

Loyal Employees. A Key Factor in the Success of a Company

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The most important asset of any business is its employees. Given this fact, normally, every business should have a solid plan to make sure that its employees are satisfied professionally and are loyal to the company. Unfortunately, this is usually not the case. Many companies believe that if they have an excellent product or service that generates high incomes and employees should be content. Generally, employers try to guarantee that its employees will not leave by offering them different benefits, trainings and great compensation. But is that enough to ensure loyalty among staff members? According to different statistics: each year the average company loses 20-50% of its employee base, replacing a lost employee costs 150% of that person's annual salary. These numbers highlight how important the retention and engagement of the employees are for the profitability of a company.

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1. Introduction

Usually, the majority of business leaders are unconscious of the crucial part of the organizational loyalty because they believe that if they have a good product, they can achieve the expected result in the old manner. However, they are wrong. The lifetime contract expired a long time ago, and people are becoming more and more loyal to their careers, not their employer. This is not an unusual thing: people change, their needs expand, and the market is in a continuous development.

Thus, in this situation, there are two parts: (i) the employee whose loyalty is hard to earn, but who does not want to change jobs every two or three years for his/her entire career, and (ii) the companies that focus on the cost regarding the recruitment process and try, in a way or another, to constrain the employees with different contractual clauses. Because the cost of replacing employees is so high, and many of them do not stay with the same company for long time, employers can find a way to turn these facts around, making these difficulties a strength. They have to realize that a happy employee means greater profits and positive business outcomes. The solution to these problems is to connect the employee emotionally to the business (and usually this means more than a great salary, trainings or different other forms of compensation) and to make

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him/her feel appreciated and valuable to the company. It is clear that generally, employees are motivated by the financial part, but in the long term, this aspect seems to become secondary. So, companies should treat the engagement of employees more seriously, just like they manage other areas of their business because this can influence the company only in a positive sense.

The principal objective of a company can only be achieved when employee loyalty can be established. It often happens that the employer expects or demands from its employees to be faithful, but fails to provide an adequate atmosphere at work; such efforts to achieve loyalty do not always succeed. The principal aim of creating the right environment of employee loyalty is to create a situation in which the personnel will become committed, accept all the responsibilities and pursue them. In order to achieve that wanted employee loyalty in the enterprise; managers must take good care of employee by using different tactics which will make them feel that they have a special role in the company. A sense of belonging is associated with tenacity and accepting the objectives and values of the organization and it is accompanied by the employees' enthusiasm and engagement to the efforts.

It is clear that employee loyalty can contribute to a better efficiency, better outcomes, company growth, reduced employee turnover, etc. (Meyer and Allen 1997; Antoncic and Hisrich 2004). Loyal employees also have a big role in the creation of the image that the company promotes (to his customers, stakeholders) (Meyer and Allen, 1997). The faith of staff members in the organization defines the employee welfare at work and satisfaction with work (Mayer, 1999). Internal service quality can influence employee satisfaction, employee loyalty and productivity (Heskett et al., 1994). Employees have a key role in achieving the internal quality of service in the enterprise and therefore for the business outcomes of the enterprise.

2. Employee Loyalty in Organizations

The first step in resolving a problem is to identify it first. Therefore, it is crucial for a company to know what problems it has in order to solve them.

Organizations can lose good employees for a variety of different reasons: people may feel undervalued, poorly managed or tired. Managers who want to preserve their experienced and motivated staff members need to do and be aware of what it requires. First, they should let people know they are valued. Then, they have to be able to present the advantages offered by the company, different opportunities, benefits, which involves knowing what matters for each employee. Finally, employers have to understand or find out the real reason why people usually resign in order to prevent this sort of situation (Bottger and Barsoux, 2013).

When trying to find out how loyal certain employees are, a company's management must take into account two aspects: how they feel working for the company and what expectations they have (salary, career development). Staff members whose performance is important for the enterprise should know just how strongly they are valued. In order for this to happen, they need to be informed of their crucial part in their department. Companies usually want to retain great personnel, but in order for this to happen it is necessary to know the employees' desires, respectively, they need to feel that their capabilities are fully utilized (they need to feel they are appreciated for what they are and do in the enterprise) and they need to have superiors who are eager to help them improve and grow in the enterprise (Bottger and Barsoux, 2013).

A situation when the company needs to get involved is in the phase of burnout, respectively, the employee loses interest and enthusiasm for the job and stops being motivated to improve his/hers work. Any staff member can experience job burnout. Thus, research has shown that having a job with high demands and few support from superiors can increase the appearance of this difficult situation. So, in order for this not to happen, managers should assure the employee a competitive environment, but without so much stress.

The American Institute of Stress (2015) defines burnout as "a disabling reaction to stress on the job". Aside from being painful for employees, burnout is very expensive for the nation and extremely common among employees. Since burnout has such a big impact for the company and the staff, many employers make it a priority not to overwork their employees. They consider that these over-hours are the principal cause in employee burnout, but this is not always the case. There are a few exceptions when the employee gets depressed or simply does not want to do the same thing every day and needs a break; also another aspect that generates the appearance of the burnout is the lack of recognition from the superiors.

Confronting such situations demands two approaches from the managers: intervention and prevention. It is clear that is better to prevent a problem, than to fix it. So, a manager should know when to interfere in order to prevent this situation by paying attention to the personnel's needs and expectations, and also to pay attention and offer them the chance to new professional opportunities.

The loyalty of employees is harder to achieve than employee satisfaction. One major reason for this aspect is the fact that employee satisfaction is important for both a company's management and the personal, whereas the interest for employee loyalty is usually expressed or demanded unilaterally by the employer. Nonetheless, employee loyalty can be developed independently, mostly on the basis of job satisfaction. Therefore it is unreasonable to encourage employees directly to be loyal, as this may cause the opposite effect. For this reason, we develop in the following sections, two additional concepts related to employee loyalty, namely employee engagement and employee satisfaction.

3. Employee Engagement

It is not clearly specified when the term "engagement" was first used in combination to work, but generally the Gallup Organization is credited for coining the term in the 1990s. In their book "First, break all the rules", Buckingham and Coffman (1999) summarized the survey results that Gallup had obtained since 1988 on "strong work places" of over 100,000 employees. Employees' perceptions were evaluated with a "measuring stick" consisting of 12 questions. This instrument became known as the Q12, Gallup's engagement questionnaire. Also, the concept engagement is frequently used in the works of Buckingham and Coffman (1999) who highlight aspects related to leadership and the world's greatest managers who did things differently and focused more on their intern customers (Schaufel, 2013).

Moreover, people are more eager to make special efforts if they feel they will be protected and rewarded in a way that is significant for them. Staff members need do feel part of the company because they are emotionally engaged when they think that their work helps the development of the enterprise and that they have the chance to learn and evolve in that particular organization. Work engagement is an affective-motivational, work-related state of accomplishment in employees that is represented by dynamism and dedication (Schaufeli and Bakker, 2004; Xanthopoulou et al., 2009). The good part about engaged staff is that they have high levels of energy, are excited about their work, and they are deeply involved in their job in a manner that their eight hours at work flies (Xanthopoulou et al., 2009).

Harter et al. (2002) concluded in their study that employee satisfaction and engagement are strictly related to meaningful business outcomes at a magnitude that is important to any organization and that these correlations generalize across companies. Other studies suggest that employee engagement could be a powerful factor of organizational performance and success, as it seems to have a relevant potential to affect employee retention, their loyalty and productivity (Andre and Sofian, 2012). Also, engaged employees are the most productive, the best team players, and the most dedicated and devoted to organizational goals (Lee, et al., 2012).

In business, employee engagement is defined as a blend of three existing concepts (1) job satisfaction; (2) commitment to the organization; and (3) extra-role behavior, i.e. discretionary effort to go beyond the job description (Schaufeli, 2013). On the other hand, Kahn (1990, p.694) defined personal engagement as the "harnessing of organization members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally, and mentally during role performances".

In terms of a multidimensional approach, Saks (2006, p.602.) stated that employee engagement is "a distinct and unique construct consisting of cognitive, emotional, and behavioral components that are associated with individual role performance". Moreover, Saks (2006) distinguishes between "job engagement" (performing the work role) and "organizational engagement" (performing the role as a member of the organization).

4. Employee Satisfaction

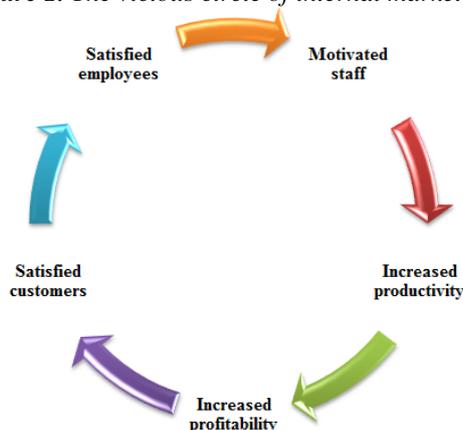
Enterprises are frequently looking for new possibilities to make their employees happy and faithful, while sustaining a low turnover rate. Employee satisfaction can be improved when the focus is on value co-creation of social and sustainable practices (Bhattacharya et al., 2007).

When talking about employee satisfaction, it is crucial for a company to create a work environment where staff members have a word to say in the decision making process in order for them to feel a sense of satisfaction, in general and for achieving their daily activities, in particular (Vinerean et al., 2013).

The need for internal satisfaction of employees, as well as for their retention and loyalty, encourages organizations to treat employees as customers and therefore to treat jobs as an important tool in increasing employee satisfaction (Berry, 1981). Also, enterprises need to look for different practices to motivate the personal to remain in the company for a long time.

The focus upon employee satisfaction within these new approaches to employee management can largely be attributed to the fact that in internal marketing and particularly in marketing of services much of what customers buy is labor, or human acts of performance (Ahmed and Rafiq, 2002). Consequently, attraction of the best personnel, their retention and motivation becomes of critical importance. Hence the importance of employee satisfaction particularly in terms of services company. To illustrate the links between customer satisfaction and employee satisfaction in internal marketing, figure 1 adapts the knowledge proposed by Ahmed and Rafiq (2002).

Figure 1. *The vicious circle of internal marketing*



Source: Adapted from Ahmed and Rafiq, 2002, p. 110

Internal service quality can influence employee satisfaction, employee loyalty and productivity (Heskett et al. 1994). Employees are key to achieving the internal quality of service in the company and hence for the business results of enterprises. Moreover, employee satisfaction tends to affect employee loyalty and productivity (Heskett et al., 1994).

5. Conclusions

Business growth is an important element of business performance and is based on the performance of employees. Employee loyalty can be important for growth of the company. Employees are critical for the obtaining the targeted internal quality and consequently for business performance of organizations. Business performance achievement is strictly related to the quality of employees, their competencies, loyalty and engagement. For increasing employee loyalty, it is important that employees find in their daily work different challenges, interests and accomplishments. The way managers treat their staff member is conclusive in determining if employees will become an integral part of the company, or not.

In this line of ideas, internal marketing is a great solution for organizations. The internal marketing concept specifies that an organization's employees are its first market. 1991). In fact, Kotler (1994) defines internal marketing as 'the task of successfully hiring, training and motivating able employees to serve the customer well'. The aim of internal marketing, which was first proposed in the middle of the 1970, is to achieve consistent service quality – a major problem in the services area. Its fundamental premise was "to have satisfied customers, the firm needs also to have satisfied employees", and this could only be achieved by treating your employees as associates or customers.

Any organization that uses internal marketing can facilitate the implementation of its external marketing strategy or any other organizational strategies. Nevertheless, despite nearly 25 years of development, the concept still does not get the necessary attention from managers. The reason for this is that the concept is not clearly understood by the employers (Ahmed and Rafiq, 2011).

Contrary, various studies emphasize that satisfied employees are extremely motivated, have good morale and tend to work more effectively and efficiently (Eskildsen and Dahlgaard, 2000). They are also more likely to try to improve themselves and the quality of their job. Therefore, employee satisfaction influences the process of quality. The quality of the process, in turn, determines the cost savings and customer satisfaction.

Thus, from a theoretical and managerial perspective, it is crucial to identify the drivers of employee satisfaction, to monitor satisfaction continuously and to take the right measures to foster satisfaction and

loyalty (Matzler and Renzl, 2006). It is important that a staff member trusts his superiors (because trust is a strong driver for employee satisfaction, as in consequence for employee loyalty), but have focused principally on trust in management (Rich, 1997) or faith in leadership.

In conclusion, any manager should understand that employee engagement is critical for the success of a business because staff members contribute to the bottom line, while doing work tasks and having a direct impact on consumers (whether they are back-office or front-office) (Vinerean et al., 2013). So, the solution is to invest in the development of the employees by offering them different benefits, opportunities, support and a pleasant environment. Based on Ahmed and Rafiq's (2002) internal marketing assumptions, employee satisfaction can be increased by using marketing tactics for the internal customers and discovering ways in which they can feel engaged in their workplace and how they co-create sustainable value.

Notwithstanding, the loyalty of employees exists for a particular company when employees believe in the objectives of the company, accept a company's objectives as their own, and want to stay in the company. Managers should be aware of the importance of the role of employees for the development of the company. The way of managing employees can be crucial for the way employees talk about the company to their friends and to the organizational external environment. Most importantly, employee loyalty is a key element for the overall performance of the company and its relationship to overall satisfaction of employees, because employee loyalty cannot be directly affected by management, but more through building of satisfaction elements.

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