

A Study on Role of Employee Loyalty in Quality Service of Equipment Rental Business

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Abstract: With the influx of economic development, industrial revolution and increased technology support in India, the employees in equipment rental business facing severe loyalty issues while offering their service. Employee loyalty paves the way for the entire organizational development. Happy and loyal employees make happy of their all stakeholders including employer. The purpose of this study was to explore the different facets of employee loyalty in equipment rental business. In addition to that this study had been undertaken to scrutinize what were the most essential factors influencing on loyalty of employees. This study had been conducted in South Indian states with 100 samples; the data collection was done through the disbursement of questionnaire. The questionnaire has four sections seeking information about personal profile, influencing factors, strategies to improve employee loyalty and prevailing loyalty measures. Percentage analysis, factor analysis, multiple linear regression, chi-square test are adopted to analyze the data collected. The findings of the study suggested that equipment rental business should pay more attention to improve employee loyalty in personal benefits, work environment, leadership style and so on.

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Key words: Employee Loyalty, Quality Service, Equipment Rental Business, Organization Culture, Leadership Style.

1. Introduction

Employee loyalty is defined as participation of employees in organizational ventures, job attachment and intentions with the organization, commitment and advocacy of the organization to the other stakeholders. In today's fast moving international economy, change is unavoidable. In fact, the employers of large and small organizations, managers need to be frequently looking for development in processes and procedures to maximize competence and effectiveness. Employee loyalty begins by management listening to employees input, engaging employees in solving business issues with a clear cut manner. It also based on the concept of communicating future strategies and major changes in clear and concise terms. Leaders and managers have to initiate and stimulate change in employment structure and creating loyalty in all respects. If the organizations failed to change in this aspect, may disappear in today's competitive world. This case is true across all industries, no exception can be applicable to service based sector in the present business world.

In the dynamic business atmosphere, with this entire change phenomenon, employee loyalty is more important than ever. Employees are an imperative resource for almost all organizations, particularly since they represent a momentous investment in terms of locating, recruiting and

training let alone salaries, welfare measures, incentives, bonus and so on. There is considerable cost associated with the replacement of employees. Employee loyalty can be understood as a sentimental obligation amongst the workforce. It means as an employee's wish to maintain a connection with a particular employer because of the satisfaction of the relationship for its own sake apart from the active worth and because this employee experiences a intellect of loyalty and belongingness to this organization. A loyal employee can be act as a very precious asset to the organization as they can help to grow as much earnings for the organization. This is for the reason that, loyal employees will take concern of all stakeholders including customers in the right way and they understand what stakeholders expect and how to deliver it and when to deliver it. Taking appropriate measures to strengthen the employee loyalty by the employers lead to earn handsome earnings. Whistle blowing problems can be reduced by bringing suitable steps to increase to employee loyalty in the work place.

2. Statement of the Problem

Operating a lucrative equipment rental business is not a painless task in now-a-days, especially if the human resources is under pressure from bungling work schedule. The major important development in this sector in the recent past is that

big contract companies have started setting up their own equipment rental business. The surplus equipment or idle machines are used for their own project development as well as to rent them out to other contractors who not able to buy in the complex business conditions of dearth of fund. This initiative is giving more thrust to equipment rental business. Another motivating factor behind in the growth of equipment rental business in the country is that earlier rental equipments are largely used only for big and complex projects but small and micro level projects also requires use of such equipments. There is various equipments like heavy lifting cranes, construction equipments, concrete mixture, excavators, tower cranes, road construction equipment, piling rigs, crushing machines and weight lifting machines are facilitating various industrial project.

This study is focus on the conception of employee loyalty in employer and contractor purview.

Contract provider is just delivering the contract to the contractor; they no way connected or interrupted with both the employee and contractor. But expect quality, work completion as per schedule, safety on assets etc. from the contractor. Employer of equipment rental business has to finish job as per the terms and conditions of contract, hence they force the employees to meet the prescribed time schedule. The employees are showing their honesty in from of the employer, but it is very hard to expect all times, especially his absence. There are multiple problems like, scandal, conflict, dispute, lack on punctuality, mishandling, misbehavior, no care on assets, high absenteeism, demand for more salary are often noticed against the employees in equipment rental business. In order to set it right the employers are taking many measures to boost the loyalty feature in their company. Even though the efforts of employers' one side, the employees are get disturbed by several factors. Although taking this point in mind, this study has been started to check the employee loyalty while delivering quality service at various dimensions.

3. Significance of the Study

It is very famous fact that the equipment rental business in India has to go a long way to happen to as organized as in Europe and in the United States. However, there are very few big rental companies operating in this segment but the sector is still dominated by small regional rental companies. It is acknowledged that despite all odds like different tax environment in every state, permit procedures, way bill, legal conditions, the organized rental business is hurdle to grow and there are several factors which would be accountable for its upswing.

At present most of the project assignments are time bound, hence mechanization is indispensable to complete it on predetermined time. Contract companies owns several project in hand in one point of time, hence it found difficult to buy more machines due to huge capital required, managing and operating difficulty are major threat. Therefore the contract companies are now realized that the projects which need to be completed in shorter period of time, rental is a better option to them. While sourcing rented equipment for the completion of project, they have to face big employee problems and their management. It is very difficult to them to control the employees of the rented equipment. At the same time, the equipment rental proprietors also can't able to have the direct control on affairs of its employees.

4. Review of Literature

Employee loyalty is an organizational residency behavior that reflects commitment to the organization through the promotion of its interests and image to outsiders (Bettencourt et al. 2001). Employees who engage in these loyalty behaviors act as advocates to outsiders of the organization's products, services and image. Employee loyalty is a manifestation of organizational commitment, the relative strength of an individual's identification with and involvement in a particular organization (Mowday et al. 1982), based on internationalization and identification (O'Reilly et al. 1986). Employee loyalty is manifest by an active relationship with the organization such that individuals are willing to give something of them in order to contribute to the organization's well-being (Moorman and Blakely 1995). Loyalty reflects a general affective response to the organization as a whole and is stable over time (Van Dyne et al. 1994).

Keiningham (2009) companies with loyal employees have an important competitive gain and a higher rate of survival compared to company with less loyal employees. According to him, the long term success of any company depends heavily upon the quality and loyalty of its people. Yee et al. (2010) developed a research a research model to analyze the influence of employee loyalty on company performance. Their results based on service shops in Hong Kong, indicated that employee loyalty robustly affects company, profitability through service quality, customer satisfaction and customer loyalty. Foster et al. (2008) and Reichheld (2001) indicated that companies with greater loyalty among employees, customers and shareholders generate greater returns.

Malinchak (2010) considers that education of all categories of employees, including executives, helps develop employee loyalty which decreases turnover and eventually helps carry the business

through uncertain times. Eskildsen et al (2000) conducted a survey, which showed that companies could improve employee loyalty and corporate performance by introducing a culture of personal growth and development in order to improve the learning capability of the organization; additionally, they found that financial rewards also positively impacted employee satisfaction and loyalty.

Hale et al (1998) stressed that most organizations realize that proactive approaches are essential and make common sense if they are to guarantee a continuing supply of the most important resource of any profession, its personnel. development and provide challenging opportunities. In better influencing the employer to build and strengthen employee loyalty. Pina (2002) as the commitment employees have to the success of an organization, and the recognition that working for that organization is their best option. Such connection and support is influenced by how the employee identifies with the combination of culture, structure and leadership within that organization.

Omar et al. (2010) revealed that employee loyalty and their motivation becomes one of the major challenges currently facing most companies in the present world of business. On top of the ongoing focus on recruiting new talent, a further challenge lies in ensuring existing staff are focused, engaged and thus retained. Good organizations understand that loyal employee will result in a better business performance, so many are placing greater emphasis on measuring employee loyalty and how to motivate them in order to keep their staff happy. Diner et al. (2002) considered which factor plays important role to work employees loyal to the organizations. Prevailing research stresses that money can be a good motivator and is a part of human needs. Moreover, people who are very poor financially demonstrate increased happiness when their income rises.

5. Objectives of the Study

This study is carried out with the following objectives in this respect, these are as follows:

1. To study the personal background of employees engaged in equipment rental business in South India.
2. To identify the significant factors influencing employee loyalty in delivering quality service in equipment rental business.
3. To find out the strategies to improve employee loyalty in the workplace of equipment rental business.
4. To know the measures taken by the employers of equipment rental business to establish loyalty feature in the working organization.

6. Methodology

Sample and Data

This present study is based on the primary data. The data have been collected from the employees working in equipment rental companies across South India. Data have been collected in the cities like Chennai, Hyderabad, Bengaluru, Tiruvandapuram, Coimbatore, Vishakapatnam, Mysore and Cochin including several small towns and townships, industrial parks of various places. The present study aspires at discovering the employee

Employee loyalty in equipment rental business as to how it contributes the quality service in the development of business. Qualitative and descriptive research design has been employed to assess the employee loyalty factors in equipment rental business. A specially designed cover letter explicating the rationale of the study, the voluntary contribution about the questions and declaration about solitude of the responses have been attached along with the questionnaire to the employees engaged in equipment rental business. The identified sample is collected according to the convenient of researcher; the respondents must have the minimum experience of operating equipments about two or more years in their respective field. The second important criterion in employee selection was depends upon employment of 10 more human resources in their company. The samples were selected on the basis of availability of respondents and their readiness to fill up the questionnaire provided to them. The data collection consumed over three month time period from April 2012.

Survey Mechanism

This study is based on 100 samples, which consists of employees working in equipment rental business. Personal and face-to-face interview method has been proposed and the data is collected by distributing structured questionnaire has been presented to get the relevant information from the respondents using close ended questions. The secondary data was collected from the various sources like magazines, journals, dailies, websites, books, companies and so on. The questionnaire was pretested with more than 20 respondents to search out new-fangled insight into the study; pretest was conducted in two phases with the employees. The questionnaire presented to employee is designed with four sections, the first section intended to collect personal background of employees and second section draws attention to bring the factors influencing on employee loyalty and third section deals with strategies to improve employee loyalty in offering quality service in the workplace and fourth section seeks information

regarding measures taken by the employers of equipment rental business to establish loyalty feature in the working organization.

Analysis Procedure

Appropriate statistical techniques have been utilized to analyze the data collected from the respondents. Percentage analysis has been adopted to analyze the personal background of employees. Factors influencing on employee loyalty were examined by using principal component factor analysis. Five point Likert scale ranging from five to one, that is, 5 is assigned for 'Strongly Agree', 4 is for 'Agree', 3 is for 'Neutral', 2 is for 'Disagree' and 1 is for 'Strongly Disagree' was developed to collect the data for factor

analysis. The relative impact of factors presented in factor analysis was tested with multiple linear regression analysis. The strategies to improve employee loyalty were analyzed through mean score and t-test. The measures taken by the employer in equipment rental business to establish loyalty feature in the working organization is analyzed through ranking analysis.

7. Results and Discussions

Analysis of Personal Background

The data collected from the employees with regard to personal background such as, gender, age, experience, education background, monthly salary, employment location, position are presented in Table 1.

Table – 1: Analysis of Personal Background

Particulars	Category	Respondents	Percentage
Gender	Male	93	93%
	Female	7	7%
Age	Less than 25 years	39	39%
	26 – 35 years	33	33%
	36 – 50 years	22	22%
	Above 51 years	6	6%
Experience	2 – 5 years	46	46%
	6 – 10 years	28	28%
	11 – 15 years	14	14%
	16 years and more	12	12%
Education	Up to HSC	39	39%
	Diploma	28	28%
	Degree	22	22%
	Professional Degree	11	11%
Monthly Salary	Less than 10,000	16	16%
	10,001 – 25,000	68	68%
	25,001 – 50,000	9	9%
	50,001 & above	7	7%
Employment Location	Administration	12	12%
	Finance	8	8%
	Marketing	17	17%
	Machine Operation	63	63%
Location	Rural	67	67%
	Urban	33	33%
Rank of Employees	Top Management	11	11%
	Middle Management	15	15%
	Supervisor	11	11%
	Operator	63	63%

(Basis: Primary data)

It is identified from the above table that, the sample covers 100 employees which consists of 93% male respondents and 7% female respondents. Age of the respondents are acknowledges that 39% of respondents are less than the age of 25 years, 33% of

respondents falls in the age of 26 to under 35 years, 22% of respondents plunges in the age of 36 to under 50 years and rest falls above 51 years. Experience level furnishes that 46% of respondents having experience of more than 2 but fewer than 5 years,

28% of respondents possessing experience 6-10 years, 14% of respondents falling from 11 to 15 years and remaining 12% of respondents are having 16 more years experience in this industry. This sample holds that 39% of respondent's education is up to HSC, 28% of respondents are finished diploma, 22% of respondents are degree holders and 11% of respondents are professional degree holders. Monthly salary of respondents furnishes that 16% of respondents drawing monthly salary of less than Rs.10,000, 68% of respondents getting salary more than 10,001 but less than 25,000. 9% of respondent's monthly salary is ranges from 25,000 to 50,000 and rest 7% of respondent's monthly salary falls more than 50,001. Employment domain informs that 12% of respondents are working in administration department, 8% are working in finance department, 17% of respondents are working in marketing department, and the rest 63% respondents are working as machine operators. Location factors shows 67% of respondents are employed in rural area and remaining respondents work location is urban areas. 11% of employees are employed in top management, 15% of respondents are placed in middle management, 11% of respondents are working as supervisor and 63% of respondents are working as operators.

Factors Influencing Employee Loyalty in Equipment Rental Business

Generally among the employees, it is believed that employee loyalty doesn't exist in contemporary's business environment. Conversely, every year leading magazines provide annual survey report of the great corporate and best employers to work. Despite adverse and favorable economic conditions, the management identifies the issues relating to employees and keeps them loyal in the workplace. This research work takes the position that employee loyalty is active and well in organizations that understand how to identify and meet employee needs. Even though larger initiatives from the management to preserve employee loyalty, it is highly disturbed on the following grounds. In order to check the reliability factor among the factors and variables, the Cronbach alpha has been performed and it strongly acknowledges that reliability level ranges from 0.91 to 0.97.

Table 2 presents the various factors influencing employee loyalty in quality service in equipment rental business, these are, different factors and its variables, factor loadings, Eigen value and

percentage of variance explained. The factorial mean provides the value for organization culture (2.91), superior leadership (2.72), work severity (2.54), personal problems (2.43), and contractor clash (2.30), and incidental issues (2.13). The content validity ratio was checked for all variables and it shows the scale falls more than 0.5. While adding together all six factors explain 86.07% of variance in data. The following are the brief justification about the factor values derived. Organization culture is the leading influential factor in employee loyalty, which covers eleven variables and explains 29.31% of variance in data with Eigen value of 13.15. Strict HR policies, improper compensation plan and no recognition and rewards largely affect the employee loyalty in their service quality.

Furthermore, superior leadership style has tremendous impact in affecting employee loyalty in the work place. It explains 20.35% of variance in data with Eigen value of 10.54. Adamant behavior of superior, not flexible in granting welfare facility and no human value are the most influencing source in this category. The severity in work and work place also effectively affect employee loyalty, it has been loaded with seven variables and explains 15.75% of variance in data and with the Eigen value of 7.37. Work deadline, expectations of fellow employees and tailor made nature of job are playing active role in creating employee loyalty problems. Employee's personal problems are to be expected in all business; hence it has moderate impact on daily activities and employee loyalty. It is loaded with seven factors and explains 10.05% of variance in data and Eigen value of 5.52. Employee loyalty disturbed with contract provider clash in five ways. It explains 6.25% of variance in data and has Eigen value of 3.64. Similarly, incidental issues are surrounded on employee loyalty like, travel problems, heavy workload, conflict and dispute, and illness. It explains 4.36% variance in data and has Eigen value of 3.11.

Multiple linear regression analysis has been employed to test the validity of six factors identified in factor analysis. Employee loyalty is dependent on various factors and variable presented in factor analysis. Hence, the factors are assumed as independent variable and employee loyalty is taken as dependent variable.

By taking this supposition, multiple linear regression analysis performed and results are presented in table 3.

Table – 2: Factor Analysis on Factors Influencing Employee Loyalty

Factors	Variables	Factor Loadings	Eigen Value	% of Variance
Organization Culture	Rigid HR policies	0.822	13.15	29.31
	Strategies to crush employee	0.687		
	Extra-work responsibility	0.734		
	Poor job security	0.633		
	Excessive work load	0.710		
	Improper compensation plan	0.805		
	No recognition and rewards	0.794		
	Lack of career growth	0.624		
	Condensed work week	0.583		
	Shift work oriented job	0.567		
	Enquiry on small mistakes	0.724		
Superior Leadership	Not flexible in granting welfare facility	0.784	10.54	20.35
	Inflexible work schedule	0.692		
	No scope for job sharing	0.756		
	No possibility for job Splitting	0.725		
	Overtime work	0.743		
	Over expectation	0.595		
	Adamant behavior on employees	0.803		
	No human value	0.760		
Work Severity	Work deadline	0.824	7.37	15.75
	Tailor made job nature	0.765		
	Expectations of fellow employees	0.779		
	Improper training and guidance	0.672		
	To start work earlier	0.593		
	To finish work later	0.646		
Work in weekend days	0.743			
Personal Problems	Inadequate salary	0.817	5.52	10.05
	Health problems	0.798		
	Leave requirements	0.778		
	Family care issues	0.536		
	No chance to run family business	0.773		
	Maternity/Paternity	0.622		
	Lack of chance for promotion	0.724		
Contract Company Clash	Damage in properties	0.734	3.64	6.25
	Extra time to finish work	0.554		
	Lacked in offering quality work	0.617		
	Undue influence on recovery of claims	0.795		
	Delay in payment	0.774		
Incidental Issues	Travel problems	0.769	3.11	4.36
	Heavy workload	0.724		
	Conflict and dispute in workplace	0.715		
	Illness	0.544		

(Source: Primary Data)

Table – 3: Multiple Linear Regression Analysis

Independent Variables	Dependent Variable	Un-standardized coefficients		Beta coefficients	t-value	Significance
		B	Std. Error			
Constant	Employee Loyalty	-0.856	0.701		-1.628	0.131
Organization Culture		0.491	0.089	0.491	5.824 [@]	0.002
Superior Leadership		0.257	0.068	0.183	1.814 ^{\$}	0.045
Work Severity		0.241	0.083	0.151	1.763 ^{\$}	0.053
Personal problems		0.201	0.044	0.104	0.743 [*]	0.293
Contract Co. Clash		0.178	0.061	0.151	1.893 ^{\$}	0.056
Incidental Issues		0.121	0.064	0.126	1.234 [*]	0.022
R		0.846				
R ²	0.640					
Adjusted R ²	0.54					
F Value	27.541 [@]					

Note: @ significant at 1%, \$ significant at 5% and *significant at 10%.

It is clear from the above regression analysis, all independent variables such as, organization culture, superior leadership, work severity, personal problems, clash of Contract Company and incidental issues are absolutely correlated with the employee loyalty in equipment rental business. The values of R² and adjusted R² is found as 0.640 and 0.54 respectively, which shows that 64% of variation on employee loyalty issues. Organization culture is the highest beta co-efficient factor (0.491) and its t-value (5.824) is statistically significant at 1% level. This shows that the largest impact on influencing employee loyalty in offering quality service in equipment rental business. Similarly, superior leadership (0.257), work severity (0.241) and contract companies' clash (0.178) are also positively associated with employee loyalty issues and statistically significant at 5% level. Personal problems and incidental issues also bearing impact in employee loyalty and is statistically significant at 10% level. It is concluded from the above analysis; all six factors are having significant impact in influencing employee loyalty.

Strategies to Improve Employee Loyalty

Equipment rental business plays a significant role to introduce many strategies to improve employee loyalty. To be successful in the contemporary business conditions, companies has to introduce education scheme, talent retention strategy, rewards & recognition, personal growth & development, counseling, need based work ambience, flexible work time, morale building, more monetary benefits, welfare measure to the employees. The

above components were identified in the pretest and employees are asked to rate the most appropriate strategies to build more loyalty in the workplace. One sample t-test is applied on the above variables in employee loyalty in quality service; it is performed with assigning test value 3 to the identified variables.

It is clear from the above table that t-test values are significantly greater than the test value 3 at 5% level of significance. It acknowledges that employee loyalty factors largely rely with the introduction of many strategies. The employees profoundly believe that the education scheme, talent retention strategy, more monetary benefits and welfare measures are the prominent strategy to improve employee loyalty. It is found that rewards & recognition, flexible work time, morale buildings are the second important factor in creating employee loyalty. Need based work ambience, counseling and personal growth & development also equally gained importance in bringing employee loyalty.

Measures to Establish Loyalty Feature

The prevailing measure found in equipment rental business in creating employee loyalty is analyzed by taking several dimensions. These are directly related with the provision of at par industrial pay, employee grievance handling, promotional affairs, bonus and incentives, leave on demand, career growth guidance, employee value, mentoring culture, personal enrichment policies, and tidy relationship. The data collected through Likert scale is analyzed through mean and standard deviation along with assigning rank.

Table – 4: One-Sample T-Test for Employee Loyalty

Variables	Test Value = 3					
	T	Df	Sig.	Mean difference	95% Confidence Interval of the difference	
					Lower	Upper
Education Scheme	20.344	99	.000	.964	.897	1.053
Talent Retention Strategy	21.495	99	.000	.913	.832	1.152
Rewards & Recognition	18.536	99	.000	.923	.845	1.163
Personal Growth & Dev.	15.904	99	.000	.792	.641	.843
Counseling	16.396	99	.000	.738	.678	.821
Need Based Work Ambiance	16.757	99	.000	.853	.756	.974
Flexible Work Time	18.866	99	.000	.824	.745	.932
Morale Building	17.005	99	.000	.751	.702	.836
More Monetary Benefits	22.593	99	.000	.848	.811	.912
Welfare Measure	21.637	99	.000	.735	.643	.837

(Source: Primary Data)

Table – 5: Overall Statistical Study

S. No	Variables	Mean	Standard Deviation	Rank
1	At par Pay	4.22	0.84	1
2	Grievance Handling	3.67	1.33	6
3	Promotional Affairs	2.86	0.56	8
4	Bonus and Incentives	3.89	0.95	4
5	Leave on Demand	4.13	1.26	2
6	Career Growth Guidance	2.15	0.67	10
7	Employee Value	2.63	0.83	9
8	Mentoring Culture	3.15	1.03	7
9	Personal Enrichment Policies	3.74	1.27	5
10	Tidy Relationship	3.97	0.62	3

(Source: Primary Data)

While analyzing the prevailing measures on the ground of building employee loyalty is, at par pay at industry standard has been ranked first among the variables with a mean score value of 4.22. Granting leave on demand ranked second with a mean score of 4.13. Grievance handling, bonus and incentives, mentoring culture, personal enrichment policies, and tidy relationship are ranging from 3.15 to 3.97.

The remaining factors are ranked as least important measures prevailing at present in the equipment rental business firms. It is advised that the employers have to take several measures to protect the employee interest on the above grounds, which directly cause and brings the value for the whole organization.

8. Conclusion

This present study has been conducted to examine employee loyalty in quality service of equipment rental business. This survey conducted in South Indian states, the respondents represented a variety of equipment rental business companies. Responses in all classes of employees including operators showed the universal conviction that

employee loyalty is significant one for the development of company. This survey showed that employees are more loyal to their companies and often it is influenced by several factors. Personal profile contains 93% of respondents are male, 39% of respondents are in the age group of less than 25 years. 68% of respondent's monthly salary falls from 10,001 to 25,000, less than 10,000, 39% are having qualification below HSC, 63% of respondents employed in machine operator and 67% of respondents working location is rural area. Factor analysis extracted six factors on employee loyalty in quality service, which cumulatively explain 86.07% variance in data. The factors are bifurcated as organization culture, leadership style, work severity, personal problems, contract companies clash and incidental problems. These are all possessed equivalent impact in influencing employee loyalty in quality service of equipment rental business. Multiple linear regression results strongly agree about the positive impact on the factors presented in the factor analysis. T-test recommends several strategies to bring improved employee loyalty in the work place. Similarly, the prevailing loyalty variables are ranked

as per the existence policies of the organization. It shows that the organizations have to focus on the bringing employee loyalty in the above facet. Developing good working environment and cooperation among the human resources is indispensable; the employees are more loyal when their employer or manager is treating them in respectful manner. Provision of several employees centric activities can develop and ensure them to work in a satisfied way and will work outspokenly loyal to their organization.

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