

THE RELATIONSHIP BETWEEN EMPLOYEE LOYALTY AND PROACTIVITY AMONG HOSPITALITY LIQUID KNOWLEDGE WORKERS

Abhishek Singh

Assistant Professor (HR & OB), Indian Institute of Management, Rohtak, Haryana, India. Email: abhishek.singh@iimrohtak.ac.in

Abstract

Purpose: The aim of this paper is to study employee loyalty and employee proactivity of Indian hospitality liquid knowledge workers and to explore the relationship between employee loyalty and employee proactivity.

Design/Methodology/Approach: For this study sample was taken from 135 hospitality students who have completed at least two six month industrial training in Indian five-star hotels. The respondents were supporting the hotel employees in all four major departments such as front office, housekeeping, food production and food and beverages service. Multiple linear regression and correlation were applied to analyse the data.

Findings: Results show that the reasons for employee loyalty and employee proactivity both are positively associated. Reasons for employee loyalty's five dimensions have positive correlation with three dimensions of employee proactivity. Employee loyalty's five factors are able to explain 86.8% variance in employee proactivity. Interestingly, career and status fifth dimension of reasons for employee loyalty is not significant in explaining employee proactivity in liquid knowledge workers.

Research Limitations/Implications: This study acknowledges certain limitations. First, this study has cross-sectional survey design, therefore cause and effect relationship cannot be established.

Practical Implications: This study has significant implications not only for hotel industry executives but also hospitality education institutions. It provides

suggestions to enhance loyalty and to reduce hospitality student placement in other industry. Hotel industry can make liquid workforce proactive by improving their commitment to manager and company, job conditions, and personal benefits.

Originality/Value: This paper is an attempt to advance the existing work in the area of reasons for employee loyalty and employee proactivity in hospitality industry's liquid knowledge workers (students).

Keywords: *Hospitality Student, Employee Loyalty, Employee Proactivity, India Hospitality Industry*

Introduction

Service sector is being considered as a prime sector for India's economic growth. In the last 15 years Indian hospitality is growing very fast due to increase in domestic travel, innovation in industry offerings, and government support for infrastructure development, 49% Foreign direct investment (FDI) in civil aviation sector, increasing number of internet users, ever increasing connectivity with domestic and international destination, emerging of new customer segment (baby boomers, double income no kids), new forms of tourism (MICE, Medical, Health), industry loyalty programs and promotions are significantly contributing in the development of hospitality industry in India, National skill development corporation, (2017). This industry has immense opportunity in India but some hurdles have been acknowledged by experts such as high growth rate with little increase employee productivity (Hiemstra, 1990), supply and demand of rooms in all seasons CII, 2012, employee turnover, and low wages etc. Denvir and McMahan (1992) mention that in order to deal with these challenges, industry need to make more appropriate and flexible employment practices.

In all sectors, financial performance of the organization is determined by employee participation and commitment (Boltanski & Chiapello, 2000). Human resource of any organization plays very vital role for competitiveness, survival, and creation of positive image in client's mind (Ariza-Montes et al., 2017). An employee's dedication, emotional investment, continuous commitment to the organization is the pivotal factor for long term survival of the organization (Bakker & Schaufeli, 2008). Vance (2006) stated that highly engaged and committed employees give competitive advantage to their organization by increasing productivity and decreasing employee turnover.

Direct supervision to employees is more difficult in fastest growing service sector (Herzenberg et al., 1998). Loyal employees are being presumed to deliver high service quality (Heskett et al., 1994). An organization becomes more effective when loyal employees act in spontaneous and innovative ways (Deckop et al., 1999). Loyal employee's behaviour makes an enterprise/business/firm successful because they work hard, stay late, give their best to delight the customer, become an ambassador of their own company and recommend to their friends as a good place to work (Sweetman, 2001). According to Finnie and Randall (2002) in volatile economy, only those organizations can attain sustainable competitive edge which are building mutually beneficial relationship based on truth with their employee, customer and suppliers. When an organization faces tough time, only loyal customer will do the transaction. The ability to develop and constantly nurture mutually beneficial relationship creates great organizations. Flexible and relevant industry employment practises with the need of individual employee increase job satisfaction and job satisfaction is aligned with employee performance and employee loyalty (Denvir & McMahon, 1992). Masakure, (2016) have found that there is no relation between employee loyalty and qualification and employee loyalty and number of years, he worked for.

Employee loyalty is reciprocal and contingent in nature. Employees' loyalty and proactive behaviour is required due to global competitiveness, continuous need for innovation, sustainable competitive advantage, and building stronger trusting relationship with supervision and colleagues. employee loyalty and proactivity can be gained through workplace identity, wages of employee, involvement in decision making, trust in management, training, empowerment, compensation, mutually beneficial relationship, defined career path, praise and recognition, procedural fairness, and believing in employee. Loyal behaviour of employee promotes hard working, delivering high quality of services, reduced intention to quit, firm profitability, conducive work environment, human flourishing, greater motivation, more trustworthy, greater utility in the employee's life, make the organization true community, reduced cost of operations, employee engagement, reduced turnover, well-wisher for organization, sacrifice, improve their wellbeing, and positive employee behaviour.

In tourism and hospitality industry, employee personality is recognised as most important predictor of employee performance and more emphasis being given on job position and human values because human values are predictor of level of commitment and motivation (Ariza-Montes et al., 2017). In order to determine hotel industry success, use of liquid knowledge workers, employee loyalty and employee proactivity are very crucial aspects. Loyal and proactive

nonstandard employee/liquid workforce may help to deliver services beyond the customer expectations. This empirical study is designed to examine the relationship between reasons for employee loyalty and employee proactivity in nonstandard employee (hospitality students)/liquid knowledge workers and do reasons for loyalty explain variance in employee proactivity?

Literature Review

Hospitality Industry in India

Hospitality is all about being kind, welcoming and looking after the basic needs of human beings, mainly in relation to food, drink and accommodation. Hospitality industry comprises of four important areas like travelling, lodging, food service and recreation and its demand for huge skilled, semiskilled and unskilled manpower in order to create memorable customer experiences. Ministry of tourism, India (2012) has conducted research for the assessing the requirement of manpower in hospitality sector which says that Gross annual demand of employees in the hospitality sector has crossed 500,000 in 2009 – 10 and is likely to grow to almost 920,000 in 2021 – 22. The total employment is likely to increase to 76 lakhs by March, 2022. Accommodation units will have the largest number of employees at over 44 lakhs, followed by eating outlets at 24 lakhs. Medical wellness is also likely to become a substantial employer, with a little over 600,000. Housekeeping, front office, food and beverage service are contributing highest percentage in any hotel workforce followed by security and administration. Managerial staff contributes least. India presently has an estimated 114,000 hotel rooms spread across various hotel categories. This is around 150,000 rooms short from what is required. (Hospitality Insight, CII, 2012). There is a huge gap between demand and supply of manpower in Indian hospitality industry due to inappropriate training infrastructure, high growth rate increases the demand for manpower, high attrition rate. The academic inputs are focusing on operational aspects not on building management competencies such developing national and international brand, cost management, and building brand equity. Therefore, these hospitality graduates are not able to see career opportunities beyond the four major functions (housekeeping, food production, food and beverage service, and front office) of this industry Jauhari (2006).

Student as Liquid Knowledge Worker in Hotel Industry

For last many years, training and skill development are the key challenges of hospitality industry in order to delight the customer and it will remain the area of concern because new generation of employees are coming and industry has very high turnover (Davidson et al., 2011). In order to

become a good hospitality professional, Chung (2000) found fundamentals of Marketing Management, Hotel management, foreign language basics, accounting, finance, f & b service, communication, hotel administration, hotel engineering and room division management, are found most important subjects and hospitality students have to acquire certain skills such as ability to innovate, commitment to work, ability to understand market trends, ability to understand financial operations, customer service orientation and global exposure but Indian hospitality institutes are not sufficient to imbibe these skills in their students due to out-dated curriculum, teaching methodology and inefficient faculty in teaching management aspect of this industry Jauhari (2006). Industrial training provides an opportunity to know and acquire job competencies. It can be used as a tool to equip necessary managerial competencies in students. Indian hotels are not providing quality industrial training. Therefore, duration and content of training need to be upgraded in order to produce industry relevant, brand ambassadors, committed and motivated workforce for this industry (Jauhari, 2006).

Use of hospitality student as a liquid workforce is a win-win situation for both. Industry need relevant workforce to delight its customer but student do not have appropriate amount of knowledge and skill because educational institutes are training only for operational competencies not for managerial competencies in Indian private and public hospitality education institutes Jauhari (2006). For hotel industry, liquid knowledge workers may help to reduced employment cost Kalleberg et al. (2000) adjustment in size as per the fluctuations in the market Kalleberg et al. (1997) to expand work force Worland and Wilson (1988).

Indian hospitality industry is having weak market conditions. It is characterized by excess labour, lack of minimum wage rate, a bureaucratic organization structure, long working hours, etc Jauhari (2006). Weak marketing condition will not create workable climate for liquid workforce. Reskin and Hudson, 2000 named nonstandard jobs as bad jobs due to certain characteristics like less compensation, no health insurance, no job security, lack of protections from unions and labour laws (Ferber & Waldfoegel, 1996; Kalleberg et al., 1997; Mishel, Bernstein & Schmitt, 1999) even they have similar personal characteristics and education qualification. Therefore, policy makers have to rethink about the policy of nonstandard employment/liquid knowledge workers benefits such as health insurance and employee rights etc (Kalleberg et al., 2000). Broschak et al. (2008) stated interestingly that after retaining contingent workforce/nonstandard workforce, managers should not expect any incremental change in productivity, commitment and helping behaviour.

Despite many positive aspect of liquid knowledge workers, it may have certain negative such as negative social psychological reactions among supervisors, peers, and work groups Broschak and Davis-Blake (2006) and able to create pressure groups Olsen (2006). These effects are more visible on those employees who are at lower positions in organizational hierarchy than who are at higher in hierarchy. But students are considered as special case of liquid knowledge workers. Connelly and Gallagher (2004) stated that contingent work is a multidimensional concept. It has many difference in contract terms and also differences in their job. In literature nonstandard employee and liquid work force has been used interchangeably.

Employee Loyalty

Duboff and Heaton (1999) have liked customer loyalty with employee loyalty and stated that in service organizations, this relationship is inevitable. They have stated valued growth of an organization can be achieved by retaining valued customer and valued employees. They have linked customer loyalty with employee loyalty by presenting the results of various studies such as William M. Mercer study says that poor customer service is a result of attraction and retention of valued employee. It may cause to additional cost as well as valued customers switching to some other service provider altogether. Kotter and Heskett report that outperforming organizations are focusing on three groups (customers, employee and stakeholders). Mercer Management consulting says that customer loyalty somewhat depends on the kind of relationship exist with contact employee. Therefore, losing such an employee may weaken that relationship between customer and an organization. Best way to achieve valued growth is work on the retention of both valued customer as well as valued employee. The ripple effect occurs in an organization, when a loyal employee leaves the organization.

Coughlan (2005) has highlighted some issues in relation to define employee loyalty and stated that many researchers are using employee loyalty and employee commitment interchangeably (Meyer & Allen, 1997, O'Reilly & Chatman, 1986). Coughlan differentiate employee loyalty from employee commitment by stating that employee loyalty has more moral basis than commitment. Ross and Ali (2011) has concluded employee loyalty literature by stating that employee loyalty is associated with trust, moral obligation and wish to remain in particular organization. Guillon and Cezanne (2014) mention that employee loyalty is multi-dimensional concept and has not been defined clearly but some constructs has been identified to characterize the employee loyalty by trust, identification, participation, commitment, and attachment. Moller (1992) pointed out that loyalty does not support complete

blind obedience and agreeing about everything: a loyal employee may give constructive criticism with certain respect, but, crucially, the criticisms and discussions should not be disclosed outside the organization.

Workplace identity and wages of employee plays very vital role to make employee loyal for their organization Akerlof and Kranton (2005). Masakure (2016) stated that employees are satisfied with their involvement in the decision making at work place. They will have more trust in management and likely to be more loyal. Yee et al. (2010) has revealed that employee loyalty is most important factor to make an organization profitable. There are several methods (employee training, empowerment, compensation etc.) by which employee loyalty can be increased. This increase in employee loyalty will lead to increase in customer satisfaction; satisfied customer will become loyal customer. In high contact service industry, employee loyalty is the necessity to deliver high quality services. An organization should be committed to make their employee loyal. Loyal employee makes conducive work environment where employees contribute significantly in making profitable organization.

Reichheld (1996) stated that loyalty strategy is not only concern with employee but also with customer and investor. It is impossible to have customer loyalty without employee loyalty Finnie and Randall (2002). Mutually beneficial relationship between employee and employer is only way to earn employee loyalty Finnie and Randall (2002). The higher level of loyalty leads to employee engagement which enhances team work, performance and reduces employee turnover Ibrahim and Al Falasi (2014). Loyalty leaders also reduce costs by building relationships with employees Finnie and Randall (2002). Loyal employee uses his full potential at work place Sweetman (2001), providing higher quality service to customer Singh and Sabol (2002), reduced intention to quit Ton and Huckman (2008). Ultimate consequence of employee loyalty is firm profitability (Yee et al., 2010). Elegido (2013) has discussed some arguments in favour of being loyal to one's employer and some against as well. In favour of loyalty, he says that loyal behaviour of employees may be responsible for human flourishing, greater motivation, more trustworthy, helps to improve the performance of the organization, make special contribution to the wider society, expands the employee's field of interests to additional choice-worthy objectives, greater utility in the employee's life, and make the organization true community.

Negative impact of employee loyalty over an individual/organization has not been explored in depth. According to Ineson and Berechet (2011) loyal employees who are working with an organization for very long period of time, they may not be useful in order to achieve organization excellence due to

complacency. Drizin and Schneider (2004) found negative correlation between lack of opportunities for personal growth and professional development and loyalty. Akerlof and Kranton (2005) stated that employees who are recognized by their employer at workplace. They are willing to work at low wages also. Masakure, (2016) have studied the relationship between employee loyalty and salary. He found that employee loyalty is heterogeneous in nature and have negative correlation with wages. Loyal employee becomes vulnerable, Profit making orientation of an organization and unreliability of publicly traded corporations do not support the loyal behaviour of an employee for one's employer Elegido (2013). Masakure, (2016) examine the effect of loyalty on wages and found negative impact of loyalty on wages. He stated that loyal employees are being paid less wages but Linz et al. (2013) found positive impact of loyalty on wages.

Employee Proactivity

Proactive employee can become more well-being by acquiring career related skills and abilities and redesigning their job proactively (Plomp et al., 2016). This nature of employee can turn an organization into learning organization and can make more competitive. Presbitero & Teng-Calleja (2017) have suggested that employee proactivity can be measured with increased employee satisfaction, increased employee engagement, more satisfied customers, and good financial results. Training, perceived organization support (POS) (Wang et. al., 2017), supportive social structure (Evans & Davis, 2015) competent development practices and perceived empowerment (Maden, 2015) brings proactive behaviour in any organization. High performing work system supports individual proactivity, by promoting supportive social structures that helps them to modify their work process (Evans and Davis, 2015). Proactive employee may help to bring changes, change initiative and makes favourable environment for implementing change. Zhang et al., (2012) study interestingly found that dyad-level congruence in proactivity is essential to get positive outcomes at their workplace. Proactive employees share more information with their supervisor and colleagues. It helps to make stronger relationship Gong et al., 2012. Employee proactivity has positive correlation with innovative organization climate and leader vision Presbitero and Teng-Calleja (2017).

Research Background

We have selected final year students as a test unit because they have served hotel as liquid knowledge workers while their training period. Hotel managers are using these students to supplement their regular workforce in

major functional areas such as housekeeping, front office, food production, and food and beverage services. However, report on assess the requirement of manpower in hospitality and travel trade Sector, Ministry of Tourism (2012) also mention that 17% employees are nonstandard employee in unclassified accommodation units and highest liquid workforce is working in security department. Proportion of nonstandard work force depends on demand of hospitality services in the hotel. Employee loyalty and proactivity at workplace are critical factor to decide the employee performance. Therefore, it becomes important to examine the relationship between employee loyalty and proactivity in liquid knowledge workers.

Research Questions

- What are the key determinants of liquid knowledge workers/non-standard employees' (Students) proactivity and loyalty to their hotel?
- What kind of relationship these key determinants have?

Methods

Research Setting and Sample

This research is conducted on hospitality students who are studying in their final year at various private and government education institutes of India. We used printed questionnaire to collect the primary data and these questionnaires were collected from the students in the presence of faculty members of that particular institute. We administered survey questionnaires directly to students while industry report presentation at their teaching institute for 5-6 days in three education institute of India. In survey, questions were asked related to basic demographic and attitude toward the reasons for loyalty and employee proactivity in the organization. While collecting the questionnaire from students, it was ensured that students understand the purpose of study for getting the appropriate and honest response. Participants (students) who have completed at least 2 six months training in five star hotels in India and prepared to join hospitality industry in coming next 6 months. The 150 questionnaires were distributed at three prestigious education institutes (Lovely Professional University, Institute of Hotel Management, New Delhi, and Punjab University) but 135 questionnaires were selected successfully for the study. In order to understand the overall industry training experience, we had interacted with 35 students of all three education institutes.

All 135 participants were below 25 ages. Out of 135 students, 93 (68.9%) male students and 42 (31.1%) female students have given their response. These all students have completed their training in five star hotels in all four

major departments like front office, housekeeping, food production, and food and beverage services department across 15 states of India. 54 (40%) undergraduate students and 81 (61%) post graduate students have participated in this survey. 120 (88.9 %) undergraduate and post graduate students believe that market is having full of opportunity for hospitality students but 15 (11.1%) students are not optimistic about the availability of opportunities in the market.

Measures

Dependent Variable (Employee Proactivity)

For the measurement of employee proactivity at work place, we have adopted 10 Dhar and Dhar (2009) item measure which has three sub scales corresponding to three dimensions: (1) Innovation, (2) Proactivity (3) Realistic Goals.

Independent Variable (Reasons for Employee Loyalty)

For the measurement of reasons for loyalty, we have adopted Ineson et al. (2013) scale. The 21 item measure has multi item subscales corresponding to five dimensions: (1) Commitment to managers and company, (2) Job conditions, (3) Personal benefits, (4) Service elements and location, (5) Career and status.

Control Variable

We have used four control variables in our study such as gender, education and market opportunity and training department. Gender is measured as categorical variable coded as 1 for male and 2 for female. These all students are pursuing either post graduate or undergraduate course. So education is measured as dichotomous variable coded 1 for undergraduate and 2 for post graduate and availability of market opportunity is also measured as categorical variable coded as 1 for Yes and 2 for No.

We have also controlled training department of students. Previous research has mentioned training department of student may change the perception of students due to different working culture, work load, and different timings. So students training department measured as categorical variable coded for 1 if student did entire training in one department, coded 2 if student did training in 2 departments, coded 3 if student competed training in 3 department and coded

4 if student has done training in all four major departments (Housekeeping, Front Office, Food & beverage service, and Food production) of hotel.

Data Analysis

Correlation and multiple linear regressions have been used for data analysis. Correlation is used in order to understand the association between reasons for employee loyalty and employee proactivity at work place and among their dimensions. Regression is used to describe the relationship between reasons for loyalty and employee proactivity at workplace.

Results and Findings

Table 1: Pearson’s Correlation between Reasons for Employee Loyalty and Employee Proactivity

Employee Proactivity Components	Reasons for Employee Loyalty				
	Commitment to Managers and Company	Job Conditions	Personal Benefits	Service Element and Location	Career and Job Status
Innovation	.824**	.890**	.776**	.828**	.593**
Proactivity	.697**	.810**	.679**	.777**	.565**
Realistic Goals	.862**	.840**	.712**	.871**	.623**

** . Correlation is significant at the 0.01 level (2-tailed).

Relationship between Reasons for Employee Loyalty and Employee Proactivity

Correlation table provides the detail about correlation value between reasons for employee loyalty and employee proactivity components. Results indicate that there is a significant relationship between reasons for employee loyalty and employee proactivity in liquid work (Students) of hotel industry: (1) Innovation (obtain by promoting meaningful work, enhancing constructive communication, and integrating task with organization aim and objectives among liquid workers/nonstandard employee) has high positive correlation with commitment to managers and company ($r = .824, p = .000$), Job conditions ($r = .890, p = .000$), Personal benefits ($r = .776, p = .000$),

Service element and location ($r = .828, p = .000$), and moderate positive association with career and job status ($r = .593, p = .000$); (2) proactivity is positively associated with commitment to managers and company ($r = .697, p = .000$), Job conditions ($r = .810, p = .000$), Personal benefits ($r = .679, p = .000$), Service element and location ($r = .777, p = .000$), and moderate positive association with career and job status ($r = .565, p = .000$); (3) realistic job is also positively associated with commitment to managers and company ($r = .862, p = .000$), Job conditions ($r = .840, p = .000$), Personal benefits ($r = .712, p = .000$), Service element and location ($r = .871, p = .000$), and career and job status ($r = .623, p = .000$).

Multiple Linear Regression Analysis

We have used multiple linear regression analysis to have deeper understanding about the association between reasons for employee loyalty and employee proactivity. As seen in Table 2 reasons for employee loyalty is regresses with employee proactivity. Table 3 shows the F-value 176.11 is statistically significant, the R value is .934 and the adjusted R square value is .868. This means that five dimensions of reasons for employee loyalty can explain 86.8% variance in employee proactivity.

Table 4 presents the values of standardized, unstandardized coefficient, t and p-value. It is noticed that the t-value is 5.977 is statistically significant. However, four dimensions (commitment to managers and company, Job conditions, Personal benefit, and service element and location) are statistically significant but fifth dimension (career and status) found statistically insignificant. It means that career and status is not more important in predicting employee proactivity than other four dimensions (commitment to managers and company, Job conditions, Personal benefit, and service element and location).

Table 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934 ^a	.872	.868	4.55995

Table 3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18351.021	5	3670.204	176.511	.000b
	Residual	2682.312	129	20.793		
	Total	21033.333	134			

a. Dependent Variable: Employee Proactivity.

b. Predictors: (Constant), Career and Status, Personal Benefits, Commitment to managers and company, Service element and location, Job Condition.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.759	.964		5.977	.000
	CMC	.277	.118	.160	2.348	.020
	JC	.620	.169	.345	3.675	.000
	PB	.421	.112	.203	3.771	.000
	SEL	.646	.158	.306	4.078	.000
	CS	-.021	.123	-.007	-.172	.864

a. Dependent Variable: Employee Proactivity.

Discussion

Our research makes distinct contributions for liquid knowledge workforces'/nonstandard employee (Students) loyalty and proactivity. Current market situation indicate that demand for liquid knowledge workers is very in Indian hotels due to uncertain fluctuations in demand of hospitality services. Therefore, there is need of Indian hotels to hire liquid knowledge workforce/ nonstandard employee. India hospitality education institutes are having very good young and talented workforce. These talented, young, hospitality graduates can be used as liquid knowledge workforce or nonstandard employees in order to solve variability demand and high attrition rate. Davis-Blake, Broschak and George (2003) mention that use of liquid workforce/ nonstandard employee can increase exit while increasing voice and loyalty both. Broschak and Davis-Blake (2006) found that mixing of liquid workforce with standard work force may be responsible for negative social psychological

reactions among supervisors, peers, and work groups. Such blending of workers is having strong influence on those employees who are working at lower level in organization hierarchy. Ross and Ali (2011) concluded that full time workers are more loyal than part time workers. Winkler (2009) had mention that students should be considered as specific group of non-standard/liquid workforce because their motivations are different.

During data collection process, when we had discussion about students' six month industry internship, we have found that most of the faculty and students has perception that intern students are being used as cheap labour in Indian hotels. Only few hotel chains are providing industry relevant training. Jauhari (2006) said that most of the hospitality students are not aware about the ground reality of this industry like long work hours, minimum wages, high stress level and limited opportunities for management trainee positions. In initial days motivation is very high for joining industry as soon as time passes this motivation goes down. Six month industrial training is a first practical exposure to hospitality industry. So this industrial training should well plan in order to cater the students need. Students' motivation at workplace should be measured very carefully by the hotel industry for retaining the talent of hospitality industry. The target audience for employment in the sector is composed of youngsters in the age group of 18-24 years who has very high aspirations and is in a hurry to realise them. Literature, faculty and students say, students want to do industrial training for enhancing their practical knowledge and developing personal skill because this industry is skill base where practical knowledge is essential. There is always scope to improve congruence between staffing arrangements and a link with training. In future also this scope will remain same CG Davidson, McPhail and Barry (2011). At the time of entry, most of the students face proper communication problem with their superiors, and peers. In order to enhance students' performance at workplace, they should be provided proper training in advance. This may require little extra effort from industry leaders but it will help to nurture talent for future hospitality industry workforce requirement.

Indian hotels human resource managers believe that workforce coming from public and private hospitality education institute is not enough competent to fulfil industry expectations. Hiring intern student as non-standard workforce gives an opportunity to recognise the fresh talent for future needs of the organization Davidson, McPhail and Barry (2011). High growth rate of this industry and intangible growth in employee productivity has been a growing concern for Indian hospitality industry. Employee proactivity at workplace can increase employee productivity. This research indented the statistically significant high positive correlation between employee proactive and reasons

for employee loyalty. As reasons for employee loyalty measured through five dimensions: 1. Commitment to manager & company, 2. Job conditions, 3. Personal benefits, 4. Service element and location, 5. Career and status and employee proactivity is measured through three dimensions: 1. Innovation, 2. Proactivity, 3. Realistic goals.

High commitment to manager and company is an indication of good relationship between supervisor and sub ordinate which is necessary step to increase employee participation and involvement. Good job condition and personal benefits ensures positive interpersonal relation with customer, peers and superiors. Good job conditions and personal benefit are the second most important condition for employee proactivity and service element and location also positively correlated with all three dimension of employee proactivity. However, interesting career and status is not significantly explaining variance in employee proactivity. Employee loyalty can be influence by various market opportunities and networking behaviour employees with peers and superiors has inverse relationship Ross and Ali (2011). In order to make liquid workforce proactive, commitment to manager and company, job conditions, and personal benefits are not sufficient. It should be incorporated by training and professional development, helping them to design their career path and emphasis on individual need.

Indian hotel industry is characterized by weak market conditions. Weak market condition includes unspecified hiring standards, multiple ports of entry, low skill specificity, no on the job training, no fixed criteria for promotion and transfer, weak workplace customs and pay differentials vary over time, minimum wages, more opportunities for female, no work life balance, no working hours. Sometime these market condition motivate hospitality students to join other similar industry like hospital, airline etc. Indian hotels are not welcoming these students; they are treating them as a cheap labour. Therefore most of the students are getting demotivated and leaving this course.

Ministry of Tourism, India says that hospitality education system is unable to supply quality workforce for hospitality industry. Remote areas are always facing problem in selecting and keeping qualified employee with them. Social exchange theory and F. Reichheld's loyalty rules says that mutually beneficial relationship with customer, employee and investor can lead to business excellence. Indian hotel industry leaders can develop attractive industrial training in order to attract, nurture and retain talent. Six months industrial training can help students to improve confidence and skill. This mutually beneficial exercise can be remedial process for existing marketing problems.

Implications

Theoretical Implications

Limited literature is available on liquid knowledge workers in Indian hospitality industry. Placement of hospitality students is increasing in Indian five star hotels due to various reasons. Therefore, we need more research to understand what makes a hospitality student loyal and proactive. From an academic perspective, this research has contributed significantly in the area of liquid knowledge workers in hospitality industry. Our study suggest that there is positive and significant relationship employee loyalty and employee proactivity in hospitality industry's liquid knowledge workers. Employee loyalty's all dimensions (commitment to manager and company, job conditions, and personal benefits) are having positive and significant relationship with employee proactivity. Interestingly career and status has positive and insignificant relationship with employee proactivity. This study also suggests that employee loyalty significantly predicts employee proactivity. With regard to liquid knowledge workers loyalty and proactivity, this is first study to examine the relationship employee loyalty and proactivity. Employee commitment to an organization enhances proactivity (Strauss et al., 2009). In our study commitment to manager and company is one dimension of employee loyalty.

Managerial Implication

Our findings have several practical implications for using students as liquid workforce for the hotel industry. If hospitality enterprises want to get higher performance standards and competence in the industry, they have to increase the application of human resource management practices. Hospitality enterprises may become more competitive by implementing relevant HRM practices Chand (2010). International hospitality industry has intense competition to stay ahead, in order to attract and retain customer, hoteliers have to create differentiated products and services to attract and retain their customers. Given the increasing supply, hotels need to make deliberate and consistent efforts to innovate so as to sharpen their competitive edge Sanjeev, Sanjeev, Bandyopadhyay and Bandyopadhyay (2016). Managers need to be pro-active to make changes that focus on customer preferences, quality and technological interfaces in more depth to stay competitive in what is a dynamic environment (Victorino et al., 2005).

Classified and unclassified both accommodation units are hiring liquid workforce. These employees are being deployed in back operations such as EDP, security, maintenance, laundry and even housekeeping. Most of the liquid workforce is working in unclassified accommodation units (Assess the Requirement of Manpower in Hospitality and Travel Trade Sector, 2012, Ministry of Tourism). Use of liquid workforce is inevitable in hotel industry. Labour turnover is of particular importance in the hotel industry due to the high levels of customer-staff contact. Employee turnover has impact on customer satisfaction.

First, our findings suggest that using students as liquid workforce/nonstandard employee is an opportunity to recognise the talent. Industry should emphasis on designing best training program in order to attract, and recognise most appropriate industry fit talent. Such kind industry relevant training program can mitigate three major problems of industry: 1. Inadequate supply of quality talent, 2. High talent attrition to competitor industries due weak market conditions, 3. Low employee productivity and increased measurement and monitoring of low productivity. Unfortunately educational institute are unable to groom and train students as per the requirement of industry. Most of the training and other institutes are able to train these students only in operation aspects of this industry but they are lacking in managerial aspects. Therefore, industry leaders take to opportunity to train these students during their industry internship by imbibing industry relevant skills in them. Second, our finding suggest that by using students as a liquid workforce, industry can reduce various type of cost such as induction of new employee, advertisement cost, and recruitment and selection etc. Reduction in manpower cost is achieved through working with optimal manpower with scope to increase or decrease it based on the seasonality of the business. (Hospitality Insight, CII, 2012). Third, most important finding of our study is that hotel should provide best job conditions, personal benefits and career and status in order to do employer branding. Employer branding helps to attract and retain best potential of the industry. A satisfied, motivated and stable workforce is therefore a critical success factor. Fourth, literature says that use of liquid workforce/nonstandard employee can create many problems within the organizations such as pressure group, standard employees' loyalty and relationship of standard employee with employer etc. but student is considered as special class of liquid workforce/ nonstandard employee due to their different expectation from the employer. By deploying student as liquid workforce above mention all problems can mitigate to some extent. Fifth, deployment of students as

liquid workforce/ nonstandard employee could be a real test of existing human resource policy and while leaving the organization these employees can give valuable suggestions in order to improve the existing policy.

Limitation and Scope for Future Research

First, sample size of this study was 135 from 3 hospitality institutes of north India which may not be true representative of the population. So, in future study can be extended to some other parts of India also. Second, this study used cross-sectional survey based design. Therefore, personal bias (self-serving bias) may be present and should be cautious in order to establish causality. In future, longitudinal research design should be carried out for establishing causal relationship. Third, respondents were taken for this study is hospitality students. Therefore, results of this study cannot generalize because other service sector's students do not perform industry training like hospitality student. So, we recommend future researchers to test this relationship in different context, countries, culture and varied institutes. Furthermore, common method bias did not show any thread for present study. Employee loyalty can be influenced by national culture, organization culture, legal environment, and degree of economic development (Elegido, 2013). It would be interesting to study employee loyalty, while considering different national culture, organization culture, and economic development. Loyal employees are presumed more trustworthy for any organization. They can create favourable conditions for implementing strategic change. Moreover, employee loyalty can be associated with high performing organization, organization development and organization effectiveness. Future studies can examine the association of these all constructs.

Conclusion

The present study was conducted with an aim of studying employee loyalty and proactivity among liquid knowledge workers of Indian hospitality industry. Reasons for employee loyalty and employee proactivity was measured through standard scales. Correlation and multiple linear regression was deployed to analyse the data. Results of statistical techniques revealed that employee loyalty and employee proactivity both were significantly correlated and reasons for employee loyalty dimension significantly predict employee proactivity among hospitality students. Systematically use of students as liquid workforce in hotel industry could give competitive advantage by saving labour cost, nurturing and recognizing talent and adjusting workforce size as per the requirement of the organization in offseason or in season. Our findings suggest that student can be used as loyal and proactive liquid

workforce by having congruence in industry input and student expectations from the industry. This congruence between industry and students can develop mutually beneficial relationship.

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Appendix - 1

Reasons for Employee Loyalty

Commitment to Managers and Company

- I enjoy good communications with my managers.
- I respect my head of department.
- I enjoy good communications with my work mates.
- I am proud of my company.
- I think of the workplace as my second home and workmates as my

family.

Job Conditions

- I receive good training with this company.
- There are opportunities for skill development in my job.
- The working hours are suitable for me.
- The job is varied; each day is different.
- I have job security.

Personal Benefits

- The benefits offered are good.
- The salary offered is good.
- The maternity/paternity package is good.
- The job is fun.

Service Element and Location

- I like providing good service to the customers.
- I enjoy meeting customers.
- I get personal satisfaction from my job.
- The location of my workplace is convenient for me.

Career and Status

- My job is highly respected in the industry.
- My job is highly respected in the society.
- I have a career path planned for me/I have good promotional prospects.

Appendix - 2

Employee Proactivity

Innovation

- Most of the managers' time is meaningfully utilized.

- Individuals and teams are skilful in clarifying objectives in the light of new information and events.
- Interests, special needs, unusual difficulties are integrated within an overall framework and objectives.
- Different viewpoint are debated upon to gain from them.
- People are able to generate new ideas and put them into practice.
- No body sits idle.

Proactivity

- People are encourage to take moderate risks.
- I usually show up for work a little early to get things ready.

Realistic Goals

- The objectives of our organization are realistic.
- People have confidence and show high morale.