

DETERMINANTS OF EMPLOYEE LOYALTY- A LITERATURE REVIEW

S. Annie Priyadharshini¹, Dr. J. Clement Sudhahar²

Research Scholar, Karunya School of Management,

Karunya Institute of Technology & Sciences, Coimbatore -641114

Professor, Karunya School of Management, Karunya Institute of Technology & Sciences, Coimbatore -641114

Abstract - Employee loyalty plays an important role in every organization. Every organizations 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 studied by 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 in Unilog Content Solution Pvt.Ltd.Mysore with of 100 employees. The findings stated that there is a significant positive relationship among Job Satisfaction and Employee Loyalty. Supervisory Support, Career Development, and Job Security are the important predictors of Job Satisfaction and Employee Loyalty.

Anne Martensen and Lars Gronholdt (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.

Jacob Eskildsen and Mikkel Nuëssler 2000 From the study authors concluded that if the organization wants to improve the job satisfaction and employee loyalty the organization must focus on improvement programs such as structured career programmes, bonus programmes, a pay better than similar organizations, a structured approach to leadership, a culture of personal growth and development in order to enhance the learning capability of the organization.

Lu-Ming Tseng, Jui-Yun Wu, 2017 The research was conducted in four financial holding companies in Taiwan and about 520 questionnaires were issued to the financial professionals, 412 respondents returned the survey. The objective is to find the relationship between the two factors such as ethical leadership and employee loyalty. The study reveals ethical leadership is the foundational factors that enable the financial companies to sustain high psychological contract fulfilment, Organisational identification and employee loyalty.

Maha Ibrahim, Saoud Al Falasi, (2014) The researchers conducted the research to find the overall relationship Between "Employee Loyalty" and "Employee Engagement"; and to examine the Relationship between the two dimensions of "Employee Loyalty" namely, "Affective Commitment" (AC) and Continuance Commitment" (CC) with "Employee Engagement." Fifty government employees were randomly selected and surveyed. Participants were selected from two Emirates, in the UAE namely: Dubai and Abu Dhabi. Finally the author concluded that organizations and managers need to understand the significant role of loyalty and its impact on employees' engagement. The higher the level of loyalty, the better chances for employee engagement which results in increased teamwork, better performance and reduced turnover.

Riziki, Agnes Lufungula 2018 The main objective of this study is to analyze the determinant factors of employees' loyalty in Cosmas Garage.. Findings show **that employee relations, advancement opportunities, work quality, salary, prospect of evolution and working condition** affect the loyalty in organizations. The result from this study showed that HR loyalty within the company is determined 80,6% by the satisfaction of employees at work compensation, prospect of evolution, human relations, social benefits, working conditions and training

Kirima Lucy Karimi 2019 From the study the researched found that Organization culture of merged firms affects the employees' loyalty. Employees experienced stress and pressure in interactions as a result of the combination of two distinctive organizational cultures. Effective communication informing employees about career possibilities gave them strength, confidence and commitment to the new consolidation is a very important aspect the results revealed that if the management involved the employees in the merger process the process would be successful and the way

the information about merger is communicated to the employees is very important.

Altanchimeg Zanabazar et al., 2018 The researcher aimed to determine how employee satisfaction, retention, loyalty influence the organizational performance of employees working in Wool& Cashmere garment production company in Mongolia. The author stated that satisfied employees tend to be loyal and committed to the organization and it has a positive influence towards organisational performance. The results revealed that the increase of job satisfaction their intention continuing their work life with the same organization increases

Alexander Preko and John Adietey (2013) analyzed the relationship between employee loyalty and commitment and its impact on the performance of sales executives at bank"s it also investigates whether sales executives are loyal and enjoy benefits like rest if the employees are not in an organization. The result showed a significant positive correlation between human relation, job content, leadership style, personal growth, innovative and their influence on employee loyalty".

(Shweta Rajput et al., 2016) The impact of job satisfaction on employee loyalty was researched with 100 academicians using questionnaire survey .the researchers found that there is a significant impact of job satisfaction on employee loyalty among academicians. And the factors of job satisfaction from this research are career growth, motivation, work place environment and self-satisfaction. And factors of employee loyalty are belongingness, job involvement and organizational commitment.

(Onsardi et al., 2017) The direct influence of compensation, empowerment, and job satisfaction to employee loyalty was analysed with 149 people from Muhammadiyah University of Bengkulu Indonesia. Compensation, empowerment and job satisfaction has a direct positive effect on employee loyalty. This means higher the employee job satisfaction, the employee loyalty will increase.

(Zainuddin Zakaria et.al., 2019) The factors such as **training, rewards and benefits and working condition** was taken as the determinants toward employee loyalty and to know which factors have the strongest and dominant effect on employee loyalty was the main aim. The company is located in Johor, Malaysia and data for this study was collected through questionnaires from 260 employees. The organization must give importance to all the factors and. higher level of rewards and benefits, good working condition, training programs by organizations will create job satisfaction and will able to lead a higher level of employee loyalty.

Casie Angela Thanos 2015 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 employee. 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.

(Uthasuriyan 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 et al., 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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