

What Are the Main Factors That Can Increase Employee Loyalty?

Shijie Wang

Jiangsu University, China.

Abstract

Employee loyalty has drawn a great many attention in the aspect of both academics and practitioners as high employee loyalty plays a crucial role in a companies' success. Generally, most research concentrate more on the relationship between employee loyalty and relevant determinants. Therefore, it is a good idea to gather data from secondary sources including literature, internet sources and so on and primary data to research "what are the main factors that can increase employee loyalty." The main objective of the study was to evaluate the underlying factors effecting job loyalty. According to the previous information, this article will mainly focus on these factors: job satisfaction, employee motivation, performance appraisal, transformational training programs, quality orientation.

1. Introduction

For almost all organizations, employees are the vital resource and they represent an important investment, if they are satisfied and loyal to their jobs. (Dr. Neetu Singh & Ms. Reena Kaithvas 2019). Based on the organization's policy and strategy, management develops their bonus packages, performance appraisal and transformational training programs. Basically, these are designed to gain their employee's loyalty for the organization and which in return leads to the lowest employee turnover. It can really reduce the cost of the company and there's a set of data that can illustrate such phenomenon. The average company loses about \$1 million with every 10 managerial and professional employees who leave the organization. The loss of managerial and professional employees will generate both direct and indirect costs that can be equal to a minimum of 1 year's pay and benefits, or can be a maximum of 2 year's pay and benefits. (Fitzenz 1997). Therefore, there is a large economic effect when a company loses important staff. Moreover, the company will lose the knowledge the employee acquired before leaving and this knowledge is very important to meet customers' needs and expectations.

Employee loyalty plays a significant role in a company, and it can contribute to a company's success. When employees are satisfied and fulfilled with their job, they will go above and beyond to help the company improve and thrive. Through these loyalties, employees can share their expertise, enhance working morale, solve conflicts, help colleagues, suggest improvements and so on. All these efforts can help companies operate more effectively and efficiently, which will help the company to develop and succeed (Goodman 2013). As a result, managers and companies should carry out focus groups or support programs in order to help employees to deal with pressure, especially during the more challenging times. (Kreitner and Kinicki 1999). And it's really a necessary to conduct this research finding the main factors that increase the employees' loyalty.

1.1. Employee Loyalty

First of all, we must give a specific explanation for employee loyalty. According to Dr. Neetu Singh and Ms. Reena Kaithvas (2019), we should define employee loyalty in that context as: Employee loyalty is an organizational citizenship behavior that reflects the all evince to the organization to the promotion of its interests and image to the outsiders. We can say that an employee is loyal to his or her organization when he shows commitment and believes that it is

the best option for him or her to work for the organization. Moreover, loyalty as defined in Encyclopedia Britannica (1998) is how much a person have attachment to a particular object, further that object can be anything; a person, a group of persons, an ideal, a particular job, or any causes which makes him or her to show devotion.

I agree both opinions above and I want to give the understanding of mine: Employee loyalty is a quantified concept. Loyalty is the organic unity of employee loyalty behavior and attitude. Behavior loyalty is the basis and premise of attitude loyalty, and attitude loyalty is the deepening and extension of behavior loyalty.

Then based on the secondary and new research data, we can show the main factors affecting employee loyalty are: job satisfaction, employee motivation, performance appraisal, transformational training programs, quality orientation.

1.2. Job Satisfaction

Job satisfaction is a new term, which tells that how much any person is satisfied and contented with their job. Job satisfaction can also be observed general attitude of the employee towards his or her job. This shows that how much an employee is satisfied by his or her job. (Dr. Neetu singh & Ms. Reena Kaithvas 2019).

Employee satisfaction affects the prosperity and gratification that staff obtain from their job (Moorehead and Griffin 1998; Benson 2006). To put that another way, job satisfaction is about whether or not employees are happy with their work. Satisfied employees regard their job as meaningful and this can have a positive physical and psychological effect on them. Improving employees' positive organizational attitudes such as organizational commitment and job satisfaction is important to sustain and enhance employees' high performance. Especially in the "knowledge economy", employee satisfaction and loyalty are of paramount importance (Matzler et al. 2004).

1.3. Employee Motivation

Employee motivation has become more and more important in organizations because employees are huge assets for a company. People can make a company to succeed but can also ruin the company. In addition, good and motivated employees will be more productive and contribute more for the organization, and the employee wants to contribute to their company to achieve the success together. Therefore, it's significant for companies and managers to concentrate on employee motivation.

1.4. Performance Appraisal

Performance appraisals can help managers and employees to identify and realize the advantages and disadvantages of staff performance. It is one tool that can be used to evaluate an employee's job performance. The appraisal system gives managers and employees an opportunity to discuss the company's and employees' goals and figure out a way that the company and employees can work together to achieve these goals. (Martin 2013).

Performance appraisal systems have the ability to make things fair and transparent in the organization. Another advantage of appraisal is development. When managers and employees are given feedback, staff sometimes struggle to work out what information is the most important and what should be ignored. A comprehensive analysis of 607 studies indicated that more than a third of all feedback interventions backfired, reducing employees' performance rather than improving it (Goler et al. 2016).

1.5. Transformational Training Programs

Training is a content-based activity, generally away from the workplace, with a coach leading and aiming to modify a person's behavior or attitude. (Mullins, L 2010). Training programs are also referred to as systematic processes of changing the behavior of employees towards

achieving organizational goals. (Ivancevich, J.M.; Konopaske, R 2012). Trainings are vital for organizations as they are a source of increasing intellectual capital and escalating employee commitment. (Barrett, A.; O'Connell, P.J 2001). Transformational training programs, on the other hand, are a bit different. The objective of transformational training programs is not to change individual behaviors, but to change the way learners think about new knowledge or skills. (Nidal Fawwaz Al Qudah, Yang Yang and Muhammad Adeel Anjum 2018).

1.6. Quality Orientation

Quality orientation is an important tool that helps achieve competitive advantage, yet it is one of the least researched topics, especially in the service sector. Quality orientation refers to a set of attitudes and behaviors that affect the quality of interaction between the staff of any organization and its customers and its commitment to continuous improvement during the delivery of customers' perceived quality and to achieve customer satisfaction. (Javalgi, R.G.; Whipple, T.W.; Ghosh, A.K.; Young, R.B 2005).

2. Literature Review

2.1. Job Satisfaction Has A Positive Impact on Employee Loyalty

According to the Walker (2005), relationship between job satisfaction and job loyalty would be positive if the organization provides different opportunities such as learn, grow and clear established career path. Moreover, there is a strong correlation between employee satisfaction and employee loyalty based on these variables, recognition and rewards, working conditions, relationship with supervisor teamwork. According to the Mc Cusker & Wolfman (1998); McGuinness, (1998); Selnow & Gibert, (1997); Vardi et al, (1989) there is relationship between job satisfaction and job loyalty on the basis of these values, honesty, trust, respect for others etc. So, on the basis of previous research there is positive relation between job satisfaction and job loyalty.

However, some findings indicated that job satisfaction had no significant influence on loyalty. Therefore, the company should concentrate on improving the identified dimensions of job satisfaction and try to enhance job satisfaction of employees closer to the desirable level, thus improving the employee loyalty. Consequently, the company will be able to increase productivity and improve employee performance, more effectively.

Anyway, job satisfaction should be enhanced, because it acts as a key tool in inducing employee loyalty. The factors of job satisfaction enhance employee loyalty which in turn leads to high employee retention. Rai Imtiaz Hussain (2012) in his findings show that factors of job satisfaction like recognition, reward, team work and cooperation have a positive relationship with employee loyalty. Employees will be loyal to the organization, if they are satisfied with the job. Job satisfaction is the main objective of loyalty in the service sector and it shows positive relationship.

2.2. Employee Motivation Has A Positive Impact on Employee Loyalty

In order to enhance employee satisfaction and loyalty, a lot of organizations monitor their workers' satisfaction continuously and systematically through standardized surveys. Employee satisfaction is positively related to employee loyalty, and it can be illustrated that employee motivation is positively related to employee loyalty. Both excellent motivation and performance appraisal can increase employees' loyalty and enable them to commit more to their work, which is beneficial for the company's development and future. (Yifei Pan 2018).

Factors such as employee turnover and decreased motivation will cause employees' dissatisfaction about the appraisal procedures (Dobbins et al. 1990; Whiting et al. 2008). In particular, organizations may know more about how to apply motivation theories into practice,

motivating their employees in order to increase employees' productivity and morale, which can improve staff loyalty to the company. (Yifei Pan 2018).

2.3. Performance Appraisal Has A Positive Impact on Employee Loyalty Indirectly

Ali and Ahmad indicate that performance appraisal can influence job satisfaction and employees' motivation. As a result, it gives an indirect influence on employee loyalty.

If the company has frequent performance feedback and fair performance evaluations, employees will have more job satisfaction at the workplace. Also, this will contribute to personal growth. Social interaction with other members in companies shape employees' attitudes. Therefore, the organizational context of the work is very important, and the context can lead to job satisfaction (Westover et al. 2010). If employees have more positive and better attitudes towards their job environment and can communicate well with their colleagues and managers, they will have higher level of job satisfaction (Westover et al. 2010). Performance feedback plays a very important role in numerous activities such as performance management, career development, job satisfaction and motivation (Alma and Thomas 2001). Job satisfaction can increase to a large extent if the performance appraisal is of a very high quality. Factors such as employee turnover and decreased motivation will cause employees' dissatisfaction about the appraisal procedures (Dobbins et al. 1990; Whiting et al. 2008). At this point we can draw the conclusion, performance appraisal increases the employee loyalty through the increasing job satisfaction and employee motivation.

2.4. Transformational Training Programs and Quality Orientation Have A Positive Impact on Employee Loyalty

Studies indicate that effective transformational training programs can significantly affect employee satisfaction and loyalty, which are some of the most essential ingredients for a superior service quality and organizational success.

We assume that employee loyalty serves as a mechanism that connects transformational training programs and quality orientations. The rationale behind this assumption is that transformational training programs enhance employee loyalty which then induces quality orientations. (Nidal Fawwaz Al Qudah, Yang Yang and Muhammad Adeel Anjum 2018). As expected, a significant positive association was found between transformational training programs and employee's quality orientation, which implies that transformational training programs augment attitudinal orientations of employees. These results are consistent with the previous findings, which also imply that training is a significant factor in developing and shaping the desirable attitudes of employees. We posited that transformational training programs would also be positively associated with employee loyalty. Results also supported this supposition. Results indicated that transformational training programs significantly enhance employee loyalty. The rationale behind this relationship could be the fact that benefits of training programs are twofold, that is, training programs not only improve existing knowledge base and skill sets of employees, but also bring a positive change in employee attitudes. Training opportunities make employees feel that the organization is concerned about them, this feeling in turn results in increased levels of satisfaction and loyalty to the organization. (Nidal Fawwaz Al Qudah, Yang Yang and Muhammad Adeel Anjum 2018). According to them, transformational training programs have significant impacts on the loyalty of employees.

3. Summary

This research is a remarkable summary of the existing body of knowledge in many ways. Based on the survey and secondary data, we can find a series factors that can increase employee

loyalty clearly, including job satisfaction, employee motivation, performance appraisal, transformational training programs, quality orientation. And these factors increase employee loyalty in a direct or indirect way. Moreover, we find other things interesting and may be helpful to improve employee loyalty. For instance, more specifically, the positive effects that transformational training programs have on quality orientation of employees are through employee loyalty. And both transformational training programs and quality orientation have a positive impact on employee loyalty. According to these findings, companies and managers should generate useful strategies and create a beneficial cultural environment to increase employee loyalty so as to improve the company efficiency.

4. Conclusion

As proven, employee loyalty is one resource which positively contributes towards attainment of organizational goals, therefore, efforts should be made to enhance this viable resource. These factors, including job satisfaction, employee motivation, performance appraisal, transformational training programs, quality orientation, have positive impacts on the employee loyalty and they deserve attention.

References

- [1] Muchinsky, P. 1977. Organizational communication: relationships to organizational climate and job satisfaction. *The Academy of Management Journal* 20 (4): 592–607.
- [2] ELSamen, A. A., & Alshurideh, M. (2012). The impact of internal marketing on internal service quality: A Case study in a Jordanian pharmaceutical company. *International Journal of Business and Management*, 7(19), 84-95.
- [3] Nidal Fawwaz Al Qudah, Yang Yang and Muhammad Adeel Anjum, P. 2018. Transformational Training Programs and Quality Orientation of Employees: Does Employees' Loyalty Matter. *SUSTAINABILITY* 10 (2):1-13.
- [4] Rai Imtiaz Hussain, 2012. —Job Satisfaction among Employees of Banks: A Comparative Analysis between Public and Private Sector Banks of Punjab, Pakistan||, *International journal of asian social sciences*, 2(11): 1915-1924.
- [5] Westover, J., A. Westover, and L. Westover. 2010. Enhancing long-term worker productivity and performance: The connection of key work domains to job satisfaction and organizational commitment. *International Journal of Productivity and Performance Management* 59 (4): 372–387.
- [6] Whiting, S., P. Podsakoff, and J. Pierce. 2008. Effects of task performance, appraisal ratings. *Journal of Applied Psychology* 93 (1): 125–139.
- [7] Dr. Neetu, Singh, and Ms. Reena, Kaithvas, P. 2019. Factors influencing job satisfaction & its impact on job loyalty, a study on Management Faculty. *RESEARCH REVIEW International Journal of Multidisciplinary* 4 (1): 244-253.