

# THE FACTORS AFFECTING EMPLOYEE'S SATISFACTION AND LOYALTY: AN EVIDENCE FROM PEOPLE'S COMMITTEE OF BINH TAN DISTRICT, HO CHI MINH CITY, VIETNAM

# **THESIS**

# FOR THE GRADUATION OF MASTER PROGRAMME OF PUBLIC ADMINISTRATION

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# UNIVERSITY OF TAMPERE

School of Management THE FACTORS AFFECTING EMPLOYEE'S SATISFACTION AND LOYALTY:

AN EVIDENCE FROM THE PEOPLE'S COMMITTEE OF BINH TAN DISTRICT, HO CHI MINH CITY, VIETNAM

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# **DECLARATION**

I would like to declare that this thesis "The factors affecting employees' satisfaction and loyalty: An evidence from the People's Committee of Binh Tan District, Ho Chi Minh City, Vietnam" is my own research work. The whole content of this research was written in English and was completed by myself under the supervision of Professor Jari Stenvall. In addition, the survey data, research results in this thesis are true and has not been published in any other documents.

Your sincerely,

Nguyen Thi Ngoc Diem

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#### **ABSTRACT**

Employees are seen as a valuable resource that can contribute in various ways to an organization's activities. In order to prevent the phenomenon of "brain-drain" from the public sectors to other sectors and have a stable human resource, the organization needs to make employees feel satisfied in work and want to have a strong attachment to the organization for a long time by their loyalty. The aim of the study is to explore the factors that affecting the job satisfaction of employees in the People Committee of Binh Tan District, Ho Chi Minh City, Vietnam; to examine the relationship between employees' satisfaction and loyalty; and to provide solutions to improve the degree of satisfaction and loyalty for employees in this organization. The research model includes six variables, including four independent variables (empowerment, salary and rewards, training, and career advancement opportunities), one dependent variable (loyalty) and one intermediate variable (satisfaction). These variables corresponds with five hypotheses. The research is conducted on 170 staffs who are working at People's Committee of Binh Tan District through a survey by the questionnaires. Amos 20 was used to test the model, and then, the author ran Amos 20 for CFA and SEM with purpose of enhancing the value of the model, analyzed the data and brought out the results for this study. The results indicated a remarkably positive correlation between satisfaction with salary and rewards as well as a positive relation was also illustrated between the satisfaction with training and empowerment. However, career advancement opportunities has shown an insignificant relation with satisfaction in this organization. Apart from that, implications for management and policy markers in the context of personnel source in People's Committee of Binh Tan District in particular and the Vietnamese local governments in general are discussed in this study.

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# LIST OF ABBRIVIATION

BT	Binh Tan
CAR	Career advancement opportunities
EM	Empowerment
LO	Loyalty
SA	Satisfaction
SR	Salary and rewards
TR	Training
VND	Vietnam Dong

# I. INTRODUCTION

# 1.1 Background of research

Currently, Vietnam has 11,162 commune-level administrative units, including 1,567 wards, 597 towns and 9,064 communes (Viet, 2015). These agencies can be seen as means connecting between state governmental systems with the citizens, implementing state managerial activities in the fields of the economy, culture, society, security order, social safety in the local in accordance with decentralized authority, ensuring policies and guidelines of the Party, the law of State which are implemented in life. Thus, it is said that the governmental levels of commune, ward and town play a very important position in the political-administrative system. Moreover, with total over 222,735 civil servants and 317,766 non-professional staffs in Vietnam at present (Viet, 2015), these figures indicates that these are the people who directly implement and put policies, guidelines, resolutions of the Party, policies and laws of State to the people, simultaneously, propagandizing, campaigning and organizing people to perform. In other words, employee source has a crucial role in orienting services for people, building and perfecting the machinery of governments at the grassroots level as well as in operating and carrying out duties (Viet, 2015).

In recent years, an undeniable fact is job satisfaction is going to one of the critical topics which both public and private sectors have to pay much more attention than the previous period. It is shown by the Social Science Citation Index, in a period of nine years from 1993 to 2002, there had approximately 2,615 scientific journals were published concerning about job satisfaction (Steijn, 2004). Employee's satisfaction can be understood as the viewpoint and thinking of employees about their job and the behaviours they have toward different aspects or facets of their job (Spector, 1997). Based on the degree of employee's satisfaction, organizations can predict the performance as well as loyalty of their employee. With high satisfaction, they would have more motivation and contribute to the organization's success, leading to high loyalty. Petty, Brewer & Brown (2005) (as cited in Locke, 1976; Soler, 1998) pointed out that workers could give up their jobs, seek new jobs or alter occupations if the degree of job satisfaction is low. It is found as the main cause of leaving off work is that employees feel unsatisfied with salary and reward system, training, empowerment, or lack of career advancement opportunities. This leads to a shortage of human resource in organizations, particularly in government agencies. Thus, increasing the satisfaction level of employee's is becoming an issue which numerous organizations want to understand, especially in public sectors.

Regarding the salary issue in Vietnam, there are many viewpoints, perceptions, understanding without unify on it at present. However, according to Article 90, Law number 10/2012/QH13 of Labour Code of the Socialist Republic of Vietnam in 2012 (amended) affirmed that the salary is the amount that the bosses pay for their workers to do their work under the agreement. Salaries consist of wages based on duty or job title, salary allowances and other additional payments. Besides, "salaries must be regarded as the price of labor, formed according to the market mechanism that has the management of the State" (Political Report of the 10th Party Central Committee at the 11th National Congress, 2011, p.213).

The fact is that in the past years, the minimum wage has increased in accordance with the plan route. Basically, according to the scheme of wage reform policy in a period of 2008-2012, the Vietnamese Government has made the adjustment of the minimum wage increase as follow: year 2008 increased from 450,000 Vietnam Dong (VND) to 540,000 VND/month (up 20%); year 2009 raised to 650,000 VND/month (up 20.37%); year 2010 adjusted to 730,000 VND/month (up 12.3%), year 2011 increased to 830,000 VND/month (up 13.7%), and year 2012 raised to 1,050 VND/month (up 25%) (Chuong, 2015) (see Table 1 below).

Table 1 Summary of wage increase process (2008-2012)

Year	Increase the minimum wage/month	The percentage increase
	(VND)	(%)
2008	540,000	20
2009	650,000	20.37
2010	730,000	12.3
2011	830,000	13.7
2012	1,050,000	25

(Source: Chuong, 2015)

Moreover, in July 2015, the minimum wage increased to 1,150,000 VND, and then, in January 2015, the wage is added up 8% of their current salary of officials and public servants who have wage coefficient of 2.34 or less (Truong, 2016). From the above statistical table, we can see that the minimum wage had adjusted pursuant to the economic growth rate, consumer price index and the ability of the state budget. In addition, based on current actual living standards, the

minimum salary is not enough for a worker can survive in a month, particularly in Ha Noi and Ho Chi Minh cities. For example, a student has just graduated receiving the salary with coefficient of 2.34. It equivalents approximately 2.5 million VND. Hence, a question is put forth that how can they satisfied with their job and create products which have a high quality if they only base on this amount (Linh, 2015). It means that although the salary policy in Vietnam has reformed, but it has not created enough satisfaction for employees (Phuong Ly, 2016).

Besides, according to Le Hai Mo, Deputy Director of Institute of Strategic and Financial Policy said that although the wage of civil servants have improved, but in reality only met 60% minimum spending demand for employees, not yet includes the expenses for their families (Chuong, 2015). Similarly, Thang Van Phuc, former Deputy Minister of Home Affairs asserted that the salary of state employees is the lowest in comparison with others subjects who also receive salaries from the state budget, even cannot compared to private sectors or foreign investment areas (Lam, 2015). Thus, "salary is not enough to live" has become a popular sentence in the present context. Obviously, salaries did not keep pace with consumer price levels. According to Le Kien, a cadre of the Research Institute in Hanoi stated that: "salaries increase like the speed of turtles while prices rise like the speed of rabbits" (Chuong, 2015). It has obstructed creativeness, limited the enthusiasm of civil servants who want to work in the public sector, and this is difficult to attract the talents. Moreover, a low wage will lead to a situation is that public servants do not have a strong attachment to the State organizations. As a result, workers tend to leave the public sectors to work for the non-state sectors where have high wages (Phuong Ly, 2016). Apart from that, at Management Board of high-tech Zone in Ho Chi Minh City, many officers have quitted the job. Among them, there are a lot of people who have the level from Master degree upwards. In particular, the majority of them are assessed as the people having experiences, specialist knowledge and high ability. One explanation for this problem is due to the low wage regime (Chien, 2014). This issue is also illustrated by a study of Brown, Gardner, Oswald and Qian (2007). These researchers pointed out that the degree of salary minimally affected on job satisfaction of employees and workers in more than 800 institutions.

The next issue is the reward. In Vietnam, the reward is one of the important management tools of the state. Moreover, it is a vital element in the implementing process of the policies and guidelines of the Party, the law of the State, political tasks of local units. Concurrently, it is the basic measurement to assess the job results, efforts, achievements, the operational process and contributions of collectives and individuals (Nam, 2015). The reward is found as the factor that has a positive effect on employees' satisfaction in several studies. A survey is done in 2010 by World

Bank towards 460 public employees at Ministry of Agriculture and Rural Development in Nam Dinh and Hoa Binh provinces. The result shown that 70.8% female and 39.6% male intended to quit their job. Besides, the survey also found that public sectors in these provinces have not got encouraged regimes, rewards and development (Chuong, 2014). Another example is noted that from the evening of December 8th to the morning of December 9th, nearly 3000 workers of Binh An company has given up their job to protest the company's leaders for suddenly reduced their wages unreasonably. According to their reflection, the salary of the eleventh month of each employee is cut down 400-500 VND without any announcements in advance. It is calculated that each person is deducted 20% from a salary. Additionally, the company also abruptly cut the reward for A-graded workers. This reward corresponds with 10% of the salary. From these evidences, in the condition of a developing country as Vietnam, salary and rewards are still vital factors affecting job satisfaction of employees (Tran Kim Dung, 2005; Pham Van Manh, 2012).

In addition, if an organization has a few chances for career advancement, employees will leave this organization to move to another organization that has better prospects in the future. Besides, according to the research of Phillips (1997), the organization does not provide factors such as empowerment as well as training opportunities to develop new skills for employees, they will have abilities to express negative feelings and attitudes towards the organization where they are working. This will lead to a close-knit level of employees to the organization lower, at the same time, the intention to leave the organization bigger (Ngoi, 2016). Practically, there are a large number of researchers who find and analyze the factors influencing the satisfaction of employees in work and raising employees' loyalty toward the organization. In particular, the factors as empowerment, training and career advancement opportunities have positive influences on the satisfaction of employees (Jun, Cai & Shin, 2006; Turkyilmaz, Akman, Ozkan & Pastuszak, 2011; Ellickson & Logsdon, 2002). Lastly, the correlation between satisfaction and loyalty of employees has attracted attention of many nations throughout the world because of its influence and importance presently. Other studies also found that the satisfaction of workers has a positive influence on job performance (Saari & Judge, 2004), and loyalty towards the institution (Luddy, 2005).

# 1.2 Statement of problem

Nowadays, the phenomenon of "brain-drain" has occurred from the public sector to the private sector. In reality, there are numerous evidences to demonstrate this thing. To begin with, a survey was conducted in 2008 by Careerbuilder, is a leading job website worldwide, has indicated that dissatisfaction is increasing in the worker circle: every four people, a person is depressed with

his job, and the number of dispirited people average increase of twenty percent in two years recently. Moreover, six out of every ten respondents intended to quit the current job in order to move to other companies in the two-year period. Furthermore, this phenomenon has also occurred in some nations which belong to the Southeast Asian area such as Thailand and Vietnam. In Thailand, nearly 4,000 public servants have resigned in a period of two years from 1992 to 1994, and there were nearly half them who have worked in some main fields as the science, technology, and health care (Pornrat Sadangharn, 2010).

In Vietnam, basing on the statistics of Ministry of Home Affairs and Ministry of Labour, War invalids and Social Affairs, within four years (2003-2007), there have been more than 16,000 civil servants and officials in the central, provincial and local levels all over the country were resigned. Nearly 2/3 of these cases concentrated in the important urban centers such as Hanoi and Ho Chi Minh cities. The majority of officials in public sectors resigned to transfer to work in the private sectors, non-governmental organizations or foreign companies. The special thing is that most of them worked in People's Committee (The statistical data of Ministry of Home Affairs; Ministry of Labour, War invalids and Social Affairs in Vietnam). In the above time, Ho Chi Minh City has more than 1,000 public servants and officials that have resigned per year on average. Many of them were high-ranking managers in the departments of the city (Chien, 2014). Furthermore, based on the statistical data of the Department of Home Affairs in Ho Chi Minh City, in recent years, there were more than 6,400 civil servants have resigned (especially in state managerial sector, including civil servants of wards about 700 people), accounted for 6.15% of the total of civil servants of Ho Chi Minh City (Phuc & Chi). Among them, civil servants of category A (those who have degree from the university level upwards) occupied the percentage of 42.9% (Phuc & Chi). According to Le, Head of Division of organization-administration said that in total number of 214 staffs, 14 officers were off work and 6 officers moved to other bodies (Phuc & Chi). Like any other public organizations, the same situation also occurred in People's Committee of Binh Tan District. This is one of the local governments in Ho Chi Minh City, Vietnam. The annual report of Home Affairs Committee Division of People's Committee of Binh Tan District indicated that there was a considerable reduction in the number of employees at this organization over a period of two years between 2012 and 2014. Evidently, the total staffs in the organization decreased from 275 people in 2012 to 250 people in 2014.

In fact, there are various reasons that make employees want to leave off work. The reasons are that most public sectors usually lack of empowerment, do not attach special important to training and career advancement opportunities, or the salary and rewards do not meet the basic

needs of staffs nowadays. These viewpoints are mentioned in the above part. Apart from that, some employees considered that local government agencies are seen as the environments to accumulate experience, not the places to contribute or devote their life. In other words, they feel unsatisfied to work, and thus, they lack of enthusiasm in work, hence, they are willing to leave off work when they have more advantageous conditions or get better opportunities. In reality, many domestic and foreign studies indicated that the organizations need to create satisfaction for employees in work. As Hellriegel & Slocum (2004) noted that a person with high satisfaction will have a positive behaviour towards work. Conversely, low satisfaction is the cause of leaving the job, absence, delays and even decrease the working spirit. Likewise, lacking in job satisfaction leads to loyal failure, committed insufficiency, reduction in faith toward to the organization, and thus leading to search for new jobs (Reed, Kratchman and Strawser, 1994). From these viewpoints, we can see that the shortage of personnel resource is a worrying problem in public sectors. Because the departure of mass of staffs will create gaps in work and it is very hard to offset these spaces. From these points, the question of great interest is that how to retain and stabilize the employee resource for the organization.

Through the above-mentioned analysis, employee satisfaction is one of the key factors which the organizations in the public sector are interested in the personnel field, especially in the local government system. Practically, there are a few researches about the satisfaction of employees in governmental agencies in Vietnam as well as in a specific organization such as People's Committee of Binh Tan District. To fulfill the gap, the author has chosen the topic: "The factors affecting employees' satisfaction and loyalty: an evidence from People's Committee of Binh Tan District, Ho Chi Minh City, Vietnam".

# 1.3 Research objectives

The aims of this study are mentioned as below:

- 1. To examine the factors affecting employees' satisfaction in work in the People's Committee of Binh Tan District, Ho Chi Minh City, Vietnam, including empowerment, salary and rewards, training, career advancement opportunities.
  - 2. To examine the correlation between employees' satisfaction and the loyalty of employees.
- 3. To offer some necessary and suitable solutions to increase the level of satisfaction and loyalty for employees with the main aim is to attract and retain high-quality employees in order to serve the organization and improve its human resource management.

# 1.4 Research Methodology and Research Scope

A qualitative study and a main survey are two key steps of this study. This research is implemented in People's Committee of Binh Tan District, a new district of Ho Chi Minh City. This research uses a questionnaire to collect data which was originally developed in English and has been translated into Vietnamese. It has also been modified by the qualitative test. The aim of the qualitative phase is to adjust Vietnamese questionnaire version by in-depth interview with 10 people before implementing the major survey. The next step is to analyze the collected data. SPSS 20 and Amos 20 was used to test the proposal model. The reliability and validity were tested by confirmatory factor analysis (CFA). The model is then further analyzed by structural equation modeling (SEM).

#### 1.5 Research Contributions

In practice, this study will provide some basic contributions. Firstly, the findings of the study will provide more knowledge about the importance and influence of employees' satisfaction in the local governments in general and People's Committee of Binh Tan District in particular. Secondly, the findings on the correlation between employees' satisfaction and loyalty can offer the best potential answers to the questions concerning to the field of personnel management. Thirdly, through the study results, it could help the managers who are working in human resource management can build plans and make appropriate decisions in order to attract and retain staffs in the state sector. Finally, this research will serve as a foundation for the future studies.

#### 1.6 Research Structure

The research is divided into five chapters as below:

- I. Introduction: this chapter indicates the overview of the research consists of research background, problem statement, research objectives, research methodology and research scope, research contributions, and research structure.
- II. Literature review: this chapter includes definitions or concepts of employee satisfaction, theories regarding to this concept, the previous researches related to factors affecting job satisfaction, a brief description of People's Committee of Binh Tan District and traits of employees in this organization, together with hypotheses development for each construct in the model.
- III. Research methodology: this chapter consists of research process, measurement scales, the qualitative survey and the main research which was conducted.

- IV. Data analysis: this chapter describes how each measurement scale was evaluated, the result of testing hypotheses, and discussion of research findings.
- V. Conclusion, the managerial implications, limitations and recommendations: this chapter presents a brief description of research findings and bring out some managerial implications. At the end, research limitation and recommendations for future research have presented as well.

# II. LITERATURE REVIEW

Definition of employee satisfaction, some theories concerned to satisfaction, several previous researches related to factors affecting job satisfaction will be presented in this chapter. Subsequently, a brief description of People's Committee of Binh Tan District and several major characteristics of staffs in this institution are noted here. Next, a proposal model and the hypothese development are also mentioned as below.

# 2.1 Employee satisfaction

Employee satisfaction or job satisfaction is a widespread topic for those who work in agencies and those who study them. In other words, job satisfaction has an important role in theory and practice of any organizations worldwide. That is the reason why many organizations focus more attention to measuring the job satisfaction level of staffs in trying to predict primary behaviors of employees, namely job performance (Ivancevich, 1978), leaving job (Carsten & Spector, 1987; Hom, 2001) or stopping work (Smith 1977; Scott & Taylor, 1985).

Although job satisfaction is a quite common research concept performed by many researchers, however, there is not consensus on what the concept of job satisfaction is among researchers. In practice, the definition and measurement of employee satisfaction or job satisfaction has been different in many approaches. Job satisfaction could be understood as "the extent to which a person's hopes, desires, and expectation about the employment he is engaged in are fulfilled" (Dictionary.com). According to Vroom (1964) considered this concept as a perceptual of a person or an emotional reaction towards crucial aspects of work. Moreover, Weiss (1967) stated job satisfaction is considered as the attitude about the job and it is expressed by perception, belief and behavior of workers. Locke (1976) also defined job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences". Bergman (1981) considered that job satisfaction was affected by personal factors of employees or organizational impacts on perception of the job. As Kaliski (2001), job satisfaction could be understood that there had an enthusiasm and happiness in work from staffs. It is also known as a combination of feeling and belief that he thought about his job (George & Jones, 2008). Ellickson and Logsdon (2002) pointed out that job satisfaction as the degree that employees like their work. Within the scope of this study, job satisfaction is considered as satisfaction of employees when performing the work or duties of the organization.

Employees will have a positive attitude toward their job if they have high satisfaction, in the opposite view, employees with low satisfaction will have a negative attitude towards their job

(Robbins, 1993). The fact that some researchers showed that if satisfaction is absent in job, it means that there is always opportunity or prediction that employee will leave the job (Alexander, Liechtenstein & Hellmann, 1998; Jamal, 1997). Likewise, Smith (1992) claimed that job satisfaction can lead to reduce the cost for the organizations by decreasing job mistakes, mission faults, and absences from work. As regards Ramayah, Jatan and Tadisina (2001), job satisfaction interprets how willing enforce people to go to work, what makes people happy to go to work, and do not to leave the job. Employee satisfaction is very important factor which helps the organization know about general emotions and expectations about the workplace, job and environment of employees. According to Wubuli (2009), job satisfaction is emphasized to be the most major element in the organization. Because to achieve success, the organization must keep their employees satisfied in the job. Similarly, job satisfaction is explained as the level of the positive or negative feeling of staffs toward their job. It is a sentimental response to job obligation as well as to the social conditions of the work place (Ramman, 2011). Hence, more expectation of employee is satisfied, higher working efficiency is created. Thus, fulfillment of employee's needs in job becomes strategic plan of not only human resource department but also the whole organization (Togia, Koustelios & Tsigilis, 2004; Rizwan, Shahzad, Sheikh, Batool, Riaz & Saddique, 2013).

# 2.2 Theories regarding to job satisfaction of employees

There are numerous theories referring to job satisfaction which are explained about how and what can make people more satisfied. The variety of these theory indicate that the importance of this term, including: Maslow's hierarchy of needs theory, Herzberg's two-factor theory, Expectancy theory of Vroom, and Equity theory of Adams.

#### 2.2.1 Maslow's Hierarchy of Needs Theory

To begin with, one of the theories is developed by Maslow in 1943 which had a great effect and has been widely used for many various fields. It is Maslow's hierarchy of needs theory. This is a theory in psychology. In the study of Abdullah (2002), Maslow's hierarchy of needs theory is divided into five levels in ascending order: physiological, safety, love/belonging, esteem and self-actualization. After a certain need has been satisfied, the need in the next higher level will appear. This theory indicated that, to motivate and create the satisfaction for employees, the manager needs to know which the level of needs they are in. Thence, the manager will provide reasonable solutions to meet the needs of employees and at the same time ensure organizational goals to be achieved. Therefore, the manager should constantly inspect to see what kind of the need will contribute to

motivate employees and how to make them satisfy in job. However, to know what kind of the needs can meet these issues of employees is not an easy matter.

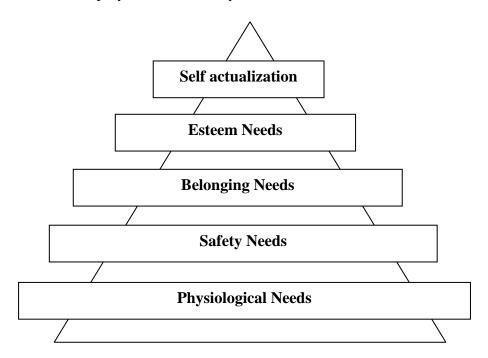


Figure 1 The model of Maslow's Hierarchy of Needs Theory

## 2.2.2 Herzberg's two-factor theory

Another important theory concerning to job satisfaction is Herzberg's two-factor theory (1959). Herzberg had implemented a study on 200 accountants and engineers in the effort to identify the factors that contribute to their dissatisfaction and satisfaction towards their job. The factors determined for dissatisfied employees (extrinsis factors) are organizational policies, working conditions, supervision, salary, interpersonal relations, status, security. Conversely, the factors determined for satisfied employees (intrinsis factors) are achievement, responsibility, recognition, work ifself, advancement, growth (as Table 2)

As Schermerhorn (1993) stated the theory of two elements of Herzberg was considered as a key model of reference for those who would like to widen their knowledge of job satisfaction and the matters connected to the work efficiency. Schermerhorn confirmed that Herzberg's two-factor theory was seen to be a useful information which has two crucial facets of jobs, including: what people do for their duties (the content of job), and setting up jobs which they need to do (the context of job). Moreover, Schermerhorn shown that the manager should make efforts to remove the source of factors resulting in job dissatisfaction in the place of work and ensure construction of satisfaction factors in the job content to maximize chances for job satisfaction.

Table 2 Intrinsic and Extrinsic factors

Factors for satisfaction (intrinsic factors)	Factors for dissatisfaction (extrinsic factors)
Achievement	Policies
Responsibility	Working conditions
Recognition	Supervision
The work itself	Salary
Advancement	Interpersonal relations
Growth	Status
	Security

(Source: Herzberg, Mausner & Snyderman, 1959)

#### 2.2.3 Expectancy theory

Expectancy theory of Vroom (1964) indicates that it is not necessary for the behavior and working motivation of employees to determine by the reality, conversely, it depended on what people expect in the future. Different from Maslow, according to Vroom, he puts more attention to results without focusing on human needs. The theory of Vroom involves three basic concepts, including: expectancy, instrumentality and valence. It is said that if workers' perception about these three concepts is positive, their motivation would increase (Vroom, 1964). In other words, it is believed that employees' efforts will get better results. Consequently, this will lead to a significant and suitable achievements for employees' personal goals. Applying this theory into the research topic, we can see that in order to workers have a motivation toward a certain aim, and this aim must connect closely to organization's objectives, the necessary thing is to create an awareness to employees that their efforts will bring the rewards as they desire. Hence, managers need to create the satisfied in work of the employees currently with a view to bring the highest satisfaction for them.

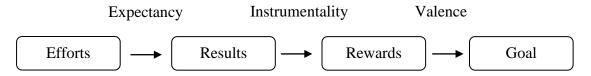


Figure 2 Expectancy theory of Vroom

#### 2.2.4 Equity theory

Equity theory of Adams (1965) shown that there is a tendency that workers assess fairness by comparison the effort they spend versus what they receive as well as compare their ratio with that percentage of co-workers in the scope of an organization. If the result of the comparison is fair, they will continue to maintain their efforts and working performance. If the received remuneration is excess of their expectations, they will tend to increase their efforts in work. On the contrary, if they receive the remuneration which is lower than their contribution, they will tend to decrease

efforts or look for another solution such as absenteeism regularly or quit the job (Pattanayak, 2005). Similarly, this is pointed out by the researchers Champagne and McAfee (1989). Thus, putting this theory into the study, an employee can get the satisfaction when they find themselves are treated fairly on the issue of salary and rewards, training, and career advancement opportunities.

# 2.3 The previous researches related to factors affecting job satisfaction

The research on evaluation of job satisfaction was carried out worldwide, starting from the early 20th century by the study of Happroc (Luddy, 2005). The models of evaluation of job satisfaction were also developed very early by scholars. Researchers Weiss, Dawis, England & Lofquist (1967) gave various criteria to measure job satisfaction through Minnesota Satisfaction Questionnaire (MSQ), including 20 elements such as ability to use their capacity, activities, promotions, power, policies, compensation, colleagues, creativity, independence, safety, social services, social status, ethic value, recognition, responsibility, supervision - human, supervision - technology, diversity, working condition. Additionally, Smith, Kendall and Hulin (1969) developed one of the most well-known models is the model of Job Description Index (JDI). This model evaluates job satisfaction of staffs based on five major variables as follows: nature of job, opportunities for training and promotion, leaders, colleagues, and earnings. According to Kerr (cited by Dung, 2005), the JDI model was considered that having good content and reliable concepts. JDI is also considered as a selection tool to evaluate the level of job satisfaction (Price, 1997). Thereby, we can see that JDI and MSQ are indexes and criteria for accessing job satisfaction of staffs which are widely used in studies of job satisfaction.

Besides, in past time, numerous researches have tried to seek out the elements impacting job satisfaction. In the study of Akbar, Yousaf, Haq and Hunjra (2011), they illustrated that the empowerment, participation in making of decision, and the ability to take initiatives for employees leads to the higher level of job satisfaction.

The study of Calisir, Gumussoy & Iskin (2010) shown that salary and encouragement are the most important factors which affect job satisfaction. Similarly, Abdulla & Djebavni (2011) mentioned that some elements as acknowledgment of work, loyalty and promotion that have an influence on the satisfaction of staff. And the special thing is that they found the primary factor for job satisfaction is salary.

According to Crossman and Abou-Zaki (2003) conducted a survey on 202 employees from nine commercial banks in Lebanon. The results showed salary and supervision have effects on satisfaction of employees. Besides, the research result of Mora, Ferrer-i-Carbonell and Ada (2009)

indicated that within five factors of job satisfaction as job content, ability to apply knowledge acquired, job security, promotion ability, salary, three last factors affected job satisfaction significantly.

According to the study of Aiken and co-workers (2002), a survey was carried out on 43,329 nurses working at the hospital. The results illustrated that career advancement opportunity and salary have remarkable influences on job satisfaction of employees. The interesting thing of this research is that nurses in Germany were more satisfied with the opportunity for career advancement, whereas nurses in the United States and Canada felt more satisfied with their salaries.

According to the study of Opkara (2002), factors includes rewards, nature of work, leadership, colleagues' relations, and chances for professional development has been contributed to job satisfaction. Moreover, Saba, Sadia & Tariq (2013) indicated that the factors as career advancement opportunities, recognition, responsibility, good feeling about the organization have a considerable relationship with employee satisfaction for work.

The research conclusion of Kennedy and White (1997) stated that training of employees play a crucial role in improving and developing the quality of service, concurrently strengthen professional skills of staffs, and ultimately raising their satisfaction and loyalty to the organization. Moreover, the research result of Butt, Rehman and Safwan (2007) demonstrated that some factors such as salaries, promotion and training have positive effects on job satisfaction.

A survey is conducted in Taipei City Government of Taiwan by Jun, Cai and Shin (2006) with the aim is to examine the antecedents of employees' satisfaction and loyalty. The results asserted that empowerment, compensation, and teamwork are considerable predictors of employee satisfaction. Concurrently, it also claimed that increasing employee satisfaction led to the higher employee loyalty.

In the public sector, there are several researches which mentioned factors affecting job satisfaction. According to Pohlmann's study (1999) shown that supervision, information, and salary are dissatisfied factors to employees in the public sector. Moreover, Ting (1997) stated that the experimental evidences shown that job characteristics such as salary, promotion opportunity, colleagues' relations, supervisors have remarkable influences on job satisfaction of governmental staffs. Apart from that, another study indicated that job satisfaction of staffs in the public sector was significantly affected by the perception of their satisfaction on salary, promotion opportunity, relationships with supervisors, and the welfare (Ellickson et al., 2002). Furthermore, Turkyilmaz, Akman, Ozkan and Pastuszak (2011) have conducted an empirical study in the public sector in

Turkey to examine some elements impacting job satisfaction of staffs. The results pointed out that training and development were two factors which have a significant effect on employees' satisfaction. At the same time, the positive relation between employees' satisfaction and loyalty is also found in this research.

The following are some researches relating to job satisfaction in Vietnam. To begin with, the research of Tran Kim Dung (2005) demonstrated that the factors as the nature of work, training opportunities and advancement, leadership, co-workers, salary, benefits, working conditions impact on job satisfaction of workers. Besides, the study findings of Nguyen Ngoc Khanh (2008) confirmed that the satisfaction of deciding working of engineers in the high-tech zones depends on the elements such as allowances, benefits, work environment, promotion chances, training and development, and especially the brand name of company. In addition, as the study of Nguyen Thi Kim Anh (2010) at Fresenius Kabi Bidiphar joint-stock company, from eight factors is given in the proposed research model, but then regression results eventually showed only five factors that affect job satisfaction of workers, including: job performance evaluation, leadership, colleagues, income, the nature of work. Accordingly, a study of Nguyen Tran Thanh Binh (2009) was performed on the whole workers (198 people) through interview techniques directly and indirectly. The result mentioned that the job satisfaction of employees is impacted by six elements, consisting of salary, leadership, colleagues, the nature of work, work environment, training chances and promotion.

# 2.4 Brief Description of People's Committee of Binh Tan District and Employees' Characteristics of this institution

#### 2.4.1 History of Binh Tan District

Binh Tan is one of urban districts of Ho Chi Minh City, Vietnam. It has the land fund is quite large with a natural area approximately 5,188.67 hectare (Website of Binh Tan District). Moreover, it has many key road lines of the nationwide such as Vo Van Kiet boulevard, 1A highway, Kinh Duong Vuong road, etc. Furthermore, it is seen to be as a commercial clue between Ho Chi Minh City and the Mekong Delta provinces. Binh Tan District was established under Decree number 130/2003/ND-CP dated 05/11/2003 issued by the Government of the Socialist Republic of Vietnam, on the basis of three communes (including: Binh Tri Dong, Tan Tao, Binh Hung Hoa) and An Lac town of Binh Chanh district. The administrative border of Binh Tan district is displayed as follow: the East is bounded by district 6 and Tan Phu district; the West is bounded by the commune of Vinh Loc A, Le Minh Xuan, Vinh Loc B belong to Binh Chanh district; the

South is bounded by district 8 and two communes of Binh Chanh district; the North is bounded by district 12 and Hoc Mon district.

One more thing is that Binh Tan District has a relatively favorable economic position. The implementation of economic development projects creates new position and strength for the rapid development of the district. Besides, Binh Tan has three big industrial zones (Vinh Loc, Tan Tao, PouYuen) together with 12,601 enterprises and 21,575 household of the personal production (The report of Fatherland Front at Binh Tan District, 2015). This characteristic attracted workers from many provices all over the country to this place in order to live and work. This led the mechanical population increase for Binh Tan district. In other words, Binh Tan is known as a large district of migrant workers. According to the report of Division of Statistic of People's Committee of Binh Tan District (2015), within only eight years, there is a significant increase of this figure from 265.411 people in 2003 to 653,540 people in 2015. Thus, it created a big pressure on some fields such as economy, culture, society, security for this place.

# 2.4.2 The function, mission and the organizational chart of People's Committee of Binh Tan District

The People's Committee of Binh Tan District is an administrative organization in the local state system in Ho Chi Minh City. This is main body to implement all projects and plans to follow the development strategy of both Binh Tan District and Ho Chi Minh City. Therefore, functions and missions of People's Committee of Binh Tan District also have been confirmed in legal documents.

People's Committee of Binh Tan District is a People's Committee of district level, so that it has full functions and missions which are shown in The Constitution of the Socialist Republic of Vietnam (2013) and Law on Organization of People's Council and People's Committee (2003). People's Committee is responsible for implementing of the Constitution, laws, the documents of superior state agencies and resolutions of People's Councils of the same level in order to ensure the implementation of policies and measures for socio-economic development, strengthening national defense and security, and implementation of other policies in the province (Law on Organization of People's Council and People's Committee, 2003). Furthermore, People's Committee performs managerial functions in local government with the purpose is to contribute to ensure the direction and management of unified state administrative apparatus from the Central level to grassroots level (Law on Organization of People's Council and People's Committee, 2003).

Apart from that, the mission of People's Committee of Binh Tan District also is mentioned in Law on Organization of People's Council and People's Committee (2003). It has full rights to

People's Committees to implement its missions as follow. The first main mission is to construct the overall planning of socio-economic development, urban and rural development in the jurisdiction. The second mission is that building the annual and long-term planning about socio-economic growth which are passed and approved by People's Council and The People's Committee of Ho Chi Minh City. Moreover, People's Committee organizes and implements all the programs, measures and plans to ensure the overall plan for socio-economic development and other fields which are done appropriately in comparison to the objectives have put forward.

The organizational chart of People's Committee of Binh Tan District includes thirteen specialized agencies, ten wards, and fourteen other administrative units, and it is illustrated as Figure 2.

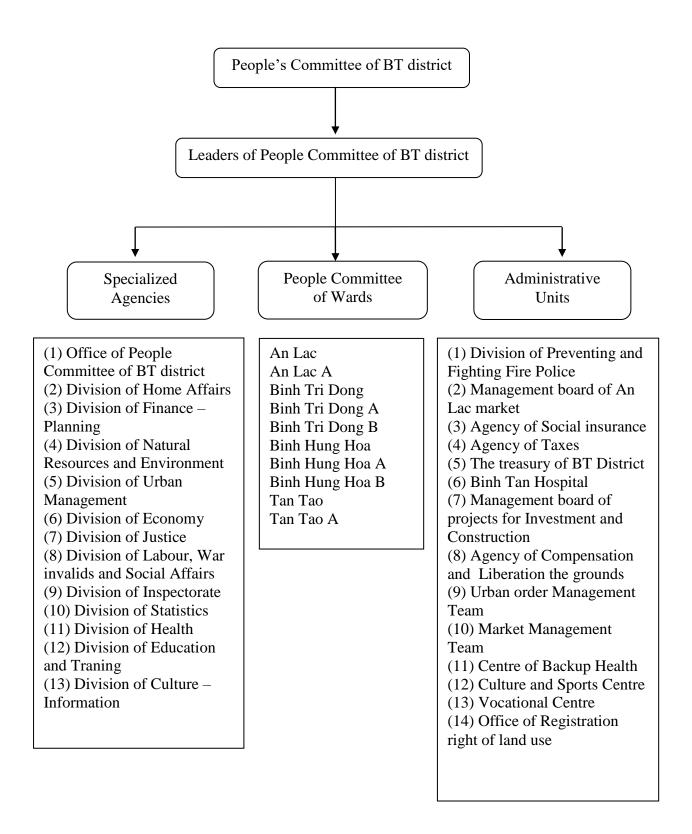


Figure 3 Organizational chart of People's Committee of Binh Tan District

#### 2.4.3 Characteristics of employees in People's Committee of Binh Tan District

According to Nguyen Tien Dinh, former Deputy Minister of Home Affairs emphasized that the manpower is one of the critical elements of the local administration (Quang Ha, 2014). Because civil servants are not only the products but also the subjects of the state administration. In the course of active missions, state employees impact on most aspects of social life, the rights and interests of citizens, organizations and social community. All elements of the public administration such as political institution, organizational structure, public finance and management process are constructed, organized and implemented by state staffs (Quang Ha, 2014).

This study refers to leaders, sub-leaders, civil servants and contract staffs, hence, the author uses "employee" as a general term. To begin with, contract employees are the people who work in the administrative offices, socio-political organizations, etc, but they are not civil servants and officials. They are signed labour contracts by these agencies to work (The Ha, 2006). On the contrary, according to Item 2, Article 4, Law number 22/2008/QH12 on Cadres and Civil servants which was passed by the 12th National Assembly of the Socialist Republic of Vietnam said that civil servants are Vietnamese citizens who are recruited, appointed to ranks, positions, titles in bodies of Vietnamese Communist Party, the State, socio-political institutions at the central, provincial and district levels; in bodies and units belong to People's Army that are not officers, professional soldiers, defense workers; in organs and units under People's Police that are not officers, professional non-commissioned officers, and in the leading and managerial apparatuses of public non-enterprise units of Vietnamese Communist Party, the State, socio-political organizations (hereinafter collectively called as public non-business units), in the payrolls and salaried from the state budget. For public servants in the leading and managerial system of public non-enterprise units, they receive salaries from the wage funds of these units in accordance with the law.

Public servants are mature people about physically and socially. They are recruited or appointed to hold a regular position in government offices of the State. They are directly taking part in an apparatus of government of the national administration. Moreover, because public servants are people who keep positions or certain responsibilities under the level of training and corresponding ranks in an administrative system, and therefore, they have a certain social standing to perform the State's power in the process of social management.

## 2.5 Hypotheses development

Nowadays, a large number of institutions in public sectors focus attention on strategies to attain the satisfaction of employees (Wright & Davis, 2003). This means that job satisfaction plays

an vital role on success of the organizations (Buker & Dolu, 2010). Therefore, it is very necessary to determine the elements which make contribution to job satisfaction of employees. The following are some correlations will be presented.

#### 2.5.1 The relationship between empowerment and employee's satisfaction

Normally, it is said that the factor obstructs the process of finalizing an organization and causes dissatisfaction for employees is the managers. Because they have the power to decide, but they do not understand thoroughly every problems, conversely, employees understand clearly the situation, but they do not have the right to decide. In this case, the empowerment for employees could be a good solution. Clearly, in the current context of all organizations, if a staff is asked whether he wants to be empowered in the process of doing his job, the answer will be yes. Hence, it is said that empowerment has an important meaning for employees. This is because empowerment will create advantageous chances for employees to think, bring out decisions and action according to independent ways. Simultaneously, it leads to the satisfied feeling for employees when they can do any things which they think are right and be responsible for their job. Evidently, some researches pointed out that managers should create favourable conditions for employees by letting they think about their jobs, seek and settle matters which are concerned to their job through the empowerment (Seibert, Silver & Randolph, 2004; Jun et al., 2006). However, it is not easy to understand this concept. Empowerment is the term which was first found in English documents in 1976 (Saif & Saleh, 2013). According to Tuu and Liem in 2012 (as cited in Yukl & Becker, 2006) stated that empowerment is considered as a simple way to encourage employees to work better. Conger and Kanungo (1988, p. 747) determined empowerment as "a process of enhancing feelings of self efficacy among organisational members through the identification of conditions that foster powerlessness, and through their removal by both formal organisational practices and informal techniques of providing efficacy information". Likewise, according to Webster's Online Dictionary (2013), empowerment is an action of supplying the authority of making decisions to someone, and is combined with the reallocated responsibility from managers to their inferior levels. From these definitions, it is clear that empowerment has positive effects on the attitude and behaviour of employees (Sternberg, 1992). More specific, Ugboro and Obeng (2000) pointed out that the empowered staffs will have a high degree of the satisfaction in work and implement chiefly due to their participation in establishing objective and putting forward decisions that influence their work. He, Murrmann and Perdue (2010) illustrated that employee empowerment has good influences on perceived service quality and job satisfaction. The objective of empowerment is to develop and promote personal abilities and help workers gain their aims by allowing them to join in the process

of making decisions in the organization (Velthouse, 1990). Empowerment could create a great value for staffs because they could do the job independently without any continuous interventions from the manager (Ampofo-Boateng, Merican, Jamil & Wiegand, 1997). That is to say, empowerment helps the relationship between decision-makers and staffs becomes closer, thus, the time which to performance missions would be shorten. Obviously, empowered individuals will have more proactive roles in the organization, raise the sense of initiative, put forward numerous new ideas, participate in most activities of the organization and have positively contributions to the development of their organization. Apart from that, according to Chang, Chiu & Chen, 2010 (as cited in Koberg, Boss, Semjem & Goodman, 1999; Seibert, Silver & Randolph, 2004), a large number of research results indicated that empowerment programme supplies an positive job experience for employees, and thus, it leads to the high level of employees' satisfaction. From the above literature review, a following hypothesis is proposed:

H1. There is a positive relationship between empowerment and employee's satisfaction.

## 2.5.2 The relationship between salary and rewards and employee's satisfaction

One of the elements affect employees' satisfaction which almost people think is salary and rewards. The salary is a way to express how valuable an employee is in an organization (Zobal, 1998). Basically, it is said that the salary is one of the key matters in order to keep and retain human resources, especially the talented people. A fair salary is the foundation of an agreement that is expressed on the contract or a tacit agreement between the worker and boss (Willis, 2000). Findings from a research which is done by Souza-Poza and Souza-Poza (2000a) indicated that the salary of staff is seen as a forecaster of job satisfaction. Likewise, the salary is considered as one of vital determinants to employees' satisfaction, because it fulfills employee needs from the basic needs to and the upper-level needs. Employees often regard salary as a reflection of how management views their contributions toward an institution (Luthans, 2001). For most of the staffs in public and private sectors, the salary and benefit are the main drivers to gain and retain the workforce in both areas. Basing on the law of demand and supply, manpower resources is a place of supply with its own price regulations, organizations demanding to get people need to perform in accordance with their regulations. On the contrary, job seekers want to go into financial relationship with employers need to find out about the suggestions or the offers as salary, benefit or rewards for themselves suitably. Once there is an agreement among the parties, employees are likely to join and work, because they feel satisfied with the returns on their labor. Meanwhile, organizations need to constantly be updated about the salary issue in order to ensure their employees not being underpaid and eventually must to leave off work. Evidently, Barrows and Watson (nd) acknowledged that low

salary, limited flexibility and limited career advancement opportunity are the characteristics of the public sector which prevented the most qualified staffs, who wanted to stay to do work for the government bodies. Besides, they said that these hindering factors also brought a discouragement for young people who are intending to pursue in order to become civil servants. Besides, Rustagi & Dua (2012) mentioned that basing on survey results of Kathawala, Moore and Elmuti in1990, salary was one of the main elements which influenced employee satisfaction and motivation in the automobile industry. Similarly, the research is implemented in more than 800 agencies with the quantity of 16,266 employees. The goal of this study is to define the elements of happiness at workplace. The interesting thing is that the results demonstrated that the level of salary minimally affected on job satisfaction (Brown et al., 2007). Jones and Sloane (2007) showed that the degree of job satisfaction is raised by the degree of earnings. Furthermore, Jobaid, Khan, Rahman, Imran & Sarkar (2015) also pointed out that to raise job satisfaction level of employees, it is necessary to reexamine the structure of salary and incentive in different holidays will be overestimated by employees.

Reward systems are very crucial for an organization (Maund, 2001). Reward has been understood in different ways by various scholars. Voydanoff (1980) sought that financial rewards are considerably associated with job satisfaction, regardless of occupational status. Maurer (2001) indicated that reward linked to an organization's success as a result of job satisfaction of a staff, and it is also one of the primary elements to rise the satisfaction of employees (Turkyilmaz, Akman, Ozkan, & Pastuszak, 2011). If companies develop the reward system for their employees it will increase the satisfaction level of the employee (Coomber and Barriball, 2007). Clearly, according to Al-Aameri (2000) found that if there is no reward inside the organization, it will make the employee dispirited, and his satisfaction will be low for his job. On the contrary, if reward is have, the employee will be more satisfied and will do his duty more actively. This was demonstrated in a research of Danish and Usman (2010). It shown that rewards could increase and decrease the satisfaction of employees. Generally, we can see that if staffs perceive that they are being treated fairness about salary and rewards, they are more likely to have a high degree of satisfaction and continue their employment with the organization. From some points as was stated above, the following hypothesis is proposed:

H2. There is a positive relationship between salary and rewards and employee's satisfaction.

#### 2.5.3 The relationship between training and employee's satisfaction

According to Birdi, Clegg, Patterson and Robinson (2008), training plays a major role in the competitive strategy of numerous institutions in the present circumstances. Training can help the institution reach a lot of vital targets (Li, Zhao & Liu, 2006). This is the reason that the majority of institutions have invested a great number of money on training for staffs annually (Allen & Hartman, 2005). Although there are many different definitions about training throughout the world, but having a certain understanding of training does not seem to be simple at all. In Vietnam, training is a regular task of the local governments. Training has an important meaning, contributing positively in improving qualification, work ability, the quality and efficiency of work of officials (La, 2015). Training is seen as an invested form of an individual or an organization for source of human capital (Wetland, 2003). Training is the process which transferred from what people must learn to what they must do or how they perform on the job (Robinson & Robinson, 1995). Training is understood as the learning activities to improve current skills of employees for their job (Laird, 1985; Nadler, 1990). According to Noe (2008), training is the planned activities which are implemented by an institution in order to transfer the job knowledge and skills, enhance the attitude and behavior of workers which are suitable with objectives of the institution. Pugh (1984) said that training have a positive effect on employees' satisfaction, because untrained workers often feel uncomfortable and tend to change another job. Likewise, Landy (1985) considered that training as an increase in positive and effective attitude toward job and also gives opportunities to build a strong carrier which will increase the employee satisfaction in organizations. Besides, some researches demonstrated that there had a clear tendency is that the trained employees felt more satisfied in work than non-trained employees (Marie, 1995; Saks, 1996). Melymuka (2000) also indicated that training increases job satisfaction of employees. Moreover, Martensen and Gronholdt (2001) sought that there is a significantly positive effect of training to employees' satisfaction. Clearly, through training, employees were updated the newest informations which involved in their current job, and thus, this led to employees' satisfaction (Bateman & Strasser, 1984; Bushardt & Fretwell, 1994). In practice, most of the organizations conduct training to supply better knowledge about their work to employees. The level of knowledge required by workers is changing daily. Hence, the number of jobs requiring specific skills is increasing. Workers are constantly trained and even retrained to meet the demands of the job. Together with this meaning, Jun, Cai and Shin, 2006 said that employee training supplies a lot of chances for employees, and through it, employees can extend their knowledge and enhance their capability, competency to gain individual development. After training, employees are in better state to do his work (Price, 2001). Because employees will

have more deep knowledge and gain the greater productivity by training programmes (Oosterbeek, 1998; Pate & Martin, 2000; Choo & Bowley, 2007). The aim of training is to give excellence in employees work and it also helps employees could better understand the work which they have to done in organization. Clearly, if an employee is trained as well, they will feel more satisfied about their job and will be more likely to stay with the organization (Jamrog, 2002). Besides, training is the result of increasing job satisfaction of staffs, because when they participate in the process of training, they gradually feel more confident, perceive opportunities of advancement in career and think that their organization invests in them (Jun et al., 2006). Hence, it is necessary to know thoroughly about the correlation between training and employee satisfaction, and therefore, the following hypothesis is proposed:

H3. There is a positive relationship between training and employee's satisfaction.

#### 2.5.4 The relationship between career advancement opportunities and employee's satisfaction

In reality, beyond physical needs, most people join to practice and accumulate experiences, have new experiences, broaden social communicative environment, especially hoping to develop their career in the future. Because until now, no person wants to be stagnant or keeps a position in his job forever. Gorton and Kalaman (1985) conducted the survey on four hundred assistant principals of elementary schools. They found that over 50% of the respondents hoped to become principals in a period of five years, and 29% wanted to become central office administrators. Besides, the research of Shields and Ward (2001) observed that lacking of advancement chances in occupations influenced job satisfaction of employees more than the salary's size. Vroom (1982) shown that promotion opportunities are important to employees' satisfaction in work. Vroom claimed that job satisfaction is directly concerned with the level that jobs supply individuals with corresponding results. It is clear that employees believe that the achievement of organizational objectives bring to personal rewards, particularly promotion prospects, from there, whether or not these rewards is able to influence their satisfaction. Furthermore, Schneider, Gunnarson and Wheeler (1992) mentioned that in a stable workplace, a promotion chance is important to the satisfaction of an employee. The clear proof is written by them is that: "Employees who perceive few opportunities for advancement have negative attitudes towards their work and their organizations" (Schneider et al., 1992, p. 58). Later researchers proved that career advancement opportunities have an closed relationship with workers' satisfaction (Pergamit & Veum, 1999; Peterson and his colleagues, 2003; Sclafane, 1999, as cited in Luddy, 2005). This viewpoint is also proved by a study of Ellickson and Logsdon (2002). They have done a survey on employees of governmental agencies, and found that career advancement opportunities have a marked effect on

job satisfaction of staffs. One more special thing is that career advancement opportunities could seen as the most important reason which employees choose to stay or left an organization (Buckingham & Coffman, 1999). Therefore, from the above-mentioned points, the following hypothesis is proposed:

H4. There is a positive relationship between career advancement opportunities and employee's satisfaction.

#### 2.5.5 The relationship between employee's satisfaction and loyalty

It can be said that the ultimate goal which any organizations need to achieve is that employees not only work hard, devote to organization by all abilities and enthusiasm to gain the general objectives of the organization, but they also have a long-term attachment to the organization by their loyalty. With this goal, a question is mentioned that what loyalty is. In reality, there are numerous ways of approaching in the research of employee loyalty. It can be a component element of a commitment in the organization, but can also be an independent concept. According to Encyclopedia Britannica, 1998:

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

According to a simple definition, Mathieu and Zajac (1990) said that loyalty is an emotional response of workers which is shown by a tightly relation between workers and their institution, and through this, they desire to stay with the institution for a long time. Likewise, loyalty is understood as a psychological state encompassing a relation between employees and institutions, in which they decides to remain with the organization (Allen & Grisaffe, 2001). Becker and his colleagues (1995) also considered that loyalty is not only a strong desire of employees who wants to stay with the organization, but also an ability which is willing to attain benefits of the organization. Moreover, as Loyalty Research Center (2004), loyalty of employees towards an organization is expressed when they are committed to associate with the success of the organization, and they believe that working for this organization is their best choice. Likewise, loyalty is an intention or a desire to maintain as a member of the organization (Mowday, Steers and Porter, 1979). Loyalty can be generally defined as the employee's multifaceted perception of the relationship that he/she engages in with the organization (Eskildsen and Nussler, 2000). Basically, loyalty will be defined a motivation and attachment of a person or an employee for some specific things. Employee loyalty (typically

synonymous with commitment) to the organization has sometimes been viewed as an attitude (Meyer & Allen, 1991). According to Solomon (1992), loyalty will motivate the employee to stay and will be the wish of employee to work for this organization. In Vietnam, according to Tran Kim Dung, loyalty is defined as when employees work enthusiastically for the success of the organization and believe that working for this organization is the best choice. They not only have a plan to long-term work with the organization, and they also have no intention of looking for another job. In addition, numerous researches on human resource management in America pointed out that employees satisfaction is positively concerned of employees' loyalty to their organizations (Brown & Peterson, 1993; Griffeth, Hom & Gaertner, 2000; Hom & Kinicki, 2001; Martensen & Gronholdt, 2001). Furthermore, a similar study also claimed that satisfied employees will express a higher degree of loyalty to the organizations, as a result, they do not have intention to quit their job (Guimaraes, 1997). Accordingly, basing on the results of experimental studies, Chen (2006) explained and demonstrated that loyalty was derived from a major premise that is job satisfaction. It means that the satisfaction has a positive impact on loyalty. These practical studies show that employee loyal is the indication which shows that the employee satisfaction will be the result of the job loyalty, simultaneously, it also indicates that there is positive relation between these two variables. Obviously, if there is low loyalty towards the job, employee will be less satisfied and will try to switch another job. On the other hand, if staffs have the loyalty toward the institution, they will have more confident about their job and it will create a positive impact on their satisfaction (Turkyilmaz et al., 2010; Soler, 1998; Chen, 2006). Hence, the organisation needs to make employees feel satisfied, and therefore, they will loyal much more to the organizations. Many studies all over the world have proven that there is the relationship between the satisfaction and loyalty of employees. This result is considered to be closely and is tested in many studies by Aon Consulting Institute, namely in the United States since 1997, in Canada since 1999, in England since 2000, in Australia since 2002. Therefore, from the above-mentioned points, the following hypothesis is proposed:

H5. There is a positive relationship between employee's satisfaction and loyalty.

#### 2.6 Research framework

Basing on the above literature reviews, the characteristic situation of local government organizations in Vietnam and reference to ideas of Vietnamese professors who have the specialized knowledges about this field, the author puts forward the research model as below:

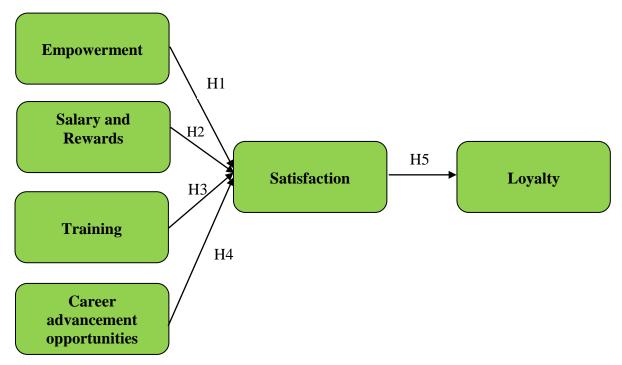


Figure 4 The research model and hypotheses

From the above-mentioned points, the hypotheses of this research include:

**H1:** There is a positive relationship between empowerment and employee's satisfaction.

**H2:** There is a positive relationship between salary and rewards and employee's satisfaction.

**H3:** There is a positive relationship between training and employee's satisfaction.

**H4:** There is a positive relationship between career advancement opportunites and employee's satisfaction.

**H5:** There is a positive relationship between employee's satisfaction and employee's loyalty.

#### 2.7 Summary

Chapter 2 has launched a number of definitions of satisfaction in the work of staffs and some theories concerning to job satisfaction. Moreover, it has presented some previous studies of domestic and foreign authors which related to this topic. Furthermore, this chapter introduced a brief description of People's Committee of Binh Tan District and traits of employees in this organization. At the same time, it put forward five hypotheses of the research model, in which there are four hypotheses corresponding to 4 factors to job satisfaction of employees, including empowerment, salary and rewards, training, career advancement. Apart from that, this study also brought forth one theory to clarify the correlation between employees' satisfaction and loyalty in this organization. Finally, a research model is built which relies on above-mentioned hypotheses.

## III. RESEARCH METHODOLOGY

This chapter presents brief description of the research methodology which used for the study. The contents of this chapter will arrange in the order as follows. Firstly, it starts with research design, measurement scales, sample description, questionnaire design, followed by data collection and procedure, data analysis method.

### 3.1 Research design

Two steps of this research includes a qualitative study and a main survey. The aim of qualitative method is to modify the plausibility of questionnaire. After literature review, the question will be developed in English, subsequently, it will be translated into Vietnamese to conduct pre-test. Questionnaire Vietnamese version will be modified and adjusted that is suitable to the practical situation before carrying out a major survey. The survey will conduct by in-depth interview with employees who are working at the People's Committee of Binh Tan Distrist, HCMC. The next stage, quantitative survey is the main approach of this study with the purpose is to test measurement and structural model. Research process includes these steps as illustrated in Figure 3.

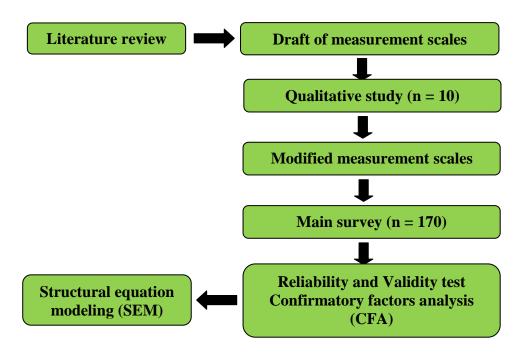


Figure 5 Research process

#### 3.2 Measurement scales

To measure the level of employee's satisfaction in the People's Committee of Binh Tan District, the study uses four independent variables (empowerment, salary and rewards, training, and career advancement opportunities), one dependent variable (loyalty) and one intermediate variable (satisfaction) which are mentioned in chapter 2.

All of these items use 7-Point Likert scale to measure the level of satisfaction from "entirely disagree" to "entirely agree".

As mentioned above, the scales of the study were adopted from the previous literature and published studies. The indicators for these variables are taken from:

- Empowerment is measured by 3 items from Spreitzer (1995).
- Salary and rewards is measured by 11 items from Roberts (2005), and Mikander (2010).
- Training is measured by 4 items from Jun, Cai & Shin (2006).
- Career advancement opportunities is measured by 4 items from Weng & Hu (2009).
- Satisfaction is measured by 4 items from Jun, Cai & Shin (2006).
- Loyalty is measured by 4 items from Jun, Cai & Shin (2006).

Table 3 The research variables and indicators

Variables	Items	Statement	Sources
Empowerment	3	I have significant autonomy in determining how I	Adopted from
(EMP)		do my job.	Spreitzer (1995)
		I can decide on my own how to go about doing my	
		work.	
		I have considerable opportunity for independence	
		and freedom in how I do my job.	
Salary and	11	My salary is satisfactory in relation to what I do.	Adopted from
rewards (SR)		I earn the same as or more that other people in a	Roberts (2005);
		similar job.	and Mikander
		The basis of payment, for example overtime	(2010)
		payment, is reasonable.	
		Salary increase is decided on a fair manner.	
		The rewards are distributed rightfully.	
		The rewards matches my work effort.	
		I am satisfied with the quality of the rewards.	
		I am ready to increase my work efforts in order to	
		gain the rewards.	

		Employees work more as a team in order to gain the	
		rewards.	
		The rewards have a positive effect on the work	
		atmosphere.	
		The rewards motivate me to perform well in my	
		job.	
Training	4	I have received sufficient training at this	Adopted from
(TR)		organization to do my job effectively.	Jun, Cai & Shin
		I am trained in quality improvement skills.	(2006)
		Much of the training at our facility emphasizes	
		product and service quality.	
		I am trained in group-discussion and	
		communication techniques.	
Career	4	My promotion speed in the present organization is	Adopted from
advancement		fast.	Weng & Hu
opportunities		The probability of being promoted in my present	(2009)
(CAR)		organization is very high.	
		Compared with previous organizations, my position	
		in my present one is ideal.	
		Compared to colleagues, I am being promoted	
		faster.	
Satisfaction	4	I would recommend this organization to a friend if	Adopted from
(SA)		he/she were looking for a job.	Jun, Cai & Shin
		I feel personal satisfaction when I do my job well.	(2006)
		I am proud to tell people that I am part of this	
		organization.	
		This is the best organization for me to work for.	
Loyalty	4	I am prepared to put in a great deal of effort beyond	Adopted from
(LO)		what is normally expected in order to help this	Jun, Cai & Shin
		organization be successful.	(2006)
		I plan to make this organization my own career.	
		I care about the fate of this organization.	
		I feel a lot of loyalty to this organization.	

## 3.3 Sample Method

The survey was conducted on a sample of 170 individuals. The target respondents of this survey are employees who are working in People's Committee of Binh Tan District, Ho Chi Minh City. It is necessary for respondents to know clearly about their satisfaction when they joins the survey. Besides, participants were asked to write down their individual information in a questionnaire, including: gender (the male or female), age (from under 30 years old to above 50 years old), job positions (such as leaders, sub-leaders, civil servants and contract employees), the educational level (from high school graduate to post-graduate), and the working time in this organization (tenure). A non-probability sampling technique-convenience sample is used to select the sample.

In practice, the selection of the sample size also relies on some critical elements such as the financial capacity and the time that researchers have. The sample size will depend on whether we want some things from the collected data and the relationship which we wanted to establish (Kumar, 2005). The more diverse and complex research issues are, the bigger research samples are. Another general principle is that the samples are bigger, the accuracy of study results are higher. In other words, the scale of sample is necessarily big enough to guarantee significantly statistical data of this study. According to Hair, Black, Babin & Anderson (2009), the minimum sample for appropriate use for statistical analysis is equal to or greater than five times of variable number, but not less than 100. The model in this study consists of six factors with thirty items, so that the necessary sample size should be equal or greater than 30\*5=150 observations.

Because of predicting that the distributive process of questionnaires to collect data will obtain the invalid questionnaires, and to having a standby plan, the author will take the number of questionnaires is 170. This figure is more than the necessary sample size around 20 questionnaires. Simultaneously, the author uses the non-probability convenience method. Convenience sampling means that the sample is based on the convenience or the accessibility of the object easily which the author is more likely to meet the objects (Thuy, 2013). Because if the interviewer does not agree, the author can turn to other subjects. Thus, to saving time but ensuring the data, the author selected convenient non-probability method.

## 3.4 Questionnaire design

Questionnaire is a widespread and useful tool in most research spheres with the aim is to gather information from the subjects for measurement of the constructs through investigation.

Nevertheless, questionnaire plays a vital role in a research that involves collection of attitude from

the subjects. Because the questionnaire can be seen as a communication between the researcher and the subjects.

The questionnaire is going to divide into three sections. Section one provides the background and the purpose of the survey. Section two is the survey in which the factors affect employees' satisfaction, and employee loyalty are measured. Specifically, three items of empowerment is measured by from Spreitzer (1995); twelve items include training, satisfaction and loyalty will measured by Jun, Cai & Shin (2006); eleven items of salary and rewards will measure by Roberts (2005) and Mikander (2010); four items of career advancement opportunities will measure by Weng & Hu (2009). Section three includes demographics information such as gender, age, education level, occupation, and the working time (or tenure) of the respondents.

## 3.5 Data collection and procedure

Collecting data process of this study is going to conduct in the People's Committee of Binh Tan District, HCMC. The current study concerns mainly of two phases, a qualitative stage followed by a quantitative phase. The survey questionnaire firstly designs in English and then translates into Vietnamese by the researcher with the support of some English experts. According to the qualitative stage, the Vietnamese version of the survey questionnaire was pre-tested using in-depth interviews during two weeks with ten employees who work at Binh Tan District to check whether they understand clearly about the scale or not. In particularly, the in-depth interview must ensure that the final questions would be well understood by respondents and they are valuable in measuring observed variables before implementing the main survey. The procedure of conducting in-depth interviews started with identifying the goals of the research in terms of what information needed gathering. During the interview, the author would like to find out the suitability of choosing the measurement scales for performing this research in Vietnam. All the comments from the interviewees will be examined in order to review or modify the measurement scale which is suitable for the study.

Subsequently, the survey will perform in mass in order to collect data for testing the research's hypotheses. Participants self-completed a survey with most of items are measured by seven-point Likert scale, namely "entire disagree" (=1), "mostly disagree" (=2), "somewhat disagree" (=3), "neither agree nor disagree" (=4), "somewhat agree" (=5), "mostly agree" (=6), "entirely agree" (=7). The questionnaire is mainly delivered to respondents in paper version. The process of data collection is going to implement all days of a week and this step is expected to lost from two weeks to a month to complete it.

## 3.6 Data analysis method

The number of questionnaires to be emitted and collected are 170 (achieved the ratio of 100 percent). Thus, total 170 questionnaires were answered fully and are used to make the data for the study. Amos 20 was used to test the model. In the first part, Cronbach's alpha tested the reliability for each measurement component separately. Considering the convergent and discriminated validity, the inappropriate items would be removed if necessity. In second part, the author ran Amos 20 for CFA and SEM with purpose of enhancing the value of the model. The CFA results would indicate the model fit if CMIN/DF was less than 3 with p-value larger than 5%, GFI, RFI, and CFI were larger than 0.9, and RMSEA was smaller than 10%. Based on composite reliability (CR), the author evaluated the measurement scale's reliability and used average variance extracted (AVE) to conclude the convergent validity and the correlation between items (r) to identify the discriminated validity. Then structural equation modeling (SEM) was used to test the hypothesized model and was applied to estimate path coefficients for each proposed relationship in the structural model.

## 3.7 Summary

The process of study, the scale of measurement and a qualitative survey were described in this chapter. Parallel, it has introduced a main study by conducting a survey on 170 staffs who work for People's Committee of Binh Tan District. Seven-point Likert scale is used in this study.

Moreover, Amos 20 is applied to test the model. Furthermore, running Amos 20 for CFA and SEM to raise the model's value.

## IV. DATA ANALYSIS

# 4.1 Descriptive statistics

## 4.1.1 Sample description

The collected data was analyzed by using the SPSS – Statistical software package. This part aims to provide the general information of respondents. The results of descriptive statistic of data are summarized in following tables. The total number of respondents is 170 people.

In specific, the gender was reported with 88 (51.8%) female and 82 (48.2%) male and age group was 21.2%, 48.2%, 19.4%, and 11.2% for under 30; 31-40; 41-50 and above 50, respectively.

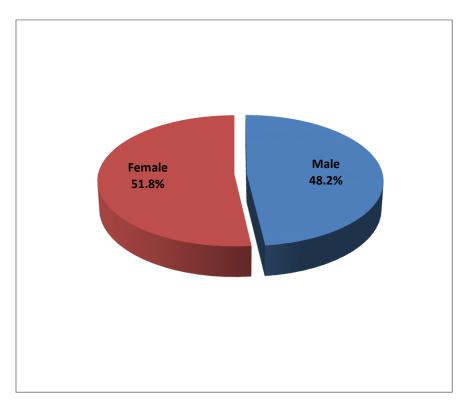


Figure 6 Gender of respondents

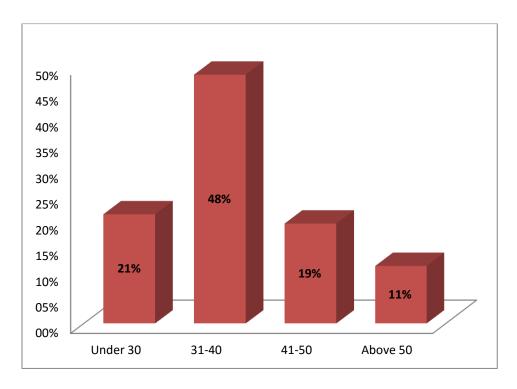


Figure 7 Age of respondents

Most respondents had good education level. More than half of the respondents had the Bachelor degree, reaching 66.5% of total sample. Respondents with High school degree, College and Postgraduate accounted for 4.7%, 23.5% and 5.3% in that order.

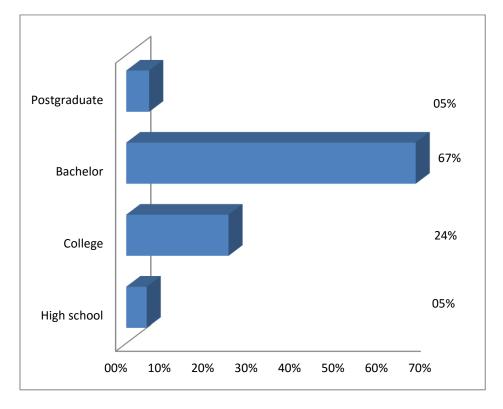


Figure 8 Education level of respondents

In terms of organizational tenure, 4-10 years had the largest percentage with 42.2%; where 1-3 years percentage was 27.6%. The next was above 10 years with 24.7%; and less 1 year were 5.3%.

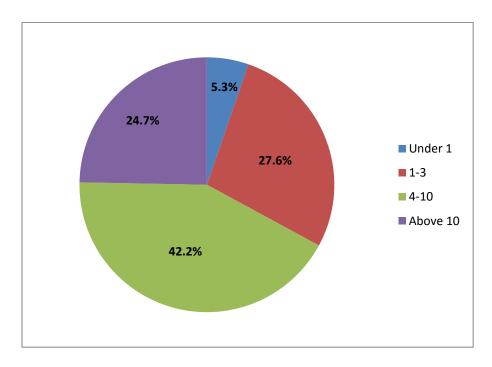


Figure 9 Tenure of respondents

Job position was investigated within three groups. Most respondents came from Civil servant group with 58.8%. In the second place, group of contract employee seized 27.1% of respondents. The next was 11.2% of Sub-leader. The last portion with the lowest percentages (2.9%) was the respondents coming from Leader group.

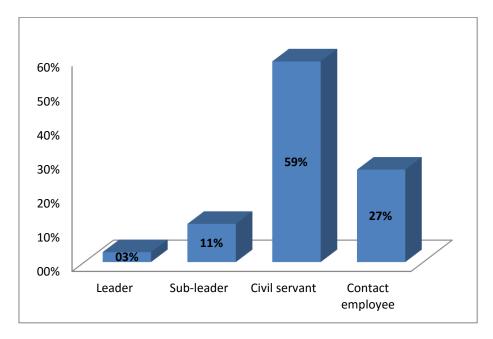


Figure 10 Job position of respondents

#### 4.1.2 Descriptive analysis

#### 4.1.2.1 Empowerment

In terms of Empowerment including three items, most of respondents express their agreement with independence in the way their work done. It is clearly shown in items 1 relating to employees' autonomy with the highest mean value (M=5.54) and highest agreement rate (37.6%).

**Frequencies** (Number of respondents and percent rate among total) Std. Coding Mean **Entirely Entirely** Devi Mostly Mostly Disagree Neutral Agree Disagree disagree agree Agree 8 3 20 1 29 45 64 1.70 5.54 EMP1 0 4.7% 1.8% 11.8% .6% 17.1% 26.5% 37.6% 7 15 14 1 46 36 51 1.78 5.21 EMP2 2 4.1% 30% 8.8% 8.2% .6% 27.1% 21.2% 8 2 11 13 30 44 62 1.82 EMP3 5.42 6 6.5% 4.7% 7.6% 1.2% 17.6% 25.9% 36.5%

Table 4.1 Descriptive statistic for Empowerment

## 4.1.2.2 Salary and Rewards

Regarding to Salary and Rewards, it is noted that rewards are virtually concerned by most respondents, illustrated by highest mean value (M=5.73) of SR8. It is stated that employees are willing to work more for increasing rewards. The vital role of rewards is proved again in SR11, when rewards are able to motivate employees' performance, reaching mean value 5.72 and agreement rate 43.5%.

	Frequencies  (Number of respondents and percent rate among total)								Std.
Coding	Entirely Disagree	Mostly disagree	Disagree	Neutral	Agree	Mostly agree	Entirely Agree	Mean	Devi
SR1	14	21	25	4	33	29	44	4.67	2.040

Table 4.2 Descriptive statistic for Salary and Rewards

	8.2%	12.4%	14.7%	2.4%	19.4%	17.1%	25.9%		
SR2	32	20	21	8	50	24	15	3.92	1.989
SICZ	18.8%	11.8%	12.4%	4.7%	29.4%	14.1%	8.8%	3.72	1.505
SR3	9	6	33	1	17	37	67	5.29	1.917
Sits	5.3%	3.5%	19.4%	.6%	10%	21.8%	39.4%	3.27	1.517
SR4	6	14	23	2	18	33	74	5.39	1.913
	3.5%	8.2%	13.5%	1.2%	10.6%	19.4%	43.5%	3.37	1.913
SR5	13	10	15	2	30	27	73	5.35	1.974
	7.6%	5.9%	8.8%	1.2%	17.6%	15.9%	42.9%		
SR6	7	11	10	2	33	39	68	5.54	1.744
2110	4.1%	6.5%	5.9%	1.2%	19.4%	22.9%	40%		
SR7	13	9	17	3	47	37	44	5.05	1.841
	7.6%	5.3%	10%	1.8%	27.6%	21.8%	25.9%	3.00	1.041
SR8	4	8	11	4	27	42	74	5.73	1.598
SKo	2.4%	4.7%	6.5%	2.4%	15.9%	24.7%	43.5%	3.73	1.376
SR9	18	14	20	7	56	25	30	4.55	1.903
Sit	10.6%	8.2%	11.8%	4.1%	32.9%	14.7%	17.6%	1.55	1.505
SR10	9	7	15	2	50	33	54	5.31	1 724
SR10	5.3%	4.1%	8.8%	1.2%	29.4%	19.4%	31.8%		1.724
<b>CD11</b>	9	6	8	2	25	46	74	5 72	1.697
SR11	5.3%	3.5%	4.7%	1.2%	14.7%	27.1%	43.5%	5.72	

## **4.1.2.3** Training

With the highest mean value (M=5.57), it illustrates that organization is focusing on training in order to increase service quality (TR3). Besides, there are 4.1% respondents, 6.5% respondents who are neutral and entirely disagree, respectively with group discussion and communication

technique training in this organization (TR4). It might be show in organization, such skills are insufficiently emphasized.

Table 4.3 Descriptive statistic for Training

			F	requencies					
G II		(Number	of responder	nts and perc	ent rate am	nong total)		3.6	Std. Devi
Coding	Entirely Disagree	Mostly disagree	Disagree	Neutral	Agree	Mostly agree	Entirely Agree	Mean	
TR1	9	5	17	2	25	44	68	5.55	1.761
IKI	5.3%	2.9%	10%	1.2%	14.7%	25.9%	40%	3.33	1./01
TR2	3	6	19	2	43	41	56	5.49	1.547
1 KZ	1.8%	3.5%	11.2%	1.2%	25.3%	24.1%	32.9%	3.49	1.34/
TR3	4	3	12	6	45	48	52	5.57	1.430
TKS	2.4%	1.8%	7.1%	3.5%	26.5%	28.2%	30.6%	3.37	1.430
TR4	11	14	15	7	55	33	35	4.88	1.787
1117	6.5%	8.2%	8.8%	4.1%	32.4%	19.4%	20.6%	7.00	1./8/

#### 4.1.2.4 Career advancement opportunities

As to Career advancement opportunities, there are for items relating to respondents' position and promotion opportunities. In which, it is reported that employees are keen on their current position in this organization compared with other ones, illustrating in CAR3 (M=4.04) and significant agreement rate (21.2%). However, when asked about fast promotion speed in organization, there are 27.1% respondents who disagree with CAR1 item.

Table 4.4 Descriptive statistic for Career advancement opportunities

Callara	Frequencies  (Number of respondents and percent rate among total)								Std.
Coding	Entirely Disagree	Mostly disagree	Disagree	Neutral	Agree	Mostly agree	Entirely Agree	Mean	Devi
CAR1	46	39	25	6	17	25	12	3.19	2.047

	27.1%	22.9%	14.7%	3.5%	10%	14.7%	7.1%		
CAR2	45	42	23	7	20	20	13	3.16	2.015
07.11.12	26.5%	24.7%	13.5%	4.1%	11.8%	11.8%	7.6%	2.10	2.015
CAR3	19	28	47	3	16	21	36	4.04	2.112
0.12.0	11.2%	16.5%	27.6%	1.8%	9.4%	12.4%	21.2%		2,112
CAR4	41	41	26	6	23	16	17	3.26	2.045
	24.1%	24.1%	15.3%	3.5%	13.5%	9.4%	10%	2.20	2.5

#### 4.1.2.5 Satisfaction

As mediator in this research, satisfaction includes four statements referring to employees' attitude toward their organization. Especially, more than 50% respondents feel proud of themselves when job well-done (SA2) with highest mean value 6.15. There are low disagreement rate in this construct.

Table 4.5 Descriptive statistic for Satisfaction

			F	requencies	<b>y</b>	,			
G 11		(Number	of responder	nts and perc	ent rate am	nong total)		3.5	Std. Devi
Coding	Entirely Disagree	Mostly disagree	Disagree	Neutral	Agree	Mostly agree	Entirely Agree	Mean	
SA1	10	12	13	12	79	19	25	4.74	1.612
SAI	5.9%	7.1%	7.6%	7.1%	46.5%	11.2%	14.7%	4.74	1.012
SA2	3	1	4	2	26	48	86	6.15	1.200
SILL	1.8%	.6%	2.4%	1.2%	15.3%	28.2%	50.6%	0.13	1.200
SA3	2	4	7	4	55	48	50	5.65	1.280
SAS	1.2%	2.4%	4.1%	2.4%	32.4%	28.2%	29.4%	. 5.05	1.200
SA4	3	2	9	8	57	47	44	5.54	1.297
3/14	1.8%	1.2%	5.3%	4.7%	33.5%	27.6%	25.9%	. 3.34	1.297

# **4.1.2.6** Loyalty

When it comes to Loyalty, dependent variable in this study, there are four items to measure employees' loyalty to their organization. In which it is easily recognized employee are willing to make more effort beyond expected to contribute to organization's success, illustrating by highest mean value of LO1 (M=6.04). In this section, it is noted that there are low disagreement rating between respondents.

Table 4.6 Descriptive statistic for Loyalty

			F	requencies		· ·			
a 11		(Number	of responder	nts and perc	ent rate am	nong total)		3.5	Std.
Coding	Entirely Disagree	Mostly disagree	Disagree	Neutral	Agree	Mostly agree	Entirely Agree	Mean Devi	Devi
LO1	2	1	6	3	29	55	74	6.04	1.178
LOI	1.2%	.6%	3.5%	1.8%	17.1%	32.4%	43.5%	0.04	1.170
LO2	1	5	6	2	44	48	64	5.84	1.266
LOZ	.6%	2.9%	3.5%	1.2%	25.9%	28.2%	37.6%	3.01	1.200
LO3	2	4	9	5	50	34	66	5.72	1.372
LOS	1.2%	2.4%	5.3%	2.9%	29.4%	20%	38.8%	3.12	1.372
LO4	3	3	8	2	44	31	79	5.88	1.384
LO4	1.8%	1.8%	4.7%	1.2%	25.9%	18.2%	46.5%	3.00	1.384

## 4.2 Reliability and Validity testing

#### 4.2.1 Reliability test

The reliability analysis was conducted by calculating the Cronbach'sα. According to Molina, Montes and Ruiz-Moreno (2007), the minimum proposed Cronbach's alpha is above 0.6. The result of the three constructs exceeding the 0.6 threshold required. In table 4.7, the Cronbach's α coefficient of "Empowerment" is 0.870, that of "Salary and reward" is 0.889, and "Traning" is 0.886, "Career advancement opportunities" is 0.932. "Satisfaction" is 0.784 and "Loyalty" is 0.915. Nevertheless, item SR1 and SR2 of "Salary and reward" were not satisfied item-total correlations (>0.4). Specifically, SR1 is 0.253 and SR2 is 0.301. Thus, these items were eliminated from further analysis. The measurements of this study are acceptable in reliability.

#### 4.2.2 Validity test

Convergent validity of the measurement model was assessed by three measures: item reliability, composite reliability (CR) and average variance extracted (AVE). Item reliability was evaluated by the size of the loadings of the measurement. The loading should be above 0.5, indicating each measure is making up 50 per cent or more of the variance. The result of factor loading was shown all items loaded strongly (>.05) on their appropriate factors which supported their unidimensionality. Composite reliability was assessed on the basis of internal consistency. The internal consistency measure is similar to Cronbach's alpha. Cronbach's alpha that there are assumes parallel measures, and represents a lower bound of composite reliability. According to Molina et al., (2007), the minimum proposed composite reliability value is 0.70. The result of this criterion was satisfactory and reported in Table 4.7. To complete the analysis, the AVE was computed, in which the minimum suggested value is 0.5. Convergent validity is adequate when constructs have an AVE greater than 0.50, the variance shared with a construct and its measures is greater than the error. As shown in Table 4.8 all the constructs have an AVE score above 0.50. With factor loading of all items is higher than 0.5, CR above 0.7 and AVE greater than 0.5, the result implied the measurement was good.

Table 4.7 Convergent and discriminant validity of the model constructs

Contructs	Indicator	Standardized	Criteria
		loadings	(Cronbach's α, CR, AVE)
Empowerment	EMP1	0.78	Cronbach's $\alpha = 0.870$
	EMP2	0.90	CR = 0.871
	EMP3	0.83	AVE= 0.793
Salary and rewards	SR1	Eliminated	Cronbach's $\alpha = 0.889$
	SR2	Eliminated	CR = 0.876
	SR3	0.56	AVE= 0.518
	SR4	0.53	
	SR5	0.75	
	SR6	0.80	
	SR7	0.75	
	SR8	0.72	
	SR9	0.61	
	SR10	0.56	
	SR11	0.66	

Training	TR1	0.85	Cronbach's $\alpha = 0.886$
	TR2	0.89	CR = 0.890
	TR3	0.71	AVE= 0.74
	TR4	0.82	
Career advancement	CAR1	0.95	Cronbach's $\alpha = 0.932$
opportunities	CAR2	0.95	CR = 0.936
	CAR3	0.73	AVE= 0.833
	CAR4	0.89	
Satisfaction	SA1	0.53	Cronbach's $\alpha = 0.784$
	SA2	0.62	CR = 0.807
	SA3	0.82	AVE= 0.620
	SA4	0.77	
Loyalty	LO1	0.60	Cronbach's $\alpha = 0.915$
	LO2	0.88	CR = 0.921
	LO3	0.96	AVE= 0.798
	LO4	0.94	

Discriminant validity was assessed using two methods: correlation between constructs (r); and the comparison of the square root of the AVE for each construct with the correlation between the construct and other constructs in the model. Correlation between constructs in combination with standard error in Table 4.8 indicated all of them are different from 1. In addition, Chin (1998) states that if the square root of the AVE for each construct is larger than the correlation between the construct and any other construct in the model, then the measures should be considered to have adequate discriminant validity. Table 4.9 shows all constructs in the estimated model satisfied this criterion. Since none of the off-diagonal elements exceeded the respective diagonal element, the criteria for discriminant validity were considered satisfied.

According to the above results, the reliability and validity in this study are acceptable.

Table 4.8 Correlation between constructs (r)

		Estimate
EMP	<> SR	.327
EMP	<> TR	.401
EMP	<> CAR	.376
EMP	<> SA	.439

			Estimate
LO	<>	EMP	.219
SR	<>	TR	.445
SR	<>	CAR	.447
SR	<>	SA	.679
LO	<>	SR	.562
TR	<>	CAR	.464
TR	<>	SA	.477
LO	<>	TR	.349
CAR	<>	SA	.420
LO	<>	CAR	.268
LO	<>	SA	.848

Table 4.9 Correlation among construct scores

	LO	EMP	SR	TR	CAR	SA
LO	0.866					
EMP	0.219	0.833				
SR	0.562	0.327	0.720			
TR	0.349	0.401	0.445	0.819		
CAR	0.268	0.376	0.447	0.464	0.887	
SA	0.848	0.439	0.679	0.477	0.420	0.787

Note: Square root of AVE in the diagonal and bold

# **4.3 Confirmatory Factor Analysis (CFA)**

In CFA, the model fit if CMIN/df is less than 3 with p-value larger than 5 per cent. The goodness of fit index (GFI) is a measure of fit between the hypothesized model and the observed covariance matrix. The GFI ranged between 0 and 1, with a cut-off value of 0.9 generally indicating acceptable model fit. The comparative fit index (CFI) analyses the model fit by examining the discrepancy between the data and the hypothesized model, while adjusting the issues of sample size inherence in the chi-squared test of model fit, and the normed fit index. A CFI value of 0.90 or larger was generally considered to indicate acceptable model fit. The root mean square error of approximation (RMSEA) avoided issues of sample size by analyzing the discrepancy between the hypothesized model, with an optimally chosen parameter estimates, and the population

covariance matrix. A value of 0.06 or less indicates an acceptable model fit in combination of PCLOSE higher than 0.5.

After removing items due to item-total correlation lower than 0.5, the rest of all the observed items which were significant and substantial (>0.50) were run as a whole for the final measurement model. The final measurement model had a good fit to the data: Chi-square = 682.818; df = 329; Chi-square/df = 2.075; P = .000; CFI = 0.900; RMSEA = 0.080.

Overall, the measurement model results supported for convergent and discriminant validities of the measures used in this research.

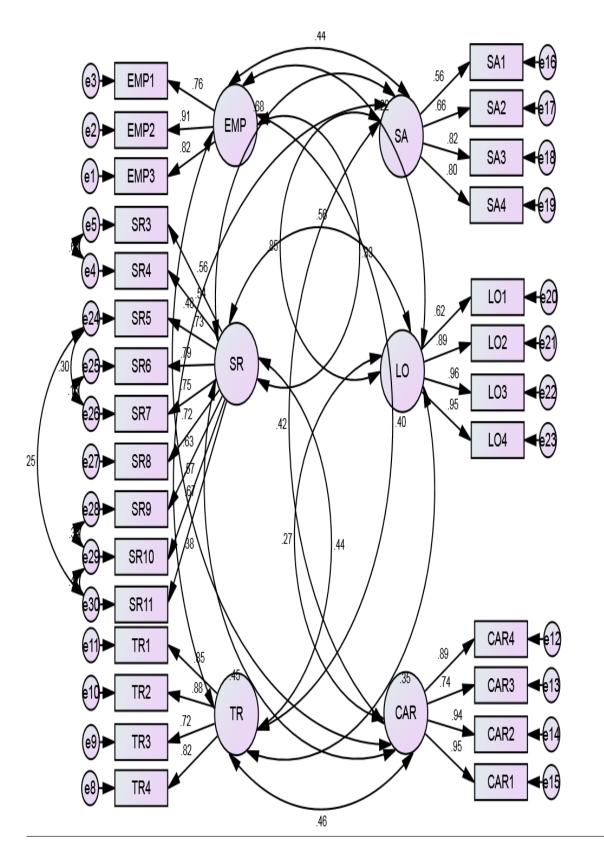


Figure 11 Final measurement model

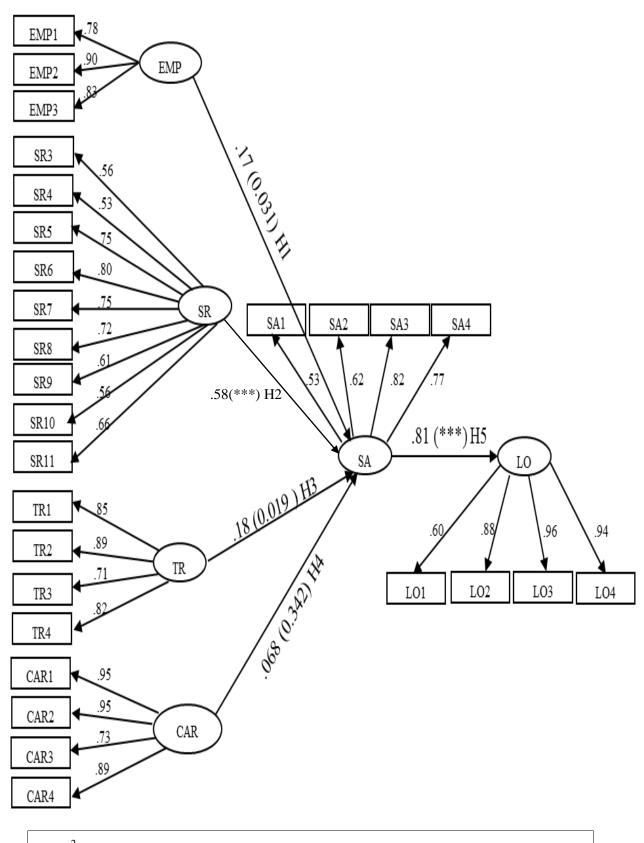
## 4.4 Structural equation modeling (SEM)

The structural equation modeling results indicated that the theoretical model had a fit to the data:  $\chi^2_{[339]} = 803.509$ ; P = .000; CMIN/df = 2.370; CFI = 0.869; RMSEA = 0.090. The result supported four hypotheses. All of the regression weight values were positive and significant (p < 0.05). One hypothesis was not support due to p-value > 0.05. The unstandardized estimates are presented in Table 4.10, and the standardized estimates are in Figure 11. Consistent with H1, Empowerment was found to be positively associated with Satisfaction ( $\beta = 0.166$ , p = 0.031). H2 posits a positive relationship between Salary and reward and Satisfaction. This hypothesis was also supported ( $\beta = 0.583$ , p < 0.001). H3, which proposed a positive relationship between Training and Satisfaction was also supported ( $\beta = 0.18$ , p = 0.019). H5 included the positive relationship between Satisfaction and Loyalty which was also confirmed ( $\gamma = 0.809$ ; p < 0.001). Nevertheless, H4 with proposed positively relationship between Career Advancement Opportunities was not supported ( $\beta = 0.068$ ; p = 0.342)

Table 4.10 Unstandardized structural paths

Hypotheses structural paths		Testing result	Est.(se)	p-value
H1	There is a positive relationship between empowerment and employee's satisfaction	Supported	0.092(0.043)	0.031
H2	There is a positive relationship between salary and rewards and employee's satisfaction.	Supported	0.479(0.106)	***
Н3	There is a positive relationship between training and employee's satisfaction.	Supported	0.103(0.044)	0.019
H4	There is a positive relationship between career advancement opportunities and employee's satisfaction.	Not supported	0.031(0.033)	0.342
Н5	There is a positive relationship between employee's satisfaction and employee's loyalty.	Supported	0.668(0.121)	***

Notes: \*\*\* p<0.00; Est. (se): Estimate (standard error)



 $\chi^2_{~[339]} = 803.509; \, P = .000; \, CMIN/df = 2.370; \, CFI = 0.869; \, RMSEA = 0.090$ 

Notes: p<0.05: (\*), p<0.01 (\*\*), p<0.001 (\*\*\*)

Figure 12 Structural results (standardized estimates)

Base on the above analytical results, the final model of this study is displayed as below:

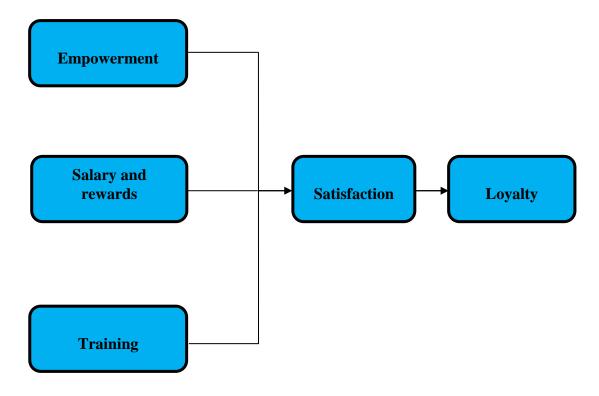


Figure 13 The final model of the research

## 4.5 Discussion of research findings

The research results confirmed proposed four hypotheses with the regression weight values were positive and significant (p < 0.05). The relation between satisfaction and loyalty was also significant. There were four antecedents having impact on satisfaction, including empowerment, salary and rewards, training, and career advancement opportunities. Nevertheless, career advancement opportunities has found the insignificant relation with satisfaction ( $\beta$  = 0.068; p = 0.342).

In the study, the result provides an evidence is that salary and rewards ( $\beta$  = 0.583, p < 0.001) was proved as the most important factor on employees' satisfaction in the context of public administration, compared to that of the other antecedents. This indicates that the higher the level of salary and rewards, the higher the level of employee satisfaction. Compared to the previous researches, we can see that this study has the same results about the issue of salary and rewards. This demonstrated by many studies all over the world. The level of wages is directly proportional to the level of job satisfaction (Jones & Sloane, 2007). Moreover, based on the research of Brown and his colleagues (2007), the level of salary minimally influenced on job satisfaction of employees when they conducted a survey on 16,266 people in over 800 institutions. Likewise, salary has an

effect on employee satisfaction in the automobile industry through a survey of Kathawala, Moore and Elmuti in 1990 (Rustagi & Dua, 2012). As regards rewards, the positive correlation between rewards and job satisfaction of staffs are mentioned by a number of previous researchers. Reward significantly concerned to employees' satisfaction (Voydanoff, 1980). Likewise, Maurer (2001) said that reward is seen as an important factor in order to improving job satisfaction (Turkyilmaz, et al., 2011). Moreover, reward has a main effect on employees' satisfaction. Because employees are easy dispirited and dissatisfied if there have no rewards in their organization (Al-Aameri, 2000).

As was stated above, to go into details, we can see that salary is always the first concern of labourers in many types of organizations. Take an organization of local government for an example, an employee disgruntled because of low salary, the attitude and style of service will not hospitable or enthusiastic to meet the requirements of citizens. At that time, the quality of service they provide will decline. This means that the organization will lose the satisfaction and trust from citizens. This is a significant damage which without an organization wants to happen, especially in local government organization. A reasonable salary will make workers more responsible for the job, simultaneously, it creates a long-term commitment between the employees and the organization. Clearly, a suitable wage mechanism will improve productivity and quality of labour as well as helps the organization to attract and maintain good employees. For example, according to a survey of associations of foreign investment enterprises in Shanghai (China) in the year of 2007, there were 16.76% of employees that quitted job each year due to the gap in salary. Clearly, salary has an important implication for both labourers and the organization. For the labourers, they are interested in the issue of wages for several reasons. First, salary is the most basic part of workers' income, simultaneously, helps them to cover the spending, subsistence allowances and services needed. Second, earnings affect their position in the family, in the relation with peers, as well as their relative value to the organization and society. Third, the ability of earning a high salary will create a motive power for employees strive to learn with the aim is to enhance their value toward the organization. Contrariwise, for the organization, the salary as a tool to retain and attract labourers, especially talented people. Furthermore, salary is considered as an economic lever stimulates employees, and will affect job satisfaction, absence or shift another job. The more the salary is high, the more employees feel satisfied in work. Besides, the rewards will make employees excited, at the same time, stimulating them to focus on creation, innovation and devote their life to the growth of the organization. The result is that they become more close-knit with the organization, improving productivity, quality and efficiency of organizational operations. However, if salary and rewards do not reasonable, it will arise conflicts between employees together, between employees and

managers, making employees discontent and depressed in work. This has a greatly effect on work spirit of employees as well as the progress and operational effectiveness of the organization. And this is one of the causes which employees want to quit their job and search for other jobs. In short, from the above-mentioned analysis, in the condition of a developing country such as Vietnam, we can see that salary and rewards is still the key factor affecting job satisfaction of employees (Tran Kim Dung, 2005; Pham Van Manh, 2012).

Next, training was demonstrated to be the second most important element which had an effect on the satisfaction of staffs. In the period of socio-economic development now, the majority of staffs always eager to learn or research new things to perfect their professional skills, and these things are shown through the training. In practice, training helps employees have a lot of opportunities to learn and enjoyable experience on issues related to their work. Besides, trained employees will be equipped with knowledge and skills to be in charge of many different job positions in the organization easier. Hence, if an organization does not have training policies or training sessions periodically for employees, they will easily arise dissatisfaction in their work because they feel that the organization only wants to squeeze their available knowledge and experience. As a result, they will give up their job and intend to search for another job. Together with these analysis, this study gave a same result which most previous studies explained and proved conclusively. The fact that this result is suitable with the research result of the Martensen and Gronholdt (2001). Because this research found that training has a significantly positive effect on employee satisfaction. Clearly, training supplies the organization with advantages as reduced production errors, increased productivity, etc. Besides, in the research of Dung (2009), training opportunities met the development need for employees. Equipped with essential professional skills would stimulate employees to perform the job better, make more achievements, desire to be assigned more challenging duties with more promotion opportunities. Futhermore, a study of Melymuka (2000) illustrated that there is a remarkable relation between training and employee satisfaction. Similarly, Jamrog (2002) considered that the good training led to job satisfaction of staffs, and thus, they became close-knit with the organization (Jamrog, 2002). Hence, training is seen as an element of enhancing job satisfaction of staffs. Because the fact that when a staff joins a training course, he feels more confident about both his specialist knowledge and current job. Besides, he thinks that he receives a certain investment from his organization (Jun et al., 2006). This leads to a result is that he will more satisfied in his work.

Finally, empowerment has been confirmed as the least important factor involved in employees' satisfaction. Empowerment is actually a trust form of a manager towards employees,

and recognizing the competence of employees in the work process. Practically, without a manager assigned key tasks and positions in the organization for an incapable staff. Consequently, empowerment will create the firm belief of employees to managers and the organization. Once employees are empowered, their role and contribution to the organization will be more positive. Because they think that they have more important positions in the organization, and their talent is recognized by superiors. Thus, the empowerment of employees is also a factor which increases the satisfaction and loyalty of employees. Together with the above explainations, this study has a same result as former studies. According to Ugboro and Obeng (2000), empowerment has a remarkable influence on the satisfaction of staffs in workplace. This is proved by a study of He et al. (2010). Moreover, Sternberg (1992) noted that employees' behaviour is good if they are empowered in work. That is to say empowerment had a powerful impact on job satisfaction. Furthermore, empowerment is one of the elements which has a powerful impact on job satisfaction of staffs (Akbar et al., 2011). From these viewpoints, one example of empowerment success is the case of Delta Airlines. This company has developed one of the most advanced and comprehensive empowerment programs in America, whereby employees can share information, decision-making, understand clearly about rewards and even risks of the company. This empowerment programme is seen as the key to encouraging employees to work hard, building the dynamic corporate culture, and is the place where employees have the autonomy and decision-making power on the work assigned. The result is that employees feel more satisfied with their job and want to long-term work for the company.

On the other hand, through the research results, career advancement opportunity was not supported as a factor affecting to employees' satisfaction. It can be said that it was an unexpected result in this study. Obviously, practically, many studies in the past demonstrated that there is a positive impact between career advancement opportunities and employees' satisfaction. However, this factor gave a result to the contrary. This could be explained due to the characteristics of organizational culture and the practical situation of most local authorities in Vietnam. To begin with, recommendation an employee from a current position to a higher position depends on many elements as follows. Firstly, it depends on the plan process of an organization. Based on a suitable moment and the lack of some high-ranking managerial positions in the organization, the leaders will rely on the list of a long-term plan every year to choose employees who meet the certain standards of the organization. Secondly, this factor depends on the ability and capacity of the staff. That is to say the staff must a civil servant who had a long time to strive and got excellent work achievements in many uninterrupted years. Thirdly, this factor mostly depends on the acquainted relationships.

Besides, a large number of employees who want to work in the local administration because they have a thought as "satisfied with their lot" or to work with the aim is to get the retirement pension while they were retired. These are the reasons why employees who working in this organization do not care much about their career advancement opportunities. Therefore, it is reasonable to assert that this factor was unsupported in the study. In other words, career advancement opportunities have the inconsiderable correlation with satisfaction of employees.

Apart from that, the findings of this study gave a conclusion same as the past researches about the correlation between satisfaction and loyalty of staffs. The majority of researchers mentioned that employee satisfaction had a strong impact on employee loyalty (Brown et al., 1993; Hom et al., 2001; Martensen et al., 2001). Likewise, when employees felt satisfied with job, their loyalty was increased (Guimaraes, 1997; Turkyilmaz et al., 2010; Soler, 1998; Chen, 2006). According to consideration of many managers, an organization achieves success when there is loyalty of employees. The success of the organization is demonstrated by two main issues, namely the costs and work efficiency. On the side of the costs, loyalty helps the organization to reduce many costs by saving time in recruiting, training, and wait until employees reach the level of requirements and the skills needed for the job. On the side of work efficiency, loyal employees tend to work better what managers expect, and have a high work spirit in their best ability. In other words, loyal employees are people who feel satisfied with the job and work productive. Both two issues have the essential meanings for each organization. Moreover, the loyalty will help employees have a strong motivation to complete the outstanding tasks, and even exceeded the targets put forward. Loyalty of every employee is not simply a matter of individuals but also a link in the chain of devoted work with the aim is to reach organizational goals. In fact, the level of satisfaction of employees can affect their decision to leave or continue to work in the organization. To prove this, New York newspaper investigated in many organizations and found that within one year, when satisfaction in work is high, it is predicted that only 4% of workers will leave the organization, conversely, when workers feel unsatisfied, the percentage of leaving the company of workers is 27%. From this evidence, we consider that loyalty is the glue that holds employees to work, and a deeper sense of loyalty is that employees have a strong attachment to the organization closely. Almost managers often expect that their employees will work by all passions and real enthusiasm, however, to obtain loyalty of employees is not an easy thing. In brief, through this study, we can see that factors have positive influences on employees' satisfaction such as empowerment, salary and rewards, training, except career advancement opportunities. Moreover, the relation between satisfaction and loyalty of staffs is also demonstrated in this research.

# **4.6 Summary**

In short, this chapter has presented about how each measurement scales was assessed and the findings of testing hypotheses. Discussion is also referred to in this part. It can be said that the findings of the study indicated a number of interesting things. On the whole, most variables had positive influences on employees' satisfaction, except career advancement opportunities. This could be seen as a new point of this study compared to the past researches, especially in the local governments.

## V. CONCLUSION

#### **5.1 Conclusion**

In summary, this study carried out in People's Committee of Binh Tan District, Ho Chi Minh City, Vietnam by the survey of 170 people who are working at this place. Based on data analysis of the CFA and SEM, the research indicated the correlation between four factors with employees' satisfaction, in which there are three hypotheses which are supported by three variables as empowerment, salary and rewards, training, and one hypothesis is not supported by the variable of career advancement opportunities. Moreover, it also demonstrated that satisfaction has a positive effect on loyalty of staffs.

An organization is managed and built up by human being. Without human being, the organization does not exist (Cascio, 1992). According to Matsushita Konosuke, who is considered as the father of Japanese business method said that "human is the most valuable property of the organizations". That is to say the human resource is the key to success, and this is true for Vietnamese public sectors in general and People's Committee of Binh Tan District in particular. It is clear that attracting and maintaining personnel source becomes one of the top strategies for all organizations, especially local administrations of the government. To perform this, these organizations need to increase the satisfaction in work for employees. Because job satisfaction is one of the key factors for both workers and the successfulness of every organization (Lim, 2008). Thus, to increase job satisfaction of employees, People's Committee of Binh Tan District needs to pay special attention to the issue of salary and rewards. Simultaneously, the organization is also interested in the matters of training and empowerment for employees. This will bring satisfaction for staffs. The fact that once employees get the job satisfaction, they will be motivated to work harder, that in turn leads to a higher work efficiency. Thence, employees become close-knit to the organization, and consider this place is their "family" as well as increase their loyalty to the organization. As a result, they want to contribute much more their abilities to the overall development of the organization. In other words, they determine on pursuing the common goals of the institution. Conversely, the organization will also save time, costs (such as recruitment, training, etc.), and reduce many errors which are caused by new employees who are unfamiliar with the new work. These are things which every organization always wants to achieve, and People's Committee of Binh Tan District is not an exceptional circumstance.

Evidently, a survey on employee satisfaction is one of the tools which help employees to express their feelings and aspirations in work, and help the managers in the domain of personnel

management understand the psychological and desire of employees. Thence, maximizing the capacity and enthusiasm of employees for their work and constantly improving the policies of developing human resources by the managers. Thenceforth, finding employees' satisfaction in working becomes a common objective of many institutions in Vietnam. Thus, employees' satisfaction is the key to solve the problems which relate to human in local governments in general as well as People's Committee of Binh Tan District in particular now and in the near future.

The findings of this study brought a number of contributions in practice. Firstly, the results would provide more knowledge about the field of personnel management. Next, the study would bring awareness to managers about factors of the satisfaction of employees in the local administrations in general and People's Committee of Binh Tan District in particular. Finally, the research could help the managers to create appropriate plans so that they can attract more and maintain staffs' membership in the state sector.

## 5.2 The managerial implications

In order to improving the satisfaction and loyalty of employees in the local governments and People's Committee of Binh Tan District, managers focus on increasing all items which are belong to the variables such as empowerment, salary and rewards, training, satisfaction and loyalty, except the element of career advancement opportunities. Parallel, the author will bring out other recommendations as below.

It is true to affirm that salary and rewards are important factors in protecting the benefits of workers. Obviously, good policies will contribute to improving staffs' satisfaction in work. Because when employees feel their interests are implemented better from organizations, it will increase the level of employee satisfaction. As the result, they will close-knit long time to the organizations. Therefore, managers need to focus attention on improving salary and rewards. To do that, managers have to consider and implement the following issues:

As regards the salary, according to Vu (n.d), the salary is the main income, and it is seen as the top criterion to develop the nation. Any society that wants to develop stable, at least it has to achieve five criteria as follows. Firstly, the salary increases stable and distributes equally. Secondly, the law is fair. Thirdly, the equality of opportunity for people. Fourthly, the natural environment is clean. Finally, improving intellectual of people by building a quality education. Therefore, building a scientific and reasonable system of wage is always a major task which is posed to the state agencies. Because it is considered as a lever to stimulate productivity and work efficiency as well as increase job satisfaction for employees (Hai, 2013).

Besides that, another important measure is that implementing the reform of the salary regime in the public sectors in Vietnam at present and in future. To do it, managers need to prioritize some key measures as follows:

Firstly, the issue of increasing salaries of civil servants must be the strategic choice and is political determination of the leaders of the Vietnamese Party and State at the highest level. Because only a breakthrough in the salary policy can help civil servants to able to live based on the salary.

Secondly, to encourage the people who work really qualitative and productive, it is necessary to perform pay a salary according to the work efficiency, but is not pursuant to a scale of ranks and grades of civil servants as the present situation. Wages must ensure re-produce the labor. For this, the minimum wage must correspond to the cost of living index in each period as well as the specific characteristics of each region. At the same time, there is the comparison regularly about the minimum wage between the public sector and the private sector.

Thirdly, it is necessary to change the basic structure of wages for civil servants, in which includes "hard salaries" according to the common regulations, and "soft salaries" will be rewarded for productivity, work efficiency and the level of completing tasks. It is paid from the budget of the wage rise which is allocated by the government for each unit. This solution not only creates a motivation to work for employees to achieve the highest possible salary, but also an important contribution to solve financial difficulties in generating a budget source to increase salaries suitably for officials and to adjust wage flexibly follow fluctuations of the market context.

Fourthly, reforming the salary needs to clarify the relationship between the wage policy with the policies of social insurance, health insurance, education and some other matters for senior professionals and leaders in the structure of salaries.

Overall, performing the salary reform of civil servants, particularly applying a system of paying salary which bases on ability and work efficiency is a very difficult thing and it has not been applied in Vietnam. Nevertheless, it is necessary to carry out this reformation in order to create the basic and breakthrough changes in wage policies.

Next is some solutions on rewards. The fact that a reward not only has material interests, but also has a great meaning is to create an invaluable spiritual motivation to affirm the social position of a person or a group toward the community according to certain social norms. Concurrently, the rewards also makes employees feel more satisfied in work. Therefore, the best solution of managers is to have a general unification on the issue of rewards in all levels, branches, agencies, units, local authorities all the nation. The main purpose of this job is to guarantee rewards are done in

accordance with the law, at the same time, ensuring rights of the collective and individuals are rewarded. However, in all local governments currently, workers only receive a reward at the end of the year if they have the excellent achievements in work. It was more or less their expected, and this led to employees' dissatisfaction. Hence, in order to encourage the spirit for staffs and raise their satisfaction, a solution is brought out that the reward should perform regularly every month.

Furthermore, needing to disseminate and public any rewards in the organization. When a manager reward an employee with 1,000,000 VND, but if only the manager and himself know about it, the incentive effects would be meaningless. People usually think that salary and rewards of each person as the personal issues. But when employees do not have accurate informations about the bonuses, they start murmuring, comment, gossip and feel dissatisfied in their work. Because they think the rewards which they receive are lower than other colleagues. Thus, salary and rewards of everyone have to post up on the board of internal information of the organization, it can limit this negative situation.

Besides, the institution needs to timely reward for employees. A delayed reward can have negative effects similar to refuse someone worthy of reward. By a comprehensive view, managers should create chances for staffs to evaluate and consider prizes on the spot for their colleagues. Employees have the right to introduce any colleagues that they thought he or she has successfully completed the assigned tasks (including those who work in another department). The fact that employees often stricter than managers in considering rewards for colleagues, hence, those receive rewards are worthy people. Practically, this form has been applied by the General Electric Company. An employee will receive a reward voucher worth 25 dollars (USD) if he was voted by his colleagues. Obviously, for an officer, this is not just 25 USD, but more importantly is that he has earned the trust of his co-workers (Nguyen Thanh Hoi, 2010).

Parallel, the organization should also use the forms of non-monetary reward as follows. The managers can base on an assessment of the level of satisfaction of citizens for each staff by the quantity of "smiley face" or "sad faces" which were glued on the noticeboard, or rely on the number of letter of suggestions that were put into the mailbox of the unit. At the end of every month or every quarter, if public officials get many smiley faces as well as compliments, their names will be wrote at the head of the bulletin board, at the same time, they will receive a certification for their contributions. One more thing is that managers can also send a letter of thanks to employees via email, or read a speech emphasized the success of staffs and thank them in the periodic meeting. However, managers should not abuse these forms, because sooner or later it will also lose effectiveness if applied repeatedly.

Apart from that, managers should focus more on training and empowerment because of the importance of these factors. Training is viewed as the primary issue of most countries all over the world. In Vietnam, the government pay special attention to training for employees and considered it as one of the decisive factors to raise the skill, qualification, ability of civil servants, and as a condition for promoting their roles in building the state administration. At the same time, after training, employees will get more the knowledge and understanding which they really need in their professional work and living reality. Thus, managers should create numerous chances for employees to learn and research through training programmes in the short and long term of the institution. Nonetheless, managers should notice one thing is that training must meet the specific requirements, tasks and characteristics of each locality. Besides, the construction of training plans must ensure the objectivity and science. Because lacking in these things, it will lead to several problems such as superficial training, formalistic training, etc.

Following this issue is some recommendations of the empowerment. A real situation of most local governments in Vietnam currently is the overload in managing because they has not caught up the developing trends of the world. Therefore, conducting the empowerment for employees lead to two advantages. The first thing is to ease the burden for managers, hence, they have more time and conditions to solve the central issues of the unit. The second thing is to enhance job satisfaction of staffs. Instead of monitoring each activity of each member in the organization, managers can give them more autonomy in their work. It means that managers need to create an environment of mutual trust for both them and their staffs. Because all people are equal and work together as a unified whole without reporting on the state of their work to the team leader or manager every hour. Moreover, empowered employees will care about the quality of their work more than managers. Staffs will feel that their power is raising, and thus, they ready to go to work early but home late, and devote their life more to the organizational development. Nevertheless, empowerment has also a disadvantage. As a matter of fact, supervisors should realize that the job cannot complete if they work alone. When they assign a task to an employee, they need to understand that an efficient empowerment also means as accepting unwanted problems may be followed. Managers cannot get results as expected but they need to accept the mistakes which have occurred from their employees. In summary, these recommendations may help to improve the satisfaction and loyalty of employees in the local governments in general and People's Committee of Binh Tan District in particular. Because these actions will make employees feel proud of and they think managers respect and highly appreciate their capacities. Since then, employees will recognize that the organization as the

second house where they can be assured of working and devoted their whole life toward the institution.

#### 5.3 Limitations and Further research

Although the research provides several useful data for the organizations in the public sector but it has some limitations as follows. First of all, limited in time and relationship, the study only focuses on employees who are working at People's Committee of Binh Tan District with the quantity of sample is 170. This means that limitation of the study is limited sample, and therefore, the research will not representative for all public sector employees on a national scale in Vietnam. Secondly, the study shows the correlation between elements such as empowerment, salary and rewards, training with employees' satisfaction in the public sector. Nevertheless, there are still many other factors that may influence on employees' satisfaction in the public administrations in Vietnam, which are beyond the sphere of this research.

From the above limitations, the author puts forward some recommendations for future research. Firstly, in the future, the research tool can use both quantitative and qualitative methods. This means that the researcher suggests adding some open questions or direct interviews that can be conducted to explain and describe the respondents' viewpoint on the topic more thorough and radical. Secondly, the ultimate goal of organizations in the public sector is how staffs to work efficiently and close-knit to organizations for a long time. Creating employees' satisfaction as a quick way to gain this, and research on the satisfaction of staffs is not sufficient. It is necessary to have the researches about the factors affecting job efficiency, or elements impacting on the intention of giving up the job of employees in the public administrations in Vietnam. Thirdly, it would be interesting to compare job satisfaction of employees in many various units in People's Committee of Binh Tan District, or to conduct the comparison in the internal scope of People's Committee of 10 Wards which belong to People's Committee of Binh Tan District. Also the difference between job satisfaction of officers, civil servants and contract workers would be intriguing theme to further study.

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## **APPENDIX**

## APPENDIX A. QUESTIONNAIRE (IN ENGLISH)

Dear Sir/Madam,

My name is Nguyen Thi Ngoc Diem, currently a student of the program "Master of Public Administration" of University of Economic Ho Chi Minh City (Vietnam) associate with University of Tampere (Finland). At present, I am doing the master thesis with the topic "Factors affecting employee's satisfaction and loyalty: An evidence of The People's Committee of Binh Tan District, Ho Chi Minh City, Vietnam". Through this survey, your contributive ideas will help me complete the research, simultaneously, it provides the highly valuable informations to put forth policies and recommendations in order to improve human resource management in local governments in general and People's Committee of Binh Tan District in particular. Please take a few minutes from your spare time to fulfil this survey below. I hope to receive your enthusiastic cooperation.

All of your personal information and opinions will be kept confidentially. If you have any questions or concerns about this study, please contact with me via my email diemanlac1983@gmail.com

Questionnaire No:	
Date (dd/mm/yyyy):	

**Section I.** This section refers to the factors affecting the level of satisfaction and loyalty.

Please indicate the extent to which you agree or disagree with each of the following statements by circling the appropriate number from 1 to 7, namely as follows:

1	2	3	4	5	6	7
Entirely disagree	Mostly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Mostly agree	Entirely agree

Entirely disagree ← → Entirely agree

Em	powerment							
1	I have significant autonomy in determining how I do	1	2	3	4	5	6	7

	my job.								
2	I can decide on my own how to go about doing my work.	1	2	3	4	5	6	7	
3	I have considerable opportunity for independence and freedom in how I do my job.	1	2	3	4	5	6	7	
Sala	Salary and rewards								
4	My salary is satisfactory in relation to what I do.	1	2	3	4	5	6	7	
5	I earn the same as or more that other people in a similar job.	1	2	3	4	5	6	7	
6	The basis of payment, for example overtime payment is reasonable.	1	2	3	4	5	6	7	
7	Salary increase is decided on a fair manner.	1	2	3	4	5	6	7	
8	The rewards are distributed rightfully.	1	2	3	4	5	6	7	
9	The rewards matches my work effort.	1	2	3	4	5	6	7	
10	I am satisfied with the quality of the rewards.	1	2	3	4	5	6	7	
11	I am ready to increase my work efforts in order to gain the rewards.	1	2	3	4	5	6	7	
12	Employees work more as a team in order to gain the rewards.	1	2	3	4	5	6	7	
13	The rewards have a positive effect on the work atmosphere.	1	2	3	4	5	6	7	
14	The rewards motivate me to perform well in my job.	1	2	3	4	5	6	7	
Trai	ining								

15	I have received sufficient training at this organization to do my job effectively.	1	2	3	4	5	6	7
16	I am trained in quality improvement skills.	1	2	3	4	5	6	7
17	Much of the training at our facility emphasizes product and service quality.		2	3	4	5	6	7
18	I am trained in group-discussion and communication techniques.	1	2	3	4	5	6	7
Car	eer advancement opportunities							
19	My promotion speed in the present organization is fast.	1	2	3	4	5	6	7
20	The probalility of being promoted in my present organization is very high.	1	2	3	4	5	6	7
21	Compared with previous organizations, my position in my present one is ideal.	1	2	3	4	5	6	7
22	Compared to colleagues, I am being promoted faster.	1	2	3	4	5	6	7
Sati	sfaction							
23	I would recommend this organization to a friend if he/she were looking for a job.	1	2	3	4	5	6	7
24	I feel personal satisfaction when I do my job well.	1	2	3	4	5	6	7
25	I am proud to tell people that I am part of this organization.	1	2	3	4	5	6	7
26	This is the best organization for me to work for.	1	2	3	4	5	6	7
Loy	alty							
27	I am prepared to put in a great deal of effort beyond what is normally expected in order to help this	1	2	3	4	5	6	7

	organization be successful.							
28	I plan to make this organization my own career.	1	2	3	4	5	6	7
29	I care about the fate of this organization.	1	2	3	4	5	6	7
30	I feel a lot of loyalty to this organization.	1	2	3	4	5	6	7

**Section II.** This section mentions to background of biographical information. The information will enable the researcher to classify and compare groups of respondents.

Please provide some general information about you and your current organization by ticking the following information that is appropriate to you.

1. Gender		
	Male	Female
2. Age		
	Under 30	From 31 to 40
	From 41 to 50	Above 50
3. Job Positio	n	
	Leader	Sub-leader
	Civil servant	Contract employee
4. Education		
	High school graduate	Junior college graduate
	University graduate	Post-graduate
5. The working	ng time in this organization	
	Less than 1 year	From 1 to 3 years
	From 4 to 10 years	Above 10 years

Sincerely appreciate your time and cooperation! Heartfelt thanks!

## APPENDIX B. QUESTIONNAIRE (IN VIETNAMESE)

Xin chào Ông/Bà,

Tôi tên Nguyễn Thị Ngọc Diễm, hiện là học viên Chương trình Thạc sĩ Hành Chính Công của trường Đại học Kinh tế Thành phố Hồ Chí Minh liên kết với trường Đại học Tempere (Phần Lan). Tôi đang tiến hành nghiên cứu về các yếu tố ảnh hưởng đến sự hài lòng và lòng trung thành của nhân viên tại Ủy ban nhân dân quận Bình Tân, Thành phố Hồ Chí Minh, Việt Nam. Thông qua bảng khảo sát này, những ý kiến đóng góp của Ông/Bà sẽ giúp cho tôi hoàn thành đề tài nghiên cứu này, đồng thời nó cũng cung cấp những thông tin quý báu trong việc giúp đưa ra một số giải pháp và chính sách để nâng cao vấn đề quản lý nguồn nhân lực trong các tổ chức chính quyền địa phương nói riêng cũng như Ủy Ban Nhân Dân quận Bình Tân nói riêng. Vì thế, Ông/Bà xin vui lòng dành một ít thời gian của mình để hoàn thành bảng câu hỏi này.

Toàn bộ những ý kiến đóng góp và thông tin cá nhân của Ông/Bà sẽ được giữ bí mật tuyệt đối. nếu bạn có thắc mắc hoặc câu hỏi về bảng khảo sát này, xin vui lòng liên hệ với tôi qua địa chỉ email: diemanlac1983@gmail.com

Bảng câu l	hỏi số:	 	• • • • • • • •	 	
Ngày:		 . <b></b> .		 	

## Phần I: Phần này phân tích những yếu tố ảnh hưởng đến mức độ hài lòng và lòng trung thành của nhân viên

Xin Ông/Bà cho biết mức độ đồng ý hay không đồng ý đối với mỗi câu bên dưới bằng cách khoanh tròn vào một ô số được cho là phù họp và đúng với Ông/Bà nhất. Có 7 mức độ ý kiến đánh giá sau đây:

1	2	3	4	5	6	7
Hoàn toàn không đồng ý	Hầu như không đồng ý	Không đồng ý một chút	Không có ý kiến	Đồng ý một chút	Hầu như đồng ý	Hoàn toàn đồng ý

STT	CÂU HỎI			Ý KIÉN	ÐÁNH (	GIÁ		
		Hoàn toàn không đồng ý	Hầu như không đồng ý	Không đồng ý một chút	Không có ý kiến	Đồng ý một chút	Hầu như đồng ý	Hoàn toàn đồng ý
SŲ T	RAO QUYĖN							
1	Khi được giao nhiệm vụ, tôi được quyền tự chủ thực hiện những nhiệm vụ này.	1	2	3	4	5	6	7
2	Tôi có quyền tự quyết trong công việc của mình.	1	2	3	4	5	6	7
3	Tôi được độc lập và tự do trong cách làm việc của bản thân.	1	2	3	4	5	6	7
LƯƠ	NG VÀ THƯỞNG							
4	Tiền lương của tôi được chi trả xứng đáng với công việc tôi đã làm.	1	2	3	4	5	6	7
5	Cùng một vị trí công việc, thu nhập của tôi cao hơn hoặc bằng những người khác.	1	2	3	4	5	6	7
6	Một số công việc ngoài giờ phải được chi trả thêm vào lương cơ bản.	1	2	3	4	5	6	7
7	Việc quyết định tăng lương được thực hiện một cách công bằng.	1	2	3	4	5	6	7
8	Khen thưởng được đánh giá một cách đúng đắn (khen thưởng đúng người, đúng việc).	1	2	3	4	5	6	7

9	Khen thưởng phù hợp với nỗ lực làm việc của tôi.	1	2	3	4	5	6	7
10	Tôi hài lòng với chất lượng của việc khen thưởng.	1	2	3	4	5	6	7
11	Tôi luôn nỗ lực làm việc để đạt được khen thưởng.	1	2	3	4	5	6	7
12	Nhân viên thường làm việc nhóm với nhau nhiều hơn để đạt được khen thưởng.	1	2	3	4	5	6	7
13	Khen thưởng ảnh hưởng tích cực đến bầu không khí làm việc.	1	2	3	4	5	6	7
14	Khen thưởng thúc đẩy tôi thực hiện công việc tốt hơn.	1	2	3	4	5	6	7
ĐÀO	TẠO							
15	Tôi được đào tạo một cách đầy đủ để thực hiện công việc của mình một cách hiệu quả.	1	2	3	4	5	6	7
16	Tôi được đào tạo về các kỹ năng nâng cao chất lượng công việc.	1	2	3	4	5	6	7
17	Phần lớn việc đào tạo tại đơn vị của tôi chú trọng đến chất lượng dịch vụ công.	1	2	3	4	5	6	7
18	Tôi được đào tạo về thảo luận nhóm và kỹ năng giao tiếp.	1	2	3	4	5	6	7
CO H	IỘI THĂNG TIẾN NGHỀ NGHIỆ	P						
19	Tốc độ thăng tiến sự nghiệp của tôi tại đơn vị hiện tại khá nhanh.	1	2	3	4	5	6	7
20	Khả năng được thăng chức trong đơn vị hiện tại của tôi là rất cao.	1	2	3	4	5	6	7

21	So với các đơn vị trước đây, vị trí của tôi ở đây là phù hợp.	1	2	3	4	5	6	7
22	So với các đồng nghiệp, sự phát triển nghề nghiệp của tôi là nhanh hơn.	1	2	3	4	5	6	7
SỰ H	ÀI LÒNG							
23	Tôi sẽ giới thiệu đơn vị này đến bạn tôi nếu anh/cô ấy đang kiếm việc làm	1	2	3	4	5	6	7
24	Bản thân tôi cảm thấy hài lòng khi tôi hoàn thành tốt công việc.	1	2	3	4	5	6	7
25	Tôi tự hào khi nói với mọi người rằng tôi là nhân viên của đơn vị này.	1	2	3	4	5	6	7
26	Đây là đơn vị tốt nhất để tôi làm việc	1	2	3	4	5	6	7
LÒN	G TRUNG THÀNH							
27	Tôi luôn nỗ lực hơn cả sự mong đợi của đơn vị để giúp đơn vị hoàn thành tốt nhiệm vụ.	1	2	3	4	5	6	7
28	Tôi có kế hoạch gắn bó sự nghiệp lâu dài với đơn vị này.	1	2	3	4	5	6	7
29	Tôi quan tâm đến sự sống còn của đơn vị này.	1	2	3	4	5	6	7
30	Tôi trung thành tuyệt đối với đơn vị này.	1	2	3	4	5	6	7

**Phần II:** Phần này liên quan đến thông tin cá nhân của Ông/Bà.

Xin cho biết một số thông tin về bản thân của Ông/Bà và đơn vị ông/bà đang công tác. Vui lòng chọn bằng cách đánh dấu (X) vào ô mà Ông/Bà cảm thấy đúng và phù hợp với mình nhất.

1. Giới tính	
Nam	Nữ
2. Độ tuổi	
Dưới 30	Từ 31 đến40
Từ 41 đến 50	Trên 50
3. Vị trí công việc	
Trưởng đơn vị	Phó trưởng đơn vị
Cán bộ, công chức	Nhân viên hợp đồng
4. Trình độ văn hóa	
Phổ thông trung học	Trung cấp, Cao đẳng
Đại học	Trên đại học
5. Thời gian Ông/Bà công tác tại đơn vị	
Dưới 1 năm	Từ 1 đến 3 năm
Từ 4 đến 10 năm	Trên 10 năm

Chân thành cảm ôn ông/Bà đã giúp hoàn thành phiếu khảo sát này!