
Determinants of Employee Loyalty from the Perspective of Employees of Socially Responsible Organizations

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Abstract:

Purpose: This article aims to identify factors or reasons that determine employees' loyal attitudes towards employers in Polish socially responsible organisations while taking into account generational affiliation.

Design/Methodology/Approach: The research was conducted on a sample of 791 respondents by means of a diagnostic proprietary CAWI questionnaire between August and November 2020. Basic statistical measures were used in the study.

Findings: Employees' loyal attitudes towards employers are mostly determined by the perspective of higher remuneration in the future, organizational justice and prestige and bonds between employees. The analysis carried out herein proves that these factors do not depend on generational affiliation.

Practical Implications Organizations (in particular those that implement a corporate social responsibility strategy) may use conclusions from this paper in the development of loyalty programmes for their employees.

Originality/Value: The paper fills a gap in research on employee loyalty approached from the perspective of generational diversity and socially responsible organizations.

Keywords: Loyalty, employee, generations, corporate social responsibility.

JEL Classification: M12, M14, M54.

Paper Type: Research article.

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1. Introduction

“A socially responsible orientation”, that is one where an organisation operates according to the principles of corporate social responsibility (CSR), has become an important aspect for more and more companies in today’s highly dynamic, changeable and competitive environment. Researchers and practitioners give this subject matter quite a lot of focus. The stakeholder theory plays a key role in the CSR concept (Freeman, 1984). This translates directly into organizations’ actions towards internal and external stakeholders (employees are key in the former group).

As seen in the statistics, generational diversity is characteristic to the modern labour market with four generations operating on it, BB, X, Y and Z. It is quite a complex problem from the perspective of managers, who must face up to the challenge of managing staff from across generations (with their unique characteristics who present different attitudes towards employers (Mazur-Wierzbicka, 2016). In socially responsible organizations it may be seen in their diversity management and management of generations (Jastrzębska, 2016; Zaleśna, 2018).

The question of employees’ loyalty towards employers is becoming more and more important for the functioning of organizations (Mehta *et al.*, 2010) and, as seen in relevant literature, this loyalty is seen differently by individual generations (Nieżurawska-Zajac, 2020). Let us note in the context of the specific characteristics of socially responsible organizations, that they undertake various projects or strategies intended to reinforce employee loyalty. We are dealing here with an “employee loyalty” orientation, which in the time of the employee’s market is gaining particular importance. Researchers believe staff loyalty to be the main driving force of sustainable development, which has a well-established place in the CSR concept (Wu and Norman, 2006; Khuong *et al.*, 2015).

On entering the phrase “employee loyalty generational diversity” in the Scopus database as part of literature review, no single return is given. In turn, the phrase “the loyalty of the generation’s employees” yields 61 results, half of which fall under the “Business, Management and Accounting” area (32 results). They mainly address issues related to the multi-factor impact on employee loyalty (e.g. the flexibility of working - Capnary *et al.*, 2018; nature-based solutions and green indoor/outdoor environment - Han and Hyun, 2019; expected rewards - Linz *et al.*, 2015), they focus on individual generations (Foscht *et al.*, 2009; Arredondo *et al.*, 2017; Aboobaker *et al.*, 2020; Azzam and Harsono, 2021) and they also talk about specific characteristics of individual countries (Capnary *et al.*, 2018; Aboobaker *et al.*, 2020; Azzam and Harsono, 2021).

The phrase “employee loyalty diversity management” produced 27 hits, 16 of which fall under the “Business, Management and Accounting” area. A reference to employee loyalty was mostly noticeable in works on the relationship between the

perceived diversity climate and organisational loyalty (Jauhari and Singh, 2013) or works on loyalty in the context of employee commitment in industrial collaboration (Jan De Leede and Looise, 2001).

When keying in “employee loyalty generational diversity CSR”, no results were given. The phrase “the loyalty of the generation’s employees CSR” produced one result, though this piece did not address employee loyalty, but the impact of CSR on talent management with generation Y (Ohlrich, 2015). The phrase “employee loyalty diversity management CSR” also yielded 1 item. However, it did not directly treat on employee loyalty. It was a literature review on the case of the employment of persons with disabilities (Miethlich and Oldenburg, 2019).

The analysis of relevant literature shows a shortage of studies that look at employee loyalty in the context of generational diversity in socially responsible organizations. This study aims to partially fill this gap as it focuses on one of the most essential aspects of the issue, that is identification of factors or reasons that determine employee’s loyal attitudes towards employers in socially responsible organizations, taking into account generational affiliation. This is the study’s main aim.

2. Literature Review

Loyalty is a concept accommodated in the group of polymorphic terms, which means that its understanding may vary depending on the context. It is a multidisciplinary and multidimensional term. The literature does not agree on the definition of loyalty, its determinants or how to measure it (Martensen and Grønholdt, 2006; Dutta and Dhir, 2021).

Van Vugt and Hart (2004) define loyalty as a multi-element construct that involves emotions, cognition and behaviour. It is approached also as a specific attitude made up of three components—emotional, cognitive and behavioural. Some definitions address loyalty in the context of single components, such as the emotional approach (Bloemer and Odekerken-Schröder, 2006; Mehta *et al.*, 2010), the attitudinal approach (Rachel *et al.*, 2010; Guillon and Cezanne, 2014) or the behavioural approach (Naus *et al.*, 2007; Myjak, 2011).

In turn, Vandekerckhove (2004) proposes four criteria of loyalty: 1) loyalty is an attitude aimed at an object, 2) loyalty has an explicit external referent, 3) loyalty is a learned attitude, and 4) loyalty is bilateral.

Loyalty is also often identified with other constructs, e.g., organizational commitment (Bloemer and Odekerken-Schröder, 2006; Lipka *et al.*, 2012) or an intention to leave or stay in an organization (Jurek, 2014; Otto and Mamatoglu, 2015).

In this study, employee loyalty is understood as “the likelihood of the employee continuing his work in the organization with greater or smaller emotional commitment, where the organization enjoys permanent and positive feelings, regardless of its possible temporary loss of image on the labour market, because the employee himself gains certain values or because of the welfare of other persons employed in the organization or because of a lack of other opportunities or high costs of changing employers” (Lipka *et al.*, 2012).

Three components of employee loyalty must also be looked at when analysing it, that is employee engagement (Frempong and Agbenyo, 2018; Dhir *et al.*, 2020), trust in organizations (Matzler and Renzl, 2006; Gao and Shu, 2014) and work. They are linked with individual determinants of employee attitudes. They also affect organizations’ performance.

A great challenge for organizations today is the managing of staff that come from different generations, that is BB, X, Y and Z (Kapoor and Solomon, 2011). One of the features that distinguishes individual generations is their degree of loyalty towards the employer. The relevant literature shows that the oldest generation is the most loyal. Each subsequent generation of employees presents a lesser degree of loyalty towards the employer (in some characteristics, generations Y and Z show no loyalty at all). However, we must not forget that there are a number of reasons that affect employee loyalty. When analysing them in the context of generational affiliation, we may note that the perception of these reasons by individual generations is not often dramatically different, at times it is even similar (Świątek-Barylska, 2013).

Organizations that follow CSR guidance and principles attach great weight to pro-employee actions. They aim to increase employees’ trust in the organization, to boost employees’ job satisfaction and to enhance engagement, which, as a consequence, contributes to the strengthening of employee loyalty towards the organization.

3. Research Methodology

While generational diversity is an unalienable feature of the labour market today, companies must face the challenge of employee loyalty. With that in mind, one part of the empirical investigation that is a basis for the research part of this paper focuses on the identification of factors or reasons that determine employees’ loyal attitudes in socially responsible organizations.

Since loyalty is one of the differentiating features of generations on the labour market, the author seeks to find out if there is a link between the factors or reasons that determine employee loyalty and generational affiliation.

The paper asks the following research questions:

- What are the factors or reasons that determine employees' loyal attitudes in socially responsible organizations?
- Is there a relationship between the main determinants of employees' loyal attitudes and generational diversity in socially responsible organizations?

Three theories served as a springboard to specify the theoretical framework of the research. A. Smith's equity theory (1965) comes first. Smith believes that employees seek to maintain equity between what they put into a job (the so-called inputs) and outputs they receive from it against the perceived inputs and outcomes of others.

The examination of employee loyalty as an exchange is also in line with the organizational equilibrium theory proposed by Ch. I. Barnard (1938) and H.A. Simon (1947) and also with H. Levinson's (1962) psychological contract concept. These theories advocate transactional relations between employees and the organization.

The research was conducted between August and November 2020 as a diagnostic survey that used the author's proprietary CAWI questionnaire. The questionnaire had 21 closed- and open-ended questions that focused on the subject matter of employee loyalty, commitment and participation as elements that are crucial in human resources management. Data Smart's database served as a sampling frame for picking organizations in Poland. 791 respondents took part in the research, all employed in Polish companies that identify with a socially responsible activity.

27.5% of respondents worked in production, 41.3% of respondents worked in services and 31.2% of them worked in trade. 32.7% of respondents held managerial positions. Men prevailed in the sample at 58.9%. 9.2% of respondents were generation Z employees, 38.2% were part of generation Y, 42.3% represented generation X, while 10.3% of respondents were generation BB employees².

The mean, median and standard deviation were used for the analysis of the research results. The chi-squared test was also applied. Given the statistical structure of the chi-squared test, hypothesis H_1 is the alternative hypothesis, while H_0 is the null hypothesis. The decision to accept or reject the hypothesis about the relationship between the features investigated will be taken against the *p-value* (*pv*) comparison criterion at significance level α . *P-value* is understood as the minimum value of significance level α at which H_0 is rejected and H_1 is accepted. Significance level α means the probability of making type I error, that is rejecting hypothesis H_0 , when in

²Generational groups were classified as follows: generation BB-persons born between 1946 and 1964; generation-p persons born between 1965 and 1979; generation Y-persons born between 1980 and 1995; generation Z-persons born between 1996 and 2010.

fact it is true. If $p \leq \alpha$, hypothesis H_0 is rejected. Otherwise, there are no grounds to reject it (Ferguson and Takane, 2003).

4. Results

Information that allows answers to the first research question about reasons for wanting to carry on working in the company, that is about the significance of factors that impact employees' loyalty towards the employer, is presented in Table 1.

5. *Table 1. Factors that affect the degree of employee loyalty*

Reason	Place in the ranking	Mean	Median	Standard deviation
Perspective of higher remuneration in the future	1	4.53	5.0	0.897
Organizational justice and prestige	2	4.34	4.0	0.987
Bond with employees	3	4.27	4.0	1.045
Concern about worse working conditions in a new place				
Non-material benefits of remaining in the company	4	4.13	4.0	0.986
Job satisfaction	5	4.05	4.0	0.932
Managerial style	6	4.01	4.0	0.859
Knowledge that is obsolete in a new work place	7	3.86	4.0	1.231
Material (not relating to the salary) benefits of remaining in the company	8	3.75	4.0	1.109
Identifying with values important in the company	9	3.24	4.0	0.943
Job security	10	3.21	4.0	1.097
Participation in decision making	11	3.18	3.0	0.836
Having to learn new skills in a new job	12	3.02	3.0	1.276
Easy access to higher positions	13	2.97	3.0	1.169
Impossible to find work somewhere else	14	2.89	3.0	1.201
High outlays to find a new job	15	2.78	2.0	0.961
Impossible to leave for legal reasons	16	1.91	2.0	1.026

Source: Author's own compilation.

As the information obtained during the research shows, most respondents continue their employment for future higher earnings, that is for financial reasons. Respondents of all generations named this as the most important argument. It is

evidenced by a total of 89.0% of affirmative answers (response distribution: BB (77%), X (93%), Y (94%) and Z (92%)).

Moreover, given that respondents marked their answers on a 1-to-5 scale, where 1 means a non-essential element, while 5—a very important element, it is worth highlighting that the mean was 4.53, while the standard deviation was 0.897. This shows that values of a certain variable (assessment of significance of the element analysed) deviate from the arithmetic mean by a mere ± 0.897 . This means that theoretical values of a variable do not deviate significantly from the mean.

“Organizational justice and prestige” ranked second with a mean of 4.34 and a total percentage of affirmative responses at 81.0%. Compared to the element analysed earlier, standard deviation is slightly higher. This means that values of a certain variable deviate from the mean marginally more.

Bonds between employees came third. A total of 77.0% of respondents believed this element to be very important or rather important. This is also reflected in the mean, which here was 4.27. These values deviate by ± 1.045 from the given variable, which means that although the mean rating was 4.27, it may theoretically deviate by between 3.23 and 5.32.

“Impossible to leave for legal reasons” was chosen by the fewest people as the reason that affects their loyalty—63.0% of respondents answered “not important at all” or “rather not important”. The mean was only 1.91, while standard deviation exceeds 1 only slightly, thereby it may be construed that values of the variable do not deviate much from the mean. Poor results were also noted for having to suffer great outlays when looking for a new job (16th place in the ranking). The mean is higher by 0.87 percentage points than the aspect analysed earlier, while standard deviation is at 0.961.

During the research the author also looked for answers to questions about the relationship between reasons/factors that determine employee loyalty and generational affiliation. The research results focus on identifying these links broken down by three factors that according to the respondents are the most important to employees’ loyal attitudes towards employers (positions 1-3 in the ranking - Table 1).

When it comes to the “Perspective of higher remuneration in the future” factor, hypothesis H_1 assumed that this perspective depends on employees’ generational affiliation. The Chi-square test of independence was run to verify this hypothesis which yielded $p = 0.079$. At significance level $\alpha = 0.05$ we get inequality $p > \alpha$, which means that there are no grounds to reject hypothesis H_0 . Therefore, assuming significance level $\alpha = 0.05$ we may conclude that the importance of this factor (“Perspective of higher remuneration in the future”) does not depend on generational affiliation.

Moving on, the same procedure was run for the “Concern about worse working conditions in a new place” factor. The test produced $p_v=0.093$, which means that the significance of the “Organizational justice and prestige” factor does not depend on generational affiliation. The “Bond with employees” factor yielded $p_v= 0.0821$. Therefore, it may be concluded that the significance of the factor referring to bonds between employees at the workplace does not depend on generational affiliation.

6. Conclusions

A critical analysis of relevant literature shows that authors writing in English focus greatly on psychological and ethical aspects of the issue in question. Polish literature on management rarely explores employee loyalty. The study also confirms the polymorphic nature of this concept. We may also see that a change in the relationship between employees and the organization affects the way employee loyalty is perceived.

The research shows that employees’ loyal attitudes towards employers are mostly determined by the perspective of higher remuneration in the future, organizational justice and prestige and bonds between employees. The analysis carried out herein proves that these factors do not depend on generational affiliation. According to respondents, no opportunity to leave for legal reasons was the least important factor of employee loyalty.

The main limitations of this research involved the subjective character of responses and the time of the pandemic, which made it impossible to carry our in-depth research (interviews). Due to the changes that occur in the organizations’ environment, the author believes that future in-depth research should focus on the analysis of the impact of different situational and individual variables on the modelling of organisational behaviours in the context of employee loyalty—also in the angle of generational diversity.

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