**FACTORS AFFECTING EMPLOYEE LOYALTY AT MOBILY**

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**ABSTRACT**

*Mobily Telecom Company is the second-largest telecom company in Saudi Arabia. Mobily is the brand name used by the company for the services it provides to its customers. The telecommunication industry is growing and a large number of competitors are entering the market. So it is becoming of crucial importance for the company that it must develop-strategies for retaining the best and professional employees so that the company can obtain a sustainable competitive advantage in the industry. The dependent variable in the study is employee loyalty and the independent variables are Human Relations, Personal development, human resource practices, and competencies. A primary research approach is used for collecting data, and a quantitative research approach is used for collecting data from 100 employees. The results of the study show that there is no impact of competencies, human relations, and personal development on employee loyalty with the organization, and only human resource management practices have a direct impact on employee loyalty.*

**Keywords:** Employee loyalty, Employee retention, Personal development, HR practices.

**INTRODUCTION**

Cite references in the text by name and year in parentheses.

1. The short references within the text are given wholly or partly in round brackets.

2. Use only the surname of the author followed by a comma and the year of publication. Include page, chapter, or section numbers if you need to be specific. The abbreviation for the page is p. and the abbreviation for pages is pp.

3. No distinction is made between books, journal articles, internet documents, or other formats except for electronic documents that do not provide page numbers. In this instance, use the paragraph number, if available, with the abbreviation para.

4. Citations in the text can either be placed at the end of a sentence in parentheses (brackets) or the author's name may be included in the text, and just the date and additional information placed within the brackets.

**e.g.** **Book:** (Kline, 2000, pp. 26-27), **Journal and conference article:** (Foo & Kelso, 2001, p. 222) or Foo and Kelso (2001) showed….., (Foo et al., 2001, p. 222), **Others:**  (see Munro, 1999, para. 12), **More than one work cited:** (Haddon, 1999; Larsen, 1991).

In today’s organizations, there is a great need of implementing new, effective, and efficient resources so that these organizations can increase their output while reducing the cost of the business. The most common resource being held by the organizations is the human resource and in today’s competitive environment the organizations have to strongly focus on retaining the best employees with the company. The increasing competition in the market led the companies to develop strategies for increasing employee loyalty and to retain the best employees in the company.

Employee feedback and ideas are an invaluable resource to help to understand the current dynamics of the workplace and also identify training requirements or learning activities (Haider et al., 2018; Moghaddam and Dehkhodania, 2019). The basic purpose of this study is to determine factors affecting employee loyalty in organizations. Loyal employees are considered as the assets of the company as they ensure a low turnover rate for the company (Baghaei et al., 2020). Retaining employees is one of the crucial issues faced by the organization of the world because the cost of recruiting new employees is very high. Some of the studies have indicated the direct link between employee loyalty and organizational performance (Chen et al. 2002; Salanova et al., 2005; Yee et al., 2010). Organizations can achieve a competitive position in the market based on these loyal employees (Mohsein et al., 2019).

The purpose of this study is conducted to evaluate the factors that have a significant impact on the loyalty of employees of Mobily telecom. Also, the research findings for the study are highly applicable to organizations not only working in the telecom industry but also to the various large scale and small scale organizations to improve the loyalty of employees.

# *Literature Review*

Hiring an employee is only the first step. Building awareness of the importance of employees is a separate issue. Retention is essential, and hiring is not an easy process. The HR manager shortlists few individuals from a large pool of talent, conducts preliminary interviews, and eventually forwards it to the respective line managers who further grill them to judge whether they are fit for the organization or not. Recruiting the right candidate is a time consuming and costly process.

Also, costs associated with employee turnover can include lost customers and business as well as damaged morale. Also, there are costs incurred in screening, verifying credentials and references, interviewing, hiring, and training a new employee.

Many theories have been developed on this subject, like Herzberg's theory, affect theory, dispositional approach, equity theory, and job characteristics model. A brief study of these theories shows that the most common and the most powerful three factors that affect employee retention are: human relations, personal development, and competencies.

The first employee retention factor we examine in this research is relationships between employees and management, and these relationships are of substantial value in any workplace, Human relations in the workplace are a major part of what makes a business work. Employees must frequently work together on projects, communicate ideas, and provide motivation to get things done. Without a stable and inviting workplace culture, difficult challenges can arise both in the logistics of managing employees and in the bottom line, the quality of workplace relations is critical to employee retention (Smith and Stone, 1992).

The second employee retention factor is personal development, Empowering employees in their development plans is a way to demonstrate the firm interest in their professional development (Bhatti and Qureshi, 2007).  Employees recognize this investment in them by the company – and most respond positively. This supplies a significant boost to company morale, and it also strengthens the psychological contract that exists between the employer and the employee (Thornton, 2000).

The Third employee retention factor is employee competencies, Making a competency framework will determine the set of skills, knowledge, abilities, and capabilities that a candidate should have for him to be qualified for the position and meet the set expectations. The process of hiring and selection does not stop once you have selected the qualified candidates but should as well include a clear discussion on the employee’s specific roles and contributions to help in accomplishing the goals of the organization (Munir, 2002). Structuring a competency framework helps in making the recruitment process easier and faster (Ashraf et al., 2008).

parts in which the first part is related to the fact that the employees would be able to give their best performance in the organization, and the next step is to keep these employees for a longer time in the organization. It has also been proposed by the researchers that the employees with higher loyalty behave as advocates for the organization and they play an important role in attracting customers and to offer the products and services of the company to the customers in the best possible way.

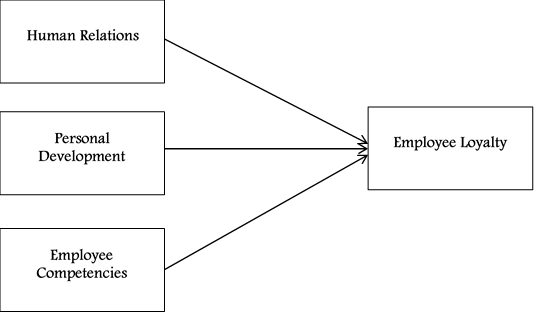
Employee loyalty is important for the organizations because it helps the organizations to save their cost of recruitment and selection of employees as well as helps the Organization to save their cost of employee turnover. Also, costs associated with employee turnover can include lost customers and business as well as damaged morale. There are costs incurred in screening, verifying credentials and references, interviewing, hiring, and training a new employee ([Guthrie, 2001](#_ENREF_7)). The direct and indirect costs associated with employee turnover can range between 70 and 200 percent of salary.

# MATERIALS AND METHODS

A large number of research studies have been conducted for studying employee loyalty and it can be stated that various theories including Herzberg theory, affect theory, dispositional approach, equity theory, and job characteristics model. A brief study of these theories shows that the most common and the most powerful three factors that affect employee retention are: human relations, personal development, and competencies **(Table 1, Figure 1).**

Considering Eq. 1 as follows:

|  |  |
| --- | --- |
|  | (1) |



**Figure 1.** Dependent and independent variables

*Validity*

The validity of internal consistency of the questionnaire was tested using person correlation coefficient between the score of each item in the questionnaire and the total score of all items in scale tables below show the result of the correlation of all items with the scale and from looking

at the table (1) for the relationship between management and employees scale, it’s clear that all items have a significant correlation with the total score, except the item “The company clearly communicates its goals and strategies to me”. Moreover, in the table (2) all items have internal consistency with the total score except five items.

**Table 1.** Correlation of items with a total score of the Relationship between management and employees scale.

|  |  |
| --- | --- |
| Factor Analysis | |
| Items | Relationship between management and employees |
| The company clearly communicates its goals and strategies to me. | 0.052 |
| I receive adequate opportunity to interact with other employees on a formal level. | .571\*\* |
| I have a clear path for career advancement. | .655\*\* |
| My job requirements are clear. | .531\*\* |

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

**Table 2.** Correlation of items with a total score of the employee competency scale.

|  |  |
| --- | --- |
| The validity of employee competency scale items | |
| Items | **employee competency** |
| Business acumen | 0.07 |
| Emotional stability | .438\*\* |
| Interaction with others | .217\* |
| Problem-solving | .301\*\* |
| Use of software tools | 0.14 |
| Work ethic | .660\*\* |
| Self-Management | .242\* |
| Analytical Thinking | .357\*\* |
| Knowledge of a second language | 0.151 |
| Results Orientation | 0.072 |
| Initiative | .480\*\* |
| Flexibility | .216\* |
| Personal Credibility | .209\* |
| Self Confidence | 0.17 |
| Thoroughness | .598\*\* |
| Entrepreneurial Orientation | .318\*\* |
| Fostering Innovation | .351\*\* |

A total number of 100 respondents will be included in the study and these employees are selected from the managerial and non-managerial levels. The survey questionnaires and the self-designed questionnaires are used to collect data from these respondents of Mobily Telecom. The dependent variable in the study is employee loyalty and the independent variable is personal development, human relations, and competencies of employees. The collected data is analyzed through quantitative techniques such as the reliability and the validity of data is checked by applying Chronbach Alpha technique.

# RESULTS AND DISCUSSION

The collected data is analyzed by using the SPSS approach and for ensuring the reliability and validity of the data, both the face validity and the content validity are tested. The validity of the dependent and independent variables of the study is tested by identifying the correlation between the variables. And the results of the Chronbach Alpha test shows that data for human relations and competency is nit reliable because the reliability for the Relationship between management and employees factors are negative (-0.217), and for the competency variable, the Cronbach’s alpha is (0.33) which is considered very low compared to the recommended value (0.7).

The first question of the research study shows that if the employees have spent greater years in the company, they have a higher level of loyalty with the company, similarly, these employees loyalty is also checked through the human relations and the results of the study shows that there are no impact of human relationships on employee retention, as the value of the model is not significant. Similarly, the scatterplot of the linearity relationship between the dependent and independent variables is developed and it’s clear from the graph that there is no linear relationship due to the dependent variable experience is not a normal variable.

Furthermore, the impact of personal development on employee retention is studied and it is represented by the satisfaction about the position the employee at currently is and also the opportunities provided to employees for their personal development. The scatterplot of the linear relationship between the dependent and independent variables shows that there is no linear relationship due to the dependent variable experience is not a normal variable.

The impact of competency on employee retention also shows that there is no relationship between the competency level of employees and their retention in the organization. A chi-square test is implemented to check the relationship between human resource management practices and employee retention. The results of the study show that there is a significant association between human resource management practices and employee retention.

Hence, the results of the study show that all the other variables except for human resource management practices have no impact on the retention of employees. If the organizations implement human resource management practices effectively and adequately in the organizations, the organizations will enjoy the long term loyalty of employees, as well as there is a reduced turnover of employees. So, it can be stated that employee retention and loyalty are greatly dependent on the human resource management practices of the company.

The hypothesis for the research study is developed to evaluate the impact of independent variables on the dependent variable. The hypothesis is true for only one research finding, which states that only human resource practices have a greater impact on employee loyalty and retention within the organization. For other variables, the hypothesis does not hold.

Chronbach Alpha is used to check the validity and reliability of data, then a good fit model is used to study the relationship between the variables, linearity assumptions are used and a scatter plot diagram is used for testing the hypothesis. Independence of residuals are checked and also the normality assumptions are applied in this study.

The literature review for this study has used various theories and concepts to evaluate the impact of independent variables on dependent variables. Although these theories have presented a piece of extensive information regarding these variables. But, these theories have not discussed the changing perceptions of millennials that how the organizations can maintain the loyalty of these employees.

There are certain implications for managers because it would be difficult for them to create a satisfaction level for every employee at an individual level and also they have to face various challenges for developing HR policies while considering the benefits of the organization and for the employees at the same time.

# CONCLUSION

The company is under the ownership of Etisalat which is a UAE-based company. The research study is conducted on investigating the impact of various variables and factors on customer loyalty and retention. At first, the impact of human relations on employee retention is discussed and it is stated that workplace relations have a greater impact on the employee’s loyalty as it can be seen that if the employees get a chance to work together in teams. They have a chance to participate in the decision making of the organization as well as they can openly communicate their ideas and opinions with their colleagues. They will be able to work with greater flexibility while working in the organization. These employees have greater loyalty to the organization.

Also, the impact of personal development on employee retention is studied and the research studies show that if the employees are given opportunities for personality development such as training and development, these employees have greater loyalty to the organization. By getting various opportunities for personal development, the employees will be able to increase their technical skills, knowledge, and abilities and it will result in greater employee loyalty. The literature for the impact of competencies on employee retention states that personal development and the competency of employees are interrelated to each other.

# *Limitations and Dimensions for Future Research*

The study has a limited scope and it has only taken into consideration the telecom sector, while the other industries are not considered. Also, the research study does not include and discuss the various generation of employees, as the needs of the employees vary according to their age group. Moreover, the indicators of loyalty are not mentioned, based on which Mobily measures the loyalty of its employees. For future research, it is suggested that the study should be conducted by keeping in view the other industries, as all these industries have a different setup and the employees have different demands. Moreover, it is suggested that in the future, the employee’s loyalty and retention should be measured by considering their generation.

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