

Enticement of Employee Loyalty



Management

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ABSTRACT

The aim of the paper is to study the relationship between employee retention strategies and employee loyalty and to determine the factors that play crucial role in influencing employee loyalty among the star category hotel employees in South India. Data was collected from 500 hotel employees by questionnaire designed to elicit their attitudes to loyalty and perception with respect to employee retention strategies. Exploratory factor analysis identified key factors to employee loyalty (career development, job security and commitment). An examination of the inter-relationship between employee loyalty and employee retention strategies revealed that Employee benefits & reward management and working environment have a greater impact on employee loyalty.

1. Introduction

Hospitality industry has shown an increasing trend towards the global investments in the last few years. Asia holds the position of top global prospect for Hospitality Investment. Hotels are the crucial component of this industry and are posting a vigorous growth till today. India has several categories of hotels to cater its ever booming travel and tourism industry. Suddenly many hotels and resorts appeared in India over the last few years. The hotels are generally the most frequent flows of human resources. The hotels access to the human resources of high frequency compared to the other enterprises. The possibility of a brain drain in hotels is more than for other enterprises. Employees in hotels are significant because they are mostly important to the development of the hotels; employees' attitudes and behaviours play a vital role in the quality of work. In this regard, employees are primarily responsible for providing a sustainable competitive advantage for the hotels. Therefore, success in the hotels depends on managing and retaining employees.

Employee loyalty arise because of several sources which includes levels of role ambiguity, autonomy, quality of supervision, quality of social relationships, and level of support in the workplace. Besides that, employees' attitudes and behaviours play a vital role in the quality of work. In this regard, employees are primarily responsible for providing a sustainable competitive advantage for the hotels. Effective employee retention strategies followed by the hotels can help in inducing employee loyalty.

2. Literature Review

Employees feel comfortable to stay longer in the organisation where they are in a position in which they are involved in some level of the decision-making process. That is at any time employees should be fully aware about the issues that affect their working atmosphere (Magner et al. (1996)). In the hospitality industry, employee training is steadily becoming more effective. Employees are considered to be empowered where managers supervise more employees than in a traditional hierarchy and delegate tasks to their subordinates. The subordinates are asked to make decisions (Malone, 1997). Managers will act like coaches and help employees to solve problems. Employees in turn have an increased sense of responsibility. According to Frazis et al., 1998 firms that provide innovative job practices, provides more benefits as compared to other firms and train their workers regularly will make their employees to stay for a longer time.

Employee commitment and loyalty are the very essential factors for the industry. Because committed and loyal employees will give high outputs along with profitability and productivity

(Sharma and Punia, 2008). In order to create a loyal workforce first the employees should get an attitude of trust towards the management. Stable intentions for behaviour should be stimulated by durable policies, structures and contextual settings (Six and Sorge 2008). According to Al-Anzi (2009), research findings shows that over 90% of the employees feel that their mood and attitude towards their work changes according to the quality of work environment. This in turn reflects on employee loyalty. Employee will be loyal to the organisation that provides them with a favourable working atmosphere. It includes strong leadership and healthy interrelations, safety, wellbeing, opportunities, inclusion in decision making (Gill, 2009).

When an employee feels that the organisation is providing him with secured job, it will help to generate an environment of confidence along with employees which will reinforce their loyalty to the company (Abdullah, Boyle & Joham 2010). According to Mehta, Singh, Bhakar, and Sinha (2010), career development is the key factor and plays a prominent role in determining employee loyalty. Career development means when the employees are finding a place in an organization where they can express excellence and contribute to the achievement of organisational goals and a dignified position in which he could advance such as promotions and upward mobility

3. Methodology

3.1 Design of survey instrument

Section 1 comprised 10 items that reflected various dimension of employee loyalty within hotel industry. They were rated using a likert scale from 1 'strongly disagree' to 5 'strongly agree'. Section 2 deals with the impact of employee retention strategies on employee loyalty in star category hotels through regression analysis.

3.2 Sampling and Data collection

The respondents were given a brief summary of the nature and purpose of the research and asked to consider each question on the basis of what generally happened on a day-to-day basis in their places of work. Confidentiality and anonymity was protected in an attempt to promote honesty and to provide the best possible feedback.

4. Results and Discussions

In order to identify the factors that affect the employee loyalty in the star category hotels, the exploratory factor analysis has been employed. The principal component method of factor analysis was carried out with Eigen values greater than one through va-

rimax rotation and the results obtained through rotated component matrix are presented in Table 1.

There are three independent groups which are extracted accounting for a total of 82.26 per cent of variations on 10 attributes. Each of the three factors contributes to 34.60 per cent, 28.84 per cent and 18.82 per cent respectively.

Factor-I:

From the table, it is inferred that out of 10 attributes, four variables have their high, relatively tightly grouped factor loadings on factor-I. This factor consists of: Maximisation of career potential (0.81), Gain more working experience (0.82), Opportunities to gain reputation (0.84) and Supportiveness for long term career development (0.80). Hence, this factor is named as “**CAREER DEVELOPMENT**”.

Factor-II:

is formed with: Treated like part of the hotel (0.85), Have a long term relationship with the hotel ethics (0.65) and Treat hotel problem as my problem (0.78). These variables are named as “**JOB SECURITY**”

Factor-III:

This factor includes: Continue to work in this hotel because hotel industry is not doing well (0.64), Stay in this hotel rejecting better offers (0.73) and Hotel focuses to gain public reputation (0.72). This factor is named as “**COMMITMENT**”

The overall Cronbach's alpha of the scale is 0.81 indicating that each measure demonstrates acceptable internal consistency. The cronbach's alpha of the scale is varying from 0.78 for Job security to 0.84 for career development measures shows that each item in different factors also demonstrates acceptable internal consistency. It is inferred that career development, job security and commitment are the factors which play a critical role on the employee loyalty in star category hotels

Table 1: Factor analysis of Employee loyalty

S.No	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	Maximize career potential	0.81			
	Gain more working experientcet	0.82			
	Gain reputation	0.84			
	Career development	0.80	3.58	34.60	Career Development (0.84)
II	Treated like part of the hotel	0.85			
	Long term relationship with the hotel	0.65			
	H o t e l problem is my problem	0.78	1.75	28.84	Job Security (0.78)
III	Continue to work in this hotel	0.64			
	Stay in this hotel rejecting better offers	0.73			
	Hotel focuses to gain public reputation	0.72	1.03	18.82	Commitment (0.80)
	Cumulative % of Variation			82.26	
	Cronbach's Alpha			0.81	

Table 2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.528a	.579	.571	5.75539	.892

Table 3: ANOVA table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6319.134	5	1263.827	38.154	.000a
Residual	16363.538	494	33.125		
Total	22682.672	499			

Table 2 illustrates the model summary result of the analysis. The independent variables (Employee benefits and reward management (EBM), building employee relationship (BER) and working environment (WE), management support (MS) and employee development (ED)) can explain 57.1% (0.571) of variations in dependent variable (employee loyalty).

In the ANOVA table (Table 3) shows that the p-value is 0.00 which is less than 0.01 ($p < 0.01$), so it is significant at 0.01 level. In overall the regression model with those three independent variables (Employee benefits and reward management, building employee relationship, working environment, management support and employee development) are suitable in explaining the variation in employee loyalty.

It can be inferred from the coefficient table (Table 4) of regression analysis that Employee benefits & reward management, working environment have p value which is less than 0.01. And hence they influence employee loyalty.

Table 4: Co-efficient Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.144	2.260		.949	.343
WE	.724	.074	.401	9.753	.000
BER	-.133	.081	-.070	-1.632	.103
MS	.151	.068	.102	2.199	.028
ED	.122	.074	.080	1.660	.098
EBM	.272	.072	.155	3.793	.000

5. Contribution and practical recommendations

Employee retention strategies followed by the hotel industry helps in inducing loyalty among the employees. In order to ensure high degree of commitment among the employees, the hotel management should ensure that all needs of the employees are satisfied and stay motivated. A feeling of job security should be instilled among the employees. When hotels provide retention bonus to the employees they will feel motivated. This will in turn increase their involvement in performing the job and the ultimate result will be the increase in the profitability of the hotels.

6. Conclusion

Employees should be motivated with non-monetary rewards. The supervisors should set targets and boost the performance

level of the employees. The communication between the employer and employee should be effective at all levels of the hotel management. Employee loyalty is a dual process. The employers should be clear in showing their loyalty towards their employees by providing the benefits at the right time, creating a interactive working environment and maintaining a supportive work relationship. This will in turn induce loyalty among the employees to the hotels.

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