DETERMINANTS OF EMPLOYEE LOYALTY - A LITERATURE REVIEW

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Abstract - Employee loyalty plays an important role in every organization. Every organization's success depends upon the loyalty of the employees because a loyal employee creates value and they are responsible for the success and growth of the organization. The present research study was conducted using secondary data. Almost 32 articles about employee loyalty were reviewed and most of the articles are related to foreign context and few Indian context.

Key Words: Organization performance, Employee Retention, Job Satisfaction, Emotional Attachment

1 INTRODUCTION:

Skill full and talented workers or knowledge workers are very important for organization and in the same way job satisfaction and employee expectations are the key factor for the brand image of the organization. Employee loyalty is an emotional attachment of an employee for staying in the particular organization. What are the factors contribute to employee loyalty and how organization is retaining the talented in the organization in spite of the market competitions. The present literature articles explains what are the factors influencing employee loyalty.

2. RESEARCH METHODOLOGY

The research was done and the data were collected from text books, journals and articles. Almost 32 articles about employee loyalty were reviewed and most of the articles are related to foreign context and few Indian context.

3. REVIEW OF LITERATURE

(Masoodul Hassan et al., 2013) The researcher aim was to study the relationship between the HR Practices such as empowerment, compensation, appraisal system along with employee satisfaction and loyalty. From the study it is noted that employee Compensation is the factor which creates job satisfaction with the employees and the factor employee empowerment plays an important role in developing employee loyalty among the workers in the organization.

Maznah Wan 2010 The researcher examined the factors which influence employee motivation and employee loyalty towards the organization. 185 employees were selected randomly from a manufacturing firm in Malaysia. The factors namely peer corporation, working Environment, employee benefits influence employee loyalty

Sandra Obilade, (1998) Examined loyalty and motivation of employees after downsizing the sample size for the study was 100 Respondents (18 small businesses in Fairfield County, Connecticut). The study revealed that most of the employees have high loyalty. Certain suggestion by the researcher was that the managements should concentrate employee benefits to increase the morale.

Danguole Savareikiene and Laimonas Daugirdas (2009) the main aim of the research is to identify the level of employee commitment to the organization and how motivation strategies can reinforce employee loyalty (affective, economic and normative loyalty). 89 employees from Lithuanian Joint Stock Company Keliai were researched for this study. The affective loyalty results revealed that majority of the company employees does not clearly understand the vision of the Organization.

(Aparna Varma et al., 2018) Examined the impact of job satisfaction and employee loyalty inUnilog ContentSolution Pvt.Ltd. Mysore with of 100 employees. The findings stated that there is a significant positive relationship among Job Satisfaction and Employee Loyalty. Supervisor Support, Career Development, and Job Security are the important predictors of Job Satisfaction and Employee Loyalty.

Anne Martensen and Lars Gronholt (2016), A total of approximately 1500 a large international hotel employees from Denmark, Norway and Sweden were selected for the study. The main aim focused to develop and apply a model of employee loyalty and the determinants of employee loyalty are examined to identify relevant areas of improvement The summary of the research is that in order to improve employee loyalty the organization should concentrate and give importance to certain determinants such as personal development, leadership, job contents creativity, and innovation, and also consumer orientation.

Kurt Matzler and Birgit Renzl 2006 The study was conducted with 131 Austrian company employees in the energy sector. The researchers say that trust in colleagues and trust in management are the most important predictors of employee satisfaction. Employee Loyalty is influenced by employee job satisfaction.
The objective of this research is to identify the effect of job satisfaction and employee motivation on employee loyalty. Job Satisfaction has a
positive relationship with Employee Loyalty job satisfaction determinants are Compensation, Extent to Which They like Their Job and How Content Are They with Their Job. The researcher found that the employees are not satisfied but are still loyal to the company. The dissatisfaction is due to low compensation and disappointment towards their managers. Employee Motivation has a positive relationship with Employee loyalty.

Kiruthiga and Magesh 2015 studied the factors of job satisfaction that are strongly related with employee loyalty from 500 hotel employees. the researchers found key factors to job satisfaction (working environment, human resource policies, training and development, career building and work relationships) and employee loyalty (career development, job security and commitment). the researcher stated that work environment, working relationship and human resource policies have a greater impact on employee loyalty.

(Iqbal S, et al., 2017) Suggested that any organizations want to succeed in the market place it has to maintain desired levels of benefits, attractive salary packages, maintain a good organizational culture, and satisfy their employees as much as they can. This will increase the employee loyalty and higher retention rates.

(Shahram Nasiri et al., 2015) The survey was done with 280 employees of heavy equipment dealerships and 280 customers who had referred to these dealers. The objective of the research is to find the Role of employee loyalty in the success of commercial organizations in the field of heavy equipment dealerships. Quality of the services offered to the employees has impact on employee loyalty.

Lockwood, 2007 The author highlighted an article “A study on organizational respect and burnout in the human services profession. The article highlights that an organization that treats its employees with dignity and respect creates a workplace culture that fosters loyalty and engagement.

(Uthayasuriyan et al., 2017) About 100 employees working in Oil and Natural Gas Industry Malaysia were surveyed using Questionnaire to find out the relationship between employee satisfaction and employee loyalty. From the study it was concluded that compensation and benefit is an important determinant that influences loyalty in an organization.

(Choi Sang Long et al., 2012) The author pointed out that the major reasons for turnover both at an individual and organizational level, are managerial support, job content, and work-related stress; each impacts the decision to leave the organization. Hence increasing the level of managerial support and also providing advancement opportunities, creating a challenging, yet less stressful work environment to the employees will help to decrease employees’ thoughts of leaving the organization. Most importantly to instill loyalty and for employees to share their intellectual capital, organizations must find ways to engage them.

(Chen, Ying-Chang etal., 2010) the researcher highlighted the wordings which say “Hiring smart is the first step to developing a loyal, motivated workforce and keeping employee turnover rate at a minimum. Meaning that their values, principles, and goals clearly match with the organizational goals and values.

CONCLUSION

From the research articles the authors from their studies says that there are certain factors positively associated with job satisfaction and employee loyalty. The factors are supervisor support, teamwork, and working environment, fringe benefits. Leadership style, commitment, motivation, belongingness, career development, bonding, job security, peer corporation, flexible time policies, managers treatments of employees, organizational communication

Employee engagement, employee satisfaction, commitment have a positive and significant impact on loyalty. Gender, age, job level, and tenure had only limited influence on loyalty. From the articles it is concluded that “Employee loyalty cannot be taken for granted it must be frosted and cultivated”.

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