

## **ASSESSMENT OF EMPLOYEE LOYALTY VIS-A VIS EMPLOYEE OCCUPATIONAL SATISFACTION**

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### **Abstract**

Coimbatore is one of the major hubs for manufacturing water pumps and is known as Pump Manufacturing Hub of Asia and contributes to the Indian economy to a great extent. The presence of numerous manufacturing industries provides immense employment opportunities for the people in the region. However, the employment situation causes varying perceptions on the job satisfaction level of the employees. The question of what prompts the employees to continue to work in the organisation for a number of years is a question that is analysed dichotomously in this article. Job dissatisfaction or unhappy employee is not the only cause for attrition. Several other factors contribute to employees' dissatisfaction as well. A dissatisfied employee is not someone who is committed or loyal to his or her organization. The main focus of this research is to study the Positive influence of employee occupational satisfaction on employee loyalty. The statistical tools used for the present study is Structural Equation Modelling (SEM)

Key Words: Employee Loyalty, Employment Status, Influence, Satisfaction, SEM

## Introduction

Most of the research studies showed that loyal employees are more committed. Chang, Chiu & Chen (2014) and similar other studies have shown that there is a interlink between employee loyalty and success in the business of every organisation (Kumar and Nandini Shekhar (2012). In every organisation employees plays a significant part on consumer loyalty. There is a relationship between long term employees and consumer faithfulness. Workers who stay for a more extended period in the organisation will be exceptionally acquainted with the business and they will manage the clients consistently. An employee who works in the organization for a longer period is someone who is loyal and as a result makes an obligation of trust and expectations with the customers, creates brand image and contributes to the growth and development of the organization. However, when these loyal workers leave the organization, the bond gets broken. Loyalty isn't just how an employee has been working with your organization, but also implies the extent to which they are dedicated to the organization's success. It shows employees' willingness to go the extra mile whatever might be the situation. It is being dedicated and in 'one' with the organization in 'high' and 'low' times and looking at organizational goals as personal goals. It is being willing to give one's time and energy to the organization whenever required. (Frederick F Reichheld 1993) In recent years, employee turnover is very high in all the sectors and employees' thoughts of leaving the organisation is very high (Phaedra Brotherton 2012).

Against this backdrop, the psychological mindset of employees plays an important role. There are many reasons being attributed for employee loyalty towards the organisation they work for. The present research focuses on studying the Positive influence of employee occupational satisfaction and employee loyalty.

Employee occupational satisfaction factors such as Work Place Surroundings, Superiors Relationship, Monthly Income, Performance Policies and Management Policies are analysed vis-a vis Workers Loyalty using Structural Equation Modeling. Rawal et. al (2021), Poongodi M et. al(2022), Poongodi M et. al (2021), Dhiman P et.al (2022), Sahoo S.K et.al (2022), K.A et. al(2022) , Dhanraj R.K et. al (2020), Poongodi M et. al (2019), Poongodi M et. al (2020), M. M. Kamruzzaman et. al (2014), M. M. Kamruzzaman et. al (2021), Md Selim Hossain et. al (2019), Mingju Chen et. al (2019)

## 2.0 Review of Literature

Cathy Kline (1991) examined the interconnection between the determinants of employee occupation and behavioural commitment with 315 newly joined office clerks in the organisation. The researcher found that the younger clerks who have newly joined the organisation have high behavioural commitment and stayed three times longer in the organisation when compared to other employees with low behavioural commitment. Hence from the research it is understood that there is a link between employee occupation and behavioural commitment of employees.

Latha (2013) argues that the major factors for employees' attrition are job security, flexible working hours, compatible policies and employees expecting better salaries. Hence organisation should concentrate on these areas to retain the talented workers.

Newman and Sheikh (2012) in their research investigation conducted among 286 Chinese employees working in small scale units and medium scale units with the main focus of finding whether there is a interlink between the rewards systems followed in the organisation and commitment of workers towards the organisation, showed that there was a positive association between employees' commitment and rewards system.

Stephen Deery (2013) et al analysed the association between factors such as accent modification, difficulty, stigma consciousness, racial abuse and perceived favouritism with employees' turnover intentions. The study showed that certain occupational-related factors such as routinisation and poor promotional opportunities were associated with employees' intentions to leave. It was inferred that the system of extrinsic rewards followed in the organization and both affective and continuance commitments have been to have very strong connection with employee loyalty.

Setareh Shokat Sadry (2015) in his study found out that the main cause for employees leaving the organisation and reported that it is mainly due to dissatisfaction in terms of monetary compensation, lack of work recognition by management and lack of communication between employees and management. He concluded that organizations should focus on effective talent management practices. Consequently, practices of engagement of employee have a substantial impact on employee productivity and employee retention.

### 1. Research Objective

The Primary focus of this research is to determine the possible and positive association between employee' satisfaction at work (occupational) and employee loyalty based on the literature review and gaps identified for evidencing the dyadic relationship.

**2. Hypothesis of the Study**

H1 Work surroundings impact employee loyalty positively.

H2 Superiors Relationship impact employee loyalty positively.

H3 Monthly Income impacts employee loyalty positively.

H4 Performance Policies impact employee loyalty positively.

H5 Management Policies impact employee loyalty positively.

**3. Research Methodology**

**3.1 Sampling Method and Procedure:**

The researcher used Stratified Random

Sampling and Simple Random Sampling method to collect the research data from the selective respondents.

**3.2 Research Study Sample Size:** The study was conducted among 310 employees working in Manufacturing Units of Water pumps in Coimbatore District.

**3.3 Statistical Tools Used:** Structural Equation Modelling was used for data analysis.

**4. Analysis of the Data**

Table 1: Calculations of Composite Reliability

Latent Constructs	Constructs	Loadings	Error	R	C
WR	WR1	0.71	0.4	.77	0
	WR2	0.587	0.6		
	WR3	0.579	0.6		
	WR4	0.569	0.6		

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	WR5	0.679	390	0.5	
	WR6	0.453	948	0.7	
RS	RS5	0.218	525	0.9	.61
	RS4	0.385	518	0.8	
	RS3	0.64	904	0.5	
	RS2	0.449	984	0.7	
	RS6	0.207	572	0.9	
	RS7	0.557	898	0.6	
	RS1	0.52	296	0.7	
INC	INC1	0.727	715	0.4	.76
	INC2	0.715	888	0.4	
	INC3	0.519	306	0.7	
	INC4	0.663	604	0.5	
	INC5	0.477	725	0.7	
PR	PR1	0.278	227	0.9	.65

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	PR2	0	1.0	
			000	
	PR3	0.306	0.9	
			064	
	PR4	0.336	0.8	
			871	
	PR5	0.534	0.7	
			148	
	PR6	0.579	0.6	
			648	
	PR7	0.053	0.9	
			972	
	PR8	0.466	0.7	
			828	
	PR9	0.763	0.4	
			178	
	PR10	0.625	0.6	
			094	
	PR11	0.147	0.9	
			784	
MP	MP1	0.437	0.8	.82
			09	
	MP2	0.308	0.9	
			051	
	MP3	0.388	0.8	
			495	
	MP4	0	1	
	MP5	0.842	0.2	
			91	

MP6	0.728	7	0.4
MP7	0.733	627	0.4
MP8	0.42	236	0.8
MP9	0.615	218	0.6
MP11	0.694	184	0.5
MP12	0.561	853	0.6
MP13	0.358	718	0.8

Table 1 displays the reliability scores for each factor. Hence from Table 1, it is observed that the CR values are greater than

0.6 and hence this shows the perfect reliability and indicates a good validity measure and the basic requirement of the scores are fulfilled.

Table 2 displays the results of SEM Values and the Model fit Summary of the Research Study

Table 2: SEM Model Fit Summary

Fit Statistics	Statis- Level	Acceptable Level	Observed Level	RE- SULTS
Chi-Square		<5	154.900	accept- ed
Probability level		<0.05	0.02	Signifi- cant
CMIN/DF		1-4	2.498	accept- ed

GFI	0.8-0.9	.820	accepted
AGFI	0.8-0.9	.816	accepted
CFI	>0.85-0.95	.924	accepted
RMSEA	>0.1	0.80	accepted

.The identified values from the Table 2

(CMIN/DF - 2.498, GFI - .820, AGFI-.816, CFI- .924, RMSEA- 0.80) are within the threshold limits and the researchers found that the model is fit.

The significant p value is less than 0.05 and therefore suggests that there is positive influence of employee occupational satisfaction on employee loyalty.

The Composite Reliability values are confirmed with good reliability scores (greater than 0.6) and hence evidences reliability of the instrument used for the survey.

### 5. Findings from the Study

Based on the SEM Values and the Beta Scores, it was inferred that the variables such as Work surroundings, Superiors Relationship, Monthly Income, Performance Policies, and Management Policies have a positive impact on workers loyalty.

The workers working in these manufacturing units of water pumps sectors are happy to continue to work in the organisation they are currently working.

It is also found that the Management Authorities in these industries follows a good Performance Appraisal system.

Grievances are handled properly by the concerned Authorities. This shows that the organisations take good care of their employees. Quality of life in official settings has a positive effect on their satisfaction level with occupation Status.

### 8 Conclusion

Employee loyalty quotient cannot be measured directly by the organisation and the management cannot prevent the employees from quitting decisions. However, the management can create awareness to show that they care about their employees. This makes a



way foremployees to perform well in the work theyperform which would improve their productiv-  
ity quantum and in turn this results in attitudinal if not behavioural loyalty status of employees.  
Thus employeeloyalty and occupational satisfaction towards the job are related to each Other.  
Therefore from the study it is understood that employee occupational satisfaction has an im-  
portant role in every Organisation as it has long term implication in terms ofproductivity rise  
and resultant positive loyalty status.

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