salary was lower than other companies.

Table 5:
Statistical describing the observed variables of the Salary factor

Items	Minimum	Maximum	Mean	Std. Deviation
SF1. Your current salary is commensurate with your working capacity	1	5	2.75	0.944
SF2. The company pays wages in fair	1	5	2.84	0.926
SF3. You can live well with the salary	1	5	2.42	0.955
SF4. Compared to other company, your income is high	1	5	2.68	0.951

Source: Results of author's analysis,2020

This is understandable because most of the companies in the Thuy Van industrial zone are companies in the garment and footwear, construction industry... most of them are unskilled, untrained, and seasonal labor. However, managers need to pay more attention to this issue.

Promotion

Most of the observed variables of promotion were rated at an average of over 3.0 points. Especially, the observed variables PF1; PF2 were highly appreciated with 3.49 and 3.62 points. It shows that the company has paid attention to creating conditions for employees to participate in training courses to improve their qualifications, as well as interested in training the next generation. Programs were judged to be appropriate for the workers' expertise. In addition, employees also want to have more opportunities to get promoted (PF4 has 3.12 points) and know the conditions for promotion (PF3 is rated with the lowest score. 3.04 points).

Table 6:
Statistical describing the observed variables of the Promotion factor

Items	Minimum	Maximum	Mean	Std. Deviation
PF1. You are usually attended annual training programs of the company	1	5	3.49	0.769
PF2. Training program suitable with the job requirements and your capacity	1	5	3.62	0.742
PF3. You know the conditions needed to be promoted clearly	1	5	3.04	0.826
PF4. You have a lot of opportunities to be promoted at the company	1	5	3.12	0.832

PF5. The company is always interested in the training next generation	1	5	3.28	0.814
---	---	---	------	-------

Source: Results of author's analysis,2020

Relationship

At the relationship factor, the observed variables are assessed to be equivalent at 3.46 to 3.84 on the 5-point Likert scale. In which the highest rating is "RF2. You and co-workers are always well coordinated at work" with 0.878 points and "RF1. Your co-worker always helps you at work" with 0.814 points. This shows that the employees in the enterprises have a good relationship with their co-workers and feeling about the coordination with colleagues is relatively good. Besides, most of the employees think that they are equal treatment, as well as the managers always respect them and are interested in listening to their feedback.

Table 7:

Statistical describes the observed variables of the relationship factor

Items	Minimum	Maximum	Mean	Std. Deviation
RF1. Your co-worker always helps you at work	1	5	3.48	0.814
RF2. You and co-workers are always well coordinated at work	1	5	3.52	0.878
RP3. Your managers always listen to the staff's opinion	1	5	3.75	0.643
RF4. Your managers are friendly persons and respect staff	1	5	3.77	0.678
RF5. You think all employees are treated equally	1	5	3.46	0.775

Source: Results of author's analysis,2020

This shows that the relationship between colleagues as well as with superiors in enterprises is quite good. This is understandable because most of the workers in the enterprises here are local people. They not only have a relationship at work but also have a close relationship in life; they are co-workers at work and cousins or neighbors at home.

Welfare

Table 8:

Statistical table describing the observed variables of the Welfare factor

Items	Minimum	Maximum	Mean	Std. Deviation
WF1. The company implement social and health insurance policy at well	1	5	4.25	0.812

WF2. The company performs well the social assistance for the workers	1	5	4.18	0.798
WF3. You are satisfied with the company's allowances, lunch, gifts for anniversaries, holidays ...	1	5	3.92	0.760

Source: Results of author's analysis,2020

The observed variables of the welfare factor are appreciated at the high level of over 4.0 compared to the 5-point Likert scale, except for the observed variable WF3 “You are satisfied with the company's allowances, lunch, gifts for anniversaries, holidays...” was rated at 3.92 points. In general, the company was implementing well the prescribed policies, so it is necessary to continue to maintain and develop this factor to increase the employee's attachment to the company.

Loyalty

The observed variables of the loyalty factor have a high average value in the turn of mean: 3.68; 3.47; 3.52. This shows that employees want to stay and work with the company for a long time. This is also understandable because there are not many large enterprises in this area, with better production conditions and higher salaries, so workers do not have many choices.

Table 9:
Statistical table describing the observed variables of the Loyalty factor

Items	Minimum	Maximum	Mean	Std. Deviation
LF1. You are proud of working at the company	1	5	3.68	0.822
LF2. You are willing to stay in the company even if other companies offer a higher salary	1	5	3.47	0.836
LF3. You are willing to sacrifice personal interests to help the company succeed	1	5	3.52	0.845

Source: Results of author's analysis,2020

6. CONCLUSIONS AND RECOMMENDATIONS

The results analysis shows that the loyalty of employees in the enterprises in Thuy Van industry zone was influenced by 4 factors including salary, promotion, relationship, and welfare. In which, the salary was the strongest factor affecting employee loyalty, next was the relationship, advancement opportunities and finally welfare.

The results of testing the hypothesis of the model show that: higher salary will make

employees more loyal to the company; having a good relationship with co-workers will make employees more loyal to the company; promotion training opportunities make employees more loyal to the company and benefits ensure to make employees more loyal to the company.

From the above conclusions, the author has the following recommendations:

The first: improving salary policy because according to research results, salary is the strongest factor affecting employee loyalty. Moreover, the current salary still low and they do not feel enough to live well with their salary. Therefore, to ensure that employees feel secure to work and stick with the company for a long time, the managers should apply the form of salary increase flexibly. At the same time, the managers should consider rebuilding the salary scale system based on the job description of each title to ensure the right salary for the right person and job.

The second: improving the relationship between employees and employees through weekend excursions, organizing team games to help employees feel comfortable, bonding with their colleagues, this is very useful in their daily work, such as willingness to help each other at work or work together better.

The third: create promotion opportunities for employees by allowing employees to apply for senior management positions. As such, the company creates many opportunities for its employees to develop their careers while saving time and costs for interviewing outside candidates. To achieve that, the direct manager must tell employees what conditions they need to perform to achieve a promotion in the company. Furthermore, before deciding to promote an employee, the manager needs to consider what skills the employee has for the job, how this employee has worked and behaved in the current position. and how this employee performs the daily work, thereby making the decision more accurately and fairly.

The fourth: completing welfare policies to ensure employees feel secure to work and continue to contribute to the company for a long time. With the health insurance program for all employees, the enterprises should invite insurance experts to advise all employees to help them understand clearly and know how to use this program more effectively. For the lunch allowance, the enterprises need to conduct monthly assessments on meal quality, food hygiene... to improve the meal for employees. As for giving gifts on the holiday or employee birthdays... the enterprises should create an opportunity to help employees interact together by organizing a meeting or a picnic to create a happy atmosphere between the employees. That will help employees feel that the enterprises always care both physically and mentally for them, hence, they have had a responsibility to stick with the business

Finally, the research has just only studied the effects of factors such as salary, work environment, co-workers, welfare, and promotion opportunities on employee loyalty. Meanwhile, many other factors also affect the employee's loyalty to the enterprises but still have not been mentioned adequately. These issues need to be studied continuously to help the enterprises develop and to retain their employees to stay for a long time.

7. REFERENCES

- [1] Hoang Trong, Chu Nguyen Mong Ngoc (2008), *Research data analysis with SPSS*. Hong Duc Publishing House.
- [2] Arvidson M. & Axelsson J. (2014). Lojalitetens sociala former – Om lojalitet och arbetsliv, *Arbetsmarknad & Arbetsliv*, 20 (1), 55–64.

- [3] Rosanas, J.M & Velilla, M. (2003). Loyalty and Trust as the Ethical Bases of Organizations. *Journal of Business Ethics*, 44 (1), 49–59.
- [4] Hajdin M. (2005). Employee Loyalty: An Examination, *Journal of Business Ethics*, 59 (3), 259-280.
- [5] Encyclopedia Britannica (1998). *The Definition of Loyalty*
- [6] Loyalty Centre Research (2002). Retrieved July 27, 2011, from <http://www.loyaltyresearch.com/media/thoughtperspectives/4.3.3%20Employee%20loyalty%20Part1.pdf>.
- [7] Powers EL (2000). Employee loyalty in the new millennium. The free library. Retrieved from <https://www.thefreelibrary.com/Employee+Loyalty+in+the+New+Millennium.-a0649129>
- [8] Hart DW, Thompson JA, (2007). Untangling employee loyalty: a psychological contract perspective. *Business Ethics Quarterly*, 17 (2): 297-323.
- [9] Meyer,J.P., Allen,N.J. (1991). A three-component conceptualization of organizational commitment, *Human resource management review*, 1(1), 61-89.
- [10] Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment, *Journal of vocational behavior*, 14(2), 224- 247.
- [11] Tran Thi Kim Dung, Nguyen Thi Mai Trang (2007). *The influence of organizational culture and leadership style on employees' performance and their loyalty to the organization*, Research topic Ministerial-level science, Ho Chi Minh City University of Economics.
- [12] Tran Kim Dung (2003). *Human Resource Management*. Statistical Publishing House, Hanoi
- [13] Vu Khac Dat (2008). *Factors affecting employee loyalty at Southern Vietnam Airlines regional office*. Master Thesis. University of Economics Ho Chi Minh City.
- [14] Goodman, E. (1995, Dec. 28). *Now, loyalty makes news*. The News and Observer, A12.
- [15] Boyett,J.H., Boyett,J.T. (1995). *Beyond Workplace 2000*. New York, NY: Plume.
- [16] Yee, R., Yeung, W.Y., (2011). The service-profit chain: an empirical analysis in high contact service industries. *International Journal of Production Economics* 130(2) 236–245.
- [17] Al-Anzi, N. M. (2009). *Workplace Environment and Its Impact on Employee performance*. Retrieved Nov 17, 2011, from <http://www.masterstudies.net/media/pdf/MBA%20Proj/workplace%20environment%20&%20its%20impact%20on%20employee%20performance.pdf>.
- [18] Gill, R. (2009). *Employer of choice and CSRreputationinAustralia*.Mauritius:VDMPublishing.
- [19] Cole, C. L. (2000). Building loyalty. *Workforce*, 79, 42-47. Available EBSCOhost full display.
- [20] Graversen,G.(1992).*ArbejdetsBetydning,KvalitetOg Udformning*. Copenhagen, Denmark: Akademisk Forlog inDanish
- [21] Moskal, B.S. (1993). Company loyalty dies, a victim of neglect. *Industry Week*, 11-12.
- [22] Nguyen Huu Lam (1996), *Organizational Behavior*, Hong Duc Publishing House.
- [23] Thai Tri Dung (2010), *Communication and negotiation skills in business*, Labor - Society Publishing House.

- [24] Nguyen Huu Than (2001). *Human Resource Management*. Statistical Publishing House, Hanoi
- [25] Kreisman, Barbara J. (2002). *Identification of the drivers of employee dissatisfaction and turnover*. Unpublished Doctoral Dissertation. Austin, TX: University of Texas.

Declaration for conflict interest

There is no conflict in potential way from the author for the research, publication an authorship.

Funding for the project

The funding was done by author; no funding has taken from any other source.



Dr. Luu The Vinh

Faculty of Economics and Business Administration, Hung Vuong University

Nong Trang Ward, Viet Tri City, Phu Tho Province, Vietnam

Email: luuthevinh227@hvu.edu.vn

Mobile: +84988971775