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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MA PROGRAM IN HUMAN RESOURCE MANAGEMENT

**Factors Affecting Employee Loyalty: The case of Federal Ethics
and Anti-Corruption Commission**

By: Aster Eyasu (ID No.: GSE/2559/11)

A thesis proposal

**Submitted to the School of Graduate studies of Addis Ababa University
School of Commerce in partial fulfillment of the requirements for the degree
of Masters of Human Resource Management (HRM)**

Submitted to: - Dr. Abdurezak Mohammed

July, 2021

Addis Ababa

Declarations

This study entitled “Factors Affecting Employee Loyalty: The Case of Federal Ethics and Anti-Corruption Commission” is my original study and hasn’t been submitted for any degree in this and any other university, and that all sources of materials used for the research have been properly acknowledged.

Declared By:

Aster Eyasu

Signature _____

Date _____

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Letter of Certification

This is to confirm that Aster Eyasu Legese has completed her research project on the topic entitled “Factors Affecting Employee Loyalty: The case of Federal Ethics and Anti-Corruption Commission” The work is original and meets the requirements for the Master of Human Resource Management (MHRM) degree at Addis Ababa University.

Research Adviser:

Abdurezak Mohammed (PhD)

Signature _____

Date _____

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Approval

This is to confirm that Aster Eyssu thesis, titled “Factors Affecting Employee Loyalty: The case of Federal Ethics and Anti-Corruption Commission” and submitted in partial fulfillment of the requirements for the Master of Arts (Human Resource Management) degree, complies with the university’s regulations and meets the accepted standard concerning originality and quality.

Signed by Examining Committee:

Advisor	Signature	Date
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Internal Examiner	Signature	Date
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External Examiner	Signature	Date
-------------------	-----------	------

Chairman, School Graduate Committee

Addis Ababa University

Addis Ababa, Ethiopia

July, 2021

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Abstract

The study aims to assess how training and development, open communication, ethical leadership and reward and benefit affect employees' loyalty. In attempt to examine their effect questionnaire and interview are used as data collecting instrument from the employees of FEACC. After the collected data were screened and arranged for analysis, descriptive and inferential analyses were undertaken. The analysis result indicates that the aggregate mean value of reward and benefit is below average (i.e. mean value 2.0597; whereas the aggregate mean values of other independent variables were above average. This implies that based on the perceptions of employees the practice of reward and benefit is not on the level in holding employees loyalty. The linear regression analysis applied in order to assess the effects of independent variables over the dependent variable. The result of multiple regression analysis indicates that open communication is the highest variable in influencing employee loyalty followed by training and development.

Key Words: Employee Loyalty, Training and Development, Open Communication, Ethical Leadership, and Reward and Benefit.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

In today's world, having a competitive advantage over the most valuable asset- human capital- is an unarguably a first condition to be met for the survival of any industry. Ankumah, Boakye and Sekyi (2016) stated, It is competent employees who can actually drive an average business to greater heights and maximize profit. In the same vein, bad employees can cause successful business empires to collapse or to lose its good will. Eventually after identification of the accurate objective of an organization ensuring effective and efficient use of human capital is one of a critical issue for the top management. It is at this point that the concept of Employees Loyalty comes in.

Employee loyalty can be defined as employees who are working to the best interest of their organization mostly they are remain with the organization, they do not actively find new job. Employees are a most important resource for any organization. The organization spends money for recruiting and training costs and other.

In a tight labor market, keeping good employees and developing employee loyalty become increasingly important and a continuing challenge. Human beings are the basic resources operating in any industry, thus the survival of the industry depends to a large extend on its ability to develop and retain its human resource base Landford, Hancock, Fellows & Gal (2005).

It is indicated that in Chaubey (2014) that Employee loyalty was defined by most as someone whom has a behavior and attitude which is positive, does what is expected from them and whom represents the company in a good manner. The concept of loyalty has passed through different evolutionary stage. At one time, it meant living up to the end of the professional/work life within the same company. Through time even if by believing in the above stated sentence, one should be loyal to the company and the company would be loyal to their employee. After a while when companies face like Rampant downsizing, corporate restructuring and poorly managed

organizational change have resulted in a broken trust bond with employees and therefore less employee loyalty. This traditional trust bond relationship between employees and employer was based on the premise that an employee's loyalty could be measured by the amount of time he or she spent on and in the job. Long hours and long service meant a loyal employee, one who was willing to make personal sacrifices for the betterment of the organization. It won't come as a surprise to know that this model of employee loyalty has dramatically changed.

Now days, employee loyalty means that employees give full commitment to the job, while they are on the job. Progressive leaders do not associate loyalty with longevity and hold the view that it is quite possibility that a person who has been in the organization for short period of time can make a greater contribution for success than employee who has been stayed longer period of time.

According to Harter (2002), it is based on whether the employer, looks out for employees' best interests, pays attention to their career path, gives them opportunities to improve their well-being, the relationship quality between an employee and his or her supervisor has a vital role and so forth.

In general, as indicated in Wan (2012), employee loyalty can be defined as not simply physical presence in the organization instead a psychological attachment or commitment to the organization goal and develops as a result of increase satisfaction. Satisfaction results from a process of internal evaluation but not limited, and if an employee's expectation level is met or exceeded, then satisfaction grows. Employee loyalty then develops into a generalized emotional attitude towards the organization, which grows with different factors that the organization is processing for day to day function. An employee who has developed affection to the organization is more likely to demonstrate loyal behaviors and work towards the overall goals of the organization, like by making improved productivity, greater efficiency, and a high-quality service orientation to customers.

FEACC from the time when its establishment has made progress in the fight against corruption and promotion of ethics and integrity in collaboration with the existing arrangement of ethics and anti-corruption agencies at the federal and regional levels. However corruption in the country has continues as a bottleneck in economic and social development endeavor. As a result much more

effort is necessary in combating corruption and reaches the level that corruption is not factor undermines economic and social development endeavor. Due to the fact the study will try to assess factors affecting the loyalty of employees that has impact on the success of the organization.

1.2 Background of the Organization

As part of a series of wide civil service reforms, the Government of Ethiopia established a Federal Ethics and Anti-Corruption Commission in 2001 by proclamation no. 235/2001. The establishment of FEACC was amended in 2005 and 2015 through proclamation no. 433/2005 and 883/2015 respectively. Since FEACC's mandate is only at the federal level to strengthen anti-corruption institutions and systems, as well as to combat corruption intensely throughout the nation, all regional states since 2007 have been passing laws and establishing their own anti-corruption bodies and currently all the regional administrations have Regional Ethics and Anti-Corruption Commissions (REACCs).

In its establishment the commission has adapted Hong Kong's three-pronged approach in fighting corruption, which incorporates prevention, investigation, and prosecution. At present, FEACC's mandate to investigate and prosecute perpetrators is put under the jurisdiction of the federal police and the office of the attorney general since May 2016. Hence, FEACC's mandate is now limited to preventing corruption using different mechanisms such as ethical education, system study, asset registration and disclosure, and so forth.

FEACC was instrumental in introducing various anti-corruption campaigns and raising public awareness. Accordingly, organizing awareness creation sessions, facilitating civic and ethical education, and sponsoring media outlets to sensitize society were undertaken. It has also undertaken system studies in different areas in identifying the loopholes that makes the government offices and enterprises vulnerable for corruption crimes. Moreover, FEACC has used asset registration and disclosure belonging to public officials and employees as mechanism in preventing corruption.

Currently FEACC has made some organizational structural changes in order accomplish its tasks successfully. The new structural change creates new directorates with new tasks and the total numbers of directorates under operation has reached fifteen.

1.3 Statement of the Problem

For any organization the employment process is essential for finding the right person for the right job in order for the organization to be successful. The cost of hiring the “wrong” person is estimated to be between 700,000-1,000,000 SEK (Poolia, 2016), meaning that it is not only essential to find the person with the right competence, but also to find someone who is loyal towards the organization. This is because if the employee does not stay loyal to the organization, it will create a need for going through the hiring process again. Furthermore, if an employee would be disloyal towards the organization, many other costs can come with it, like the loss of revenue or legal costs depending on the behavior of that employee. Jansson,S and Wiklund,F. (2019).

The issue of non-motivated employees is a major problem for many organizations, which costs the employers in many aspects which lead to decline the employee loyalty, which may prevent the organization achieving its goals and objectives, which in turn have an impact in the productivity and profitability of the organization.

Many studies such as Tomic et al. (2018) has indicated that employees’ performance is directly related with employees’ loyalty towards their organization to increase its performance by giving quality service. Hence, the basic thing for the organizations is confirming whether the employees are emotionally attached with the organization or not in achieving its goals. The degree of attachment is correlated with the employee’s ability and/or willingness to performance optimizing behavior as well as their decision to stay in the organization, The above stated idea has also supported by Guillon and Cezanne (2014, p. 840).

FEACC’s establishment was motivated by the belief that corruption and impropriety are capable of hindering the social, economic and political development of the country, and that the FEACC was necessary to address the threat posed to Ethiopian development by such corruption and

impropriety. The major element, along with other things, for the success of fighting corruption is FEACC's employee ability and willingness to perform their duties at the required level. This requires emotionally attached and loyal employees to their organization, their job and their colleagues.

Based on Transparency International 2018 report on corruption which was computed by adopting Corruption Perceptions Index of countries and territories based on how corrupt their public sector is perceived to be Ethiopia ranked 114th least corrupt nation out of 175 countries (Trading Economics, 2018). The 2019 Transparency International report shows that Ethiopia's rank has shown a progress by ranking 96 out of 180 countries and the corruption rank with a record of 37 (Transparency International, 2019).

Looking in to the employee turnover record of the employees in the FEACC and Corruption Perceptions Index of Transparency International may give some indication about the level of employee loyalty. Yearly FEACC human resource report indicates that from July 1, 2018 to June 30, 2019 from a total of 322 employees, 38 (11.80%) left the organization. As well as starting from July 1, 2019 to June 2020, 23 (7.56%) employees from a total of 304 employees left FEACC. There are employees who are not emotionally loyal while they physically work there. Such emotionally detach employee has an impact on the organization performance, as well as in achieving the organization's objectives and goals. Hence the study will try to assess the factors affecting employee loyalty not only by turnover instead considering as symptom but also emotionally detach employees.

1.4 Research Questions

From the above mentioned statement of the problem, the study will attempt to address the following questions: -

1. What is the level of employee loyalty in FEACC?
2. What are the critical factors affecting employee loyalty at FEACC?
3. What is the magnitude of each factor that affects employee loyalty at FEACC?

1.5 Objective of the Study

1.5.1 General Objective

The main objective of this study will be to assess factors affecting employee's loyalty in the case of FEACC.

1.5.2 Specific Objective

Based on the above general objective, the study has the following specific objectives.

1. To assess the level of employee loyalty in FEACC;
2. To identify the major factors that affect employee loyalty and see training and development, open communication, ethical leadership and reward and benefit are actual factors which affect employee loyalty in FEACC and to identify the magnitude of effect.

1.6 Significance of the Study

Since the study will deal with assessing the factors affecting loyalty of the employee it helps as an input for the management about factors that have significant influence on employee's loyalty to achieve the organization goal and it enables to increase the organization's performance through addressing factors that contribute in hindering employee loyalty.

Identifying factors affect the employees loyalty is crucial to go forward and become a successful organization. The result of this study will serve as an input for the organizations to re-examine how much they were effective in the previous mechanism of improving employees' loyalty by the organization towards improving the performance of the workforce to take corrective action for the future.

Therefore, this study will have important implications, as it will help FEACC to employee loyalty practice in order to enhance their employee's performance. It will also assume that the result of this study will help for top management of the FEACC to make proper decisions in retaining employees. Finally, the outcome of this study will serve as a catalyst for further research on the area.

1.7 Scope of the Study

Even though, there are wide ranges of determinant factors that affect employees' loyalty in organization study mainly focuses on factors affecting employees' loyalty and its relation with training and development, open communication, ethical leadership, and reward and benefit package within the organization.

The scope of the study was limited to FEACC located in Addis Ababa and that is not included the Regional Ethics and Anti-Corruptions Commissions (REACCs).As it can be seen from the objectives of the study, this research had focused on assessing the existing employee loyalty and the provisions in enhancing employee loyalty in the organization.

1.8 Limitation of the Study

Even though there is a surge of researches and studies conducted within since development of this construct, there would be a challenge in getting sample researches and studies conducted in Ethiopian context in general. A problem of availability of organized data related to employee loyalty was a challenge. In the organization on the part of targeted employees in responding to questionnaires timely also pose a challenge to the study.

1.9 Organization of the Study

The study consists of five chapters. Chapter one the introduction part which presents background of the study, statements of the problem, research questions, objectives of the study, significance of the study, scope of the study, and limitation of the study. The second chapter deals with review of related literatures regarding to the topic of the study. The research design and methodology present in chapter three. Chapter four presents the data analysis results and findings of the study, finally the last chapter deals with the summery of findings, conclusions and recommendations that were forwarded both by the respondents and by researcher based on the result obtained.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter of the study deals with the concept of employee loyalty training and factors affecting employee's loyalty. It also discusses the empirical studies conducted on the area. Finally a conceptual framework is depicted which will be used in order to analyze which factors that affect the level of employee loyalty that are studied in this thesis.

2.2 Theoretical Review

2.2.1 Definition of Employee Loyalty

The idea of employee loyalty has consistently been an essential issue in each work put. Organizations that comprehend management standards and values dependably endeavor to guarantee employee faithfulness in the organization. Hooi (2013) sees employee loyalty as a mental connection or a pledge to the organization and creates increased fulfillment. Fulfillment comes about because of a procedure of interior assessment and if a worker's desire level is met or surpassed, then fulfillment develops. Employee dedication then forms into a summed up passionate behavior towards the organization. At the end of the day, the more fulfilled a employee is with respect to his or her workplace, the more probable that he or she will build up a feeling of responsibility towards the organization when all is said in done. The effect of qualities, objectives and goals of the organization on Employee loyalty can be very surprising. Most employees incline toward an inviting workplace to extensive administration. In this way loyalty is portrayed by the solid wish to proceed with participation of an organization which assumes a positive part in maintenance of individuals in the organization Becker, Donna & Riegel (1995).

Mohammad and Mahsa (2015) researched on stages of loyalty as a psychological attachment to a company or selected brand which is often in the form of a long term and on-going relationship with the brand.

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 and Axelsson (2014). When an individual has loyalty towards something it could indicate that they identify with an organizational or societal group Rosana and Velillas (2003) or even that they are willing to sacrifice themselves for someone/something Haidin (2005) and Elegido (2013). 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.

Following are definitions of employee loyalty, how a loyal employee behaves, benefits of having loyal employees. Employee Loyalty One of the first who developed a theory on loyalty was Hirschman (1970, p. 77) and he started with referring to the concept as having a “special attachment to an organization”. Continuing his development of the theory, a loyal individual became a member of an organization who cared and that went to extreme lengths before even considering the option of leaving his employer Hirschman (1970, p. 83). According to him, having loyal employees is important for organizations since it could prevent those with the highest sensitivity of quality to be the first people to leave the organization. Following this line of thought, in the study made by Leck and Saunders (1992, p. 228) it was found that when employees are loyal towards their employer, it is likely that it encourages positive responses while at the same time discourages negative ones. Some examples of positive responses of loyalty are having patience and positive word-of mouth, while negative responses avoided with loyal employees.

Some of the ways that employee loyalty can increase the performance of an organization is that it can reduce employee turnover, increase company’s profits and reputation as well as improving the overall quality Guillon and Cezanne (2014, p. 840). This could have to do with the fact that employees who feel loyalty towards their employer are more likely to show a concern in the employer’s interest and welfare Schrag, (2001, p. 45). In some cases, the employees can even sacrifice their own interests and prioritize the interests of their employer which could be manifested in the employee staying later or working harder than expected’.

Companies with loyal employees have a significant competitive advantage and a higher rate of survival compared to companies with less loyal employees: “The long term success of any company depends heavily upon the quality and loyalty of its people”. Loyal employees are assets to a company, and their retention is key to its success; due to, they bring in loyal customers. Given their importance, employers need to be able to identify and retain loyal employees. The fact that an employee has been working for a company for 20 years doesn’t automatically guarantee his or her loyalty. For example, an employee might have difficulty finding a better job opportunity due to a lack of marketable skills.

Organizational loyalty of the employees is the most important factor that determines the effectiveness and efficiency of the organization steers, (1977). Therefore, we find that organizational loyalty is one of the key elements to measure the compatibility between individuals on one hand and between institutions on the other hand, since if this compatibility increases, the organization achieves a lot of its goals and aspirations Ketbi, (2001).

Streers, (1977) believes that organizational loyalty is the strength of the match (link) between the individual with his organization and his association with it and this create the organization can attain day to day activities with effective. Allen & Meyer, (1990) showed that loyalty is a psychological condition reflects the relationship of the individual in the organization in which it operates. Porter, et al, (1979) identified the loyalty as strength of correlation of the individual with its organization, and that the individual who shows a high level of organizational loyalty in the organization in which it operates it has a strong belief to accept the goals and values of the organization, ready to make every possible effort to serve the organization, and has a strong desire to continue working in such organization.

2.2.2 Why Should Organizations Care About Employee Loyalty

As Collins (September 2019) described, why organizations should give attention about employee loyalty is:

1. Loyal Employees Push Productivity in the Workplace

Loyal Employees are coming up with new ways to tackle the challenges of the day and help the organization grow. They are always ready and able to work harder and suggest things to improve the environment.

2. The Customer's Experience Will Make or Break the Organization

If customers continue to have a negative experience from the employee, these can lose the organization's reputation. Customer loyalty is crucial to the organization's productivity and performance. If the employee loyalty is strong has respect for the organization and prioritizes the values there, the customer loyalty to the organization will be also solid.

3. Loyalty Improves the Organization's Image

Most organization's image is built by the employees, so Employees matter more than most people think they do.

4. Employee Loyalty Speeds up Production in a Short Time

When an organization is under profit loss, loyal workers will stay dedicated to the organization during all of the ups and downs. They will also work to come up with solutions or ways to keep everyone else motivated as well.

5. Employee Loyalty Can Be a Part of the Organization's Growth Plan

Every organization has a plan for growth and improvement, To achieve this one of the biggest reason is a strong presence of employee loyalty in the organization, If organizations create a loyalty revenue plan, employees will know that the organization are serious about treating them with respect and care while they are working for organization.

6. More People Will Want to Work for the Organization

If the organizations treated employees well there are a strong foundation of employee loyalty in the workplace, they will soon be encouraged to spread the word about how well they are being treated & this is one way of creating good image of the organization.

2.2.3 Factors Affecting Employee Loyalty

Studies have shown that there are critical factors which lead to Employee loyalty. The researcher will deal with some of them in the following sections.

1. Training and Development

As described by Goldstein and Ford (2002) training is a procedural method to study and development to improve individual, team, and organizational effectiveness, Whereas Development is defined as an activity to acquire the new knowledge or skills for purposes of personal growth.

As outlined by Decenzo & Robbins (2018,P.205-206) that Training Programs may be required for promotions or salary increase, Regarding any of these the organization must ensure that training section criteria relate to the job. Furthermore, equal training opportunities must exist for all employees failure at something as simple as informing all employees of the schedule of training programs could raise suspicious regarding how fair the training program are.

Organizations should monitor these activities and perform periodic audits to ensure their implementation.

Training is more present day oriented; it focuses on individual's current job, enhancing these specific skill and abilities to immediately perform their jobs. This is by definition job specific training or training designed to make employees more effective in their current job.

Employee Development, on the other hand, generally focused on future jobs in the organization. As their job and progress, They will need new skills and abilities, so employee development is more future oriented & more concerned with education than employee job-specific training. Development, therefore, focuses more on the employee's personal growth.

Training and Development bring many benefits to organizations. Moreover, it also contributes to satisfying the demands of workers, such as: creating a good relationship between workers and business; creating a professional style for employees; adapting employees for future work; meeting the need learning and personal development of employees; enforcing the company vision for employees; promoting employee loyalty. Quag, Tuong and Thuy (April,2018)

1. H₁: Training and development has positive and significant effect on employee loyalty

2. Reward & Benefit

As explained by Quag and Tuong (April, 2018), Compensation reveals payment of the employees by the organization for the service rendered. Remuneration is the center of each work trade and it fills in as a characterizing normal for any business relationship (Glassman, Champagne and Zugelder 2010). The issue of remuneration is one of the fundamental parts of business that an organization must settle before getting the employees. The primary reward for performing work is pay, numerous businesses additionally offer reward bundles of which wages and pay rates are just a section. The bundles ordinarily incorporate rewards annuity plans, advances, sponsored dinners benefit sharing, medical coverage, allotted autos, share alternatives and a great deal more Agwu (2013).

At the point when a company receives an arrangement of reward that is useful to the workers, the impact is that the employee end up noticeably faithful and furthermore builds their level of duty consequently guaranteeing high efficiency and productivity. On the other hand, whereby the pay is not good to the person, the inverse is the situation; the organization starts to witness negative work state of mind, truancy, robbery, dillydallying, extortion, acquiescence, and so forth. No big surprise (Gomez-Mejia, Berrone, and Franco-Santos 2010) declared that when execution is utilized as a reason for disseminating rewards, payment is accommodated individual or gathering commitments to the firm. Remuneration conveys payment for the yield or result and most intently looks like the operation of conventional piece-rate arrangements or deals commissions. As indicated by Bevelacqua & Singh (2009), pay-for-execution frameworks are as often as possible utilized by organizations with an end goal to connection remuneration to enhanced worker execution.

Upasana (2015) inquired about on impact of pay on employee loyalty to organization and characterized employee loyalty as how well the staff are loyal to the organization, having a sentiment holding, consideration, care, obligation and commitment towards it, including that it can be depicted as the degree to which there is a general readiness among employees to make a speculation or faculty yield for the benefit of the organization. He showed pay as a composed

practice that includes adjusting the work worker connection by giving financial and non-money related advantages to employee. It helps in propelling the employees and enhancing organizational adequacy. He watched that today business condition is quick paced, corporate development, benefit and efficiency are basic, subsequently the need to bound and hold a group of faithful employees.

When employees are properly rewarded, they are encouraged and also willing to stay with the organization. This encourages retention. Discourages employee turnover and reduces loses in the organization. Quag and Tuong (April, 2018)

H2: Reward and benefit has positive and significant effect on employee loyalty

3. Open Communication

Open communication has been proved to be one of the most vital business success factors relating to many classic business and management concepts, such as job satisfaction, organizational performance, and decision-making (Rogers 1987). Previous studies show that communication openness positively and significantly relates to motivation (Kay and Christophel 1995), positively affects employee empowerment (George and Hancer 2003), and has a significant positive effect on employees' intent to stay (Al-Omari 2008) and on employee loyalty and job satisfaction (Trombetta 1988). Openness in work communication is also found to have positive impacts on employees' attitudinal behavior, including attitude, subject norms, and perceived behavior control (Al-Gahiani and Hing-Pin 2009). Furthermore, open communication fosters sharing of information and knowledge among workers (Pascoe and More 2008), thus creating an effective communication climate that supports a successful management system (Stewart et al. 1986), and is significantly related to effective decision-making (Breen et al. 2005; O'Reilly III 1977). The positive influence of open communication is also found in a collaborative group context in which open communication helps improve participation of team members during strategic planning and enhances the upward flow of information to senior decision-makers for purposes of organizational change and development (Breen et al. 2005). Additionally, open communication, together with accurate communication and transparency, is necessary to the judgment and development of trustworthiness in groups (Robin 2007). For instance, open communication facilitates the exchange of ideas and sharing of information among employees

(Al-Omari 2008). On the other hand, impaired communication openness can be detrimental to organizational change and development. For example, if communication is constrained, people may feel isolated and alienated from their work (Al-Omari 2008), and low levels of communication openness were found to be linked with increased destructive reactions to conflict, bullying, and emotional reaction to bullying in groups (Ayoko 2007)

Heron (1942) wrote *Sharing Information with Employees* and added goals, attitudes, and criteria for effective communication. He is most known for introducing the new world of organizational communication to implementing two-way communication between employees and management and encouraging an environment of open and honest communication. He stated, "Communication is a line function; it is a two-way sharing of information; it is not a persuasion or propaganda campaign; it requires the freedom and opportunity to ask questions, get answers and exchange ideas" Heron (1942). Long-term engagement starts with good communication between employer and employees as well as among co-workers. Line managers can be significant contributors to improving employee engagement. Coaching and training to increase levels of self-awareness are vital ingredients of their personal development journey. Once each line manager in your organization fully understands themselves, they are better able to identify the similarities and differences with others which help them connect with those people on an individual basis. Since these are the managers that have the most day-to-day interaction with your people, they should be the focus of your leadership development in the area of communicating to increase engagement.

H₃: Open communication has positive and significant effect on employee loyalty

4. Ethical leadership

As Adeoye (April 2021), described Leadership is a principal importance when it comes to the study of employee commitment and organizational effectiveness, however leadership has been widely defined as the process of influencing a team of individuals to accomplish the organizational objectives and common goals through change (Caldwell et al, 2010). Merger of leadership and ethical leadership stands as one of the crucial demands for any organization to remain competitive; hence it is clearly defined by Brown, Travino and Harrison (2005,P.120) as

the “demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication reinforcement and decision makings”. It is advised that ethical leadership behaviors plays a vital role in pushing and enhancing employee attitude and behaviors which has a linkage to the commitment level, job satisfaction, motivation and turnover intentions of employees (Brown et al, 2005; Walumbwa, Mayer, Wang, Workman & Christensen, 2011; Heirbach, Mignonac, Vanden Berghe & Negrini, 2009; Menlari, 2015; Kim & Brymer, 2011; Khuong & Nhu, 2015). However, Freeman and Stewart (2006) agree that ethical leader possess the “right values” and “strong character” that gives a sense of direction to groups within the organization and withstand temptations. Khuong and Nhu (2015) in their study mentioned that ethical leadership is significantly related to effective trust, negatively related to abusive supervision. It is however, concluded that ethical leaders were truthful, trustworthiness, fair in making decisions, respect, integrity, honesty, equity, justice, compassionate and good at disseminating information with their subordinates Bello (2012).

Ethical leadership plays a cultural effect on social relationship which create a friendly environment for employees to work with full motivation for quality production, Khuong and Nhu (2015).

4. H₄: Ethical leadership has positive and significant effect on employee loyalty

2.4 Empirical Review

Empirical Framework, Various related studies are conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in Ethiopia on the Factor Affecting Employee Engagement. The study conducted by Gupta (2011) shows that the influence of employee loyalty on company performance. Their results, based on service shops in Hong Kong, indicated that employee loyalty vigorously affects company “profitability through service quality, customer satisfaction and customer loyalty.”

In addition the study conducted by Dr. Ahmad (2013) found that the latest management possible techniques based on scientific studies, where many studies showed that achieving a high level of

organizational loyalty is one of the factors that help banks to achieve their objectives, as well as it is considered as a prerequisite for many modern organizations because the banks that have employees with high degree of organizational loyalty are effective banks and thus they achieve the desired goals, significant profits and the highest performance and thus they achieve additional competitive advantage as a result of retaining qualified staff in banking field.

As steers (1977) stated that Organizational loyalty of the employees is the most important factor that determines the effectiveness and efficiency of the organization.

Quag and Tuong (April,2018), find and suggested that as reward has strong influence on employee loyalty and also, When employees are loyal, they perform their duty at efficiency level They are mentioned as one way of encouraging loyalty among employees, hereafter making the employees to increase their productivity and being part of achieving organizational objective.

Bateman & Strasser (1984), mentioned that Employees' commitment describes the degree of loyalty of a worker to the organization. Which incorporate leads to the employee's aim and willingness to work or engaged in the organizational activities in order to accomplish the goals and aspirations of the organization. Sharma and Bajpai, (2010), also agreed in the above finding.

The study conducted by Adeoye (April 2021) examines the relationship between ethical leadership, employee commitment and organizational effectiveness. He concluded that, Leadership stands as an energetic source aimed at forming and satisfying organization, societies and cultures. Ethical issue remains a global phenomenon that needs to be addressed. Ethical leaders exist, contributes in a wide-range of ethical responsiveness. Thus, leaders' obligation is to generate an ethically welcoming labor environment for all employees, interconnect ethical subjects, aid as role reproductions and in addition set instrument residence for the advancement of accountable employees.

Loyal and engaged employees are psychologically and emotionally involved for work. Bindl and Parker (2010) also discovered that internal communication influence employee loyalty in addition, Lockwood (2007) investigated that reliable communication is considered as an effective management tool for employee loyalty. The organizations could keep the workforce attentive and active through encouraging the considerate communication strategies.

The organizational role in creating loyal employee workforce is very critical. The managers of the business firms need to understand the vitality of core dimensions of employee loyalty. The employees tend to have a sense of ownership. The companies should encourage equitable practices and ample justice to their employees. Employees are truly a valuable asset to any organization so they need fair support for work-life balance. Employees and organizations are mutually dependent to meet their collective goals. The company culture needs to be integrated. The employee loyalty is a continuous process and blend of learning, improvement and action. The organizations look forward to meet the employee expectations creating a value to boost performance Ibrahim & Al-Falasi (2014).

The research conducted by Tomic et.al (2018) suggested that, Loyalty is significantly related and has a positive influence on company performance.

If employees are fully loyal in performing their business operations then the company can achieve its major goal of profit maximization. Employee loyalty is a value addition concept for organizations and an indicator through which the outcomes such as employee productivity, organizational outcomes and performance of the business firms could be measured. The main concern of this research study is to evaluate the effectiveness of loyal employees towards their jobs and organizations. Now employee loyalty has gone beyond than being a hypothetical construct (Guillon & Cezanne, 2014)

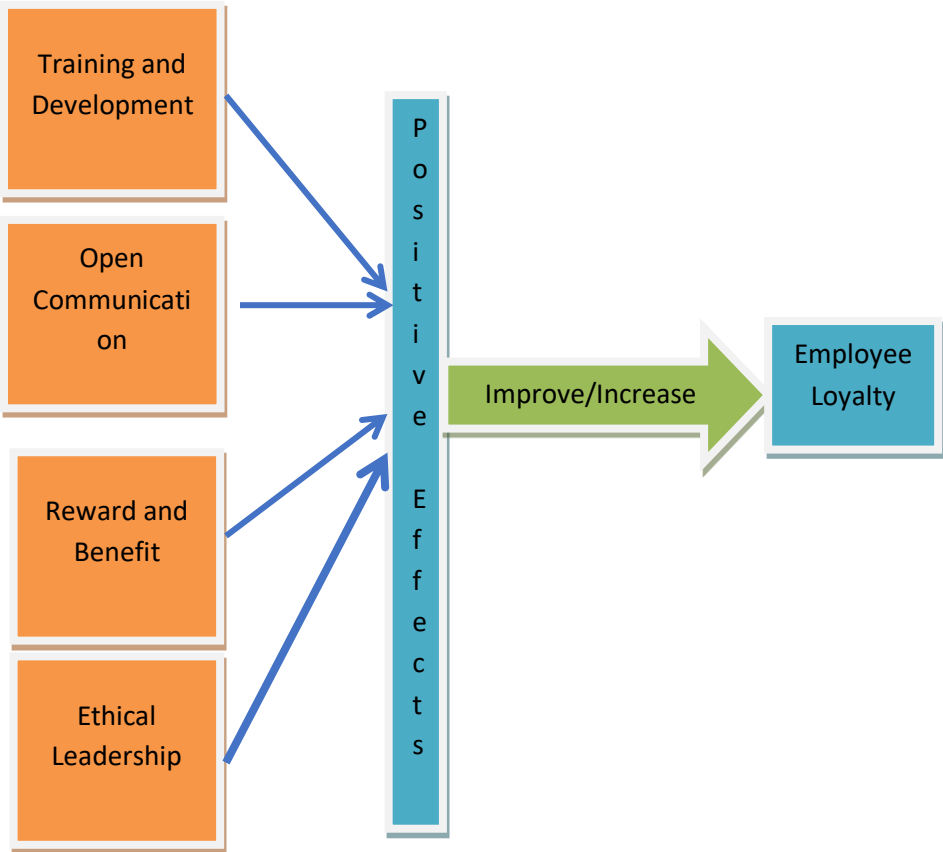
2.5 Conceptual Framework

As we see in the above literature my primary interest, Loyalty is the dependent variable which the above factors **Training and Development, Open Communication, Reward & Benefit and ethical leadership**, affect it positively or negatively. The listed factors are the independent variable that has effect on Loyalty in different level and way.

Figure 2: 1Conceptual Framework

Independent Variables

Dependent Variables



Source: Own Construction

2.6 Research Hypothesis

For the purpose of analyzing factors affecting the loyalty of employees, the following hypotheses are proposed.

- 1 H₁: Training and development has positive and significant effect on employee loyalty
2. H₂: Reward and benefit has positive and significant effect on employee loyalty
- 3 H₃: Open communication has positive and significant effect on employee loyalty
4. H₄: Ethical leadership has positive and significant effect on employee loyalty

CHAPTER THREE

3. METHODOLOGY OF THE STUDY

3.1. Introduction

This chapter will look at the research methodology as use in the study. The following research methodology components will be applied. It focuses on the area description, research design and approach, source of data, method of data collection, sampling design as well as data analysis method.

3.2. Research Design and Approach

Research design refers to the overall strategy that a researcher chooses to integrate the different components of the study in a coherent and logical way; it constitutes the blueprint for the collection, measurement, and analysis of data (Saunders et al., 2016).

This study will apply both quantitative and qualitative data (mixed method research) in order to investigate factors affecting employee loyalty in FEACC. A mixed method approach is one in which the researcher collects, analyzes, and “mix” or “integrates” both quantitative and qualitative data in a single study to understand a research problem (Creswell, 2003). Hence, by applying the mixed method the researcher has ensured the strength of the findings towards being more objective and generalizable to the entire population.

So this study will use descriptive and explanatory research design in order to identify factors affecting employee loyalty. This is because; descriptive research aims to accurately and systematically describe a population, situation or phenomenon (ShonnMcCombes, 2020). It can answer what, when and how questions. And explanatory research design is appropriate for studies that establish causal relationship between variable.

3.3. Area Description

The study will be conducted at FEACC located in Addis Ababa. At present FEACC is accountable to the House of People's Representatives (HOPR) with its head office located in Addis Ababa operating through fifteen directorates.

FEACC also operates in close partnership and collaboration with various stakeholders, including development partners and anti-corruption coalitions such as the ethics liaison units of public offices, police, courts, institution of ombudsman, human rights commission, auditor general, parliament, the prime minister's office, civic society, religious groups, professional associations, mass media organizations, etc.

3.4. Target Population

Since the study aims at assessing factors affecting employee loyalty in FEACC the target population of the research is the employees' of FEACC. Though, incorporating all employees' idea on the analysis will be better for conclusion and generalization, but economically and operationally it is very difficult to include all employees in the research. Therefore, the representative sample will be selected from the total target population who are currently working in FEACC.

3.5 Sampling Technique and Sample Size

As Auka et al.(2013) posit that stratified random sampling ensures that all the groups (categories) are adequately sampled and this facilitates comparison among the groups; the study will use stratified random sampling technique to assign samples from each departments and services. Once the strata's are identified simple random sampling technique will be employed to select each participants of the research from departments and services. In addition to that purposive sampling technique will be used in selecting the participants for interview. Directors, team leaders and principal consultants are the main focuses for interview.

The total population, who are currently working in FEACC, is 302. The study considers 292 employees in fifteen directorates as a target population excluding employees those are in two deputy commissioners. Based on this information, the study uses the formula below to determine the sample size on 95% of confidence interval and 5% of acceptance error.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N - 1) + z^2 \cdot p \cdot q}$$

Where,

N = is size of total population;

n = is size of sample.

P = is sample proportion, q = 1-p;

Z = is the value of the standard variants at a given confidence level and to be worked out from table showing area under Normal Curve; At 95% confidence level the value of Z = 1.96

e = is acceptable error.

Source: (Kothari, 2004)

$$n = \frac{(1.96)^2 \times (0.5) \times (0.5) \times 292}{0.05^2 \times (292 - 1) + 1.96^2 \times (0.5) \times (0.5)} = 166.14$$

$$n \approx \underline{\underline{166}}$$

Therefore, from the target population of 292, the sample size is 166 employees will be selected.

The total sample size will be allocated to each directorate using the following formula.

$$n_x = \frac{N_x}{N} \times n$$

Table 3- 1The Sample Size Assigned for each Directorate

	Name of Directorates	No of Employees	samples $n_x = \frac{Nx}{N} \times n$
1	Public and International Relation Directorate	18	10
2	Ethics Liaison and Corruption Prevention Directorate	40	23
3	Ethics Infrastructure and Public Mobilization Coordinating Directorate	25	14
4	Training, Study and Research Directorate	25	14
5	Asset Registration and Disclosure Directorate	34	19
6	Anti-corruption Law Advice, Implementation and Experience Formulation Directorate	6	3
7	Regional Affairs Coordination Directorate	8	5
8	Change Management and Capacity Building directorate	11	6
9	Planning and Budget Administration Directorate	7	4
10	Human Resource Administration Directorate	9	5
11	Procurement, Finance and Property Administration Directorate	22	13
12	Information Communication Technology Directorate	8	5
13	Internal Audit Directorate	6	3
14	Woman, Children and Youth Affairs Directorate	2	1
15	General Service Directorate	71	41
	Total	292	166

Thus, the study will take a total of 166 sample size from each department accordingly as shown in the table above.

3.6. Source of Data and Method of Data Collection

According to William et al. (2010), there are two types of data; primary and secondary. The primary data are those which are gathered for the first time and afresh and thus collected for the case at hand (Kothari, 2004). Secondary data is defined as Data that have been previously collected for some purpose other than the one at hand. For the purpose of this study in order to obtain relevant information both primary and secondary data will be used.

In collecting primary data the study will use questionnaires and well structure interviews from the employees of the FEACC. The questionnaires will be based on those variables that are stated above and the mentioned research questions. This is because questionnaires are advantageous in collecting large number of data from large number of respondents and help respondents to fill the questionnaire at their convenient time. And the study will also use interview because interview has a higher response rate and it clarify the questions well if the questions are not clear.

The secondary data sources will be collected from different published and unpublished materials such as reference books, handouts, journals and the internet. In addition organization reports, annual reports, HR manuals and strategies of the FEACC will be used as secondary data source.

The study will use a developed questionnaire from, Tirework Lemma, (2017), Master's Thesis, A.A University and internet with slight adjustment to best fit with the existing situation of the study. The questionnaire will have closed-ended questions that will be measured by a five-point Likert scale (From Strongly Agree to Strongly Disagree).

Moreover, semi structure interview will be used in collecting data on the subject from department head and team leaders of human resource administration directorate to find out the view on the practice of FEACC in retaining and improving employee loyalty.

3.7. Data Analysis Methods

For data analysis, Statistical Package for Social Science (SPSS) will be used. Descriptive and inferential statistical analysis will be used. Descriptive statistics such as frequency, percentage, means, standard deviations and appropriate graphic presentations will be used to obtain a general understanding of the respondents' demographic characteristics like sex, age, educational level, service year and employment group.

Inferential statistics (Pearson Correlation and multiple regressions) will be employed. Correlation analysis will be conducted to examine the relationship between the independent variables (training and development, reward and benefit, open communication and ethical leadership) and the dependent variable (employee loyalty). Multiple regression analysis will be conducted to examine the significance contribution of each independent variable on employee loyalty. Lastly major findings will be interpreted based on the result.

3.8. Model Specification

Multiple regression models will be used in order to identify the relationship between the explanatory variables and employee loyalty of FEACC. The model will use training and development, reward and benefit, open communication and ethical leadership as explanatory variables and employee loyalty as dependent variable.

Even though different factors affect employee loyalty, for the convenience of the study major determinants of employee loyalty are considered. So that in this study employee loyalty is a function of training and development, reward and benefit, open communication and ethical leadership.

Employee loyalty = f (training and development, reward and benefit, open communication and ethical leadership)

Hence the regression equation is:-

$$EL = \alpha_0 + \alpha_1 TD + \alpha_2 RB + \alpha_3 OC + \alpha_4 ET + \varepsilon$$

Where:-

EL :- is employee loyalty

α_0 :-is the constant (intercept)

$\alpha_1, \alpha_2, \alpha_3,$ and α_4 are coefficients (parameters)

TD :-is training and development

RB :-is reward and benefit

OC :-is open communication

ET :-is ethical leadership

ε :-is the residual (error term)

3.9. Reliability and Validity of the Instrument

Validity refers to the extent to which a test measures what we actually wish to measure. Reliability has to do with the accuracy and precision of a measurement procedure (Kothari, 2004). The questionnaire will be pre-tested with 29 (10%) employees to test the content validity of the instrument and also to check the clarity, length, word ambiguity and structure and their suggestion were incorporated before the final distribution of the questionnaire.

First the reliability and validity of research instrument will be checked. In this study the researcher will distribute questionnaires to examine employee response on different questions in accordance of the scope of the study then after the questionnaires carefully fill, the researcher personally will collect and arranged the completed questionnaires and will arrange for data discussion and analysis.

Finally, the collected data will be inserted into data set and make ready for data analysis and discussion by using Statistical Package for Social Science (SPSS). As a final point the result will be summarized, tabulated and interpreted appropriately and lastly conclusions and recommendations will be forwarded.

3.10. Ethical Issues

The study will conduct in such a way that it will consider ethical responsibility. Ethical responsibility include, providing information about the study for respondents (like who's conducting the research, for what and who will benefit), also the study provided anonymity, means the information from the respondents will be confidential and will not be used for any personal interest.

CHAPTER FOUR

4. Data Presentation, Analysis and Interpretation

4.1 Introduction

In this chapter data gathered through survey is analyzed and interpreted. Accordingly, the section contains respondents profile followed by presentation of results of the descriptive and inferential analysis conducted on the data gathered. Presentation of findings has been organized in accordance with the study objectives.

4.2 Response Rate and Respondents Profile

4.2.1 Response Rate

The study taken 166 sample size from 292 total population of FEACC and the questioners were distributed to them. However, only 150 (90.36%) questionnaires were appropriately filled and returned. Out of the total sample 9 questionnaires were not returned and 7 questionnaires were not usable because they were not filled properly.

4.2.2 Respondents Demographic Profile

The demographic profile of the respondents was presented in this section. It includes gender, age group, marital status, levels of educational achievements and years of work experience in the FEACC.

Table 4- 1 Respondents Demographic Profile

No.	Variables	Classification of variables	Frequency	Percent	Valid Percent	Cumulative Percent
1	Gender	Male	91	60.7	61.1	61.1
		Female	58	38.7	38.9	100
		Missing	1	0.7		
		Total	150	100.0		
2	Age	From 21 to 30	85	56.7	56.7	56.7
		From 31 to 40	46	30.7	30.7	87.3
		From 41 to 50	16	10.7	10.7	98.0

		51 and above	3	2.0	2.0	100.0
		Total	150	100.0	100.0	
3	Marital Status	Single	64	42.7	43.5	43.5
		Married	76	50.7	51.7	95.2
		Divorce	7	4.7	4.8	100.0
		Missing	3	2.0		
		Total	150	100.0		
4	Educational Background	Certificate	23	15.3	15.3	15.3
		Diploma	27	18.0	18.0	33.3
		Degree	83	55.3	55.3	88.7
		Post Graduate and above	17	11.	11.3	100.0
		Total	150	100.0	100.0	
5	Years of experience in FEACC	Less than 2 years	49	32.7	32.7	32.7
		From 2 to 5 years	65	43.3	43.3	76.0
		From 6 to 10 years	14	9.3	9.3	85.3
		More than 10 years	22	14.7	14.7	100.0
		Total	150	100.0	100.0	

Source: Owen computation using SPSS 20

The above table 4.1 indicated about demographic background of respondents. The first category indicates the gender of respondents. From the total respondents 91 employees (60.7%) are male while 58 (38.7%) are female employees and the remaining 1 (0.7%) has not indicate its gender.

In the second category it indicated that 85 (56.7%) of the respondents are from age 21-30, 46 (30.7%) of the respondents are between 31-40 age category, 16(10.7%) of the respondents are between 41-50 age category, 3(2.0%) of the respondents are above 51 years age category. As the survey shows us the majority of employees are lies in the age of 21-30; i.e. the young generation contains the majority share.

The third category indicated that 64(42.7%) of the respondents are single, 76 (50.7%) of the respondents are married and 7(4.7%) of the respondents are divorce. The remaining 3(2.0%) are do not express their marital status.

In the fourth category it indicated about educational level of respondents. 83(55.3%) of the respondents are degree holders, 27(18.0%) and 23(15.3%) are diploma and certificate holders respectively; while the remaining 17(11.3%) respondents are post graduate and above. It implies that the majority of FEACC employees have sufficient educational skill to carry out their role in order to achieve the goal of the commission.

In the last category indicated about respondents work experience in FEACC. From the total respondents 65(43.3%) have from 2 to 5 years of work experience in the commission. Following it 49(32.7%) of respondents are less than 2 years of work experience in the commission. The remaining 14(9.3%) and 22(14.7%) have from 6 to 10 years and more than 10 years of work experience in FEACC respectively. As the survey indicated FEACC has more than half employees who have less than 5 years of experience (76.0%). This result also supports the above age category finding. The lesser the experience means in other word the younger in age.

4.3 Results of Analysis

4.3.1 Reliability Test

Reliability is the degree to which measures are free from error and therefore yield consistent results (i.e. the consistency of a measurement procedure). If a measurement device or procedure consistently assigns the same score to individuals or objects with equal values, the instrument is considered reliable.

The study uses Cronbach's coefficient alpha which is the most common method of assessing internal consistency reliability estimates. This coefficient varies from 0 to 1 and a value of .70 or higher is an acceptable reliability estimates (Nunnally and Bernstein, 1994).

The test results of internal consistency reliability of the independent and dependent factors are above 0.7 score as shown in the table 4.3 below.

Table 4- 2Reliability Test Result

Description	Cronbach’s Alpha	Number of Items
Employees Loyalty	0.806	12
Training and Development Factor	0.843	7
Open Communication	0.871	11
Ethical Leadership	0.935	12
Reward & Benefit	0.937	15

Source: Owen computation using SPSS 20

4.3.2 Descriptive Analysis

The data collected through questionnaire was coded in SPSS as “strongly disagree” = “1”, “disagree” = “2”, “neutral” = “3”, “agree” = “4” and “strongly agree” = “5”. The data analysis is done firstly by indicating the frequency value of each employee loyalty drivers and then the dependent variable employee loyalty is described. The analysis of the data in this manner would indicate which drivers need more focus in addressing the loyalty level of employees.

4.3.2.1 Perception of Respondents towards the Current Training and Development Practice of FEACC

In order to assess the perceptions of employees towards the current training and development practice of FEACC seven items are analyzed. The finding of the respondent’s perception towards the current training and development practice of FEACC is presented in the following table.

Table 4- 3Mean and Standard Deviation for Measures of Respondent's Perception of Training and Development Practice in FEACC

	Variables	Frequency					Mean	Std. Deviation
		1	2	3	4	5		

The organization provides training for enriching the skills of employees	17 (11.3)	44 (29.3)	17 (11.3)	57 (38)	15 (10)	3.06	1.238
The organization believes proper training improves the productivity of the company and employees	28 (18.7)	37 (24.7)	33 (22)	34 (22.7)	18 (12)	3.55	1.251
There is equitable access to a variety of learning opportunities in the company	28 (18.7)	37 (24.7)	33 (22)	34 (22.7)	18 (12)	2.85	1.299
Does the Induction Training is a well-planned exercise in the organization?	12 (8)	28 (18.7)	18 (12)	73 (48.7)	18 (12)	3.38	1.160
Training program helped to increase the productivity of both quality and quantity?	10 (6.7)	21 (14)	26 (17.3)	61 (40.7)	31 (20.7)	3.55	1.165
Have you get the training content relevant to achieving your personal needs, goals and self-development?	15 (10)	32 (21.3)	18 (12)	68 (45.3)	17 (11.3)	3.27	1.208
Do you agree that training and development at FEACC would contribute to achieving effectiveness and efficiency of goals?	10 (6.7)	22 (14.7)	19 (12.7)	74 (49.3)	25 (16.7)	3.55	1.133
Training and Development (aggregate)						3.3149	.86706

Source: Own Computation Using SPSS 20

As shown in the above table, the maximum mean value with respect to Training and Development is 3.55 attributed to the organization believes proper training improves the productivity of the company and employees, training program helped to increase the productivity of both quality and quantity and the training and development at FEACC would contribute to achieving effectiveness and efficiency of goals. Whereas, 2.85 is the least mean value attributed to the existence of equitable access to a variety of learning opportunities in the company. This indicates that employee generally perceive that there is no equitable access to a variety of learning opportunities and FEACC need to give a proper attention to address the issue.

4.3.2.2 Perception of Respondents towards the Current Open Communication Practice of FEACC

In order to assess the perceptions of employees towards the current open communication practice of FEACC eleven items are analyzed. The finding of the respondent's perception is presented in the following table.

Table 4- 4Mean and Standard Deviation for Measures of Respondent's Perception of Open Communication Practice in FEACC

	Variables	Frequency					Mean	Std. Deviation
		1	2	3	4	5		
	My Supervisor can be convinced and persuaded	13 (8.7)	22 (14.7)	21 (14)	65 (43.3)	26 (17.3)	3.47	1.201
	My supervisor provides me regular information about the organization's vision and mission	16 (10.7)	47 (31.3)	29 (19.3)	44 (29.3)	13 (8.7)	2.94	1.181
	I get the opportunity to mix with my colleagues and to communicate on aspects of our work	14 (9.30)	16 (10.7)	15 (10)	78 (52)	27 (18)	3.59	1.177
	Communication and information flow between the departments is satisfactory	9 (6)	23 (15.3)	22 (14.7)	81 (54)	14 (9.3)	3.46	1.056
	Employees share experiences to help each other	9 (6)	25 (16.7)	26 (17.3)	68 (45.3)	22 (14.7)	3.46	1.115
	I get to find out the reasons and rational behind any key changes that happen within the organizations	22 (14.7)	47 (31.3)	29 (19.3)	38 (25.3)	14 (9.3)	2.83	1.228
	Employee opinions and suggestions are significant consideration in the organization's decision making process	15 (10)	49 (32.7)	32 (21.3)	40 (26.7)	11 (7.3)	2.88	1.144
	I have access to the information; I need to do my job well	20 (13.3)	37 (24.7)	20 (13.3)	53 (35.3)	18 (12)	3.08	1.280

I have good understanding of the organization's goals and objectives	7 (4.7)	13 (8.7)	15 (10)	78 (52)	36 (24)	3.83	1.044
If asked, I could clearly explain the vision for this organization	6 (4)	8 (5.3)	8 (5.3)	78 (52)	50 (33.3)	4.05	.982
I have clear understanding of the organization's directions	5 (3.3)	11 (7.3)	23 (15.3)	63 (42)	47 (31.3)	3.91	1.033
Open Communication (aggregate)						3.4081	.74840

Source: Own Computation Using SPSS 20

As shown in the above table, the maximum mean value with respect to open communication is 4.05 attributed to capacity clearly explain the vision for this organization. Whereas, 2.83 is the least mean value attributed to get to find out the reasons and rational behind any key changes that happen within the organization. This indicates that employee well understand the vision of their office but they generally perceive that there is insufficient transparency in disclosing the reasons and rational behind any key changes that happen within the organization. And FEACC need to give a proper attention to address the issue.

4.3.2.3 Perception of Respondents towards the Current Ethical Leadership Practice of FEACC

In order to assess the perceptions of employees towards the current ethical leadership practice of FEACC twelve items are analyzed. The finding of the respondent's perception is presented in the following table.

Table 4- 5Mean and Standard Deviation for Measures of Respondent's Perception of Ethical Leadership Practice in FEACC

Variables	Frequency					Mean	Std. Deviation
	1	2	3	4	5		
I see strong evidence of effective leadership from my department leader	15 (10)	30 (20)	22 (14.7)	69 (46)	12 (8)	3.22	1.165

	My department leader is open and honest in communication	17 (11.3)	33 (22)	13 (8.7)	65 (43.3)	20 (13.3)	3.26	1.268	
	My department leader cares about what is on employees minds	22 (14.7)	27 (18)	37 (24.7)	53 (35.3)	11 (7.3)	3.03	1.193	
	I trust the directors/senior Management to deliver that vision and the goals of the organization	11 (7.3)	16 (10.7)	25 (16.7)	78 (52)	20 (13.3)	3.53	1.085	
	I trust the department leader to appropriately balance employee interest with those of the organization	23 (15.3)	38 (25.3)	25 (16.7)	52 (34.7)	12 (8)	2.95	1.241	
	My department leader is appropriately visible and accessible to employees	12 (8)	25 (16.7)	15 (10)	67 (44.7)	30 (20)	3.52	1.217	
	My department leader acts in ways to inspire a strong commitment to our goals	17 (11.3)	27 (18)	29 (19.3)	61 (40.7)	16 (10.7)	3.21	1.196	
	I see strong evidence of effective leadership from my department leader	17 (11.3)	25 (16.7)	24 (16)	70 (46.7)	12 (8)	3.24	1.174	
	My department leader acts with integrity	13 (8.7)	24 (16)	23 (15.3)	72 (48)	17 (11.3)	3.38	1.148	
	My department leader fills me with excitement for the future of this organization	14 (9.3)	35 (23.3)	28 (18.7)	60 (40)	13 (8.7)	3.15	1.157	
	I understand the mission/purpose of my department	6 (4)	7 (4.7)	9 (6)	90 (60)	38 (25.3)	3.98	.930	
	My department leader helps me to see how changes made today will affect the organization in the future	17 (11.3)	40 (26.7)	30 (20)	48 (32)	13 (8.7)	3.00	1.190	
	Ethical Leadership (aggregate)							3.2893	.88530

Source: Own Computation Using SPSS 20

As shown in the above table, the maximum mean value with respect to ethical leadership is 3.98 attributed to understanding the mission/purpose of their department. Whereas, 2.95 is the least mean value attributed to the trust on the department leader to appropriately balance employee interest with those of the organization. This indicates that employee generally perceive that there is imbalance on the department leader in managing employee interest with those of the organization.

4.3.2.4 Perception of Respondents towards the Current Reward and Benefit Practice of FEACC

In order to assess the perceptions of employees towards the current reward and benefit practice of FEACC fifteen items are analyzed. The finding of the respondent's perception is presented in the following table.

Table 4- 6 Mean and Standard Deviation for Measures of Respondent's Perception of Reward and Benefit Practice in FEACC

	Variables	Frequency					Mean	Std. Deviation
		1	2	3	4	5		
	My salary is satisfactory in relation to what I do	75 (50)	44 (29.3)	11 (7.3)	11 (7.3)	6 (4)	1.84	1.111
	I earn the same as other people in a similar job	54 (36)	42 (28)	14 (9.3)	25 (16.7)	14 (9.3)	2.35	1.365
	The basis of payment, for example overtime payment, is reasonable.	48 (32)	45 (30)	32 (21.3)	16 (10.7)	8 (5.3)	2.27	1.178
	The allowances I receive are adequate	71 (47.3)	33 (22)	31 (20.7)	11 (7.3)	3 (2)	1.94	1.079
	My medical scheme is satisfactory	85 (56.7)	27 (18)	23 (15.3)	6 (4)	6 (4)	1.78	1.107
	I never have problems with my arrangements for leave	29 (19.3)	17 (11.3)	21 (14)	67 (44.7)	16 (10.7)	3.16	1.321

My performance has significant and direct impact on my pay	41 (27.3)	32 (21.3)	35 (23.3)	30 (20)	10 (6.7)	2.57	1.273
I am paid fairly for the contribution I make to the organization's success	55 (36.7)	52 (34.7)	19 (12.7)	17 (11.3)	5 (3.3)	2.09	1.124
My pay matches my job performance	68 (45.3)	54 (36)	11 (7.3)	12 (8)	3 (2)	1.84	1.011
I feel I am adequately compared to my colleagues at other organization	77 (51.3)	48 (32)	10 (6.7)	7 (4.7)	6 (4)	1.76	1.046
The way this organizations rewards people helps produce the results we want	54 (36)	34 (22.7)	19 (12.7)	34 (22.7)	8 (5.3)	2.38	1.323
My salary and benefits package meet my and my family's needs well	88 (58.7)	39 (26)	12 (8)	5 (3.3)	5 (3.3)	1.66	.998
My pay is fair for my responsibilities	78 (52)	50 (33.3)	12 (8)	5 (3.3)	5 (3.3)	1.73	.982
I am satisfied with the organization's over all benefits package	79 (52.7)	41 (27.3)	16 (10.7)	6 (4)	8 (5.3)	1.82	1.118
I feel that I am fairly paid in comparison to similar people in similar roles outside this organization	83 (55.3)	49 (32.7)	7 (4.7)	4 (2.7)	6 (4)	1.66	.984
Reward and Benefit (aggregate)						2.0597	.83551

Source: Own Computation Using SPSS 20

As shown in the above table, the maximum mean value with respect to reward and benefit is 3.16 attributed to the problems with the arrangements for leave. Whereas, 1.66 is the least mean value attributed to the salary and benefits package meeting their family's needs well and the feeling towards fairly paid in comparison to similar people in similar roles outside this organization. This indicates that employee generally perceive that there is no fair pay in relation to other

similar organization and their salary is insufficient for themselves and their family. Therefore FEACC need to give a proper attention to address the issue.

4.3.2.5 Perception of Respondents towards the level of Employee Loyalty

In order to assess the perceptions of employees towards the level of employee loyalty in FEACC fifteen items are analyzed. The finding of the respondent's perception is presented in the following table.

Table 4- 7Mean and Standard Deviation for Measures of Respondent's Perception of Level of Employees Loyalty in FEACC

	Variables	Frequency					Mean	Std. Deviation
		1	2	3	4	5		
	I know what is expected of me at work.	6 (4)	3 (2)	1 (.7)	53 (35.3)	86 (57.3)	4.41	.930
	I have the materials and equipment I need to do my work right	10 (6.7)	25 (16.7)	5 (3.3)	67 (44.7)	42 (28)	3.71	1.232
	At work, I have the opportunity to do what I do best every day	8 (5.3)	25 (16.7)	15 (10)	66 (44)	36 (24)	3.65	1.171
	In the last six months, I received recognition or praise for doing good work	31 (20.7)	50 (33.3)	18 (12)	38 (25.3)	12 (8)	2.66	1.282
	My supervisor, or someone at work, seems to care about me as a person	12 (8)	13 (8.7)	15 (10)	75 (50)	30 (20)	3.68	1.148
	There is someone at work who encourages my development	7 (4.7)	23 (15.3)	20 (13.3)	78 (52)	22 (14.7)	3.57	1.064
	At work my opinions seem to count	13 (8.7)	32 (21.3)	25 (16.7)	57 (38)	23 (15.3)	3.30	1.214
	The mission/purpose of my company makes me feel my job is important	4	4	7 (4.7)	59 (39.3)	76 (50.7)	4.33	.894

		(2.7)	(2.7)						
	My associates (fellow employees) committed to doing quality work	8 (5.3)	6 (4)	17 (11.3)	88 (58.7)	31 (20.7)	3.85	.972	
	I have a best friend at work	14 (9.3)	19 (12.7)	33 (22)	50 (33.3)	31 (20.7)	3.44	1.228	
	In the last six months, someone at work talked to me about my progress	19 (12.7)	39 (26)	47 (31.3)	36 (24)	8 (5.3)	2.83	1.099	
	In the last year, I had opportunities at work to learn and grow	29 (19.3)	45 (30)	34 (22.7)	26 (17.3)	14 (9.3)	2.67	1.242	
	Level of Employee Loyalty (aggregate)							3.5069	.64740

Source: Own Computation Using SPSS 20

As shown in the above table, the maximum mean value with respect to employee loyalty is 4.41 attributed to knowing what is expected from them at work. Whereas, 2.66 is the least mean value attributed to received recognition or praise for doing good work in the last six months. This indicates that employee generally perceive that there is no recognition or praise for doing good work. Therefore FEACC need to give a proper attention to address the issue.

4.4 Correlation

Using The Pearson's Product Moment Correlation Coefficient (r) the degree of association between the independent variables (Training and Development (TD), Open Communication (OC), Ethical Leadership (ELS) and Reward and Benefit (RB)) and the dependent variable (employee loyalty (EL)) were computed to determine the strength, direction and statistical significance of the relationships as shown in table below.

Correlation analysis is useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 up to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variable. If $r = 0$ there is no relationship between the variable and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between +1 and

0 or between 0 and -1, different scholars have proposed different interpretation with slight difference. For this study decision rule given by Bartz (1999) was used to describe the strength of association among the variables as follows.

Table 4- 8 Interpretation of r Value

Value of r	Description
0.80 or higher	Very High
0.60 to 0.80	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very Low

Source; Bartz (1999)

Depending on this assumption, all basic constructs were included into the correlation analysis. Figures with the symbol “***” indicate that each of the variables are significantly correlated with each other at a significance level of $p < 0.01$.

Table 4- 9 Pearson Correlation Analysis for Independent and Dependent Variables

		Correlations				
		EL	TD	OP	ELS	RB
EL	Pearson Correlation	1	.643**	.719**	.637**	.158
	Sig. (2-tailed)		.000	.000	.000	.053
	N	150	150	150	150	150
TD	Pearson Correlation	.643**	1	.680**	.687**	.300**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	150	150	150	150	150
OC	Pearson Correlation	.719**	.680**	1	.793**	.344**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
ELS	Pearson Correlation	.637**	.687**	.793**	1	.411**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	150	150	150	150	150
RB	Pearson Correlation	.158	.300**	.344**	.411**	1
	Sig. (2-tailed)	.053	.000	.000	.000	

N	150	150	150	150	150
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** . Correlation is significant at the 0.01 level (2-tailed).

As can be seen in the table above, training and development relatedness to loyalty of employees i.e. ($r=0.643$, $p<0.01$) there exist a strong positive and statistically significant relationship in between. It can be also observed that, employee loyalty has a strong positive and statistically significant relationship with open communication ($r=0.719$, $p<0.01$), and ethical leadership ($r=0.637$, $p<0.01$). Whereas, it can be observed that the relationship between reward and benefit and employee loyalty is very low and statistically insignificant; i.e. ($r=0.158$, $p=0.53$).

4.5 Regression Analysis

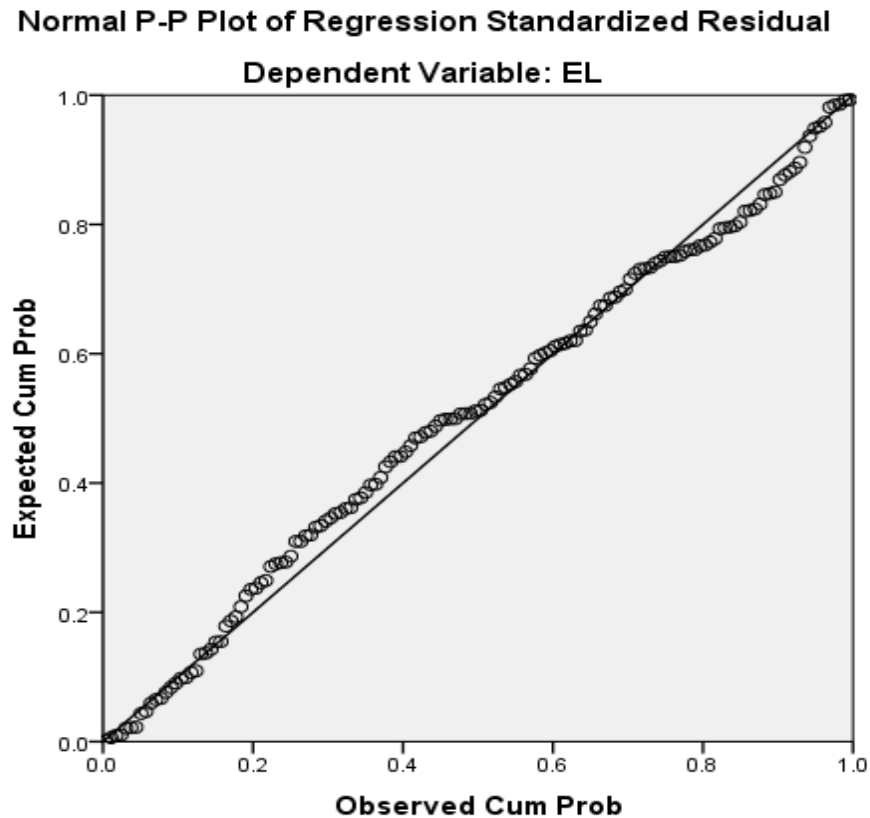
In very general terms, regression is concerned with describing and evaluating the relationship between a given variable and one or more other variables on which the given variable depends. More specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables.

Regression relies upon certain assumptions about the variables used in the analysis. When these assumptions are not met the results may not be trustworthy, resulting in a Type I or Type II error, or over- or under-estimation of significance or effect size(s). Therefore assumptions of normality, linearity, homoscedasticity and multicollinearity are conducted and discussed as follows.

Test for Normality

Regression assumes that variables have normal distributions. Non-normally distributed variables (highly skewed or kurtotic variables, or variables with substantial outliers) can distort relationships and significance tests. This test of normal distribution could be checked by using normal probability plot (NPP). The decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed. (Gujarati, D. 2004)

Figure 4: 1Graphical Test of Normality Assumption



Source: Own Computation Using SPSS 20

From the above figure, we can see that residuals of the model are approximately normally distributed, because the fitted line in the NPP is approximately a straight line.

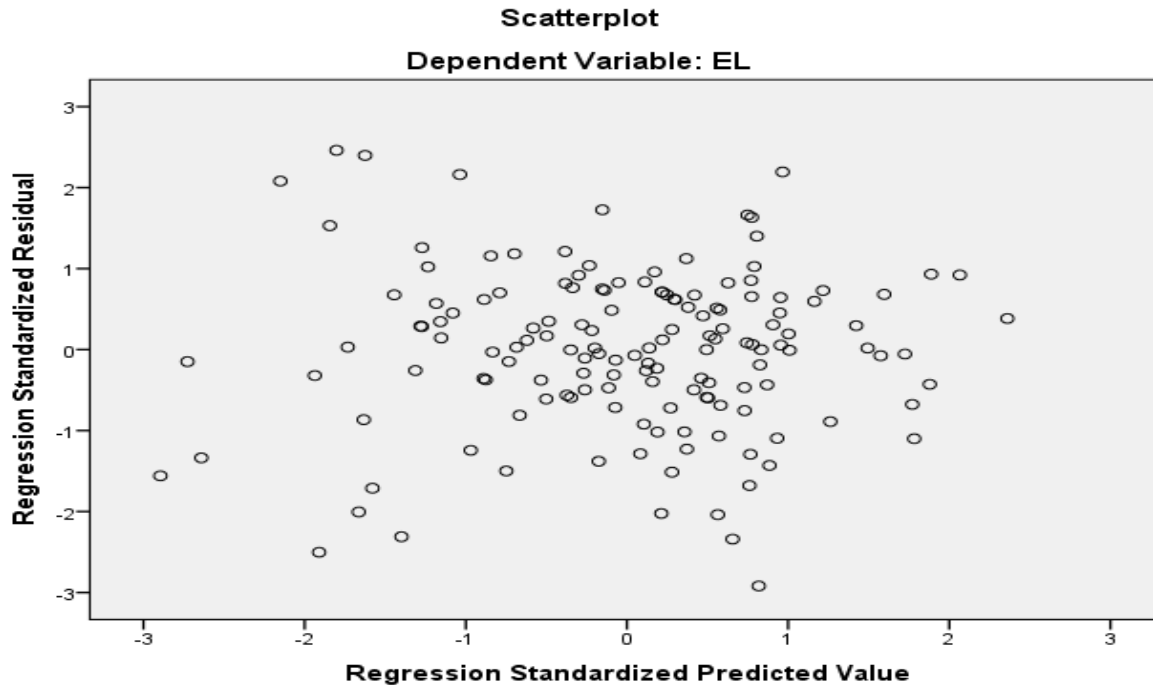
Test for Linearity

Standard multiple regression can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature. If the relationship between independent variables (IV) and the dependent variable (DV) is nonlinear, the results of the regression analysis will under-estimate the true relationship. This underestimation carries two risks: increased chance of a Type II error for that IV, and in the case of multiple regression, an increased risk of Type I errors (overestimation) for other IVs that share variance with that IV.

Scatter plot used to test the linearity of the relationship between dependent and independent variables. As shown in the figure below the points are not above +3 or -3 on the x and y axes.

Therefore we can conclude that there is linear relation between the dependent and independent variables.

Figure 4: 2Graphical Test of Linearity Assumption



Source: Own Computation Using SPSS 20

Test for Homoscedasticity

Homoscedasticity means that the variance of errors is the same across all levels of the IV. When the variance of errors differs at different values of the IV, heteroscedasticity is indicated. According to Berry and Feldman (1985) and Tabachnick and Fidell (1996) slight heteroscedasticity has little effect on significance tests; however, when heteroscedasticity is marked it can lead to serious distortion of findings and seriously weaken the analysis thus increasing the possibility of a Type I error. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value.

Ideally, residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution. Heteroscedasticity is indicated when the residuals are not evenly scattered.

As shown in the above figure the variation in the residuals is roughly similar. If the graph looks like a funnel shape, then it is likely that this assumption has been violated. Therefore we can conclude that there is no serious threat to the study since the graph looks like random array of dots for all independent variables against the dependent variable.

Test for Multicollinearity

Another assumption that must be met to undertake linear regression models is the assumption of multicollinearity. Multiple linear regressions assume that the independent variables are not highly correlated. If the independent variables are highly correlated may arise a problem of multicollinearity. Multicollinearity problem makes the significant variable insignificant by increasing its standard error.

So we can run correlation analysis using all independent variables or variable inflation factor (VIF) and tolerance collinearity statistics to diagnose the existence of multicollinearity. Variable inflation factor and tolerance were used in order to detect the existence of multicollinearity.

Table 4- 10 Test Result of Multicollinearity

Model		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	1.334	.169		7.875	.000		
1	TD	.202	.058	.270	3.466	.001	.479	2.089
	OC	.419	.080	.485	5.219	.000	.337	2.970
	ELS	.091	.070	.125	1.300	.196	.314	3.180
	RB	-.109	.046	-.141	-2.380	.019	.830	1.205

a. Dependent Variable: EL

Source: Own Computation Using SPSS 20

The decision rule is where VIF value is greater than 10 indicates the possible existence of multicollinearity problem. And for Tolerance value less than 0.1 shows the possible existence of multicollinearity problem. (Gujarati, D. 2004)

The above table showed that VIF values for all variables became less than 10 and the Tolerance value of all variables also became above 0.1 which indicates that this model is free from multi collinearity problem between the independent variables.

4.5.1 Results of Linear Regression Analysis

The linear regression analysis is the model includes explanatory variable (independent) and one explained variable (dependent), which was carried out to estimate the effect of factors (independent variables) on employees' loyalty (dependent variable).

In order to determine the effects of employees' loyalty factors on employee loyalty multiple linear regression analysis has been conducted between employee's loyalty (EL) as dependent variable against Training and Development (TD), Open Communication (OC), Ethical Leadership (ELS) and Reward and Benefit (RB) as independent variables. Under this include information about model summary, goodness fit of the model, and the quantity of variance that is explained by independent variable.

Table 4- 11 Model Summary

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.761 ^a	.579	.567	.42581	.579	49.858	4	145	.000

a. Predictors: (Constant), RB, TD, OP, ELS

b. Dependent Variable: EL

Table 4.11 presents a summary of the model in which the item of interest is the adjusted R² statistics, which is .579. This suggests predictor's accounts for 57.9% of the variation in employees' loyalty.

Table 4- 12ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.160	4	9.040	49.858	.000 ^b
	Residual	26.291	145	.181		
	Total	62.450	149			

a. Dependent Variable: EL

b. Predictors: (Constant), RB, TD, OP, ELS

Regression analysis was run in SPSS to test whether the model fits and see its goodness fit. The result shows the fact that the data fits the model and passed the Goodness fit as the p value is <0.05. Table 4.12 presents the analysis of variance (ANOVA) results. It is also known as model fit results. The results show that the F-statistics is 49.858% (p < 0.01). The results indicate that the model’s hypothesis that the model has power to predict employees’ loyalty significantly from the factors scores.

Table 4- 13Regression Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.334	.169		7.875	.000
	TD	.202	.058	.270	3.466	.001
	OC	.419	.080	.485	5.219	.000
	ELS	.091	.070	.125	1.300	.196
	RB	-.109	.046	-.141	-2.380	.019

a. Dependent Variable: EL

According to the above regression coefficient table 4.13, there is a significant positive relation between training and development and employee loyalty (B= .202, t= 3.466, p<0.05). This supports that training and development affects employee loyalty significantly. There is also a significant positive relation between open communication and employee loyalty (B= .419, t= 5.219, p<0.05). This supports that open communication affects employee loyalty. On the other

hand reward and benefit has a significant negative relation with employee loyalty ($B = -.109$, $t = -2.380$, $p < 0.05$). Whereas ethical leadership has insignificant relation with employee loyalty ($B = .091$, $t = 1.300$, $p > 0.05$). This implies that ethical leadership has not significant effect on employee loyalty.

The unstandardized coefficients B column shows the coefficients of the independent variables and constant. Thus, the linear model of this study is summarized below as:

$$EL = 1.334 + 0.202 TD + 0.419 OC - 0.109 RB$$

Where, EL= employee's loyalty, TD= training and development, OC= Open Communication, and RB= Reward and Benefit.

Thus, the largest influence on the employees' loyalty is the open communication practice factor, followed by training and development practice factor; whereas reward and benefit practice factor has the lowest and negative influence.

4.6 Discussion of Findings

The main objective of this study is to analyze factors affecting employee's loyalty in the case of FEACC through answering the posed research questions and testing the proposed research hypotheses. The study uses both primary and secondary data. The primary data collected through questionnaires and interviews from the employees of the FEACC were arranged and organized in the manner suitable for different analytical procedures.

Descriptive statistics were used to describe the employees' attitude about the current practice of the independent factors and the level of employee loyalty. The finding of the study shows that the mean value the independent factors are above the average except for reward and benefit factor which is 2.05. This indicate that in FEACC the current practices of training and development, open communication and ethical leadership is somewhat acceptable on average in retaining and keeping employees loyal to their organization. On the other hand the current practice of reward and benefit is below the average level and this might has an adverse effect in retaining and employees loyalty.

Even though the aggregate result of the three antecedents-training and development, open communication and ethical leadership-depicts that the practice perceived acceptable on average; some elements of the antecedents need proper attention in retaining and keeping employees loyal to their organization.

Overall the respondents agree about the existence of employees loyalty in their work environment and their mean response was found out to be 3.50 (SD=.0.6474) on a 5 point scale. Therefore, the existence of loyal employees in the organization is an opportunity in accomplishing its tasks through upgrading their performance.

The values generated in the correlation for training and development ($r=0.643$, $P<0.01$), open communication ($r= 0.719$, $p<0.01$) and ethical leadership ($r=0.637$, $p<0.01$) are significantly and positively correlated with employees' loyalty; whereas, reward and benefit ($r=0.158$, $p=0.53$) has very low and statistically insignificant relation with employees' loyalty.

Multiple regression model has used in investigating the effect of training and development, open communication, ethical leadership and reward and benefit on employees' loyalty. The result obtained from the model indicates that the independent variables training and development, and open communication have significant positive relation with the dependent variable. Whereas reward and benefit has significant negative relation with the dependent variable and ethical leadership insignificant positive relation with the dependent variable. This implies that as the training and development, and open communication increased by one point the employees' loyalty will increase by 0.202 and 0.419 respectively and as reward and benefit increased by one point the employees' loyalty decreased by 0.109.

Generally, the existence of appropriate and equitable training and development program in the organization has a significant positive effect on employees' loyalty. Similarly the study reveals the existence of open communication within the organization has a significant positive effect on employees' loyalty. Therefore, so as to retain and keep employees loyal to their organization FEACC have to give consideration in realizing appropriate and equitable training and development program and as well as open communication.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATION

5.1. INTRODUCTION

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objective of the study. The objective of this study was to assess factors affecting employee's loyalty in the case of FEACC.

5.2. Summary of Findings

This study was conducted in the Federal Ethics and Anti-Corruption Commission (FEACC) with the general objective of assesses factors affecting employee's loyalty in the case of FEACC. Questionnaire was the main source of data. These questionnaires are distributed for 150 employees of the FEACC. An interview was also conducted with the directors and team leaders of the FEACC.

The data were analyzed using descriptive and explanatory statistics, such as correlation and regression. The major findings were presented and summarized as follow.

The organization and individuals achieve performance and improvement through training. One of the main advantages of training and development is that it could enhance the skills base, equip workers with expertise and change the way that they worked. Training as a planned learning process aiming to improve the competency of trainees so as to positively change their behaviors and provide benefits to their organizations and other stakeholders. Employees are expected to have the necessary knowledge, experience and skills to do the desired actions that are properly placed, cross-trained to understand each other's roles as well as ready to use and share what they know.

Training and development shall be implemented in order to achieve the expected improvement and fill the gaps on the skills and knowledge of employees. In this regard FEACC has shortfalls in providing training and development equitably. This will result discontent among employees and consequently deteriorate employees' loyalty.

The values generated in the correlation for training and development ($r=0.643$, $P<0.01$) are significantly and positively correlated with employees loyalty. And the regression result which shows the relative contribution of training and development i.e. ($Beta=0.202$) with ($Sig. = .001$) makes the moderate contribution to explaining the dependent variable employees loyalty.

However to make it possible, Swart et al., (2005), it is the responsibility of the managers to identify the factors that hinders training program effectiveness and should take necessary measures to neutralize their effect on employee performance. In addition, Ahmad and Bakar (2003) concluded that high level of employee commitment is achieved if training achieves learning outcomes and improves the performance, both on individual and organizational level.

Open communication has correlation coefficient ($r= 0.719$, $p<0.01$) which show positive and significant relation with employees performance. And, when we see the regression result ($Beta=0.419$) with ($Sig. = 0.000$) which can infer that open communication has positive and significant effect on employees loyalty.

On the other hand reward and benefit practice has a correlation result ($r=0.158$, $p=0.053$) and regression result ($Beta= -0.109$) with ($Sig. = 0.019$) in which we can conclude that training evaluation has negative and significant relationship to explaining the dependent variable of employees loyalty. It can be observed from the result that the relationship between reward and benefit and employee loyalty is very low. The result obtained regarding reward and benefit contradicts with the realty. This might occur due to improperly address the questions raised in the study.

5.3. Conclusion

The primary objective of this study was to assess factors affecting employees' loyalty in case of FEACC. The study has been successful in accomplishing the research objectives. Thus, based on the finding of the study the following conclusions are drawn:

The result regarding respondent's perception about training and development practice in FEACC the aggregate mean and standard deviation value reveals that on average the respondents believed that the training and development practice conducted properly. However, regarding the existence of equitable access to a variety of learning opportunity in the organization the result reveals that 43.4% of the respondents are disagree and strongly disagree; while only 34.7% of the respondents support the existence of equitable access to a variety of learning opportunity in the organization. Based on the results of analysis, it is possible to generalize that there is a discrepancy among the employees how they consider the training and development practice in the organization. The interview made with the director and team leaders also indicated that even if there is training and development practice in the commission there is a gap in the implementation process. The training need assessment practice of the commission did not identify the gaps and conducted properly and this is may be due to the lack of HRM management to properly identify the performance gaps that should be filled with trainings.

Open communication between the employees and managers helps in building trust and cooperate in achieving the organizations goal. In regarding the respondent's perception about open communication practice in FEACC the aggregate mean and standard deviation value reveals that on average the respondents believed the existence of open communication in the commission. However when the respondents asked whether they have information about the reasons and rationale behind any key changes that happen within the organization only 34.6% of respondents confirm that they have information about the reason and rational of any change happened in the organization. Similarly the study result reveals that employees' opinions and suggestions have not considered in their organization's decision making process. Regarding to this, only 34% of the respondents perceive that their opinions and suggestions have considered in the organization's decision making process.

Ethical leadership is also a key factor in influencing employees' loyalty and retaining experienced employees in the organization. The study result indicates that the practice of ethical leadership in FEACC is on average in good position almost in all items specified in the study. On the other hand, the study reveals that the practice of reward and benefit in FEACC is below on average in all items included in the study. The aggregate mean and standard deviation value is 2.0597 and .83551 respectively. This indicates that most employees are not in agreement with

FEACC's reward and benefit practice. So, the management needs to review its reward and benefit practice so as to make the most use of its human capital by enhancing employees' loyalty level.

The findings of the study are very much in line with theoretical concepts discussed in this study. Researches exhibit that loyal employees are more efficient and effective, since emotional connection always stimulates employees to work effectively. They are also more likely to withstand temptations to leave the organization. Involved employees always perform better and also beneficial for the whole organization.

Employees' loyalty is a long term task and cannot be accomplished by one training program, no matter how good its quality is. Organizations can improve employees loyalty by giving due attention for open communication, ethical leadership, reward and benefit and as well as other factors which have direct influence on employees loyalty.

Organizations need to instill a sense of involvement, positive emotions about their work and a sense of community in their employees. Emphasis should be given to employee opinions and opportunities should be provided to them to be heard. Transparency from the senior leadership will also make the organization culture more open. It was observed from the data that working on each factor can increase employee loyalty according to their sensitivity.

In overall from the statistical analysis the researcher found that training and development, and open communication have a significant positive relationship with and as well as significant positive effect on employees' loyalty in FEACC. Thus, we can conclude that a positive change in training and development, and open communication practice can bring positive improvement on employees' loyalty. In this regard the commission has opportunity to get high level of employees' loyalty since they have better contribution.

5.4. Recommendation

Employees' loyalty is important for organizations since it can increase the performance of an organization, company's profits and reputation as well as improving the overall quality. Companies with loyal employees have a significant competitive advantage and a higher rate of survival compared to companies with less loyal employees. Loyal employees are assets to a

company, and their retention is key to its success. Since the long term success of any company depends heavily upon the quality and loyalty of its people, employers needs to be able to identify and retain loyal employees.

Therefore, in order to raise the level of employee loyalty FEACC must focuses on the critical factors which affect employee loyalty. Based on the finding and analysis of the study, the following recommendations are proposed.

- ✓ The commission should have an up to date records of those who took training several times from those who do not and never took any trainings to reduce the tendency of giving trainings repeatedly to the same employee and as well as to insure equitable access to a variety of learning opportunity among employees. Without enhancing the skill and competency of the employee equally, it is very difficult to meet the objectives of the commission.
- ✓ The commission places a system collecting feedback before and after the training program from each trainee and take action in accordance with the feedback in order to improve mistakes and increase employees' satisfaction. This will make the training and development practice to become fruitful, fill the knowledge gap and improve on job performance and as well as minimizes wastage of resources.
- ✓ The commission must give due attention and opportunity to participate and heard on issues so as ensure that employee opinions and suggestions have significant consideration and taken into account in the organization's decision making process.
- ✓ Open communication reinforces the importance of clear, consistent and continuous communication in building employee management trust, greater understanding, enhanced efficiency, and better performance. Hence, the commission should establish a regular basis open and honest communication to ensure smooth relationship between managers and employees that help employees stay productive and loyal to their organization.
- ✓ The commission must create an opportunity for employee to communicate their views and provide feedback on specific topics to their managers' freely not only top management when the issues become critical.

- ✓ The commission should pay competitive, reasonable and attractive payment in order to get and retain competent and motivated employee. Since from the study result reward and benefit is found to be the most factor which creates discontent among employees.
- ✓ Effective, fair and equitable reward administration should be put in place to help encourages, support and sustained improvement in work motivation that in turn contributes to the overall success of organizations. If rewards offered are not competitive, existing staff may also be tempted to leave the organization if they are aware that their reward system is uncompetitive. High staff turnover can lead to higher costs of recruitment and training of new staff. Losing existing employees may also mean that some of the organizations accumulated knowledge is lost forever and hence it leads to uneconomical cost.
- ✓ In general, the effectiveness of reasonable payment & benefits, and opportunity for promotion are directly affects employee motivation. Therefore, the proper implementation of all these aspects leads to high employee motivation because of without employee motivation organization cannot achieve its objectives.

5.5. Suggestion for Further Research

The study was limited to specific variables which have influence on employees' loyalty. The study recommends that future research to consider all independent factors which are not included in this research, since loyalty of employees affected by many factors. This might help to find out other unaddressed variables in this study but have significant effect on employees' loyalty.

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Annex

QUESTIONNAIRE

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF HUMAN RESOURCE

MA PROGRAM

Dear Respondents

I am currently a student of Addis Ababa School of Commerce, and I am doing my MBA research on “**Factors Affecting Employee Loyalty ’the case of Federal Ethics and Anti-Corruption Commission**”. This research is intended to obtain information on the factors that affect employee loyalty. It is important that you responds to all the statements in the questionnaire-please respond to all questions. In order to make the study more fruitful your response for the given question is necessary. All of your response to the given question would be used for the research and will be kept confidential.

N.B

- No need to write your name
- Please read each statement carefully and put a tick mark (√) in the corresponding boxes which closely reflects your point of view.

Section A. PERSONAL INFORMATION

1. Directorate _____

2. Position _____

3. Sex: Male Female

4. Age: 21- 30 31-40 41-50 51 and above

5. Marital Status

Single

Married

Divorced/Separated

6. Educational Background

Certificate Diploma Degree Post graduate & above

7. Years of experience in your current organization

Less than 2 years 2 to 5 years 6 to 10 years More than 10 years

Section B. Employees Loyalty Factors Questions

No.	I. Questions for Dependent variable (Loyalty)					
	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I know what is expected of me at work.					
2	I have the materials and equipment I need to do my work right.					
3	At work, I have the opportunity to do what I do best every day.					
4	In the last seven days, I received recognition or praise for doing good work.					
5	My supervisor, or someone at work, seems to care about me as a person					
6	There is someone at work who encourages my development.					
7	At work my opinions seem to count.					
8	The mission/purpose of my company makes me feel my job is important.					
9	My associates (fellow employees) committed to doing quality work.					

10	I have a best friend at work					
11	In the last six months, someone at work talked to me about my progress.					
12	In the last year, I had opportunities at work to learn and grow.					
C. Question for Independent Variables						
	I. Training and Development					
1	The organization provides training for enriching the skills of employees.					
2	The organization believes proper training improves the productivity of the company and employees.					
3	There is equitable access to a variety of learning opportunities in the company.					
4	Does the Induction Training is a well planned exercise in the organization?					
5	Training program helped to increase the productivity of both quality and quantity? a) Strongly Agree					
6	Have you get the training content relevant to achieving your personal needs, goals and self-development?					
7	Do you agree that training and development at FEACC would contribute to achieving effectiveness and efficiency of goals?					
	II. Open Communication					
1	My Supervisor can be convinced and persuaded.					
2	My supervisor provides me regular information about the organization's					

	vision and mission.					
3	I get the opportunity to mix with my colleagues and to communicate on aspects of our work.					
4	Communication and information flow between the departments is satisfactory.					
5	Employees share experiences to help each other.					
6	I get to find out the reasons and rational behind any key changes that happen within the organizations.					
7	Employee opinions and suggestions are significant consideration in the organization's decision making process.					
8	I have access to the information; I need to do my job well.					
9	I have good understanding of the organization's goals and objectives					
10	If asked, I could clearly explain the vision for this organization.					
11	I have clear understanding of the organization's directions					
III. Ethical Leadership						
1	I see strong evidence of effective leadership from my department leader					
2	My department leader is open and honest in communication					
3	My department leader cares about what is on employees minds					
4	I trust the directors/senior Management to deliver that vision and the goals of the					

	organization.					
5	I trust the department leader to appropriately balance employee interest with those of the organization.					
6	My department leader is appropriately visible and accessible to employees					
7	My department leader acts in ways to inspire a strong commitment to our goals					
8	I see strong evidence of effective leadership from my department leader					
9	My department leader acts with integrity					
10	My department leader fills me with excitement for the future of this organization					
11	I understand the mission/purpose of my department					
12	My department leader helps me to see how changes made today will affect the organization in the future					
IV. Reward & Benefit						
1	My salary is satisfactory in relation to what I do					
2	I earn the same as other people in a similar job					
3	The basis of payment, for example overtime payment, is reasonable.					
4	The allowances I receive are adequate					
5	My medical scheme is satisfactory					
6	I never have problems with my arrangements for leave					

7	My performance has significant and direct impact on my pay					
8	I am paid fairly for the contribution I make to the organization's success.					
9	My pay matches my job performance					
10	I feel I am adequately compared to my colleagues at other organization.					
11	The way this organizations rewards people helps produce the results we want					
12	My salary and benefits package meet my and my family's needs well					
13	My pay is fair for my responsibilities.					
14	I am satisfied with the organization's over all benefits package					
15	I feel that I am fairly paid in comparison to similar people in similar roles outside this organization.					

Thank You

Interview Questions

Category One is all about the participants personal opinion to loyalty, category two had questions about employees perception in the eye of management and the third category is all about the organization responsibility to improve employee loyalty.

Category	Questions
1	Tell me something about your Job profile.
	What things attract you to perform better in your workplace?
	Why would you like to perform better in your workplace?
	State two reasons why you continue to work at the FEACC?
2	State at least three critical things you wish the FEACC offered to its employees to provide a better working situation?
	Since you are pretty much experienced in this field, can you tell me what kind of expectations do employees have this days?
	How do you rate the level of employee loyalty in FEACC?
3	Anything that you would like to recommend to the management so that employee can be motivated more to work?
	Anything else that you would like to share that can act as an input to my research?