

**1<sup>st</sup> QoL**  
**QUALITY  
RESEARCH**

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# 1<sup>st</sup> International Quality Conference on Quality of Life

09.06.-10.06.2016. Center for Quality, Faculty of Engineering, University of Kragujevac



**Theoretical Approaches**

**Empirical Approaches**

**Local, Regional and  
Global Quality of Life**

**Sustainable Development  
and Quality of Life**

**Freedom and  
Quality of Life**

**Quality and  
Quality of Life**

**Impact of development  
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**Methodology of  
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**Management of  
sustainable  
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**Current Issues**

**Perspectives of  
Quality of Life**



09.06.-10.06.2016., Kragujevac, Serbia



# **1. International Conference on Quality of Life**



## **CONFERENCE MANUAL**

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*June 09<sup>th</sup>-10<sup>th</sup> - 2016, Kragujevac  
Faculty of Engineering, University of Kragujevac*

# 1. International Conference on Quality of Life Conference manual

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## PARAMETERS INFLUENCING EMPLOYEE LOYALTY

**Abstract:** This paper will test the important parameters of the loyalty of employees in the public and private sectors. The research was conducted in the Republic of Croatia, as part of the research essential parameters loyalty of employees who contribute to building and retaining loyalty behavior. Loyalty and employee satisfaction are key parameters that influence the success of the company. Also loyal and satisfied employee is important in building good relationships with customers, suppliers and all interested stakeholders of the organization or company. From the aspect of loyalty appears a number of key parameters describing the loyalty and more or less affected by it, and therefore on the business management. The purpose of this paper is to define whether there is a different evaluation parameters loyalty of employees in the public and private sectors of Croatia.

**Keywords:** loyalty, employee loyalty management, quality management, employee motivation

### 1. INTRODUCTION

To gain loyalty of an employee is the highest level of positive interpersonal relationships that the manager can achieve in a company. Sometimes it takes a number of positive circumstances to achieve loyalty. Many think that loyalty comes only through money and providing higher salaries or benefits, but nowadays the situation has changed. With this paper, we will try to find out which parameters loyalty of the organization are favorable to the individual to become loyal to company or boss, and what it retains to remain at the company where they work. Each parameter that affects on employee loyalty will be explained, and research will be done in order to discover what are the parameters of the highest rank. Interviewees will be divided into private and public sector, and we will analyze whether there is differences in the perception of the parameter between those two sectors. Data analysis will be grouped interviewees by age, sex, education, and will compare the ranking parameters. Further research should establish to what extent the amount of salary is an motivating factor for employee loyalty and to what extent are job security and a regular monthly salary also motivating factor for employee loyalty. The aim of this paper is to

draw attention to the importance of loyalty to a company. The main question that extends along this paper is how we should treat our employees, that they become loyal and which conditions best suited them that their relationship with you comes to this level.

### 2. PARAMETERS OF EMPLOYEE LOYALTY

#### 2.1 Employee motivation

One of the essential and important functions of managers is to manage human resources, which means to provide meaningful and quality people, motivate and educate them, get them useful information and knowledge and to develop them to achieve high results, which have contribution to the company. People, their skills, knowledge, creative and other skills, specific concerns, climate, and general human resource management practice is the only feature of the "thing" that is unique for every company and cannot be copied (Sikavica and Bahtijarević- Šiber, 2004). Human Resources Management in contemporary organizations has two main tasks: (1) must support the achievement of competitive advantages with the help of employees, where emphasizes employee motivation and investment in the

development of knowledge, skills and behavior and (2) to contribute to the success of an organization (Pološki Vokić, 2004). Research shows that the success of organizations and companies are linked to the quality of performance of the functions and activities such as: compensation and benefits, creating a good organizational climate and culture, and the existence of training programs and learning (Horvat, Sharma and Bobek, 2015). Studies also show that the success of organizations is also linked with factors related to employees, such as: (1) security of the transaction, (2) job satisfaction, (3) organizational commitment, (4) the creation of knowledge and (5) the ability of managers and relationship to employees (Mitrevica and Filipovski, 2012). Motivation is defined as a generic term for all internal factors consolidate the intellectual and physical energy, initiate and organize individual activities, directing behavior and determine the direction, intensity and duration, it answers the question why someone behaves in a certain way, is achieved or not achieved operating performance of a certain level (Sikavica and Bahtijarević-Šiber, 2004). People are different, but the most important thing for managers is to discover how to get people interested. For some it is the wish of high status, for some it is money, some are satisfied with the pleasant working environment and interpersonal relationships, and some are just looking for a little respect from colleagues or superiors. There are five basic factors in behavior through which we can examine the theory of motivation, such as: the need, encouragement, knowledge, type of business, sensations / emotions. Theories that are linked to the need to rely on the assumption that the individual is motivated by dissatisfied needs, i.e. If social life (and position) of the individual is not satisfactory, it is assumed that he will be motivated to greater activity in order to satisfy the needs for promotion. As for encouraging this theory is based on empirical findings that show that people tend to repeat behavior that has had positive effects, and to avoid behavior that had the opposite effect. Theory of cognitive motivation, consider that the behavior is not only influenced by external factors, but offered the theory that the motivation involved cognitive processes - values, expectations, beliefs (Barrick, Mount and Li, 2013). Business, itself, holds the key to motivation. It is believed that boring and monotonous

job stifles motivation, while her demand in general is encouraged.

## **2.2 Financial parameters of employee loyalty**

Motivational techniques can be divided into financial and non-financial. Financial are divided into direct: (1) salaries, (2) fees, (3) travel costs, and indirect: (1) social benefits, (2) Education, (3) security and (4) other benefits such as paid annual leave (Kehoe and Wright, 2013). Many studies show that money becomes obsolete means of motivation, and more are appreciated indirect financial rewards such as seminars, training, courses, involvement in specific projects, free use of professional literature, etc. (Lazaroiu, 2015). Every serious organization therefore needs to explore what for their employees represent motivation, otherwise it could happen that the company invest in the benefits that will not have the desired effect on employee motivation. Buying loyalty by salary, it has been shown to be a short-term measure, so the more conscientious managers are turning to non-financial rewards, improving the communication skills of the company and work on a positive working environment. Portal "MojPosao" conducted a research on a sample of 900 respondents where they examined which parameters most affect on loyalty, money and benefits were realized only by 41%. If it wants to motivate employees with salary and rewards, it would certainly should have a fair reward system, stimulating and punishment, otherwise it can cause distortion of human relations in the company (Sindik, 2011). Satisfied and motivated employees is great importance for the company according to the research of customer loyalty. The study tested all important parameters of the loyalty of consumers, and the results show that consumers in front of the prices of products and services put high-quality, after-sales services such as dealing with complaints, the speed and efficiency of service and respect for customers (Klopota, Buntak, Droždek, 2014). Therefore, it can be argued that without the loyal and satisfied employee there is no loyal and satisfied customer. In order for the material rewards to be in function of increasing the performance and efficiency, they should be linked with those indicators of work, performance on which individual or group can influence with their behavior (Hoque, 2013). Set plans must be achievable, and there must be

a clear link between performance and reward. Stimulations, such as salaries, are divided into individual and group stimulations. Individual stimulations encourage and give primacy to individual effects of employees and encourage targeted behavior, which contributes to better quality and customer relations. Lack of restraint is teamwork and causing conflicts that may adversely affect to the working environment, and on the business. Stimulations related to the group encourage teamwork, unity and synergy effect of the working group, and relate and identification of the individual with the group and the company. Teamwork enables the transfer of knowledge and information, which is achieved with much significant effect than an individual working alone. In contrast, the negative effects of stimulating of the collective is that the groups can hide unsuccessful employees, and very often because of that can be a conflict. For some errors, the responsibility of the individual can bring to the whole group or to another member of the group, and it is difficult to equalize the commitment of all members of the group. The first form of rewarding that is to kept up to date is fixed salary. The advantages of this form of rewarding is that organizations can easily change the work plan without any major resistance of employees, the administrative department is easier and faster to calculate salaries, and the system of net pay is more easily understandable and comprehensible. When we have fixed salaries we can easily predict the cost of which are intended to provide paid annually, but also the employees can be satisfied with "guaranteed" wage. In contrast, the fixed salary does not motivate workers to work more than the average, this can lead to conflicts between employees working better and worse, and receive the same fixed salary. Workers who are above average capable and motivated to work often leave from such companies because their fixed salary does not provide enough satisfaction, they are aware that somewhere they maybe can be payed a lot more for their efforts and work (Tippet and Kluvers, 2009). Reward system called clean fee, is usually used in operations with sales. The good side of this system is that it encourages employees to work to their maximum capacity and commitment, encourages employees to creativity, innovation, entrepreneurship, developing a competitive spirit among employees, tightly linking the movement of

marketing costs with the overall results of the work, allows a differentiated approach, various types and percentages fees for various tasks, and keeping the differential policies and strategies of the organization. Research shows that a large motivational effect gives the participation of employees in company profits and share property (Nieves and Quintana, 2016). With material finance awards, there are indirect ones, which include a variety of benefits, social benefits, vacations, education and etc. It is especially important to mention that this kind of material benefits acquired actually hiring employees in a particular company, and not allocated to the criteria of performance or the performance of employees. This system benefits generally aims to keep employees in the company, rather than improve performance and success (terrier and Ngirande, 2014). Indirect financial rewards are well suited to achieve the loyalty of the company.

### **2.3 Non-financial parameters employee loyalty**

The first non-financial parameter that affects employee loyalty is job satisfaction. Job satisfaction is a complex attitude which involves certain assumptions and beliefs about the job (cognitive component), feelings towards work (affective component), and the assessment work (evaluation component). Satisfied worker is a productive worker, and the organization's success can not be achieved with the dissatisfied employees. The parameters that affect on job satisfaction can be divided into two groups, personal and organizational.

The organizational group includes:

1. Work by itself - people are happy if they work more challenging job than simple and monotonous. Challenging work allows the worker to do a variety of tasks in which there is a freedom of action, but with feedback on how the job is done.
2. Compensation System - in general, people are satisfied with the job if they have a higher salary, but also a reward system must be fair built.
3. The favorable working conditions - it is logical that if they have better working conditions the worker satisfaction goes up. Better working conditions create a greater

opportunity for better achievement of expected operational performance.

4. Colleagues at work - satisfaction will be greater if employees work with colleagues with whom they have a good relationship and if there is a pleasant social atmosphere. Also to the satisfaction contributes a correct relationship with supervisor. Employees like to be commended by his superior, and have an open relationship with him.
5. The organizational structure - if the organizational structure is clear, stable and familiar, employees will have a clearer picture of the hierarchy of the company, and be happy. But if it is not clear or there is no hierarchy, mutual human relations in the company can be disrupted. Some studies have shown that employees prefer more that the organization is decentralized, because then you have a greater possibility of participation in decision-making (Chang Chiu and Chen, 2010).

Parameters that are among the group of personal parameters that affect on job satisfaction are:

1. The harmony between personal interests and work - when personal interests, knowledge and skills are in correlation with the needs of the workplace, employees are more satisfied with their job. They feel that their workplace allows them to express their opinions, knowledge and personality.
2. Length of service and status - older people with more years of service are generally satisfied with the job. This happens, not only because the man eventually gets better at his job, gives better results and it is more awarded, but also because of the effect of cognitive dissonance. Even those who were not initially satisfied with their work, if they remain there for a long time, they rationalize their inertia by convincing themselves that they are satisfied with this business. Research has shown that job satisfaction increases with years of service and age, but not linear. First sharply increases job satisfaction to thirty

years, because the man is becoming more successful in their jobs and advance their career. Around 40 man is losing many illusions about him and is less satisfied, and that in the second half of the '50s and before retiring job satisfaction is growing again.

3. Position and status - as an employee is at a higher position, or hierarchy, has higher incomes, social status and power, that results in greater satisfaction.
4. Overall satisfaction with life - total job satisfaction and overall life satisfaction have an effect on each other, or the satisfaction of the overflow from one to another. Satisfaction with life overall has a positive impact on job satisfaction which a man does and inversely, job satisfaction has a positive effect on overall happiness (Kwenin, muath and Nzulwa, 2013).

Research conducted in Croatia shown that even 40% of employees in Croatia are dissatisfied with the job. The majority believes that they "missed" the profession, many can not get a job in the profession, some are forced to work and what according to the rules the profession should not do. 30% of respondents say that they do not like their jobs, 38% to their satisfaction in the workplace is destroyed by poor relations with superiors or colleagues. Respondents who currently do work and love everything is 26%. Research of National Happiness index shows that at least satisfied Croats are the ones between 45 to 54 years, men are generally more satisfied with the job or the work environment than women, and even 60% of respondents believe that there is no possibility to make decisions and influence on the work they do, which is one of the important factors for job satisfaction (Guzovski, Smoljić and Stojanović, 2013).

### **3. RESEARCH OF EMPLOYEE LOYALTY**

Reviewing the literature and scientific articles was to gather all known parameters of the loyalty that have an impact on employees, for scientific research in this area. Respondents were divided into private and public sector, and on a sample of 50 respondents in each sector

was made questionnaire. The respondents had to rate the importance of each parameter loyalty of employees on a scale of 1 to 10 where 1 is completely irrelevant, while the 10 is extremely important. In the second part of the research participants had to evaluate the significance of the salary on loyalty, where the scale was ranked from small to very large impact. The research was carried out at random, manual printing of questionnaires.

In the private sector participated 50% of women and 50% of men, and in the public sector 25% of women and 75% men, which amounts to 37% of women and 63% men. As for age differences in the private sector participated 45% of respondents between 20 and 30 years, 10% of respondents between 31 and 40 years, 30% of participants between 41 and 50 years, and 15% of respondents between 51 and 60 years. In the public sector between the ages of 20 and 30 years participated 25% of respondents, between 31 and 40 years, 30% of respondents, between 41 and 50 years 25% of respondents between 51 and 60 years 20% of respondents. The research participants were different also by education. In the private sector participants who have a primary school was 15%, followed by those with secondary education 40%, 30% of bachelor's, master's 15% and doctors of science was none. In the public sector participants who have completed primary school was 45%, followed by secondary education 40%, 5% of bachelor, master's and 10%, and doctor of science also was none. Regardless on education in the public sector it was surveyed 65% of workers who have a position of workers in the public administration, then 25% of employees who perform clerical work, as well as 5% of the performing level of middle management, as well as 5% of them engaged in the top management. The private companies were 55% of employees who perform the position of workers, 30% of employees with civil service position, 5% of them in the position of lower management and 10% of the senior management.

From Tables 2 and 3 we can see how workers in the private and public sectors quite differently estimate the parameters of loyalty. The most important parameter in the public sector is the respect of their superiors, and in the private sector good business communication and pleasant working environment.

**Table 2** Research instrument description for the public sector

Item	Total
Good motivation for work (Likert 1-10)	7,80 (1,576)
Good business communication and pleasant working environment (Likert 1-10)	8,30 (1,261)
A successful team leader / organizations (Likert 1-10)	8,25 (1,832)
Job satisfaction (Likert 1-10)	8,40 (1,273)
Direct financial rewards (Likert 1-10)	8,20 (1,361)
Indirect financial rewards (Likert 1-10)	6,75 (2,074)
Opportunity for advancement (Likert 1-10)	7,55 (1,605)
Status (Likert 1-10)	6,55 (2,114)
The sense of achievement and success (Likert 1-10)	8,00 (1,376)
Achievement of objectives (Likert 1-10)	7,80 (1,361)
Compliance by coworkers (Likert 1-10)	8,85 (,875)
Compliance by superiors (Likert 1-10)	8,90 (,968)
Ability to work autonomously (Likert 1-10)	8,10 (1,447)
Good relationship with superiors (Likert 1-10)	7,95 (1,701)

**Table 3** Research instrument description for the private sector

Item	Total
Good motivation for work (Likert 1-10)	8,55 (1,356)
Good business communication and pleasant working environment (Likert 1-10)	9,20 (1,795)
A successful team leader / Organizations (Likert 1-10)	9,10 (1,373)
Job satisfaction (Likert 1-10)	8,80 (,894)
Direct financial rewards (Likert 1-10)	8,95 (2,064)
Indirect financial rewards (Likert 1-10)	8,10 (2,382)
Opportunity for advancement (Likert 1-10)	8,75 (1,943)

Status (Likert 1-10)	7,65 (1,981)
The sense of achievement and success (Likert 1-10)	8,00 (1,777)
Achievement of objectives (Likert 1-10)	8,10 (1,447)
Compliance by coworkers (Likert 1-10)	8,25 (1,943)
Compliance by superiors (Likert 1-10)	7,80 (2,093)
Ability to work autonomously (Likert 1-10)	8,15 (1,182)
Good relationship with superiors (Likert 1-10)	8,50 (1,395)

Good motivation for work	Opportunity for advancement
Status	Independence in work
Successful Team Leader / Organization	Compliance by coworkers
Good relationship with superiors	Achievement of objectives
The ability to influence important decisions and behavior of others	Status
Direct financial rewards	The sense of achievement and success
Indirect financial rewards	Respect by superiors

An interesting parameter of this research are direct financial rewards. As we can see in the public sector they are in eighth place, and in private in fifth place. At first sight, are considered to be the most powerful weapon we have to buy the loyalty of an employee

**Table 4 Rank highest-rated parameters Based on Gender**

Women Publicsector	Women Privatesector
Job satisfaction	Recognition for a job well done
Good business communication and pleasant working environment	Good working conditions
Good working conditions	Good business communication and pleasant working environment
Job security	Job security
Opportunity for advancement	Direct financial rewards
Respect by superiors	The ability to influence on important decisions and behavior of others
Respect from co-workers	Successful Team Leader / Organization
Ability to work autonomously	Job satisfaction
The sense of achievement and success	Good motivation for work
Recognition for a job well done	Good relationship with superiors
Achievement of objectives	Indirect financial rewards

Table 4 shows the attitudes of female respondents in the private and public sector and rank of parameter in the judgment of respondents. The only point where they touch is job security, and he is in fourth place. In public sector job satisfaction, good working conditions, job security, good business communication and pleasant working environment are best assessed parameters. In the private sector the best evaluated parameters are recognition for a job well done, good working conditions, good business communication and pleasant working environment. Table 5 shows ranked parameters loyalty of men in the private and public sectors.

**Table 5 Rank highest-rated parameters Based on Gender**

Men PublicSector	Men Privatesector
Respect by superiors	Good business communication and pleasant working environment
Respect from co-workers	Successful Team Leader / Organization
Recognition for a job well done	Good working conditions
Good working conditions	Opportunity for advancement
Successful Team Leader / Organization	Direct financial rewards
Job satisfaction	Job satisfaction
Good business communication and pleasant working environment	Recognition for a job well done

Direct financial rewards	Respect from co-workers	environment	Direct financial rewards	Recognition for a job well done
Good relationship with superiors	Good relationship with superiors	Successful Team Leader / Organization	Job satisfaction	
Job security	The ability to influence important decisions and behavior of others	Good motivation for work	Direct financial rewards	
Ability to work autonomously	The sense of achievement and success	Opportunity for advancement	Good relationship with superiors	
The sense of achievement and success	Good motivation for work	The ability to influence important decisions and behavior of others	Job security	
Good motivation for work	Achievement of objectives	Ability to work autonomously	The sense of achievement and success	
Achievement of objectives	Job security	Good relationship with superiors	Ability to work autonomously	
Opportunity for advancement	Ability to work autonomously	Poštovanje od straneradnih kolega	Good motivation for work	
The ability to influence important decisions and behavior of others	Respect by superiors	Achievement of objectives	Opportunity for advancement	
Indirect financial rewards	Indirect financial rewards	The sense of achievement and success	Achievement of objectives	
Status	Status	Status	The ability to influence important decisions and behavior of others	
		Respect by superiors	Indirect financial rewards	
		Indirect financial rewards	Status	

The most important parameter in the public sector for men is respect by superiors, while in private sector is good business communication and pleasant working environment. The parameters are the same ranked in four cases, such as: job satisfaction, good relationship with superiors, indirect financial rewards and status.

**Table 6** Rang highest-rated parameter comparison of women and men

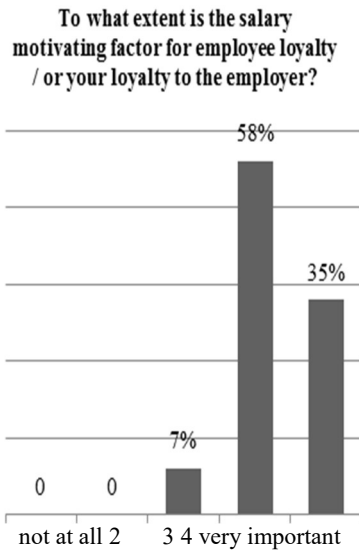
Women (37%)	Men (63%)
Good working conditions	Successful Team Leader / Organization
Recognition for a job well done	Respect from co-workers
Job security	Good working conditions
Good business communication and pleasant working environment	Respect by superiors
Job satisfaction	Good business communication and pleasant working

Table 6 shows the evaluation parameters loyalty for women and men, regardless of whether they work in the private or public sector. For women, the most important are good working conditions, while for men the first place was shared by successful team leader / organization and respect from co-workers. For women, the least important are indirect financial rewards, and for men status which they have in the company. Direct financial rewards took the sixth place for women and the eighth place among men. It can be assumed that direct financial rewards are not critical and a key factor in building a loyal employee.

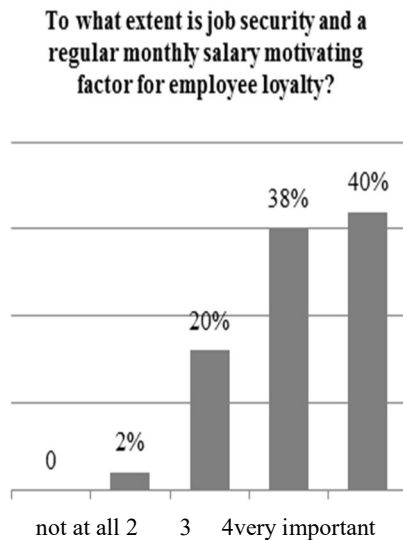
### 3.1 Non-financial parameters employee loyalty

However, the direct question in the second part of the research was „To what extent the amount of salary is an motivating factor for

employee loyalty, and loyalty to the employer?" "Received answers clearly show the attitudes of respondents. The respondents on a scale of 1-5 had to rate two statements related to the amount of wages and job security.



**Picture 1.** Mean evaluation of the respondents to the claim on the effect of the salary to the employee loyalty



**Picture 2.** Mean evaluation of the respondents to the statement on the impact of job security and regular salaries to employee loyalty

The research results show that no one considers that salary is not a motivating factor. 7% of people think that salary is mediocre motivating factor, then 58% of them believe that salary quite affects on the loyalty, and 35% said that salary profound effects on employee loyalty to a company. These results show that the salary is still the most powerful factor that will keep the employee. Picture 2 shows the extent to which the job security and a regular monthly salary is a motivating factor for employee loyalty.

The picture shows that no one believes that job security and regular monthly salaries are not a motivational factor for employee loyalty. Only 2% of people feel that they are a small motivating factor, 20% of people think that they are a mediocre factor, then 38% of people think that they have a lot of influence on employee loyalty, and 40% of people think that the security of a job and a regular salary largely affect on employee loyalty.

#### 4. HYPOTHESIS TEST OF WORK

The studied population are working age citizens, employees in the private and public sectors. Respondents were divided by gender, education and age, to compare the evaluation of important parameters of loyalty. In this study, we want to test the following hypothesis:

H1: There is a difference in valuation of the key parameters of the loyalty of employees according to sex, age and level of education and position in the organization of respondents.

By examining correlations between parameters was found that there is a very high positive correlation between the following parameters, among the respondents in the public sector:

- Good motivation for work and ability to influence important decisions and behavior of others,  $r = 0.703$  with a confidence level Sig. = 0.032
- Job satisfaction and ability to influence important decisions and behavior of others,  $r = 0.760$  with a confidence level Sig. = 0.0001.
- The possibility of promotion and the chance to influence on the important decisions and behavior of others,  $r = 0.704$  with a confidence level Sig. = 0.001.
- Job satisfaction and ability to influence on important decisions and

- behavior of others,  $r = 0.760$  with a confidence level Sig. = 0.0001.
- The possibility of progress and status in the organization,  $r = 0.790$  with a confidence level Sig. = 0.0001
- The possibility of progress and achievement of objectives,  $r = 0.703$  with a confidence level Sig. = 0.001.
- The possibility of promotion and the chance to influence on the important decisions and behavior of others,  $r = 0.704$  with a confidence level Sig. = 0.001.
- The status of the organization and the possibility of promotion,  $r = 0.790$  with a confidence level Sig. = 0.0001.
- The sense of achievement and success and achievement of objectives,  $r = 0.702$  with a confidence level Sig. = 0.001.
- Respect by work colleagues and respect from superiors,  $r = 0.789$  with a confidence level Sig. = 0.0001.
- Respect by working colleague and a good relationship with superiors,  $r = 0.737$  with a confidence level Sig. = 0.0001.
- Respect by work colleagues and recognition for a job well done,  $r = 0.729$  with a confidence level Sig. = 0.0001.
- Recognition for a job well done and respect from co-workers,  $r = 0.729$  with a confidence level Sig. = 0.0001.
- Recognition for a job well done and a good relationship with superiors,  $r = 0.766$  with a confidence level Sig. = 0.0001.
- Good working conditions and a sense of achievement and success,  $r = 0.725$  with a confidence level Sig. = 0.0001. With respondents in the private sector was found a high correlation between the following parameters:
- Good motivation for work and direct financial rewards,  $r = 0.744$  with a confidence level Sig. = 0.0001.
- Good business communication and direct financial rewards,  $r = 0.855$  with a confidence level Sig. = 0.0001.
- Good business communication and career prospects,  $r = 0.785$  with a confidence level Sig. = 0.0001.

- Good business communication and status in the organization,  $r = 0.746$  with a confidence level Sig. = 0.0001.
- Good business communication and respect from co-workers,  $r = 0.770$  with a confidence level Sig. = 0.0001.
- Good business communication and a good relationship with superiors,  $r = 0.778$  with a confidence level Sig. = 0.0001.
- Direct financial rewards and a good motivation for work,  $r = 0.744$  with a confidence level Sig. = 0.0001.
- Direct and indirect financial reward financial rewards,  $r = 0.804$  with a confidence level Sig. = 0.0001.
- Direct financial rewards and career prospects,  $r = 0.758$  with a confidence level Sig. = 0.0001.
- Direct financial rewards and status in the organization,  $r = 0.897$  with a confidence level Sig. = 0.0001.
- Good relationship with superiors and good conditions of work,  $r = 0.754$  with a confidence level Sig. = 0.0001.

This paper will use Kruskal - Wallis test program for statistical data processing SPSS, which is based on observations from the ranks of the samples. The null hypothesis of the test is based on the assumption that middle population for all groups of population are equivalent. To test the null hypothesis respondents are divided by gender, education and age. Checking the normal distribution of data, which is used by Kolmogorov - Smirnov test for normality, it was established that no variable has a normal distribution of data. To conclude, because of the level of significance is less than  $\alpha = 0.05$  (Sig. < 0.05), and for all the variables is  $\sim 0.000$ , and it can be reject the assumption of normal distribution of data. The test results show that the hypothesis in statistically significant coefficient, so we can conclude that there is a statistically significant difference in key parameters loyalty of employees related to the age of the subjects that affect their loyalty, with respondents in the public sector.

We have found that these are the following parameters:

- Job satisfaction with the level of reliability Sig. = 0.039
- The height of the salary based on actual results of the confidence level Sig. = 0.032.

When respondents who were employed in the public sector are observed by education, we can conclude that there is statistically significant difference in key parameters of the loyalty of employees and with the following parameters:

- Stimulation of the pay rates to better, more intensive and more quality work with a confidence level Sig. = 0.045.

When reviewing the respondents employed in the private sector, we can conclude that there is a statistically significant difference in key parameters loyalty of employees related to the sex of subjects that affects on their loyalty. We have found that these are the following parameters:

- Job satisfaction with the level of reliability Sig. = 0.046
- The possibility of moving forward with the confidence level Sig. = 0.044
- The sense of achievement and success with a confidence level Sig. = 0.047.

When observing and comparing the respondents employed in the public and private sectors together we can concluded that there is a statistically significant difference in key parameters loyalty of employees related to the qualifications of subjects affecting their loyalty. We have found that these are the following parameters:

- The possibility of moving forward with the confidence level Sig. = 0.01
- The height of the salary based on actual results of the confidence level Sig. = 0.013.

## 5. CONCLUSION

This research confirmed that there are more parameters loyalty of employees who are dependent on education, gender and age, and the sector of employment - private or public sector. The studied population is employed in the private and public sector, the Croatian. With scientific research contribution of loyalty of employees, this paper has practical application in providing guidelines for developing management loyalty of employees in the Republic of Croatia. The practical application of this work is manifested in the application of the important parameters that were evaluated on the basis of the research. Based on the assessment of respondents it can provide guidance in further research of key parameter

loyalty of employees. When respondents are viewed by gender, as the first three parameters are measured parameters that are related to working conditions, job security, recognition and respect by superiors (Table 6). When respondents are viewed by gender and by sector in which they work, it is evident that the salary and direct financial rewards are important parameter for men and women employed in the private sector, while women in the public sector most prefer job satisfaction, good working conditions, good business communication and pleasant work environment, and men respect from colleagues and superiors and recognition for a job well done. Although respondents in the assessment of parameters such as salary and direct financial rewards are not classified in the top parameters of importance but on directly question of the importance of wages as a motivational factor for the loyalty for the employer assessment is different. So as much as 35% of respondents gave the highest rating to salary as motivational factor for loyalty to the employer, and 40% of respondents gave the highest rating of job security and a regular salary as a parameter loyalty.

The correlation between the tested parameters loyalty of employees exists in the private and public sector, but only in the private sector there is a very high correlation between salaries or direct financial reward, and (i) good motivation for work, (ii) good business communication, (iii) good motivation for work, (iv) indirect financial reward, (v) opportunities for promotion and (vi) the status of the organization. The scientific contribution of this paper is to find out the parameter that employees in the private and public sectors differently valued in relation to their education, sex and age and confirmed by statistical test. These are the parameters of the job satisfaction and salary among the respondents in the public sector according to age, stimulation height wages to better, more intensive and quality work in respondents in the public sector regarding the qualifications, job satisfaction, advancement opportunities and a sense of achievement and success in respondents in the private sector, according to sex, and the opportunity for advancement and salary when looking at respondents in the private and public sectors together regarding the qualifications of the respondents. Based on the above, we can confirm the hypothesis of this research that there is a difference in valuation of the key

parameters of the loyalty of employees according to sex, age, level of education and

position in the organization of respondents in the public and private sectors in Croatia.

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