

EMPLOYEE LOYALTY AND ORGANIZATIONAL COMMITMENT IN PORT HARCOURT ORGANIZATIONS

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Abstract – The study was to determine the employee loyalty and organizational commitment in Port Harcourt.. The study made use of 200 ample size of employees using the non probability sampling technique with a pearson product correlation to test the relationship using SPSS package. .The findings shows that there exist a positive relationship between financial benefit, manger attitude and organizational commitment . To achieve the aim of the study questionnaire survey was used. Also the results show that there is a positive and significant impact of organizational commitment on employee loyalty in Port Harcourt organizations. Some recommendations were made to tacle the issues of the research.

Keywords: Employee loyalty, financial benefit, manager attitude, organizational commitment, Port Harcourt.

INTRODUCTION

Sometimes managers persuade employees to adopt new strategy it is unrealistic for managers expected high to their employees. There are three main dimensions compacts in all companies. These are formal, psychological and social. Employees are a vital resource for nearly all organization, especially since they represent a significant investment in term of locating, recruiting, training let alone salaries, healthcare, plans, bonuses etc. The management of many organizations develops their training programmers, benefit packages, performance appraisal and work system based on their company policies. Usually these policies are aimed at developing loyal employees because this leads to a more lengthy tenure. The longer an employee works for a company the more valuable they become. Loyalty is the kind of faithfulness and trueness. Organizational commitment is the field of organizational behavior. In general sense the employees psychological attachment or loyalty to the organization. Employees and organizations have reciprocal responsibilities and mutual commitments both stated and define their relationship.

Loyalty, as a general term, signifies a person's devotion or sentiment of attachment to a particular object, which may be another person or group of persons, an ideal, a duty, or a cause. It expresses itself in both thought and action and strives for the identification of the interests of the loyal person with those of the object (Britannica, 1998). Organizational commitment has been define as multidimensional in nature and involving an employee's loyalty to the organization. Also identify the attitude and behavior of the employees. Loyalty of employee cannot be determined through direct questioning no one can assume whether employees today work effectively. We know loyalty and a commitment is more than simple behavior it's all just like customer

loyalty and commitment (Jeffrey M. Stanton et al., 2003).

According to (Northcraft, 1996), commitment is an attitude reflecting an employee's loyalty to the organization, and an ongoing process through which organization members express their concern for the organization and its continued success and well being. Organizational commitment is the degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization (Robbins, 2005). (Yousef, 2001) identify three types of commitments. Normative commitment is define as organizational commitments. Affective commitments are define by emotional attachments, identification, and involvement to achieve the goal of organization. Continuance commitment is the willingness to remain in an organization because of different investments.

Objectives of study:

The objective is to determine the problem occur in employees loyalty and organizational commitments.

To determine how hard really they have to work in organizations

To find out the financial reward that results their efforts

To evaluate the type of job Security Company give to their works

Research questions

How hard really they have to work?

What financial reward will they get for his efforts?

Which type of job Security Company will give?

Hypotheses of the Study

The following hypotheses were set in null form

H1: There is a no significant relationship between financial benefit and employee loyalty

H2: There is no significant relationship between organizational commitment and employee loyalty

H3: There is no significant relationship between managers attitude and employee loyalty

LITERATURE REVIEW

Organizational commitment is the field of organizational behavior. In general sense the employee's psychological attachment or loyalty to the organization. Employees and organizations have reciprocal responsibilities and mutual commitments both stated and define their relationship. Sometimes managers persuade employees to adopt new strategy it is unrealistic for managers expected high to their employees. There are three main dimensions compacts in all companies. These are formal, psychological and social. Employee's familiar relationship between employees to employee is also important because basic task and performance is job description and agreements. According to US corporation research many companies lose half of their employees due to some reasons (J.Kreisman, 2002).

Organizational commitment has been defined as multidimensional in nature and involving an employee's loyalty to the organization. It also identifies the attitude and behavior of the employees. Loyalty of employee cannot be determined through direct questioning no one can assume whether employees today work effectively. It is commonly know that loyalty and a commitment is more than simple behavior its all just like customer loyalty and commitments (Angle, 1983).

Meyer, (1997) identifies three types of commitments. Normative commitment is defined as organizational commitments. Affective commitments are defined by emotional attachments, identification, and involvement to achieve the goal of organization. Continuance commitment is the willingness to remain in an organization because

of different investments.

Jawahar (2006) found that Performance appraisal played a role in the relationship between employee satisfaction and employee loyalty in this study. Performance appraisal is an important element of loyalty because it is positively related to organizational commitment and negatively related to turnover intentions. Job satisfaction and organizational commitment fall into a broader definition of loyalty. Yousef (2001) examined the associations between job satisfaction, organizational commitment, and turnover intention among temporary employees. The results, based on structural equation modeling, provide support for nearly all of the hypothesized associations in the model. They found positive associations between job satisfaction and organization commitment. According to Northcraft and Neale (1996), commitment is an attitude reflecting an employee's loyalty to the organization, and an ongoing process through which organization members express their concern for the organization and its continued success and well being. Organizational commitment is "the degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization" (Robbins, 1998, p. 142). Walker (2005) states organizational commitment as "multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership".

Career commitment refers to identification with, and involvement in one's occupation. Much literature refers to similar or related concepts: occupational commitment, professional commitment, career salience, the local distinction and professionalism. Common to all these is the critical notion of being committed to one's career, or occupation, rather than to the organization which employs one (Fosam, 1998).

Work commitment refers neither to the organization nor to one's career, but to employment itself. Persons committed to work hold a strong sense of duty towards their work, and place intrinsic value on work as a central life interest. This form of commitment relates terms like work motivation, job involvement, work as a central life interest and work involvement Organizational Commitment (Jawahar, (2006)).

In last 10 to 15 years, most organizations eliminated many middle class positions. Today's managers have additional individual responsibilities and have very few time to effectively make the emotions tie with their subordinates that is really very effective. To effectively motivate and retain employees a manager needs to deal with each person one at a time by asking questions of, listening to, and working together one-to-one. A good manager is one who helps talented people find satisfaction in their work and satisfaction is the key an employee's decision to stay or leave an organization (Bakalis, 2006).

The concept of organizational commitment has attracted considerable interest as an attempt to understand the intensity and stability of employee dedication to work organizations. Two major views of employee dedication focus on affective attachment and calculative involvement, respectively which are usually considered to be conceptually and empirically distinct. Affective attachment, as assessed by the seminal Organizational Commitment Questionnaire (OCQ) is influenced by personal characteristics, job features, and work experiences (Meyer, 1997).

In recent years researchers have turned their attention to multiple commitments in addition to the organization as a focus of commitment, some other focus have been suggested, which include occupations, top management, supervisors, co-workers, work unit and customers. In any organization, regardless of the extent of institutionalism a supervisor may still be psychologically and physically to employees than the impersonal system. In turn, employees' attitude towards a supervisor will have stronger impact on employees' performance than employees' attitude towards the organization (Rose, 2005).

THEORETICAL FRAMEWORK

The independent variables of the study are organization commitment, financial benefit and owner attitude. And the dependent variable is employee loyalty. The independent variable (organization commitment, financial benefit and owner attitude) affects the dependent variable (employee loyalty). Higher the organization commitment higher will be the employee loyalty. The operational definition of these variables is discussed here: The following model has been developed on the bases of research conducted by (C. Padmavathy et al., 2012):

Relationship between employees’ loyalty, organizational commitment and financial benefits

(J.Kreisman, 2002) found that financial benefits enhance the employee loyalty and organizational commitment. He argued that financial benefits play a positive role in employees’ loyalty enhancement. (Bakalis, 2006) also found that organizational commitment and employees’ loyalty can be increased with financial benefits and rewards. On the basis of this discussion, the present study hypothesized that:

Relationship between employees’ loyalty and managers’ attitude

(C. Padmavathy et al., 2012) concluded in his paper that if manager’s attitude is not positive towards its employees. It can never create employee loyalty and organizational commitment. It would assert adverse affect and organizational productivity may suffer. (Locke, 1976) examined that a manager’s positive attitude leads towards employee loyalty and bad attitude may affect productivity adversely. On the basis of this discussion, the present study hypothesized that:

H2: There is a negative relationship between the employs loyalty and managers attitude in Pakistani organizations.

Research Methodology:

The research is based on primary data. Data was collected through self-designed questionnaire. The questionnaires on 5-point (Likert) scale were prepared to evaluate manager attitude, financial benefit, organizational commitment and employee loyalty consisting 4, 2, 5 and 4 items respectively. In this study, Judgmental (non probability) sampling technique was used. Sample of 200 employees were taken.

Data Analysis Method

The research study used SPSS software for analysis of data which is effect of organization commitment and employee loyalty with the help of independents and dependent variables. To measure the sample characteristics, mean, median, mode, standard deviation, were used. Pearson product correlation was applied in this paper to measure the impact of the criterion variables on independent variables.

FINDINGS OF THE STUDY

Reliability

Instrument used in the study was reliable with cronbach alpha value 0.791 shown in table 2.

Table:1 Reliability Statistics

Cronbach's Alpha	N of Items
.791	15

Descriptive statistic

Mean, standard deviation and variance of gender type are 1.5%, 49% and 24% respectively. From table 1, it is clear that a large number of respondents fall in the age category of 30 or less.

Table: 2 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
GENDER TYPE	200	1.00	2.00	1.5600	.49889	.249
AGE	200	1.00	4.00	2.0600	.48866	.239
Valid (listwise)	N 200					

Test of Hypotheses

TABLE:3 Correlations

		EMPLOYEE LOYALTY	financial benefit	Organization commitment	manager attitude
EMPLOYEE LOYALTY	Pearson Correlation	1	.702	.463	.370
	Sig. (2-tailed)		.001	.005	.009
	N	200	200	200	200
financial benefit	Pearson Correlation	.702	1	.306	.250
	Sig. (2-tailed)	.001		.010	.012
	N	200	200	200	200
Organization commitment	Pearson Correlation	.463	.306	1	.393
	Sig. (2-tailed)	.005	.010		.008
	N	200	200	200	200
manager attitude	Pearson Correlation	.370	.250	.393	1
	Sig. (2-tailed)	.009	.012	.008	
	N	200	200	200	200

Correlation is significant at the 0.05 level (2-tailed).

Hypothesis One: There is a no significant relationship between financial benefit and employee loyalty

The result in Table below shows the result of Pearson Moment Correlation analysis. It reveals that Pearson Correlation value for hypothesis one is 0.702 (70.2%), this implies that there is a positive relationship between financial benefit and employees loyalty with p value of 0.001 which is less than 0.05. this shows that the relationship is significant. The result of the analysis reveals that there is significant relationship between financial benefit and employees loyalty. This connotes that the higher the financial benefit employee gets for the

organization, the higher the level of their loyalty to such organization. So therefore, the study thereby rejects the null hypothesis and accepts the alternative hypothesis.

Hypothesis Two: There is a no significant relationship between organizational commitment and employee loyalty

The result in Table below shows the result of Pearson Moment Correlation analysis. It reveals that Pearson Correlation value for hypothesis one is 0.463 (46.3%), this implies that there is a positive relationship between organizational commitment and employees loyalty with p value of 0.005 which is less than 0.05. this shows that the relationship is significant. The result of the analysis reveals that there is significant relationship between organizational commitment and employees loyalty. This connotes that the higher the organizational commitment the higher the level of their loyalty to such organization. So therefore, the study thereby rejects the null hypothesis and accepts the alternative hypothesis.

Hypothesis Three: There is a no significant relationship between managers attitude and employee loyalty.

The result in Table below shows the result of Pearson Moment Correlation analysis. It reveals that Pearson Correlation value for hypothesis one is 0.370 (37.0%), this implies that there is a positive relationship between managers attitude and employees loyalty with p value of 0.009 which is less than 0.05. this shows that the relationship is significant. The result of the analysis reveals that there is significant relationship between managers attitude and employees loyalty. This connotes that the managers attitude have relationship with the employees loyalty in the organization. So therefore, the study thereby rejects the null hypothesis and accepts the alternative hypothesis.

CONCLUSION

From the research it was observed that financial benefit plays an important role in the employee loyalty. Organization should responsible that to give benefit and incentive to their employee so that they can improve their behavior and must loyal with their organization. Secondly, organizational commitment has positive and significant relationship with employees' loyalty. The findings of the research conclude that there is a significant impact of organizational commitment on employee loyalty. Finally, the study also discovered that there is a positive relationship between managers attitude and employee loyalty.

RECOMMENDATION

1. We recommend the use of financial benefit , wage increment , bonuses , and gifts to employees. This will not only serves as motivation but also as a way of ensuring their loyalty for future productivity .
2. Organizations should take a holistic approach in ensuring the wellbeing of their employees by providing medical and training programs . This will not only aid in retention of good employees but also saves the organization the cost of acquiring new staff.
3. Organizations also should also give more attention on intrinsic factors that can motivate employees and give preference to it .

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