



THE LINKAGE OF EMPLOYEE SATISFACTION AND LOYALTY IN HOTEL INDUSTRIES OF PAKISTAN

Rai Imtiaz Hussain¹

ABSTRACT

Most of the hotel industries now a day face many difficulties in making their employees satisfied. So they are failed to find out the reasons that made their workers satisfied and loyal. This study includes 13 variables of employee satisfaction and 3 variables of employee's loyalty. Three variables of loyalty include employee service, future of employee in the company, employee recommendation in the company. The study also shows the loyalty of employees in hotel industry in Pakistan. Results of the study show a relationship between the said variables. The other variables as like relation of employee with boss, performance appraisal, the situation and place of working, group work, and coordination have a strong correlation with three variables of employees' loyalty. The study will give the hotel industry a great help in lowering the cost and give much output as like increase in profit and then it will give a higher satisfaction to the workers and their loyalty in hotel industry

Key Words: Employees' satisfaction, Employees' loyalty, Hotel industry, Employee service

INTRODUCTION

Service organizations are increasing tremendously with the passage of time and have a high value for the organization as well as in the field of study from last 20 years. Most of the countries are transferred towards service companies from manufacturing sector (Fitzsimmons and Fitzsimmons, 2006). Due to this, service sector has attained vital position in topic of discussion in academia. Heskett et al. (1997) provides a strong model for the researchers to adopt in this sector. But in our literature, we have just taken one part of this model which shows relationship of loyalty of employee and their satisfaction.

In Pakistan, the hotel industry had been recognized as industry of getting high growth in service industry but the profitability of this sector is reduced by the high dissatisfaction of the employees.

¹ Head/Senior Lecturer in Business Administration University of Education Lahore

E-mail: rai_imtiaz_hussain@ue.edu.pk

Whenever the employees are more contented, they have less intent to leave the job and ultimately turned towards loyalty (Hussain, 2012). Employees are provided satisfaction to make them loyal to hotel. But most of the organizations are still fail to satisfy their employees and to receive their loyalty at all because they do not know about the factors that help in getting employee loyalty. Our study will help these organizations to identify their shortcomings and also the factors those help in gaining the loyalty of their employees. They can easily then judge the association of satisfaction and loyalty of the employees.

Most of the industries make their different training programs like worker's training, their performance appraisal system, working conditions, different rewards according to their different company's laws and policies. The aim of these types of rules is to get employees loyalty with the organization and make their tenure long with the organization. If an employee will spend long time with the organization, he will have more value with his organization.

Still some retail companies only see and observe satisfaction of the employee but they have less concern with the long term relationship of the employees with them. Our investigation will help these different industries in hotel sector to organize different trainings to achieve their loyalty. In order to achieve the loyalty of employees, service profit chain model by Heskett et al. (1997) was adopted in hotels of Lahore Pakistan. A part of this model has been used in our questionnaire. Questionnaire is made to bring out the hidden factors of information which are used in the researching satisfaction of employee and loyalty. The conceptual model of Heskett et al. (1997) will show the difference between actual applications of the model within the service industry.

This model will show a very high and strong relation among these variables which are an organizational profit and its development, and their workers loyalty, the satisfaction of their clients, product image, better services to their clients and low cost with mass production. Heskett et al. (1997) had made research on 20 service companies which are very large in size to find out the linkage of all these factors. The results indicated in this research were same as mentioned in profit chain model. He also shows the inner satisfaction of employees in the organization with their colleagues, work place and the whole industry. The study shows a strong relationship between worker loyalty and profitability, loyalty of worker is attached to clients' satisfaction and clients' contentment towards brand image. Employees' satisfaction is attached to employees' loyalty and will increase productivity (Heskett et al 1997).

The model developed the association among different variables such as profitability and customer loyalty, customer loyalty and employee loyalty and customer satisfaction and employee satisfaction (Heskett et al. 1997). The customer satisfaction depends on the state of product and state of product depends on the employee loyalty towards the organization in which he is working. At the end of profit chain model of Heskett et al (1997), customer will be satisfied with the product and will become loyal to the service company and will stay with the same hotel again and again which will result in

profitability. Jusoff et al (2009) found a significant association between employee satisfaction and employee loyalty.

HYPOTHESES

From the literature review, the following hypotheses were generated:-

H0: No association was found between employee satisfaction and employee loyalty.

H1: There is affirmative affiliation between employee satisfaction and employee loyalty.

H2: There is affirmative affiliation between profitability and customer loyalty.

H3: There is affirmative affiliation between customer loyalty and employee loyalty.

H4: There is affirmative affiliation between customer satisfaction and employee satisfaction.

RESEARCH METHODOLOGY

Close ended questionnaire survey methodology was used for the collection of data which helped us to assess workers satisfaction and loyalty in the top hotel industry of Lahore Pakistan. Mostly queries were adopted from the studies of Loveman (1998) and Abdullah (2009). Loveman used these questionnaires in retail banking to assess the employee satisfaction and loyalty and Rahman Bin Abdullah in hotel industry. A few of the question items were included from studies of Fosam et al. (1998) which also assess pleasure of employee and devotion. The questionnaire is divided into three parts:- demographics, satisfaction of employee and loyalty. All these questions were tested for validity and reliability in the study of Loveman (1998) and Fosman et al. (1998). 150 questionnaires were distributed among the managers of first line of hotel industry in Lahore Pakistan and then collected only 101 for the analysis. We used descriptive statistics to find out the results. Software was applied to assess the mean, Standard deviation and correlation test.

RESULTS & CONCLUSION

Satisfaction of the employees is tested by frequencies. Frequencies are measured in Table 1.

Table-1. Employee Satisfaction Variables

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Sick leave policy			5.0%	76.2%	18.8%
I feel I am contributing to the company's assignment			5.9%	85.1%	8.9%
My supervisor treats me with respect			5.0%	87.1%	7.9%
Balance of work life	2.0%		14.9%	77.2%	5.9%
Health care treatment			9.9%	86.1%	4.0%
My job is secure			13.9%	80.2%	5.9%
My physical working			17.8%	76.2%	5.9%
My physical working			4%	91.1%	5%

condition are good				
There is adequate communication between departments		18.8%	76.2%	5.0%
I have enough materials		20.8%	74.3%	17.8%
company's benefit package		8.9%	73.3%	17.8%
vocation and benefit package	2.0%	56.4%	33.7%	7.9%
Growth		8.9%	81.2%	9.9%
I feel part of team working toward a shared goal		6.9%	84.2%	8.9%
I have clearly established career path at this company	1%	14.9%	80.2%	4%
Authority		27.7%	67.3%	5%
shared goal commitment	1.0%	9.9%	86.1%	3.0%
My work load is reasonable		21.8%	73.3%	5.0%
Reward for more work		27.7%	68.3%	4.0%
Recognition		7.9%	79.2%	12.9%
The training and work performance		6.9%	75.2%	17.8%
My supervisor handles work related issues satisfactorily	1.0%	11.9%	82.2%	5.0%
My supervisor ask for my inputs	1.0%	16.8%	77.2%	5.0%
Trust of company		16.8%	80.2%	3.0%
My supervisor is an effective manager		8.9%	83.2%	7.9%
Deadlines at this company are realistic		32.7%	61.4%	5.9%
Importance for me		20.8%	74.3%	5%
training		5.9%	87.1%	6.9%
The company provided much initial training		5.9%	84.2%	9.9%
Salary		20.8%	72.3%	6.9%
Corporate communications are frequent enough		15.8%	78.2%	5.9%
performance appraisal		14.9%	74.3%	10.9%
performance appraisal system		24.8%	71.3%	4.0%
Reward for good deeds		7.9%	87.1%	5%
“ Politics “	9%	31%	53%	7%

Table 1 shows that most of respondent are agree or strongly agree to variables of employee satisfaction. When the employees are satisfied with their job, they are loyal to their organization. Most of the employees are agree to all the variables of interest like employment tenure, career growth and recommendation to others to work in this sector. It also shows that some items are more relevant than others.

Table 2. Percentage of employee satisfaction items in questionnaire

Items in questionnaire	Percentage of Employee Satisfaction
Sick leave policy	100%
I feel I am contributing to the company's assignment	99.9%
My supervisor treats me with respect	100%
Balance_work_life	98%
Health care treatment	100%
My job is secure	99.9%
My physical working condition are good	100%
There is adequate communication between departments	100%
I have enough materials	100%
company's benefit package	100%
vocation and benefit package	98%
Growth	100%
I feel part of team working toward a shared goal	100%
I have clearly established career path at this company	99.1%
Authority	100%
shared goal commitment	99%
My work load is reasonable	100%
Reward for more work	100%
Recognition	100%
The training and work performance	99.9%
My supervisor handles work related issues satisfactorily	99.1%
My supervisor ask for my inputs	99%
Trust of company	100%
My supervisor is an effective manager	100%
Deadlines at this company are realistic	100%
Importance for me	100%
training	99.9%
The company provided much initial training	100%
Salary	100%
Corporate communications are frequent enough	99.9%
performance appraisal	100%
performance appraisal system	100%
Reward for good deeds	100%
“ Politics “	91%

Table 2 shows that employees are satisfied more with some variables than others. Some variable shows 100% employees' satisfaction which indicates that more of the employees are loyal in this sector.

The results are similar to the findings of Walker (2005) that satisfaction of employees leads towards employee loyalty. Employees need to get skills, knowledge to get advancement in the organizations; the results are similar to the studies of Carlson (2005). This satisfaction is a part of different factors.

Table-3

Descriptive Statistics			
	Mean	Std. Deviation	N
Rewards and recognition	42.61	1.811	101
Team Work and cooperation	15.62	1.008	101
Working Condition	46.95	2.046	101
Relationship with Supervisor	19.71	1.042	101

Table 3 shows the descriptive statistics of the data collected from the employees of the hotel industry in Pakistan. The mean and standard deviation of ‘Rewards and recognition’ and ‘working condition’ is higher than the mean of others.

Table-4. Correlations

		Team Work and Cooperation	Recognition and Rewards	Working Conditions	Relationship with Supervisors	Employees Loyalty
Team Work and Cooperation	Pearson Correlation Sig. (2-tailed) N	1 .006 101	.272** .006 101	.287** .004 101	.190 .056 101	.508** .000 101
Recognition and Rewards	Pearson Correlation Sig. (2-tailed) N	.272** .006 101	1 .000 101	.428** .000 101	.122 .224 101	.283** .004 101
Working Conditions	Pearson Correlation Sig. (2-tailed) N	.287** .004 101	.428** .000 101	1 .000 101	.289** .003 101	.384** .000 101
Relationship with Supervisors	Pearson Correlation Sig. (2-tailed) N	.190 .056 101	.122 .224 101	.289** .003 101	1 .000 101	.466** .000 101
Employees Loyalty	Pearson Correlation Sig. (2-tailed) N	.508** .000 101	.283** .004 101	.384** .000 101	.466** .000 101	1 .000 101

** Correlation is significant at the 0.01 level.

Table 4 shows the correlation between independent variable and dependent variable. This shows that there is significant positive relationship between employee loyalty and team work and cooperation. The Pearson correlation $r = 0.508$ is significant at $p \text{ value} = 0.000$. There is positive and significant relationship between employee loyalty and recognition and rewards, working conditions and relationship with supervisor.

Recognition and rewards is also tested to find out the relationship with employees loyalty. The results show a positive relationship between recognition and reward and employee loyalty as shown by Schneider (1994). Employee satisfaction and customer satisfaction is the main objective of loyalty in this sector and studies show positive relationship as the studies of Berry (1981) indicates.

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