International Journal of Engineering & Technology, 7 (3.1) (2018) 9-12

SPC

International Journal of Engineering & Technology

Website: www.sciencepubco.com/index.php/IJET

Research paper



Effect of Age on Employees' Loyalty: a Study Among the Executives' of a Large Scale Public Sector Manufacturing Industry Across India

Geevarghese[1]*, R.J.T Nirmalraj[2], Hemalatha Seeram[3], S.Veena[4], Beena James[5]

[1]*Professor & Head, School of Management, Hindustan Institute of Technology and Science – Deemed to be University, Chennai.*
[2,3,4]*Assistant Professor, School of Management, Hindustan Institute of Technology and Science – Deemed to be University, Chennai.*
[5]*Affiliation Associate Professor, Hindustan Institute of Technology and Science – Deemed to be University, Chennai.*
**Corresponding author E-mail: gvsam3@gmail.com*

Abstract

The nature of human resources and their willingness to contribute have an impact on the existence and growth of the organization. Employee loyalty may be defined as employees being committed to the success and growth of the organization and believing that working for this organization is their obligation and best option available to them. The growth and success of organizations in the present scenario, largely depends upon the commitment and loyalty of its workforce. As employees work for the organizations for certain period of time, they develop affinity and emotional attachment to the organization. As they grow older their maturity level will increase and stop job hopping. Further, as the age of the employee increases, they will try to settle down in one place and the probability of their intention to stay with the organization also will increase which in turn will influence their loyalty to the organization. Therefore, age of an employee is generally considered as a factor influencing loyalty to the organization.

The purpose of this paper is to investigate the effect of age of employee on employees' loyalty in a Bangalore based large scale public sector undertaking. 200 middle level executives who have completed minimum of one year service were surveyed and random sampling technique was adopted. Survey was conducted with a standardized, valid and reliable instrument measuring loyalty. The detailed findings and implications are discussed in the full paper.

Keywords: *Human Resource Management, Organization, Employee Loyalty, Age, Public Sector Undertaking.*

1. Introduction

Human resources (HR) are considered to be the most important asset of an organization and their management is concerned with the people dimension in Management. Employers can hire any number of employees with variety of skills and knowledge, but their willingness to contribute whole heartedly for the existence and growth of the organization is a concern in the present scenario. HR Department is responsible for getting right persons at the right time, training them and providing an appropriate mechanism to ensure that these employees remain loyal, effective and most productive. According to the studies conducted by researchers, the organizational goals are unattainable without the enduring cooperation and commitment of the employees. Further, organizational objectives can be best attained by selecting the employees with right attitude, developing their skills, motivating them for high performance and ensuring their continued commitment and loyalty towards the organization. Employee plays a crucial role in building and maintaining high level of morale in the organization. According to researchers, salary and incentives are major factors which influence the employee loyalty.

The top organizations are on the top because they value their employees and they know how to keep them glued to the organization. Employees are considered to be the lifeblood of an organization. In order to achieve their goals and objectives, employers are looking for committed and loyal employees. Effective and loyal employees are always the asset of the organization. Organizations cannot succeed without their personnel efforts and commitment. Thus, selecting, recruiting, training and developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment and remain loyal to the organization are essential for achieving organizational goals and objectives.

Growth of any organization significantly depends on the performance of its employees – the most valuable asset of the organization. Proper attention given to people for utilizing their knowledge, skills and abilities through recognition and appreciation of their contribution can help to fetch rich dividends to the organization and make them more dynamic participants in the organizational activities. Employee plays a crucial role in building and maintaining high level of morale in the organization. According to researchers, Salary and incentives are major factors which influence the employee loyalty.

Top Management should encourage managers to train, develop, motivate, maintain and retain the skilled, knowledgeable and committed employees. Further, the organizations must set policies and define procedures for smooth functioning of the organization. Therefore, the employees' commitment and loyalty have become a major concern for all organizations.

Copyright © 2018 Authors. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

2. Underlying Concepts

The term, Employees' loyalty, organizational identification (OI) or the process whereby an individual identifies with the organization where he is employed has been recognized as a significant determinant of OB (Rotondi, 1975). The concept of loyalty has its roots in social identity theory (SIT) and organizational citizenship behavior. From the outcome of the research, it is brought out that one of the main forces that positively influences employees' attraction and long-term commitment within an organization is loyalty (Coldwell et al., 2008; Ekmekci, 2010). The loyalty literature (Ashforth & Mael, 1989; Dutton et al., 1994) declares that identification with the employers induces employees to engage in identity-congruent behavior, defined as behavior that is consistent with the vision, mission and values of the firm which is known as loyalty. A, O., & Thamrin Abdullah, M. A. (2017) brought out in their study that employees' compensation has a direct positive influence on their loyalty towards their employer.

According to Van Dick (2004), psychological bond between employee and employer is an important predictor of work related attitudes and employee behavior. However, all definitions share much in common in that they imply that an individual "has linked his or her organizational membership to his or her self-concept, either cognitively (e.g., feeling a part of the organization; internalizing organizational values), emotionally (pride in membership), or both" (Riketta, 2005). Employees who are loyal to the organization will always identify themselves as part of the organization and work for its growth and success.

3. Literature Review

Modernization and introduction of new technology and resources are creating a base for comparison, causing employers to seek modern competitive advantages, particularly through the effective human resources management (Burke, 2008; Cawsey and Deszca, 2007; Senior, 2002). As an employee ages, he or she will get contented with their salary and perks which in turn influences him or her to settle down in the organization. As they settled down in an organization, their commitment and attachment to the organization will improve. Committed and loyal employees are more willing to exert behavior that is beneficial to the organization (Ashforth and Mael, 1989; Riketta and Nienaber, 2007). According to researchers, there is a strong link between employee loyalty job satisfaction and employee loyalty (Hwang & Wang, 2013). According to Peerayuth Charoensukmongkol et. al., (2016) organizational support and job satisfaction are some factors that influence the employee loyalty and morale.

Ainsworth Anthony Bailey, Faisal Albassami, Soad Al-Meshal (2016) brought out in their study that organizational identification and loyalty are outcomes of perceived organizational support and job satisfaction. According to Yahyagil, (2015), the values of self-direction, achievement, hedonism and loyalty are positively and strongly linked to job satisfaction and overall satisfaction of life.

Kim, Y., & Cho, Y. C. (2016), revealed from their study that in order to achieve high employee loyalty, organizations need to ensure enhanced supervisor support, inculcate teamwork among employees and provide good working environment. Researchers reported about the linkage between employees' acts of cooperation and commitment or going beyond formal role requirements and organizational effectiveness (Roethlisberger & Dickson, 1939) which lead to the concept of organizational citizenship behavior. Therefore, when Organ (1988) asserted that organizational citizenship behaviors (OCB) "in the aggregate can lead to smooth and effective functioning of the organization. Managers prefer to work with people; they avoid solitary activity because it makes them anxious (S.P.Robbins et al, 2007). Most managers feel that their associates have an obligation to follow and support their leader (Fred Luthans, 2008). Employees who are loyal to their employers will remain with their jobs more than their unsatisfied colleagues (Gangadhraiah et al., 1990; Martin, 1990). Loyal employees are likely to be productive and stay on the job (McNeese-Smith 1997; Irvine and Evans, 1995). Alexander Preko & John (2013), brought out that there were significant linear correlations among employee loyalty, engagement and performance.

According to Barker and Tompkins (1994), organizational identification directs the attention of an individual and motivates to become a functioning member. Chan S. H., (2006) brought out in his paper that orientation program, socializing activities, opportunities for participative decision-making, "psychological" and "religious" strategies, and a focus on the members' culture and everyday life can help to improve identification and commitment towards an organization. It is often presumed that identification processes in organizations lead to a host of beneficial organizational outcomes (Likert, 1967). Employees' commitment and loyalty to the organization can affect the stability and effectiveness of manufacturing industries as the employees' experience and commitment on the job plays a crucial role for the smooth functioning and delivering the products in time. Therefore, understanding the nature of Employees' commitment and factors that influence members' loyalty to an organization is critical to assure the continual existence of the organization. In this paper we are going to find out the relation between an important demographic variable namely age of employees with employees' loyalty.

3.1. Employees' Loyalty

At individual level, loyalty is the willingness to protect and save face for another person (Robbins and Judge, 2007). In the organization–employee relationship loyalty is an unwritten contract between an employee and the employer. It is the employee's willingness to work at an optimum level to fulfill the goals of the company. Loyalty is really the glue that ties an employee to their job, and that tie is a function of the respect and trust the employer attempts to develop in their employees. Further, the superiors can influence their subordinates to be loyal to the organization and be productive at their highest capability. This factor captures the extent to which management respects workers, operates with honesty and integrity, promotes efficiency, and has open lines of communication with employees (Aronson et al., 2003).

In today's dynamic business world, the concept of loyalty has changed. Loyalty for profession is gaining more importance than the loyalty for the organization. In spite of that business leaders believe that organizational loyalty is important and can be achieved (Johnson, 2005). In case of PSU, lifelong employment was one of the important factors driving their loyalty to the organization. However, the conditions changed after globalization and liberalization. Now employees have many job opportunities available in the market. Career development and growth are considered to be the order of the day. Employees want to develop themselves and improve their value addition from the employment in order to enhance their knowledge base. Some employees are particular to career development and growth. In this changed social context, life-time employment is not enough for achieving employees' commitment and loyalty. To maintain employability employees seek opportunities to learn and develop new skills. In Indian context, PSUs are still attractive due to lifelong job security. In the present PSU still the attrition rate was one digit. However, the changed workforce changed social and business context which is playing its major role.

The PSU selected for this study has a dedicated institute for training and development of engineers and managers. It invests time, energy, and money in employee development. The newly joined employees are given one year training which includes induction, managerial and professional development programmes to enhance their commitment and loyalty apart from technical and on the job training. Further, employees are given need based training to update their skills for career development and growth. These efforts will help to a certain extent to gratify the hunger of developing new skills and/or to maintain employability. As the employees reach certain age, they will make up their mind to settle down in one organization, if the organization treat them well and look after

their needs. The employees will also be compelled to settle down due to children's education and spouse's employment. Keeping this context in mind, we expect that these efforts will generate loyalty in the employees. Therefore, the hypothesis:

H: Older Employees in the organization will be more loyal to their organization.

4. Methodology

4.1. Sample

The survey for this study was conducted from middle level executives of a large public sector undertaking (PSU). The questionnaires were distributed to two hundred randomly selected middle level executives at their work place. The executives were asked to fill up and return the questionnaires on the next day. Total 158 executives returned the filled up questionnaires. The response rate is 79%. 24 responses were deleted due to large missing data. Total 134 responses were used for the analysis. Other sample characteristics are summarized in table 1.

Table 1: Characteristics of Sample

Gender	Nature of job	Marital status	Qualification	Age (in Years)	Experience in Current Organization	Total work Experience
M=100	Technical = 87	Married = 109	Graduate= 67	20-25=4	1-3 yrs= 9	1-3 yrs= 3
F= 34	Non-tech. =47	Single = 24	Post Grad=68	26-30=45	4-6 yrs=77	4-6 yrs= 42
–	–	–	Others=8	31-40= 60	7-10 yrs= 17	7-10 yrs= 35
–	–	–	Missing data =1	Above 40= 25	Above 10=31	Above 10= 56

4.2. Tools

The organizational loyalty is measured using valid, standard questionnaire developed by Van Dyne et al. (1994). The Estimates of the internal consistency reliability of the scales in the original (cross validation) sample were .84 (.79). The test-retest results in the cross validation sample were .88 (Organ D. W. et al. 2006).

4.2. Tools

Table 2 shows the descriptive statistics for organizational loyalty. To check the hypothesis t-test was done between executives who have served for more than 6 years in the organization and other who served less than 6 years. The loyalty score differs significantly, see table 2.

Table 2: Characteristics of Sample

	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig	T	Sig. (2-tailed)
Equal variance assumed	0.11	0.917	1.872	0.063
Equal variance not assumed			1.852	0.066

Thus the organizational loyalty positively influenced the age of employees. From Table II, we can conclude that people who are older show statistically significant higher organizational loyalty than those who are younger.

References

[1] Ainsworth Anthony Bailey, Faisal Albassami, Soad Al-Meshal, (2016) "The roles of employee job satisfaction and organizational commitment in the internal marketing-employee bank identification relationship", International Journal of Bank Marketing, Vol. 34 Issue: 6, pp.821-840.

[2] Alexander Preko & John (2013), A Study on the Concept of Employee Loyalty and Engagement on the Performance of Sales Executives of Commercial Banks in GHANA, *Adjetey International Journal of Business Research and Management (IJBRM)*, Volume (4) : Issue (2) : 2013 51.

[3] A, O., & Thamrin Abdullah, M. A. (2017). The Effect Of Compensation, Empowerment, And Job Satisfaction On Employee Loyalty. *International Journal of Scientific Research and Management*, *5*(12), 7590-7599.

[4] Aswathappa, K. (2005). *Human Resource and Personnel management – Text and cases*, 4th edition, TATA McGraw hill Publishing company Limited, New Delhi.

[5] Bailey, A. A., Albassami, F., & Al-Meshal, S. (2016). The roles of employee job satisfaction and organizational commitment in the internal marketing-employee bank. International Journal of Bank Marketing, 34(6), 821–840.

[6] Burke, W.W. (2008), *Organization Change: Theory and Practice*, 2nd ed., Sage, Thousand Oaks, CA.

[7] Cawsey, T. and Deszca, G. (2007), *Toolkit for Organizational Change*, Sage, Thousand Oaks, CA.

[8] Chan S. H., (2006),"Organizational identification and commitment of members of a human development organization", *Journal of Management Development*, Vol. 25, No. 3, pp. 249 – 268.

[9] Peerayuth Charoensukmongkol, Murad Moqbel, Sandra Gutierrez-Wirsching, (2016) "The role of co-worker and supervisor support on job burnout and job satisfaction", Journal of Advances in Management Research, Vol. 13 Issue: 1, pp.4-22.

[10] Cheney, G. and Tompkins, P. (1987), "Coming to terms with organizational identification and commitment", *Central States Speech Journal*, Vol. 38 No. 1, pp. 1-15.

[11] Coldwell, D.A., Billsberry, J. and Van Meurs, N. (2008), "The effects of person-organization ethical fit on employee attraction and retention: towards a testable explanatory model", *Journal of Business Ethics*, Vol. 78 No. 4, pp. 611-22.

[12] DeCenzo, D. A., and Robbins, S. P. (1998). *Personnel/Human Resource Management*, 3rd Edition, Prentice Hall of India Private Limited, New Delhi, India.

[13] Dyne, L. V, Graham, J. W., and Dienesch, R. M. (1994). Organizational citizenship behavior: Construct redefinition, measurement, and validation. *Academy of Management Journal*, *37*(4), 765-802.

[14] Fred Luthans, (2008), *Organizational Behavior*, 11th Edn. TATA McGraw hill Publishing Company Limited, New Delhi.

[15] Gangadhraiah, H.M., Nardev, G. and Reddy, M.V. (1990), "Nurses' job satisfaction in mental health and neuro-science setting", *Nursing Journal of India*, Vol. 81, pp. 201-204.

[16] Goldstein, I. L., and Ford J. K., (2002). *Training in Organizations*. Belmont, CA: Wadsworth, 4th Edition.

[17] Hwang, K. P., & Wang, M.-K. (2013). The impact of ethical issues on privatization: Employee perceptions of HRM systems, job satisfaction and organizational loyalty in the Taiwan telecommunications industry. African Journal of Business Management, 7(6), 381–400.

[18] Irvine, D.M. and Evans, M.G. (1995), "Job satisfaction and turnover among nurses: integrating research findings across studies", *Nursing Research*, Vol. 44 No. 4, pp. 246-53.

[19] McNeese-Smith, D.K. (1997), "The influence of manager behavior on nurses' job satisfaction, *productivity and commitment*", JONA, Vol. 27 No. 9, pp. 47-55.

[20] Martin, B.J. (1990), "A successful approach to absenteeism", *Nursing Management*, Vol. 21, pp. 45-8.

[21] Mehmet Yusuf Yahyagil, (2015) "Values, feelings, job satisfaction and well-being: the Turkish case", Management Decision, Vol. 53 Issue: 10, pp.2268-2286.

[22] Mosadeghrad, A.M. (2003), *Principles of Health Care Administration*, Dibagran Tehran, Tehran. Organ, D. W.(1988). Organizational Citizenship behavior: The good soldier syndrome. Lexington, MA: Lexington Books.

[23] Organ, D. W., Podsakoff, P. M., MacKenzie, S. B., (2006). Organizational Citizenship behavior: Its Nature Antecedents, and Consequences. Sage Publications, New Delhi, India.

[24] Podsakoff, P. M., MacKenzie, S. B., Moorman, R. H., & Fetter, R. (1990). Transformational leader behaviors and their effects on fol-

lowers' trust in leader, satisfaction, and organizational citizenship behaviors. The Leadership Quarterly, 1(2), 107-142.
[25] Riketta, M. (2005), "Organizational identification: A meta-analysis", *Journal of Vocational Behavior*, Vol. 66, pp. 358-384.
[26] Riketta, M. and Nienaber, S. (2007), "Multiple identities and work motivation: the role of perceived compatibility between nested organizational units", *British Journal of Management*, Vol. 18 No. 1, pp. S61-S77.
[27] Robert Eisenberger, Stephen Armeli, Barbara Rexwinkel, Patrick D. Lynch and Linda Rhoades, (2001).Reciprocation of Perceived Organizational Support, Journal of applied Psychology Vol 86, No.1, 42-51.
[28] Roethlisberger, F. J. & Dickson, W. (1939). Management and the worker: An account of a research program conducted by the Western Electric Company, Hawthorne Works, Chicago. New York: Wiley.
[29] Robbins, S.P & Timothy A. Judge, (2007). *Organization behavior*, 12th Edn. Prentice- Hall of India Private limited, New Delhi. Robbins, S.P, (1993). *Organization behavior*, 1New Jersey, Prentice-Hall.
[30] Rotondi.T Jr. (1975), "Organizational Identification: Issues and Implications", Organizational *Behaviour and Human Performance*, Vol. 13, pp. 95 – 109.
[31] Senior, B. (2002), *Organizational Change*, 2nd ed., Pearson Education, Harlow.
[32] Serwinek, P.J. (1992), "Demographic and related differences in ethical views among small businesses," *Journal of Business Ethics*, Vol. 11, pp.555- 566.
[33] Thompson, A.A. and Strickland, A.J. (2001) Strategic Management: Concepts and Cases, 12th edn. McGraw-Hill, New Delhi.
[34] Walz, S. M. & Niehoff, B. P. (2000). Organizational citizenship behaviors: Their relationship to organizational effectiveness. Journal of Hospitality & Tourism Research, 24, 108-126.