



MEDIATION EFFECT OF JOB LOYALTY ON JOB PERFORMANCE AND FACTORS OF JOB SATISFACTION IN DAIRY CO-OPERATIVES IN KERALA

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Abstract

Job satisfaction is a widely accepted factor for the success of any organization; the study focuses on job satisfaction and its influencing factors and also its relation to job performance and loyalty. The factors influencing job satisfaction are categorized into extrinsic and intrinsic factors. Extrinsic factors refer to the components of the work environment provided by the employer such as salary, job security, promotion, interpersonal relations, working condition and supervision. Intrinsic factors refer to personal factors such as professional achievement, the current job, recognition by the employer, willingness to assume responsibility and impact of home environment of the individual. The results of the study clearly show that the overall job satisfaction of the employees in Dairy Co – operatives industry in Kerala is at high level. The level of extrinsic and intrinsic factors among the employees of dairy Co-operative sector is at medium level. “The relation between job satisfaction with intrinsic factors and extrinsic factors is $Job\ satisfaction = 0.777Intrinsic\ factors + 0.749Extrinsic\ factors$ ”. There is positive and strong relation between Job satisfaction and job performance and loyalty. This research highlights the need to seriously consider the strategic role that measurement of employee satisfaction plays in the organizational performance and loyalty of a dairy cooperative. By the introduction of the concept of employee job satisfaction into the relationship between member loyalty and organizational performance, the researchers propose to explain how management or mismanagement of employee satisfaction can lead to a virtuous or vicious cycle of organizational performance and loyalty. More the member satisfaction, more the member trust and better the organizational performance and vice versa. There is also a need to systematically measure employee satisfaction in cooperatives so that the management can proactively intervene in employee satisfaction management. This, it is hoped, will allow the management to avoid a vicious cycle of low organizational performance and direct the organization to a virtuous cycle of better organizational performance. However, member satisfaction needs to be investigated empirically to confirm why, under similar conditions, both external and internal to the cooperative, some cooperatives go ahead and succeed while some others fail.

Key Words: *Job Satisfaction, Job Performance, Job Loyalty.*

INTRODUCTION

Loyalty as defined in Encyclopedia Britannica (1998) is how much a person has attachment to a particular object, further that object can be anything; a person, a group of persons, an ideal, a particular job, or any cause which makes him or her to show devotion. Loyalty itself expresses by the person's struggle for doing good things for that particular object, such actions that show his or her interest in that object.

Employees' loyalty is often viewed as the attitude towards a particular organization. Meyer & Allen (1991) however argued that loyalty is not so much the attitude that is important in organization but the action is of great impact. Solomon (1992) establishes that employee's loyalty is the eagerness to stay touched with the organization.

Employee loyalty is an organizational citizenship behavior that reflects the allegiance to the organization to the promotion of its interests and image to the outsiders. (Bentten Court, Gwinner and Meuter, 2001). We can say that an employee is loyal to his or her organization when he shows commitment and believes that it is the best option for him or her to work for the organization.

Job Satisfaction is a major factor to enhance and maintain the overall yield of organization and the job loyalty by efficient service and better performance. Job performance is the way employees perform their work. An employee's performance is determined during job performance reviews, with an employer taking into account factors such as leadership skills, time management, organizational skills and productivity to analyze each employee on an individual basis. Job performance reviews are often done yearly and can determine raise eligibility, whether an employee is right for promotion or even if an employee should be fired.

This study examined the mediation effect of job loyalty on job performance and factors of job satisfaction among the employees in dairy co-operative industry of Kerala. We defined Job satisfaction as the favorableness with which workers view their jobs.



LITERATURE REVIEW

According to the Walker (2005), relationship between job satisfaction and job loyalty would be positive if the organization provides different opportunities such as learn, grow and clear established career path research there is positive relation between job satisfaction and job loyalty.

Mafini, Surujlal and Dhurup (2013) conducted a study in municipal sports officers in South Africa to examine the relationship between job satisfaction and job loyalty. Five job satisfaction factors, namely working conditions, ability utilisation, teamwork, creativity and autonomy were identified. A positive relationship between the five job satisfaction factors and job loyalty was found, with ability utilisation contributing the highest and autonomy contributing the lowest to the job loyalty of municipal sports officers. By making positive improvements on the five job satisfaction factors identified in this study, municipalities will be able to improve the job loyalty of municipal sports officers.

Bowling A Nathan (2007), in his study analyses using meta-analytic data suggested that the satisfaction–performance relationship is largely spurious. More specifically, the satisfaction–performance relationship was partially eliminated after controlling for either general personality traits (e.g., Five Factor Model traits and core self-evaluations) or for work locus of control and was almost completely eliminated after controlling for organization-based self-esteem.

Chockalingam Viswesvaran *et al* (1998), in their paper postulated and empirically tested a relationship between the perceived support of top management for ethical behaviors and the job satisfaction of employees. However, the correlations were not significant, although the highest correlation of perceived top management support for ethical behavior was with the facet of supervisory satisfaction. Individuals who perceive the top management in their organizations to be supportive of ethical behaviors will be more satisfied with their jobs. the correlation of perceived top management commitment to ethical behavior was highest with the facet of supervisor satisfaction.

Michael K. Smucker *et al* (2003) in their study provided a theoretical foundation to enhance and enrich the understanding level of job satisfaction. In this research they sought to determine satisfaction with six distinct areas of employment by using two of the most often used survey instruments (Job Descriptive Index and Job In General) that measure job satisfaction. A total of 78 surveys were completed who were identified as full-time employees. They indicated overall satisfaction with their employment, pay, supervision, coworkers, and type of work, they were dissatisfied with their promotional opportunities.

Adrian Thomas. Walter C. Buboltz Christopher S. Winkelspecht (2004), in their study divulged the nature of the relationship between job characteristics, personality, and job satisfaction. Hierarchical regression analyses demonstrated that job characteristics successfully predicted job satisfaction. A series of hierarchical regressions indicated that personality had neither a direct effect on satisfaction nor a moderating effect on the job characteristics-job satisfaction relation. there were small to moderate correlations between the various job characteristics and job satisfaction with all job characteristics having a significant relationship with satisfaction.

Annabel Droussiotis, Jill Austin (2007) in their study set out job satisfaction issues for managers from large organizations. Results indicate that there are three areas that influence the job satisfaction levels : self-fulfillment, independence, and job environment. It appears that managers in the private sector experience higher levels of job satisfaction in issues regarding their self-fulfillment. In addition, managers supervising large numbers of employees have higher job satisfaction levels for

Jonathan H. Westover, Jeannette Taylor (2008) in their study noted the cross-national differences in job satisfactions and its determinants over time (1989-2005), which, in turn, impact long-term worker productivity and performance. For all countries, findings clearly show that intrinsic rewards explain the most variance in the respondents' job satisfaction, followed by work relations with management. In contrast, public service motivation-fit and work relations with co-workers are found to play a less prominent role in shaping job satisfaction

Ning-Kuang Chuang, Dean Yin, Mary Dellmann-Jenkins (2009) ,in their study exposed to explore intrinsic and extrinsic factors impacting the job satisfaction of casino hotel chefs, and whether chefs' background characteristics are associated with their overall and specific facets of job satisfaction. Overall, the casino hotel chefs were satisfied with their jobs. Among intrinsic factors, the chefs were most satisfied with the "work itself" and least satisfied with "growth and recognition" they received. Among extrinsic factors, they were most satisfied with "supervision" and least satisfied with "company policy" pertaining to sick leave and paid vacation.



METHOD

Research design constitutes the blue-print for the collection, measurement and analysis of data; hence it is the conceptual frame by which the research is to be carried out.

Sample Profile

The dairy Co-operative in Kerala is based on Anand Pattern Co-operative societies. There are 3206 number of primary Co-operative societies in the state. These are the part of a three tier system with the primary co-operative society at the village level. There are three regional unions at the middle level which is federated to the apex body in the state level KCMMF Ltd. In the primary society the secretary is the chief executive officer of the organization. The other employees lab assistant, procurement assistant etc. The primary society employees pay scale is fixed on the basis of their milk procurement, trade profit and turn over. So they not in a common pattern. The study is conducted among the employees of three regional unions (Thiruvananthapuram Regional Co-operative Milk Producers Union Ltd, Ernakulam Regional Co-operative Milk Producers Union Ltd And Malabar Regional Co-operative Milk Producers Union Ltd) and the state federation who have the same pay scale and service conditions.

The population for the study consists of employees of different departments of Kerala Co-operative Milk Marketing Federation Ltd and its three regional unions. In Dairy Co-operative industry there are five departments (Production, Marketing, Finance, P&I and HR).

The respondents for the study consists of the employees of the sample dairy co-operatives. There were 2552 employees as on 31-3-2012. From them 20 per cent were selected at stratified random sampling. Thus the total sample employees selected for the intensive study come to 510.

The collection of data was based on two stage simple random sampling and stratified proportional sampling among the five categories of employees. In the first phase, the researcher has chosen one unit from each of the district by simple random sampling. The respondents were selected using stratified proportionate sampling from among the five departments namely production, HR, P&I, Finance and marketing. The sample size is presented in the following Table 5.2

Table 1, Sample profile

Dairy Co-Operatives	TOTAL NO OF EMPLOYEES						NO OF EMPLOYEES SELECTED AS SAMPLE					
	Production	Marketing	Finance	P&I	HR	Total	Production	Marketing	Finance	P&I	HR	Total
KCMMF	371	50	45	21	41	528	74	10	9	4	8	106
TRCMPU	494	66	61	27	55	704	99	13	12	5	11	141
ERCMPU	352	47	43	20	39	502	70	9	9	4	8	100
MRCMPU	574	77	70	34	64	818	115	15	14	7	13	164
TOTAL	1792	240	219	102	199	2552	358	48	44	20	40	510

Source: Survey

months. This has helped the researcher to monitor the work life of employees and also to obtain data free from errors while collecting and recording the information.

Variables used in this study

Table 2

Dimension	Statements
Intrinsic factors	Professional achievement
	Current job
	Recognition by the employer
	Willingness to assume responsibility
	Impact of environment of the individual
Extrinsic factors	Salary



Dimension	Statements
	Job security
	Promotion
	Interpersonal relations
	Working conditions
	Supervision
Job performance	Arrives for work on time
	Identifies problem
	Proposes solution to problems
	Uses time effectively
	Consult with supervisors and co-workers as necessary
	Demonstrates initiative as appropriate
	Effectively collaborates with other department members as necessary
	My performance is better than that of my colleagues with similar qualifications
	I am satisfied with my performance because it is mostly good
My performance is better than that of employees with similar qualifications in other organizations	
Job Loyalty	I want to continue my work in the same organization
	I would like to advise my friends to do work in this organization
	When somebody speak ill of my organization, I will defend it immediately
	I would support my organization in almost any
	No matter whether it will benefit me or not, I will be willing to continue working under my organization
	When someone praises my organization, I feel like personal compliment

Structural equation models with latent variables (SEM) are more and more often used to analyze relationships among variables. Some reasons for the widespread use of these models are their parsimony (they belong to the family of linear models), their ability to model complex systems (where simultaneous and reciprocal relationships may be present, such as the relationship between quality and satisfaction), and their ability to model relationships among non-observable variables while taking measurement errors into account (which are usually sizeable in questionnaire data and can result in biased estimates if ignored).

According to the usual procedures, the goodness of fit is assessed by checking the statistical and substantive validity of estimates (i.e. that no estimates lie out of the admissible range, as the case is for negative variances or correlations larger than one, and that no estimates lack a theoretical interpretation, as the case is for estimates of unexpected sign), the convergence of the estimation procedure, the empirical identification of the model, the statistical significance of the parameters, and the goodness of fit to the covariance matrix. Since complex models are inevitably miss specified to a certain extent, the standard



2 test of the hypothesis of perfect fit to the population covariance matrix is given less importance than measures of the degree of approximation between the model and the population covariance matrix. The *root mean squared error of approximation* (RMSEA) is selected as such a measure.

For the analysis initially an input model was developed by using AMOS-18 graphics. The rectangle represents observed factors, Ovals in drawn in the diagram represents unobserved variable, here it is preference. The curved double headed arrows represent correlations or co-variances among the unobserved variables and the straight headed arrow represents the factor loadings of the observed variables. The small circles with arrows pointing from the circles to the observed variables represent errors /unique factors, which are also known as squared multiple correlation of the standard error. This initial model is refined to reach the final model.

Result

The objective of our study is to understand the relationship between Intrinsic factor-Job performance, Intrinsic factor- Job loyalty, Extrinsic factor-Job performance, Extrinsic factor- Job loyalty, Intrinsic factor-Job satisfaction, Intrinsic factor- Job satisfaction, Job satisfaction -Job performance and Job satisfaction - Job loyalty. Pearson Correlation was seen as appropriate to analyze the relationship between the two variables which were interval-scaled and ratio-scaled. Furthermore, correlation coefficients reveal magnitude and direction of relationships which are suitable for hypothesis testing. The researcher used Pearson Correlation to identify the relationship between the various variables considered.

Table 3: The Pearson correlation coefficients

Variables	Correlation	Lower bound	Upper bound	Z	p
Intrinsic-Extrinsic	0.987	0.986	0.988	138.413	<0.001
Intrinsic-Job performance	0.962	0.960	0.964	79.408	<0.001
Intrinsic-Job loyalty	0.918	0.913	0.923	52.173	<0.001
Intrinsic-Overall job satisfaction	0.889	0.883	0.895	43.758	<0.001
Extrinsic-Job performance	0.951	0.948	0.954	69.324	<0.001
Extrinsic-Job loyalty	0.914	0.909	0.919	50.776	<0.001
Extrinsic-Overall job satisfaction	0.890	0.884	0.896	43.994	<0.001
Job performance-Job loyalty	0.950	0.947	0.953	68.573	<0.001
Job performance-Overall job satisfaction	0.910	0.905	0.915	49.469	<0.001

From the table 3 correlation between Intrinsic factor-Job performance, Intrinsic factor- Job loyalty, Extrinsic factor-Job performance, Extrinsic factor- Job loyalty, Intrinsic factor-Job satisfaction, Intrinsic factor- Job satisfaction, Job satisfaction -Job performance and Job satisfaction - Job loyalty are all greater than 0.8 which indicate that there exist a high positive correlation between all these factors.

Next we find whether the Job loyalty mediate the relationship between Job performance and Intrinsic factors and Extrinsic factors. In this case also we use SEM model to evaluate the direct and indirect effect between the dependent, independent and mediating variables. In Table 4 we present the fit Indices, Table 5 the regression weight and Table 6 the direct and indirect effects.

Table 4 Model fit Indices for CFA

2	DF	P	Normed 2	GFI	AGFI	NFI	TLI	CFI	RMR	RMSEA
2.126	1	.145	2.126	.999	.958	.999	.983	1.000	.010	.047



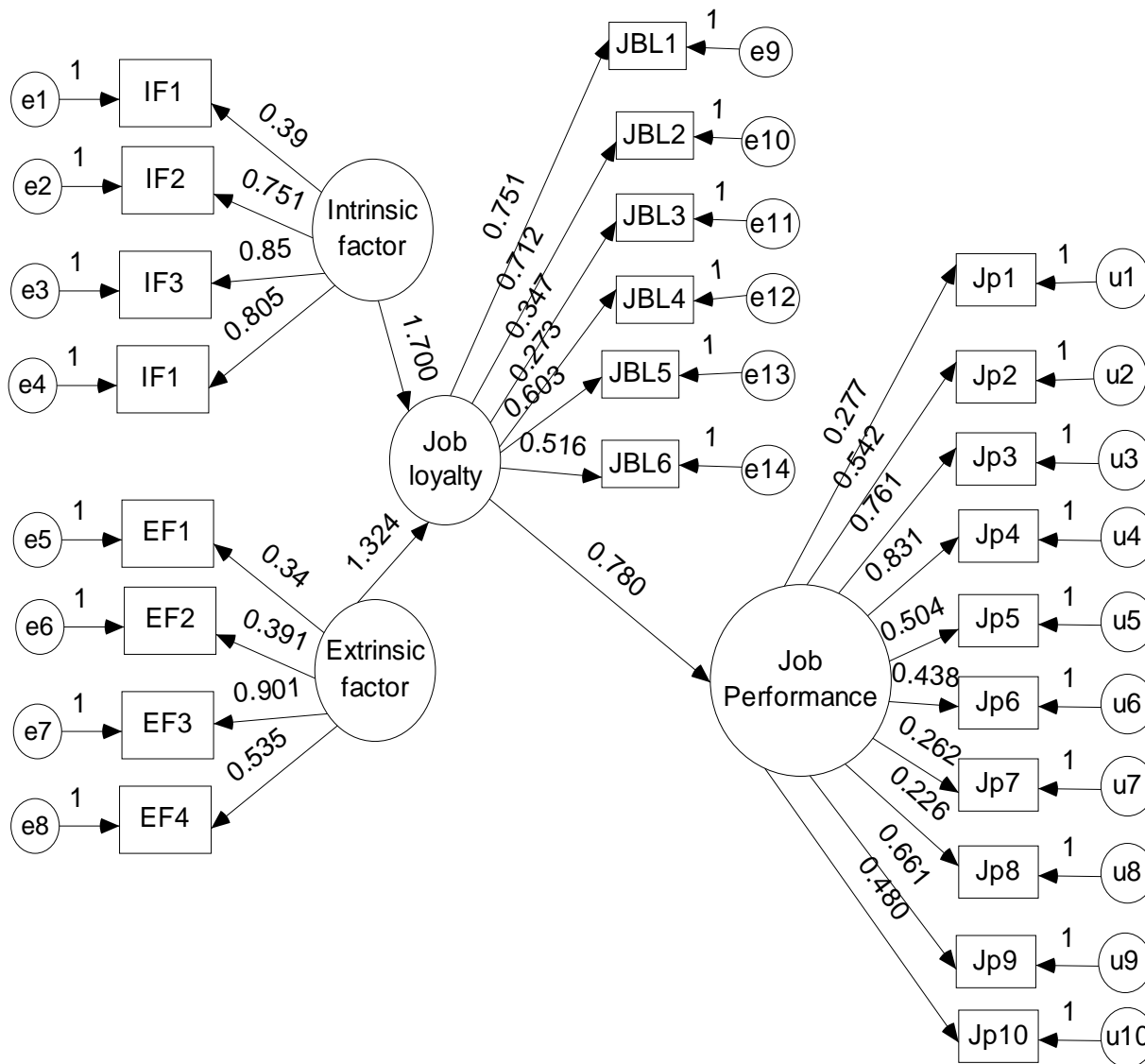
Table 5 The regression Coefficients

Factors/ Latent Variables (Dependent Variable)	Construct (Independent Variable)	Regression Coefficient	Variance explained (%)
Intrinsic factor	IF1	0.812	65.90
	IF2	0.779	60.70
	IF3	0.723	52.30
	IF4	0.959	92.00
Extrinsic factor	EF1	0.297	8.80
	EF2	0.508	25.90
	EF3	0.708	50.10
	EF4	0.668	44.60
Job performance	Jp1	0.277	7.70
	Jp2	0.542	23.10
	Jp3	0.761	29.40
	Jp4	0.831	57.90
	Jp5	0.504	69.10
	Jp6	0.438	25.40
	Jp7	0.262	19.20
	Jp8	0.226	6.90
	Jp9	0.661	5.10
	Jp10	0.480	43.60
	JBL1	0.751	56.30
	JBL2	0.712	50.70
Job loyalty	JBL3	0.347	12.00
	JBL4	0.273	7.40
	JBL5	0.603	36.40
	JBL6	0.516	26.60
Job loyalty	Intrinsic factors	1.700	81.10
	Extrinsic factors	1.324	
Job performance	Job loyalty	0.780	60.80

Table 6 Standardized Total Effects

	Extrinsic factors	Intrinsic factors	Job loyalty
Job loyalty	1.324	1.700	.000
Job performance	1.033	1.326	.780

From the Table 6 we can conclude that the Job loyalty positively mediate the relation between Job performance and Extrinsic factors and Intrinsic factors and the mediation effect is 0.780.



CONCLUSION

Number of studies has been worked out to identify the satisfaction level in job and the loyalty of job from the satisfaction level. These factors have been revealed from many past researches but information is still insufficient. For the reason, a conceptual model is developed to identify the mediation effect of job loyalty on job performance and factors of jobsatisfaction.

Job loyalty, job performance and satisfaction (JS) are widely accepted factor for success of any organization; the study focuses on the mediation effect of job loyalty on job performance and factors of job satisfaction. The result shows that The intrinsic factors of job satisfaction are highly co-related to the job performance. It indicates that the changes in intrinsic factor affect the job performance of the employees. The correlation between intrinsic factors of job satisfaction and job loyalty indicates a positive correlation which means there is a positive impact on job loyalty of the employees. The extrinsic factors of job satisfaction are co-related to the job performance. The change in the extrinsic factor affects the job loyalty of the employees. The extrinsic factors are highly correlated to the job loyalty and the extrinsic factor makes a positive impact on job loyalty. Job performance and job loyalty also have a positive co-relation. The impact of job satisfaction in terms of job performance and job loyalty have a positive correlation. The Job loyalty positively mediates the relation between Job performance and Extrinsic factors and Intrinsic factors and the mediation effect is 0.780.



The findings of this study could be used by managers in organizations in developing their staff training programme in order to create satisfied and loyal workers. The training programmes should make the employees confident that the company is sincere.

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