
Employee Loyalty and Organizational Learning of Manufacturing Companies in Port Harcourt, Nigeria

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Abstract: *This study examined the relationship between employee loyalty and organisation learning of manufacturing companies in Port Harcourt. The study adopted a cross-sectional survey and primary data was generated through self-administered questionnaire. The population for the study was one hundred and twenty four (124) employees of five (5) selected manufacturing companies in Port Harcourt. The sample size of 82 was determined using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman's Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 99% confidence interval and a 0.01 level of significance. Results from analysis of data revealed that there is a significant positive relationship between employee loyalty and organizational learning of manufacturing companies in Port Harcourt. The study further revealed that employee loyalty expressed in terms of deserves loyalty and wiliness for more responsibility among employees in organization is strongly rooted in the organisation learning pattern and experience by way of performance assessment and intellectual cultivation. Drawing from the conclusion, the study recommended that organization should improve and enhance their learning activities by constantly assessing the performance of their employees, always evaluate their intellectual cultivation in other to also checkmate the employees willingness to carry-out their responsibility, improve more creative and innovative, proper upward and downward communication system, employee participate in decision making, hold weekly meetings with employees, properly adopt the human relation theory, empower and motivate employee, allow loyal employee to make decisions while performing their task to ensure effective employee loyalty.*

Keywords: *organization learning, employee loyalty, performance assessment, intellectual cultivation, deserves loyalty, responsibility, manufacturing companies.*

INTRODUCTION

In the contemporary world, globalization is taking a whole grip of the entire activities and operations in organization. It has improved every function in the day-to-day operations of organization by coming-up with constant innovations and creativity in order for organizations to improve and gain competitive advantage in the global market. Organizations that do not embrace globalization means they are not getting familiar with the trend of time and changes, hence will end-up doing badly in the global market, which is why organizational learning helps to improve an organization's competitive advantage as well as responsiveness to change (Hussein & Ishak, 2006). The results of globalization have made competition to increase rapidly and dramatically. It has made organizations to constantly look for various ways to survive and remain competitive

in a highly competitive, turbulent and complex environment (Dede & Sazkaya, 2018). The needs of customers and their desires are changing ever so fast and organizations are doing their best to keep up with these demands and compete with other organizations striving to remain active and competitive in the global market, hence organizational learning as a strategic tool has been proposed in the field of modern management for gaining competitive advantage and stabilizing organizational success in the global market. Globalization, changes in the economy, the diverse workforce environment, and use of information technology has made organizations pursue learning as a competitive advantage (Wang & Ellinger, 2008).

According to Carrillo and Gaimon (2004) organizational learning is a knowledge-based resource capability that has become more important in the rapidly changing and fiercely competitive business world. Eketu and Ogbu (2015) states that organizations that demonstrate learning tend to be at advantage over its competitors. For organizational learning to be full effective requires employee loyalty. An individual can learn from the organization and will still not be loyal to the organization. Loyalty requires the total submission of the worker to the norms, values, objectives, goals, culture, missions and visions of the organization. Which is why it is of high importance for organization to recruit, train and mentor managers that will be efficient and effective in the day-to-day operations of the organizations and abide to norms, values and cultures of the organization; whom in turn will significantly transfer such training and mentoring to their subordinates thereby leading by example for others to follow.

Iqbal, Tufail and Lodhi (2015) define employee loyalty as employees being committed to the success of the organization and believing that working for this organization is their best option. Employees are a vital resource to every organization, especially since they represent a significant investment in term of locating, recruiting, training, salaries, healthcare, plans, bonuses amongst others (Iqbal *et al*, 2015).

According to Mehta, Singh, Bhakar and Sinha (2010) the loyalty of employee has become more difficult to obtain and give in organization. Employee loyalty seems like a quality that's becoming increasingly harder to find, because their loyalty might either be with the organization or to their superiors. The economy hardship is biting very hard on a lot of Nigerians, which makes it difficult for lots of Nigerians to survive with current minimum wage. A lot Nigeria workers are not contented with the wages paid by organizations because of the hyper-inflation in cost of commodities. Hence this might affect the workers loyalty to the organization.

Many scholars have carried out studies on employee loyalty. Eketu and Ogbu (2015) concluded in their findings that organisational learning improves workers loyalty in organizations. The findings of Unaam, Adim and Adubasim (2018) concludes that there was a significant positive relationship between employee loyalty and organizational citizenship behaviour. Although these previous studies considered the relationship between employee loyalty and several predictors, these studies did not consider the manufacturing industry. Hence a gap exists which this study seeks to fill examining the relationship between organizational learning and employee loyalty of manufacturing companies in Rivers State.

LITERATURE REVIEW

Organizational Learning

The concepts of organisational learning did not emerge until the 1950s by March and Simons in 1958 (Casey, 2005). As a result of the rising changes, trends, innovation and creativity through globalization, organizational learning has gained high recognition as means of improving the knowledge and skills of employees thereby making the organization to be highly competitive in the global market. The field of organizational learning has grown rapidly in the 1990s (Wang and Ellinger, 2008). Organization learning as a concept has gained so much recognition in a manner that managers of organizations and consultants need competitiveness. Wang and Ellinger (2008) stated that the concept of organizational learning has not only attracted the attention of scholars from disparate disciplines but also consultants and managers in the business world; all with the aim of gaining insight of the uncertainty and to prepare for challenges when they arise.

Organizational learning is a process that requires workers in a particular organization to have the core knowledge of the organization day-to-day operations and to also gain all the analytical knowledge of the organizations, develop the ability to think critically and creatively, which in turn will help in the growth and development of the organization. It requires the mentoring of superiors in the organization to ensure organization learning take place. According to Jones and George (2009) organizational learning occurs in a learning organization being an organization where managers try to maximize the ability of individuals and groups to think and be creative and thus maximize the potential for organizational learning to take place. Both authors further argued that organizational learning is the process through which managers seek to improve employee desire and ability to understand and manage the organization and its task environment. Eketu and Ogbu (2015) argues that organizational learning is concerned with the development of new knowledge or insights that have the potential to influence behavior. Organizational learning is about how people learn and behave in the organizations (Eketu & Ogbu, 2015).

Dimension of Organizational Learning

Templeton, Lewis and Snyder (2002) explained eight distinct dimensions of organization learning. The first dimension is awareness which means that organizational members know the sources of important organizational information and its relevance to current problem area. The second dimension is communication which represents the extent of communication that exists among organizational members. Templeton *et al* (2002) third dimension is performance assessment, it explains the contrast of process and outcome-related performance to organizational goals. Templeton *et al* (2002) fourth dimension is intellectual cultivation which explains the development of experience, expertise, and skill among exiting employees. The fifth dimension is environmental adaptability. This dimension refers to organizational reactions to environmental change. The sixth dimension is social learning which represents the extent to which organizational members gain knowledge of organizational concerns from social channels. The seventh dimension is intellectual capital management which according to Templeton *et al* (2002) means that an organization administers knowledge, skill, and other intellectual capital for long-term strategic gains. The final dimension (which is eighth) is organizational grafting which suggests that an organization capitalizes on the knowledge, practices, and internal capabilities of

other organizations (Templeton *et al.*, 2002). Knowledge acquisition is the construct for this dimension (Cho, Ellinger, Ellinger and Klein, 2012).

This study adopted two dimensions of organizational learning from Templeton *et al.* (2002), namely; performance assessment and intellectual cultivation.

Employee Loyalty

In every organization, there is an employer and there is an employee. For organization learning to be effective requires the loyalty of the employee. Unaam, Adim and Adubasim (2018) defined loyalty as a feeling of devotion, duty, faithfulness to a cause or attachment to somebody, something country or group. Loyalty may be experienced between two persons, or from a person to a group of people. For every organization to be successful and remain top of their game will depend on the knowledge it passed-on to the employee which in turn will strongly determine employee loyalty.

The loyalty of the employee starts with the employer. Mehta, Singh, Bhakar and Sinha (2010) stated that as an employer, one must understand why employees are emotionally connected to their business and it's generally much more than salaries, training, or benefits. According to Eketu and Ogbu (2015) an emotionally connected employees are the best employees because they are engaged and productive, and they feel validated and appreciated.

No matter the challenges, difficulties and tough situations faced by the organization (both now and in future), a loyal employee will never leave the organization. His emotional attachment to the organization would make him to continue to work beyond his targets and handle difficulties, challenges and strenuous task. A loyal employee will be so willing to put-in his upmost best to accomplish his day-to-day operations in the organization; which shows that the employee is also morally loyal. Al-Ma'ani (2013) define moral loyalty as the sense of commitment of the employees towards staying with the organization, and often this is enhanced by good support by the organization for its employees, allowing them to participate and positively interact, not only in the manner of implementing procedures or carrying out the work, but to contribute to the development of goals, planning and policy-making for the organization.

Dede and Sazkaya (2018) stated that the concept of employee loyalty includes, supporting and endorsing organizational objectives and staying with the organization. Koç (2009) stated that employee loyalty means that the employee strives for organizational interest rather than his or her own individual interest, and demonstrates behaviors of attachment and psychological belongingness towards these organizational interest.

Dede and Sazkaya (2018) identified three levels of feelings which employee may have towards the organization. They are high, medium and low level. In low level of organizational loyalty, the individual is not keen to adopt the organization's goals and objectives, striving towards those and continuing being a member of the organization. The individual loyalty to the organization is low as a result of personal, superior or external interest. In high level of employee loyalty, the individual's belief in organization is high, strives and shows effort, and desires to stay as a member of the organization both now and in the future which a typical example of emotional and moral loyalty is.

Measures of Employee Loyalty

Measuring employee loyalty depends on the policies of the organization. It also depends on the administrative functions of the organization. It can be measured as the result of overall performance and priority issues. Tomic, Tesic, Kuzmanovic and Tomic (2018) state that employee loyalty can be constructed by psychological measures that are able to capture a service employee's feelings towards the employing company. They further explained that employee loyalty can be measured through four indicators, they are; intention to stay, willingness to perform extra work, sense of belonging and willingness for more responsibility. Wan (2005) state that employee loyalty can be measured by aggregating four indicators into a single metric that can be monitored over time using the Satmetrix Systems' Employee Loyalty Index (ELI). These indicators include (i) overall satisfaction with the management (ii) deserves loyalty, (iii) likelihood to continue working at organization and (iv) likelihood to provide referrals for the organization. The first two indicators measure the attitudinal component of the employee's loyalty and others measure the behavioral component of the employee's loyalty (Wan, 2005).

An employee loyalty can be measured by: attitude expressed both on-the-job and off-the-job; sincerity, dedication and commitment; experiences; efforts put in the day-to-day operation; ideas and solutions towards a problem; stands-out for the organization; turnover, productivity and customer feedback; employee that proactively asks to do additional work to help organization achieve its goal and objectives; actively contributes to generate ideas, suggestions that improves the organization's business/revenues; always look for opportunities to help others, share experiences or knowledge; always willing to take challenging tasks and never say no; never hide issues, or other information. Proactively offers solutions; follows company policies, principles, discipline without fail and set example to others; Performance Appraisals; employee survey, customer feedback, third party view etc.

This study adopted two measures of employee loyalty; one from Tomic *et al* (2018) which is 'willingness for more responsibility;' the other from Wan (2005) which is 'deserves loyalty.'

Conceptual Framework

The conceptual frame work of this study is focused on the dimensions of organizational learning and measures employee loyalty. The study adopted two of Templeton *et al* (2002) dimension of organizational learning, namely performance assessment and intellectual cultivation.

This study further adopted two measures of employee loyalty; one from Tomic *et al* (2018) which is 'willingness for more responsibility' the other from Wan (2005) which is 'deserves loyalty.'

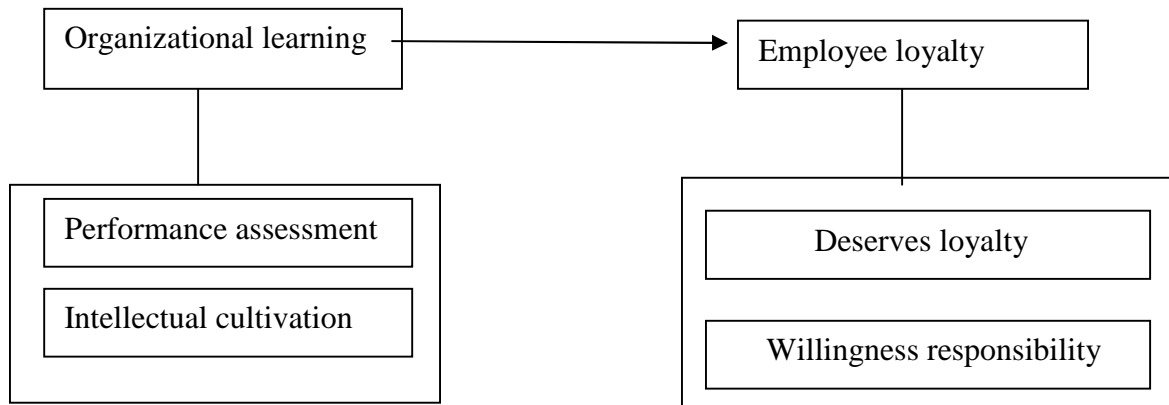


Figure 1: Conceptual frame work of the relationship between organizational learning and employee loyalty

Source: Desk Research, 2019

Relationship between Employee Loyalty and Organizational Learning

Tariq, Ilyas and Rehman (2017) did an assessment on employee loyalty through organizational attributes in Telecom sector. The result of their findings shows that loyal and determined employee are well worthy for any organization. Chen, Tsui and Farh (2002) investigated the relationship between loyalty to supervisor and employee's in-role and extra-role performance in comparison with that of organizational commitment in the People's Republic of China. Two studies were conducted. In the first study, a five-dimension loyalty to supervisor scale was developed and validated. In the second study, the relationships between loyalty to supervisor, organizational commitment and employee performance were examined. Results indicated that loyalty to supervisor was more strongly associated with both in-role and extra-role performance than organizational commitment. The findings are discussed in terms of their implications for future research and management practices in cross-cultural settings.

Mehta *et al* (2010) described the commitment and cohesion exercise, which is an instrument that increases the understanding of employees' attraction to "the ideal" or empowered organization. This exercise measured employees' perception of loyalty, values, and organizational commitment. They found that three conditions which are; loyalty, values and commitment, influence empowerment structures within an organization. Their exercise supported the notion of a stepwise movement from loyalty to value congruence (or agreement) to organizational commitment. It also demonstrates how progressive phases are associated with perceived quality of work life and connected to an empowered organization (Mehta *et al*, 2010).

Nasiri, Najafbagy and Nasiripour (2015) did a study on the impact of employee loyalty on the success of commercial organizations: A case study on the dealerships of heavy equipment in Iran, the results of their study highlighted that the loyalty of employees, through the quality of services that they offer and the direct and indirect connection that they have with the customers, has a strong positive impact on the loyalty and satisfaction of the customers. Likewise, having

loyal and satisfied customers is the success which commercial organizations are in pursuit of. Hence, commercial organizations must endeavor to absorb loyal employees and increase their organizational commitment.

Elizabeth (2006) examined organizational loyalty and dispute resolution strategies. It was found that workers with greater loyalty are more likely to embrace “voice” as a way to address their problems. The above studies from different scholars indicates that there is a strong relationship that exist between employee loyalty and organization learning. In view of the prevailing economic hardship and hyper- inflation in Nigeria as well as the constant demand for growth by globalization in the area of industrialization, there is need for employee to be given a high level of boost in their day-to-day operation, there is also the need for employee to be given a strong level of insurance on their job in the aspect of loyalty, which is why this study will ensure employee get that boost by try to know if the employee loyalty is with the superior or the organization.

From the foregoing, the hypotheses of the study are:

H₀₁: There is no significant relationship between deserves loyalty and performance assessment of manufacturing companies in Rivers State

H₀₂: There is no significant relationship between wiliness for more responsibility and intellectual cultivation of manufacturing companies in Rivers State

METHODOLOGY

This study examined the relationship between employee loyalty and organizational learning of manufacturing companies in Port Harcourt. The study adopted a cross-sectional survey and primary data was generated through self- administered questionnaire. The population for the study was one hundred and twenty four (124) employees of five (5) selected manufacturing companies in Port Harcourt. The firms are Nigerian Engineering works, Tredent Steel, New China Foot-ware, First Aluminum and REVOC. The sample size of 82 was determined using the Taro Yamane’s formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Spearman’s Rank Order Correlation Coefficient with the aid of Statistical Package for Social Sciences version 23.0. The tests were carried out at a 99% confidence interval and a 0.01 level of significance

DATA ANALYSIS AND RESULT

The level of significance 0.01 was adopted as a criterion for the probability of accepting the null hypothesis in ($p > 0.01$) or rejecting the null hypothesis in ($p < 0.01$).

Hypotheses One (H₀₁)

Table 1: Correlations

			PERFORMANC E_ASSESMEN T	DESERVES_LO YALTY
Spearman's rho	PERFORMANCE_ASSESM ENT	Correlation Coefficient	1.000	.882**
		Sig. (2-tailed)	.	.000
		N	82	82
	DESERVES_LOYALTY	Correlation Coefficient	.882**	1.000
		Sig. (2-tailed)	.000	.
		N	82	82

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data, 2019

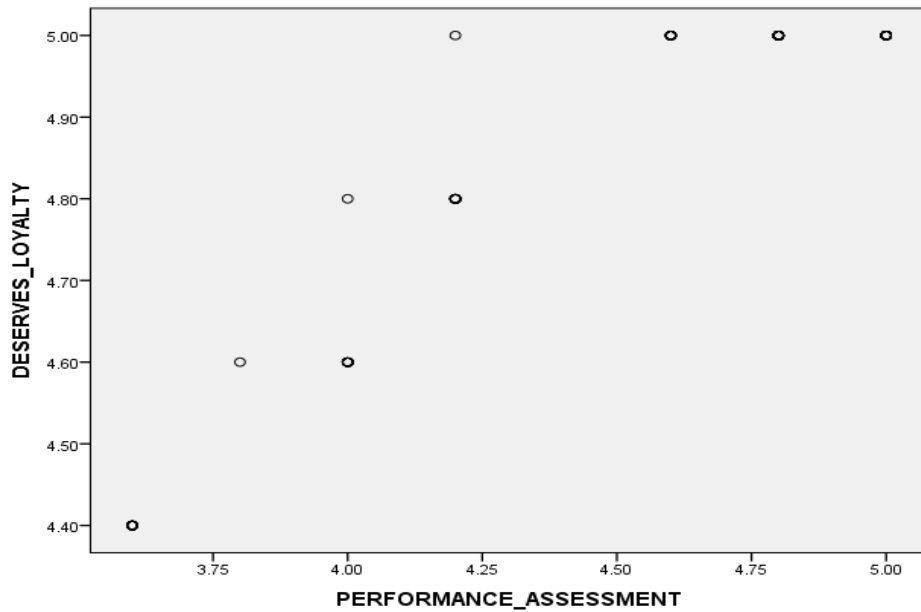


Figure 2: Scatter Plot for deserves loyalty and performance assessment

Discussions of Findings

The H₀₁ state there is no significant relationship between deserves loyalty and performance assessment of manufacturing companies in Port Harcourt. Based on the results of data derived from table 2 above (shows that $r=0.882$, $p=0.000 < 0.01$), the null hypotheses is rejected. This clearly shows there is a positive significant relationship between deserves loyalty and performance assessment ($r=.882$) which shows a strong correlation. This results corresponds with the findings done by Eketu and Ogbu (2015); Unaam et al (2018) and Dede and Szakaya (2018) which states that organization learning has a strong relationship with employee loyalty. The scatter plot graph in figure 2 above moves upwards which shows the strong relationship between the two variables. The implication of this is that an increase in performance assessment will also lead to an increase in deserves loyalty.

Hypotheses Two (H₀₂)

Table 2: Correlations

			INTELLECTUAL_CULTIVATION	WILLINGNESS_RESPONSIBILITY
Spearman's rho	INTELLECTUAL_CULTIVATION	Correlation Coefficient	1.000	.970**
		Sig. (2-tailed)	.	.000
		N	82	82
	WILLINGNESS_RESPONSIBILITY	Correlation Coefficient	.970**	1.000
		Sig. (2-tailed)	.000	.
		N	82	82

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data, 2019

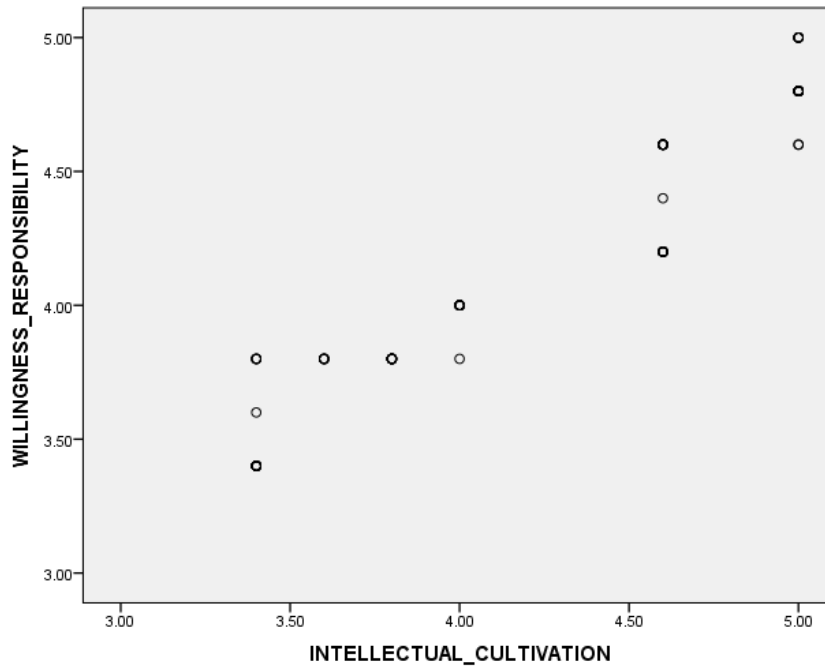


Figure 3: Scatter Plot for wiliness for more responsibility and intellectual cultivation

Discussions of Findings

The H₀₂ state there is no significant relationship between wiliness for more responsibility and intellectual cultivation of manufacturing companies in Port Harcourt. In view of the result data stated in table 2 above (shows that $r=0.970$, $p=0.000 < 0.01$), the null hypotheses is rejected. This clearly shows there is a positive significant relationship between wiliness for more responsibility and intellectual cultivation ($r=.970$) which shows a strong correlation. This is inline the research results done by Eketu and Ogbu (2015), their findings shows that there is a strong positive relationship between intellectual cultivation and employee emotional loyalty. The scatter plot

graph in figure 3 above moves upwards which shows the strong relationship between the two variables. The implication of this is that an increase in willingness for more responsibility will also lead to an increase in intellectual cultivation.

CONCLUSION AND RECOMMENDATION

Based on the results from the findings, the study concluded that there is a strong relationship between employee loyalty and organization learning of manufacturing companies in Port Harcourt (Rivers State) which also matches with what previous scholars have done. Employees are more loyal to their superiors. Although they are still loyal to the norms, values, policies, rules and regulation of the organization, but when comparing the employee loyalty between the superior and the organization, employees have far more greater loyalty to their superior than that of the organization. Drawing from the conclusion, the study recommended that organization should improve and enhance their learning activities by constantly assessing the performance of their employees so as to checkmate their loyalty. The organization should always evaluate their intellectual cultivation in order to also checkmate the employees willingness to carry-out their responsibility. This in turn will maintain an effective employee loyalty system. The organization should be more creative and innovative thereby differentiating them from their competitors. The organization (made-up of top hierarchy like the managing director, general manager and board members) should ensure a proper upward and downward communication system in order to get information from both the superiors and employees on issues. Employees should be allowed to participate in decision making. The organization should hold weekly meetings with employees. The organization should properly adopt the human relation theory. Employee loyalty to the organization should be empowered and motivated (the Herzberg motivator theory should be applied). They should be allowed to make decisions while performing their task. The organization should structure a good recruitment process to recruit competent leaders or superiors with integrity. They should also create a feedback process on monitoring and checkmating both the superior and employee loyalty.

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