

# Analysing the Factors Influencing Employee Loyalty in the Hotel Industry in Takoradi, Ghana

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## Abstract

This study seeks to analyze factors influencing employee loyalty in the hotel industry in the Takoradi municipality, Ghana. The study seeks to identify the benefits of employee loyalty, determine the factors and strategies employed by management of the hotels to boost employee's loyalty. This study adopted a combination of both descriptive and exploratory research designs which allowed detailed description and analysis of the variables under study. Characteristics of variables are described and presented and their relationships are explained without manipulation. The study employed a stratified sample of 80 out of target population of 140 employees in six hotels within the Takoradi Municipality, Ghana. The study covered all categories of employees; managers, supervisors, clerks, waiters, cooks and cleaners and achieved a response rate of 85.34%. The results of the study revealed that providing assurances to employees, encouraging employees to have a "voice", in the decision making process, fair treatment, team work, training and compensation policies were identified as the main strategies that the hotels must incorporate into a commitment-based approach. It was also observed that empowerment and involvement of employees in work gives employee's a feeling of belongingness and recognition and makes them happy with their job.

**Keywords:** Descriptive-exploratory, employee loyalty, hotel industry, Takoradi.

## 1. Introduction

In this modern day and age where there is liberalization, employees continue to become the competitive advantage for businesses. Although some businesses may manage with mediocre employees, it is competent employees who can actually drive an average business to greater heights. In the same vein, bad employees can cause flourishing business empires to collapse. In a tight labour market, keeping good employees and developing employee loyalty become increasingly important and a continuing challenge. Human beings are the basic resources operating in the hotel industry, thus the survival of the industry depends to a large extent on its ability to develop and retain its human resource base (Landford, Hancock, Fellows & Gale, 2005). The need for human resource managers to keep up with effective management of employees in the hotel industry cannot be overemphasized. It is therefore dependent on the industry to manage, develop and maintain the workforce in order to meet the new demand. A primary task in the industry is therefore to bring about a climate favorable for management, workforce and resources to combine effectively all directed towards achieving the organizational goals and objectives while also providing high reward for those involved (Burn & Thompson, 2003).

Having employee loyalty means the employee is committed to the future and success of the organization. Creating an exciting work place where the company is moving forward and has opportunities will encourage employee loyalty to the organization and help with staff retention. Great ways to motivate employees and boost employee loyalty to a company are through incentives and rewards. If an employee has been with the company for a certain number of years, then they should be rewarded for their loyalty. Rewards ought to be personal to the individual employee; as a result, the company is showing they care about the individual within the organization (Dailey & Kirk, 2002).

However, in the demanding world of business Martensen & Gronhold (2006) posit, many employers find it difficult to keep employees for a long period of time. Lured away by the promise of a better salary or job description, employee loyalty can be a problem for any business. Giving employees empowerment and job enrichment makes their job more desirable to keep. If an employee sees they are moving up in a business and are valued for their work, they are more likely to stay for the long term and employee loyalty is increased within the company. They explain employee motivation such as incentives and rewards are important in any company wanting to succeed, as unmotivated staffs are more likely to leave. Creating an exciting work place where the company is moving forward and has opportunities will encourage employee loyalty to the organization and help with staff retention. As prospective employers continuously bid for top performers, management strategies must therefore be given due consideration and sufficient resource allocation to keep employees motivated and satisfied. The idea is that the satisfied employee is less likely to pursue greener pastures. Thus, implementing desirable human resource management policies will have a positive effect on employee loyalty (Mehta, Singh, Bhakar & Sinha, 2010).

This study is therefore aimed at analyzing the factors influencing employee loyalty in the hotel industry in the Takoradi Municipality, Ghana. The objectives of the study were to find out what employee loyalty is and identify the benefits of employee loyalty in the hotel industry.

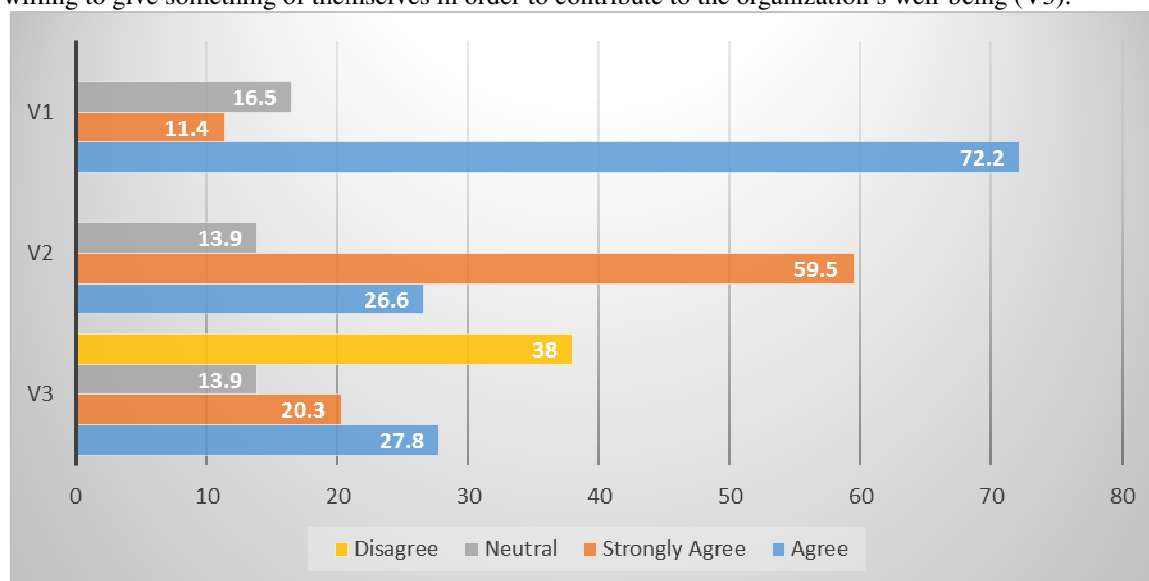
## 2. Research Methodology

This study adopted a combination of both descriptive and exploratory research designs which allowed detailed description and analysis of the variables under study. Characteristics of variables are described and presented and their relationships are explained without manipulation as buoyed by Saunders *et al.* (2009). The study employed a stratified sample of 80 out of target population of 140 employees in six hotels within the Takoradi Municipality, Ghana. The study covered all categories of employees; managers, supervisors, clerks, waiters, cooks and cleaners. A structured self-administered questionnaire was used to collect information. The questionnaires were subjected to reliability test using Cronbach Alpha; resulting in a reliability coefficient of 0.863 (86.3%) which was above the recommended minimum of 0.7 (Santos & Reynolds, 1999). Data collected was analyzed using descriptive statistics namely frequencies, percentages, mean and standard deviations to explain the variable characteristics and relationships.

## 3. Results and Discussions

### 3.1 Employee Loyalty

Figure 1 below examines what respondents consider employee loyalty. The variables V1, V2 and V3 depicts: an organizational citizenship behavior that reflects commitment to the organization through the promotion of its interest and image outside (V1); a manifestation of organizational commitment, the relative strength of an individual's identification with an involvement in a particular organization based on internalization and identification (V2) and is manifest by an active relationship with the organization such that individuals are willing to give something of themselves in order to contribute to the organization's well-being (V3).



**Figure 1: Employee Loyalty**

It could be seen from the findings in Figure 1 above that for V1, 72.2% of the total respondents agreed to the statement, strongly agree accounted for 11.4% with 16.5 remaining neutral to same statement. Also for V3, respondents' views varied as 38% disagreed with the statement, agree and strongly agree accounted for 27.8% and 20.3% respectively and neutral (13.9%). The above percentages indicated respondents understand what employee loyalty is. According to Bettencourt, Kevin & Matthew (2001) employee loyalty is a manifestation of organizational commitment, the relative strength of an individual's identification with an involvement in a particular organization based on internalization and identification.

Table 1 depicts a cross-section of views on the employee loyalty strategies employed by management of hotels. It can be observed from the table that, when respondents were how often is performance appraisal done, 49.4% indicated yearly followed by half a yearly (22.8%) and the least weekly accounted for 2%. Respondents' also indicated free medical treatment (31.6%), free burial service (5.1%), welfare packages (50.6%) and others (12.1%) as compensational packages offered to them in case of injury, loss of family member or fire outbreak and loss of property. According to Smith, (2010) compensation clearly shows a link between the rewards that a

company offers and those individuals that are attracted by the compensation to working in the firm, and those employees who willing continue to work for the business.

**Table 1: Employee Loyalty Strategies Employed by Management**

Variable	Count	Percentage
<b>How often is performance appraisal conducted?</b>		
Weekly	2	2.5
Monthly	7	8.9
Half a year	18	22.8
Yearly	39	49.4
Seldom	13	16.4
<b>What compensation packages are offered to employees?</b>		
Free medical treatment	25	31.6
Free burial service	4	5.1
Welfare package	40	50.6
Others	10	12.7
<b>How is compensation offered to employees?</b>		
Based on employees' performance	15	19
Based on position or seniority	15	19
Based on number of years worked	30	38
Based on educational level	19	24
Based on personality	0	0
<b>What needed skills are given to employees to equip employees for their job?</b>		
Training on how to use equipment	15	19
Training on how to improve the skills	8	10.1
Training on how to improve knowledge	14	17.7
Training on customer satisfaction	42	53.2
<b>Are employees involved in decision-making regarding the following?</b>		
Employee training	45	57
Increase of employee's salary	15	19
Promotion of employees	10	12.6
Orientation of employees	9	11.4

Recognition and rewards are playing an important role in agency programs and work unit to attract and retain employees in the hotel industry. It is a day-to-day interaction that makes employees feels that their contributions are appreciated by the company. It is recognized for their unique qualities and type of recognition may contribute to high morale in the working environment. Rewards, financial or otherwise, should be valued and must be perceived as based on performance. Perhaps there is no hitch in acknowledging this principle. But most organizations have far to go in implementing them. On the issue of how is compensation offered to employee, 38% of the respondents asserted it is based on employees' performance and position or seniority. Based on the number of years worked accounted for 38% and based on educational level accounted for 24%. This shows that to a large extent compensations are given to employees based on the number of years they have worked. Also regarding skills to equip employees for the job, about 53% of the respondents indicated training on customer satisfaction followed by training on how to use equipment (19%) and the least, training on how to improve skills accounted for 10.1%. In relation to the variable 'are employees involved in decision-making regarding: employee training; increase of employees' salary, promotion of employees and orientation of employees, 57% indicated employee training, followed by increase of employees' salary (19%) and 11.4% indicated orientation of employees (see Table 1). Companies have developed a certain understanding of how increased employee loyalty is beneficial to the company, and thus often take actions for its improvement. Malinchak (2010) believes that education of all categories of employees, including executives, helps improve employee loyalty which decreases turnover and ultimately helps carry the business through uncertain times.

### 3.2 Factors Influencing Employee Loyalty in the Hotel Industry

Table 2 presents the descriptive statistics on the underlying factors influencing employee loyalty in the hotel industry. It could be observed in descending order the first 4 variables that respondents perceive to be most

influential.

**Table 2: Factors Influencing Employee Loyalty in the Hotel Industry**

Variable	N	Min	Max	Mean	Std. Dev.
	Statistic	Statistic	Statistic	Statistic	Statistic
Career development policies/programmes	79	1	5	1.41	.840
Compensation and benefit schemes	79	1	5	3.09	.673
Working environment	79	1	5	2.33	.930
Team work	79	1	5	2.58	1.336
Communication and employee participation	79	1	5	2.62	1.362
Relationship with superiors	79	1	5	1.78	1.688

It is worth noting that, the higher the mean response value the more influential the variable and the higher the standard deviation the less influential the mean value. It could be seen that for the most perceived variable (compensation and benefit schemes) presented a mean of 3.09 and a standard deviation of 0.673. Followed by communication and employee participation which produced a mean response and a standard deviation of 2.62 and 1.362 respectively. Team work accounted for a mean response of 2.58 and a standard deviation of 1.336. It can be said that team work is more influential than employee participation because the former produced a less deviation score than the latter. Charles and Marshall's (2004) findings highlighted the importance of teamwork. Hotel workers in their studies were found to be motivated most by increased wages and employees appear to be sensitive to financial compensation and, in some situations; pay is the factor most significantly contributing to employee loyalty and job satisfaction (Ineson, Langlois & Makinson, 2000).

### 3.3 Benefits of Employee Loyalty

In a scale of 1 – 5, respondents were asked to indicate their opinion on the benefits of employee loyalty. It can be seen that, about 94% of the respondents strongly agreed/agreed to the statement; a committed employee would work extra hours to complete his workload, however 5% disagreed to same variable whereas Neutral accounted for only 1% (see Table 3). In relation to the statement; if employees become loyal, they will always attend to work and always report on time, saw majority of the respondents (about 76%) endorsed strongly agree/agree. Respondents also affirmed strongly agree/agree to the statement: if employees become loyal, they will always attend to work and also report on time; loyal employees uphold the organization's image to the public and committed employees are always willing to stay with an organization even if other jobs offer more pay.

**Table 3: Benefits of Employee Loyalty in the Hotel Industry**

Statement/Item	Rating				
	SA	A	N	D	SD
A committed employee would work extra hours to complete his workload	74.6	19.0	1.3	5.1	0
Employees would put in much effort and also work towards the success of the organization when they become loyal	30.4	59.5	6.3	2.5	1.3
If employees become loyal, they will always attend to work and also report on time	26.6	49.4	21.5	1.3	1.3
Loyal employees uphold the organization's image to the public	25.3	49.4	6.3	19.0	0
Committed employees are always willing to stay with an organization even if other jobs offer more pay	26.6	44.3	1.3	3.8	24.1

These produced counts of 49%; 49% and 44% respectively. The results in Table 3 confirms a study by Forster, Whysall and Harris (2008) on analysis of retail stores in the United Kingdom. The study revealed that a loyal

workplace generates significant benefits for the company. The study found that employee loyalty in this industry is multi-faceted and can be understood in relation to commitment to the retailing industry, the retailer and the store. According to Keiningham & Aksoy (2009), companies with loyal employees have a significant competitive advantage and a higher rate of survival compared to companies with less loyal employees. The long term success of any company depends heavily upon the quality and loyalty of its people". Loyal employees are assets to a company, and their retention is a key to its success; for one, they bring in loyal customers.

### Conclusions

Loyalty within the workplace typically results from the interaction and the relationship that an employee has with an organization. Along the same line, providing assurances to employees, encouraging employees to have a "voice", in the decision making process, fair treatment, team work, training and compensation policies are a few of the strategies that hotel organizations must incorporate into a commitment-based approach. These are all Human Resource Management practices that can have a considerable impact on employee loyalty. Human Resource Management practices that seek to increase employee satisfaction, helps the employees to acquire more knowledge, and serve to limit alternative employment options which will enhance the employee's loyalty to the company. The result of this study will help organization to be able to retain its workforce. Though employing only few human resource management practices such as training and teamwork may offer many benefits but a much greater impact will be found when using human resource strategies that entail many different organizational commitment practices and policies. Organizations need to strategically and methodically develop human resource practices that are designed to fully achieve loyalty. Based on the principles identified throughout this study, an effective Human Resource Management practices are the best organizational practices that can lead to greater employee loyalty and a more stable workforce.

With regards to the factors affecting employee loyalty, it came to light that career development policies/programmes, compensation and benefit schemes, working environment, team work, communication and employee participation as well as employee relationship with superiors had positive correlation with employee loyalty. This signifies that effective implementation of these attributes can lead to an increase in employee satisfaction and loyalty. Finally, from the survey, it was realized that employee loyalty strategies employed by management of the studied hotels included recruitment and selection process, performance appraisal, compensation, training among others. From the findings 49.4% respondents which formed the majority, stated that though performance appraisal was conducted in the hotels, it was done yearly. Employees were also unsatisfied with the compensation packages offered to them. All these showed that management of the studied hotels still needed to improve on the existing Human Resource Management strategies employed by the hotels regarding employee loyalty.

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