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5.   **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

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> **NEED/IMPORTANCE OF THE STUDY**
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> **STATEMENT OF THE PROBLEM**
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>
> **HYPOTHESES**
>
> **RESEARCH METHODOLOGY**
>
> **RESULTS & DISCUSSION**
>
> **FINDINGS**
>
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> **CONCLUSIONS**
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> **SCOPE FOR FURTHER RESEARCH**
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- Use (**ed.**) for one editor, and (**ed.s**) for multiple editors.
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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

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UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

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EMPLOYEE LOYALTY ABOVE CUSTOMER LOYALTY

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ABSTRACT

It is surprising to know, how wrong we are now about the same fact which proved us right at some point of time earlier. We were under the impression that mere loyalty from the customers will bear us the fruits. How wrong one could be in thinking that? With the changing market scenario, it is time we change our thinking and our strategies for the growth of our business. Organisations are now heading towards the importance of keeping the employees closer than the customer. The following article will provide an insight in understanding why is loyalty from employees more important than the loyalty from the customers. It will also highlight the factors that influence employees to be loyal to their organization. The paper also highlights the importance and reasons for adopting 'Employees first and Customer Second' policy.

KEYWORDS

Customer Loyalty, Employee Loyalty, Employee satisfaction, , loyal employee, Staff loyalty.

INTRODUCTION

rganizational loyalty has gone a full circle. To begin with, the relationship was such that the employee worked and earned a wage while the organization delivered what it wanted. Later, there came a time when the employees started associating with an organization for a life-time, the association being referred to as loyalty of the employee towards the organization.

However, today, the scenario has changed radically. In the globalized world, people are constantly on the move. They do not stick to an organization for long which may imply that they do not have any feeling of loyalty towards their organization. Interestingly, people are loyal towards their professional careers and not to their organization. The organization is just a means of achieving their professional goals. People craft their own career paths instead of the organization guiding their careers.

Building loyalty can result in low attrition, reducing the burden of preparing people for the same job year after year, and higher commitment towards work, enhancing employee productivity and even sacrifice on the part of the employees for the organization. This can be achieved if a company works for the benefit of its staff while focussing on its profits and stakeholders.

However, as employees no longer spend long years at a single company and are driven by their own professional goals, there is stark contrast between what an employer and an employee want how do you measure and ensure organizational loyalty under such circumstances? The tenure of an employee in an organization can no longer be the parameter for measuring employee loyalty. A slight deviation from the traditional definition of organizational loyalty and the way in which an organization manages its employees will be helpful in nurturing organizational loyalty in today's business world that alters every second. But building a long-term loyalty will prove to be a mammoth task.(Wendy Phaneuf)

The exact meaning of Employee loyalty is to be understood first. At one time, it meant living up to your end of the employee-employer bargain. You would be loyal to the company and the company would be loyal to you. Rampant downsizing, corporate restructuring and poorly managed organizational change have resulted in a broken trust bond with employees and therefore less employee loyalty. This traditional "trust bond" relationship was based on the premise that an employee's loyalty could be measured by the amount of time he or she spent on and in the job. Long hours and long service meant a loyal employee — one who was willing to make personal sacrifices for the betterment of the organization. It won't come as a surprise to know that this model of employee loyalty has dramatically changed.

Today, employee loyalty means that I give my full commitment to the job — while I'm on the job. Progressive leaders do not equate loyalty with longevity and hold the view that it is quite possible that someone who has been with you for 20 months can make a greater contribution than an employee who has been employed by the organization for 20 years. This shift in mindset must begin with leaders. No longer can leaders depend on an employee's "sense of loyalty" to meet the organization's goals. This sense of loyalty is hard to measure and even harder to create in a time where workers are constantly reminded to be loyal to them. Rather than worry about a "sense of loyalty", leaders who can appeal to a person's "sense of value" will find themselves rewarded with strong commitment and contribution.

FOUR KEY THINGS THAT ANY LEADER CAN DO TO CREATE THIS SENSE OF VALUE

COMMUNICATE CONTEXT — Ensuring that employees have a sense of why their work is important is the best way to ensure that the desired outcome will become a reality. When I know how my job contributes to the bigger picture and what the consequences are if I am not successful, I am more likely to make sure I don't let down co-workers and customers who are counting on me.

PRACTICE FAIRNESS — There has been much written about fairness in the workplace and the dichotomy in treatment within organizations. Putting aside differences between executives and workers, one doesn't need to look far to see more practical examples within workplaces. At every level of the organization, people react when they feel that they are victims of unfairness. Remember, the devil is in the details — it is important to seek and understand how employees are feeling.

TIE VERBAL RECOGNITION TO CONTRIBUTION — Employees want meaningful feedback and praise that reinforces their value and contribution. When expressing your appreciation for an employee's specific efforts to meet a customer's need, you are demonstrating your understanding of their contribution to the organization's success. This technique also reinforces context, helps employees understand what behaviours are important and ensures that these key competencies are repeated.

ENSURE MEANINGFUL REWARDS — Today's employees are seeking meaningful rewards. Given the impending shortage of top talent, it is really the highest-potential employees that we are at risk of losing if we fail to tap into their need for reward. At the most basic level, this starts with acknowledgement. This can be as simple as demonstrating to an employee that his or her contribution makes a difference and providing rewards that tap into their personal interests.

These key leadership strategies, coupled with an overall commitment to creating an environment where employees can thrive and grow will ensure the organization is rewarded with strong employee loyalty (Alexandra DeFelice-2005). Employee loyalty is on the rise, but companies must do a better job creating an environment to help keep more committed workers and therefore maintain customer relationships, according to a report. "The Walker Loyalty Report for Loyalty in the Workplace" outlines key factors contributing to employee loyalty. It reveals limited loyalty in the U.S. workplace, with only 34 percent of employees categorized as being "truly loyal," defined as being committed to the organization and planning to stay with their companies for at least two years.

Although this represents an upward swing of four percentage points from the last time the survey was conducted in 2003, and 10 percentage points from 2001, 59 percent of the workforce are still considered "trapped" (28 percent) or "high risk" (31 percent). Trapped employees are those who don't want to be there, but plan to stay and often portray a negative attitude toward the company. High-risk workers don't have the commitment and don't plan to stay. The remaining 6 percent is considered "accessible," meaning those people want to remain, and have a positive attitude toward the company, but may leave for personal reasons.

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"Real opportunities exist for companies to close the gap between those employees who are merely satisfied (75 percent) and those who are truly loyal," says Chris Woolard, client services consultant and employee loyalty specialist for Walker Information. They can offer training and development, and exhibit a strong focus on employees. Only 40 percent of respondents said their companies view employees as the most important asset, 55 percent said their companies treat employees well, and 55 percent stated having received ample training and development opportunities. Over the past year truly loyal employees have participated in 360 feedback, career planning, training classes, and mentor programs. The number one driver is promotions.

Companies should care about how loyal their employees are. Keeping employees around for even an extra six months can save costs. Replacing someone usually costs about 1.5 times that person's salary when taking into account advertising, drug screenings, and downtime. The more loyal employees recommend their company as a good place to work, limit their job searching, resist offers from other companies, and do things above and beyond the call of duty--also contributing to customer satisfaction.

What's more, potential customer concerns come into play with new employees who don't have the same rapport with customers. "Customers want to know that whoever takes care of [them] will be the person who will give them the best experience," says Michael DeSanto, vice president of marketing communications for Walker Information "Even as much information as CRM systems hold, there's a human element that can't be replaced when that employee leaves. There's a tangible that goes with that."

Frontline employees are mostly junior-level workers who come and go faster than others, but it's important to make them feel they have a relationship with the company so their customers can feel the same way. "Human interaction points are key. They provide the real differentiator," Woolard says. All companies are focused on financial performance, but most focus more on customer satisfaction than employee satisfaction. Others get the big picture of how employees, partners, and customers all fit into that equation. Companies have to have the vision, insight, and audacity to measure employee loyalty. Often, they don't want to see the numbers. It's bold to say, 'We have a problem.' Customer turnover is far more risky, so they invest in it. What they're not seeing is the effect the employee turnover will have on customer loyalty." (Keiningham, Terry. Vavra, Aksoy and Henri Wallard)

EMPLOYEE SATISFACTION AND CUSTOMER LOYALTY

The management perspective is simple: Happy employees help create happy customers. Employees who service happy customers are more likely to emerge from the interaction happy . . . And so on and on the interaction spirals, virtually feeding on itself. This effect has been popularized in the concept of the "satisfaction mirror" (i.e., employee satisfaction leads to customer satisfaction and business results), first described in an article in the Harvard Business Review. The article, written by a number of highly respected Harvard professors, established a theory of linkage between the level of service provided by businesses and their profitability. It served as an impetus for a re-examination of how employees were treated within their workplaces. The argument was largely intuitive, stimulating others to explore it more scientifically.

Virtually all of the studies that tested the satisfaction mirror concept have identified some linkage between employee satisfaction and customer satisfaction, between employee satisfaction and customer loyalty, or both. The discovered linkages, however, have ranged from negative to positive, and a few studies yielded no correlation at all. Employee satisfaction does not universally nor unambiguously create customer loyalty.

The lack of a consistent, positive linkage supporting this myth should not be taken as an invitation to abuse employees or treat them with indifference. Although there may not be a direct relationship between employee satisfaction and customer loyalty, pervasive and continuing low employee morale will exact an ultimate toll. Unhappy employees can hurt operations in a myriad of ways: absenteeism, low productivity, uncooperative spirit, filing complaints, supporting strikes, and so forth. No one [employee] in any organization can totally satisfy a customer. But any one [employee] can totally dissatisfy a customer. While employee satisfaction isn't the boon promised to businesses, employee dissatisfaction has led to disastrous results for many firms, as Safeway discovered.

EMPLOYEE SATISFACTION LEADS TO BUSINESS RESULTS

The belief that employee satisfaction is important to business outcomes has been around for ages, as far back as the seventeenth century. There are probably a subsequent 7,000 or more identifiable investigations on the subject. Unfortunately, culling through the findings of these studies looking for relationships between employee morale and standard measures of productivity finds a mixed bag: positive correlations, negative correlations, and, in some situations, no correlations whatsoever.

Similarly studies specifically testing the association between employee satisfaction and business results typically discover some linkage. Just as was the case with examinations of employee satisfaction and customer satisfaction, they have failed to reveal consistent indications. Some correlate negatively, some positively, and a few fail to show any correlation.

Most investigations into the linkage between employee satisfaction and customer satisfaction and, ultimately, corporate profits have tended to study absolute levels of employee measures. The consistency of employee feelings was more important than the absolute level in building a cause-effect model! Employees, like customers, appear to establish thresholds of expected performance. That is, they will accustom themselves to less than ideal circumstances so long as those conditions don't worsen. Employees similarly acclimate to thresholds of environment, even though they may be less than perfect. If, however, these thresholds are breached by deteriorating conditions, then there are repercussions in employees' performance, and customer feelings and profits are likely to suffer. But if employee attitudes remain constant or advance slowly, without receding, then customer attitudes and profits are more likely to improve. Unfortunately, firms with satisfied employees can still find themselves losing out to competitors and ultimately going out of business.

LOYAL EMPLOYEES CREATE LOYAL CUSTOMERS

Employee satisfaction has not always been shown to link directly to customer loyalty, so a new myth has evolved with a slightly different target. The amended myth holds that it is not employee satisfaction but employee loyalty that results in customer loyalty. Clearly, this statement also seems intuitively correct. Belief in this myth is further fuelled by occasional examples in the business and popular press that offer support for this argument. For example, in a survey of more than 7,500 workers, more than half considered themselves committed to their employers. Shareholders investing in the companies with committed employees received, on average, a 112 percent return on their investment over three years. Investment in companies where employees considered themselves average or below average in commitment to the firm returned an average of only 76 percent. Because of its assumed impact on corporate performance, for the past 30 years, employee commitment has been one of the most popular research areas in the fields of industrial psychology and organizational behaviour. However, paradoxical as it might seem, researchers in these disciplines have been unable to confirm a relationship between employee commitment and business performance. Although higher levels of commitment may relate to improved job performance in some situations; the present findings suggest that commitment has very little direct influence on performance in most instances.

The Service Management faculty at the Harvard Business School suggests that the strength of the relationship may be contingent upon four elements describing employee performance: capability, satisfaction, loyalty, and productivity. These four elements are thought to directly influence customer satisfaction (and ultimately loyalty) in the following manner:

1. CAPABILITY: Capable employees can deliver high-value service to customers. This implies that employees have the training, tools, procedures, and rules to deliver good service.

2. SATISFACTION: Satisfied employees are more likely to treat customers better than are their dissatisfied counterparts.

3. LOYALTY: Loyal employees are more willing to suppress short-term demands for the long-term benefit of the organization. As such, they may themselves place a priority on good customer service. Loyal employees also stay with their organizations longer, reducing the cost of turnover and its negative effect on service quality.

4. PRODUCTIVITY: Productive employees have the potential to raise the value of a firm's offerings to its customers. Greater productivity can lower costs of operations, which can mean lower prices for customers.

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The combination of these four factors makes intuitive sense. In addition to the traditionally emphasized elements of employee satisfaction and loyalty, this perspective adds the dimensions of capability and productivity. The theory, yet to be proven, emphasizes that employee loyalty is not a singular, direct link to customer loyalty.

BUILD EMPLOYEE LOYALTY

The way people treat each other in companies and other organizations is affected by the common vision shared by employees says Peter Senge, author of *The Fifth Discipline*. "One of the deepest desires underlying shared vision is the desire to be connected to a larger purpose and one another."

A study by the American Management Association shows that when employees' personal values are congruent with their company's values, their personal lives are better, and they feel better about their jobs. According to Gregory Smith, author of *Here Today, Here Tomorrow*, "An organization that can create an energized, higher-calling environment will have higher retention and greater productivity." (Cheri Swales, Monster Contributing Writer) A larger purpose is the key to building loyalty, and companies with loyal employees reap the rewards. Many service organizations have long-tenured employees, because they were able to easily link into their higher calling. How can your company build loyalty?

Some company's products do not lend themselves to altruistic values. I worked for Honeywell's Solid State Electronic Center in Colorado Springs, which built the computer chips in their regulators, mainframe computers, thermostats and bombs. It wasn't comforting to know my work produced weapons of mass destruction. However, our division's mission was to improve individuals' quality of life through the products we built. This was an easier mission to internalize. And yet I eventually resigned, because the company's values conflicted with my own. Determine your company's higher purpose. Don't think of building cars; instead think of providing safety, reliability and peace of mind to consumers. Once you understand your company's higher purpose, share it with employees and applicants. Post company values in your employee manual, vacancy notices, brochures, and on intranet and Web sites.

OTHER THINGS THAT CAN BE DONE

A company can also increase loyalty and decrease turnover through:

- Clear and frequent communication. When an organization lets employees know what's happening, employees feel more included and trusted.
- Continuous training and tuition reimbursement. Providing training is important, because:
  -- It is an investment in employees, which they see as money in the bank.
  -- When you invest in workers, they are more apt to invest in your company.
- Expect greatness. When you raise the bar, employees will meet your expectations and feel important.
- Provide career counselling. When you help employees grow in their careers, they are more apt to stay with you.
- Invest in employees' financial futures with a matching 401k. When you have a stake in their financial future, they will want to have a stake in yours.
- Reward and recognize employees often. Employees crave positive feedback and will be more productive when they receive it.
- Ask employees for input on important decisions. Employees will feel important and more committed to the mission.
- Institute exit interviews when employees terminate to determine why they are leaving.
- Establish a family-friendly work environment. Child-care benefits and flexible schedules allow employees to spend more time with family.
- Allow employees to work on visible projects, or add additional duties that interest them.

Loyalty to your company mission doesn't come easily. You must build it one employee at a time. And building loyalty is much like building trust: It's easy to tear down; the challenge is to build it up and maintain it.

LOYAL STAFF EQUALS LOYAL CUSTOMERS

Staff members stay loyal to organizations with good growth prospects, and especially where they feel they can build relationships with customers and really add value for them. Conversely, staff members will leave apparently unsuccessful organizations with high customer turnover and lack of customer loyalty- it's just not much fun or rewarding. In such an organization, there is no opportunity to really help customers in an ongoing way; so this contributing factor to job satisfaction is lacking. (Dr. Stephanie Jones-2011)

The "Loyal staff = Loyal customers" concept is important in any business where there is high degree of customer interface and an element of choice. Loyal customers are generated by a loyal staff member who is loyal because he or she owns the business, or has a significant stake in it. So the challenge for larger organizations is to help make their staff members feel like they own the business, and thus care about their customers more, and of course, continue working there in the process. Some industries are particularly challenged when it comes to retaining staff, and this has much to do with the nature of the business and seasonality. For example, in the hotel industry, staff turnover can be endemic.

Loyal staff members don't encourage loyal customers because they are loyal only because they don't have an alternative employment and feel they have no choice.

Studies reveal the following three reasons why people stay:

- **AFFECTIVE COMMITMENT**; is where employees feel emotionally attached to an organization or their leader or employer- and arguably this is one of the most effective attitudes to loyalty in terms of producing customer commitment. The emotionally-committed employee will always try to do his or her best to excel in the work, which usually involves pleasing and retaining customers. They feel fortunate to have their jobs, they are proud of the organization, and usually are prepared to work hard.
- **CONTINUANCE COMMITMENT**; does not necessarily help to retain customers as the staff member concerned is only staying because there might be a cost involved in leaving. He or she might find it difficult to get another job. He or she might find that another organization pays less salary, or might expect harder work or longer hours. The work being done now is manageable and the employer is fairly reasonable, but this job is not seen as a long-term prospect. Customers are not a priority, and the employee here is mostly taking an opportunistic approach, doing his or her daily job as required but usually without much enthusiasm.

CONCLUSION

PUTTING EMPLOYEES FIRST AND CUSTOMERS SECOND

Providing a service is very different from making a product. Individuals buying a product have no contact with the individuals making it. Customer satisfaction with such products is not a function of a relationship with those who made it but instead may be influenced by advertising, comments about the product made by other individuals, or having brought the product earlier.

However when individuals buy a service, they are influenced by the person providing the service and the nature and quality of the interaction or experience they have with the service provider. Receiving a service is face-to-face, personal and psychological experience. There is psychological and physical closeness between customers and employees providing the service in the service encounter.

If the customer or client is dissatisfied, it is likely that he will no longer do business with that firm. These customers will take their business elsewhere and let their friends and acquaintances know about their bad experience. Customers receiving high quality service are likely to remain loyal to that firm. Firms also know that it is harder to attract new customers than retaining current customers. Thus, firms have become increasingly interested in the quality of the service they provide to their customers. This led to the slogan, 'put the customer first'. But a better approach is to 'put employees first and customers second'.

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Firms can increase the quality of service they provide to customers in at least two ways. One involves the use of human resource management practices that increase employee satisfaction. When service employees are trained and skilled, rewarded and supported for doing a good job, they realize that they are doing a good job. This employee satisfaction gets transferred to their customers who in turn will be highly satisfied with the service they received. High levels of firm satisfaction will be passed on to customers through the high levels of satisfaction of the service providers.

A second approach involves the articulation of firm's values, policies and practices that support the delivery of high quality services to customers. When employees work for a firm, they believe, values the delivery of high quality services, customers also indicate that they had received high quality services.

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