

EMPLOYEE LOYALTY: AN EFFECT OF JOB SATISFACTION

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Abstract *The Indian retail industry has an incredible contribution to the economic growth and employment. According to India Brand Equity Foundation (IBEF), the retail industry contributes for about 10% to country's gross domestic product (GDP) and around 8% of the employment. Human resources are considered as the capital asset as it drives the firm to achieve competitive advantage among rivalry. Therefore, it has become mandatory for the employers to satisfy the needs of employees to embrace them become loyal to the organization. The study was administered among the employees of hypermarkets in Tirunelveli to assess the effect of Job Satisfaction on Employee Loyalty. The data were collected from a sample of 430 respondents using a structured questionnaire. The statistical tools such as Descriptive Statistics and Pearson Correlation and Simple Regression Analysis were employed to test the research hypotheses. Result of this study revealed that there is a significant impact of Job Satisfaction on Employee Loyalty.*

Keywords *Job Satisfaction, Employee Loyalty and Competitive Advantage*

INTRODUCTION

The ultimate aim of every business is to build a strong customer base by delivering superior services. A research conducted by the University of Missouri found that the employers who pay attention to the employees' problems and their job satisfaction are able to expand their customer base. Job satisfaction is the extent to which employees emotionally being connected with their job and how they feel about their working environment (Togia et al., 2014). Satisfied employees will work harder and likely to become more engaged in their work. Retaining of exceedingly satisfied employees improve the organizational performance that significantly contributes to compete in the market at its best. In every industry, employee loyalty is important as it is one of the main and key ingredients to the success of organisation. Competitive advantage allows the firm to outperform among competitors. Employees' knowledge, skills and abilities contribute the firm the unique advantage if they are utilized efficiently. Because, human potential is impossible to replicate.

Everyone knows the environment of the retail industry and routine work of its employees. Generally, the employees are subjected to long standing hours and physical work throughout the day which leads to job stress due to lack of rest and interval time. Not only that, they may be vulnerable to mental stress when the behaviour of customer disturbs them. When customer intends in buying a product the employee would enthusiastically explain about the product encouraging them to buy it, but when the customer fails to buy the product, it makes the employee downhearted and creates a lag in their work pace and this cycle repeats after

every buyer refuses to buy the product. This study examines the relationship between employee satisfaction and employee loyalty in hypermarkets.

LITERATURE REVIEWS

Saxena (2020) conducted a study to find out the association between job satisfaction and employee loyalty among working professionals in Noida. She discussed that the job satisfaction is a sense of achievement and success the employees feel on the job. The results of this study states that Job satisfaction impacts Employee Loyalty for about .912 which is also statistically significant at 5%.

Frempong et al. (2018) carried out a study to assess whether the Job Satisfaction has impact on Employee Loyalty and Commitment. They found that job satisfaction and employee loyalty are positively correlated (.278) and satisfaction has 52.7% impact on loyalty.

Rajput et al. (2016) states that employee loyalty is the extent to which the employees are committed towards the organizational success and its culture. The study aimed to analyse the impact of job satisfaction on employee loyalty among academicians. The results revealed that job satisfaction has significant impact on loyalty for about .445.

Javed et al. (2012) in their study aimed to analyse the impact of job satisfaction on employee loyalty and the findings of the study revealed that there is significant positive association exist between then and job satisfaction has 41% of impact on Employee Loyalty.

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RESEARCH OBJECTIVES

- To measure the level of job satisfaction among employees of hypermarkets in Tirunelveli.
- To find out the relationship between Job Satisfaction and Employee Loyalty.
- To analyse the effect of Job Satisfaction on Employee Loyalty.

RESEARCH HYPOTHESES

From the literature reviewed, the following hypotheses were framed for this study;

H₁: Job satisfaction and employee loyalty has an association.

H₂: Job satisfaction has an impact on employee loyalty.

RESEARCH METHODOLOGY

The empirical research design was adopted for this study. The study was conducted among the employees of hypermarkets in Tirunelveli. A sample of 430 employees were selected using simple random sampling technique. The data was collected through structured questionnaire consisted of three sections such as firstly, six Demographic variables; secondly, five items scale measuring Job Satisfaction; and thirdly, 4 items scale measuring Employee Loyalty. A five-point Likert scale (from 5-‘strongly agree’ to 1-‘strongly disagree’) was used to measure the variable Job Satisfaction and Employee loyalty. The reliability of the measurement scales were tested using Cronbach’s Alpha measure. Pearson Correlation and Simple Regression Analysis were used in IBM SPSS Statistics 20 to support the research hypotheses and the results were discussed with respect to the objectives of the study.

Convergent Validity

Table 1

Factors	Indicators	Factor Loadings	AVE	Composite Reliability
Job Satisfaction	SAT_1	0.947	0.87	0.90
	SAT_2	0.942		
	SAT_3	0.877		
	SAT_4	0.935		
	SAT_5	0.649		

Factors	Indicators	Factor Loadings	AVE	Composite Reliability
Employee Loyalty	LOY_1	0.655	0.82	0.89
	LOY_2	0.917		
	LOY_3	0.886		
	LOY_4	0.814		

The factors have acceptable convergent validity as the average variance extracted (AVE) values of both variables are greater than 0.5 and the Composite reliability values of both factors are above 0.7 (Fornell & Larcker, 1981).

RESULTS

Demographic Profile

Table 2

Variables	Categories	No. of Respondents	Percent
Gender	Male	300	69.8
	Female	130	30.2
Age Group	18-28 Years	164	38.1
	28-38 Years	139	32.3
	38-48 Years	103	24.0
	48-58 Years	24	5.6
Educational Qualification	Below 10th Std	91	21.2
	High School	141	32.8
	Higher Secondary	156	36.3
	Graduate	42	9.8
Marital Status	Single	85	19.8
	Married	303	70.5
	Widowed	42	9.8
Experience with the Current Employer	0-10 Years	278	64.7
	10-20 Years	72	16.7
	20-30 Years	80	18.6
Monthly Income (Rs.)	0-10000	204	47.4
	10000-20000	226	52.6

Descriptive Statistics

The mean value of 3.6 shows that the level of job satisfaction among the employees of hypermarkets in Tirunelveli is moderate. The reasons for this moderate level of satisfaction could be the salary they receive, the feedbacks they get from the immediate supervisors, the relationship among coworkers, and motivation in the workplace.

Table 3

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Job Satisfaction	430	3.622	.766	-.949	.118	1.430	.235

Pearson Correlation

Simple Regression Analysis

Table 4

Table 5: Model Summary

Correlations			
		Job Satisfaction	Employee Loyalty
Job Satisfaction	Pearson Correlation	1	.504**
	Sig. (2-tailed)		.000
	N	430	430
Employee Loyalty	Pearson Correlation	.504**	1
	Sig. (2-tailed)	.000	
	N	430	430

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.504 ^a	.255	.253	.479

The R Square value is .255 which means that the factor ‘Job Satisfaction’ explains 26% of variation in the dependent variable ‘Employee Loyalty’.

Table 6: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	33.571	1	33.571	146.125	.000 ^b
	Residual	98.330	428	.230		
	Total	131.902	429			

a. Dependent Variable: Employee Loyalty b. Predictors: (Constant), Job Satisfaction.

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

Since the p-value of Pearson Correlation test (0.000) is significant at 1% level of significance, H₁ is supported. Therefore, it is proved that there is an association exist between Job Satisfaction and Employee Loyalty. The correlation coefficient value of .504 states that the relationship is moderate positive. Through there are many factors which would be associated with loyalty, job satisfaction is also associated with the loyalty of employees towards organization.

Since the p-value (0.000) is significant at 5% level of significance, H₂ is supported. Therefore, it is interpreted that ‘Job Satisfaction’ has influence on ‘Employee Loyalty’.

Table 7: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.343	.112		20.953	.000
	Job Satisfaction	.365	.030	.504	12.088	.000

a. Dependent Variable: Employee Loyalty.

The Beta coefficient value (.365) states that every one unit increase in Job Satisfaction causes considerable positive change for about .365 unit in Employee Loyalty.

zeal and also to retain the employees with the organization. An employee won’t necessarily be much qualified to work in retail stores, a secondary or high school graduate will be a good fit. Their jobs demand high intensity and concentration which means they invest their one hundred percent of energy to improve the sales. Initially, they may be enthusiastic but eventually some situations may pull their energy down and slow down their wheel of work, at that time the employer has to offer innovative and encouraging programs in order to boost them up to become more productive. Therefore,

DISCUSSION AND CONCLUSION

The findings reveal that the employee satisfaction is positively influencing the Employee loyalty. Employee satisfaction programs can be carried out in hypermarkets to make employees contribute with complete enthusiasm and

irrespective of their educational qualification if the retailer take efforts to make employees feel satisfied, they will consequently become loyal towards the employer. The researchers concluded in this research that the factors job satisfaction and employee loyalty show moderate association and satisfaction has a positive impact on employee loyalty.

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