THE RELATIONHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES, WORKPLACE SPIRITUALITY AND EMPLOYEE LOYALTY IN NIGERIA

BY

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ABSTRACT

Human resource management (HRM) practices scope has been broadened to include workplace spiritualty (WS) dimension in order to increase employee loyalty to organization. Employee loyalty plays a significant role in the organizational development as well as economic growth around the word. The main purpose of this study is to investigate the relationship between human resource management practices (HRMP), workplace spirituality (WS) and employee loyalty (EL) in Nigeria public sector. A proposed human resource management practices model that embed workplace spirituality measures were formulated and tested on employee loyalty. This study adopts quantitative research approach. Survey, using questionnaire, was conducted to obtained data from 500 public sector employees in Lagos state Nigeria. Structural Equation Modeling analysis using AMOS version 22 was conducted to determine the direct and indirect effects of HRM on employee loyalty. The findings reveal that there is a strong causal relationship between HRM practices and employee loyalty in Lagos state public sector. The findings also show the mediating effect of workplace spirituality on the relationship between HRM practices and employee loyalty. The study also establishes valid measures for workplace spirituality and employee loyalty constructs. It is evident from the findings that workplace spirituality is an underlying factor to reckon with in motivating employee to be loyal to their organization. Hence, this study supports the use of workplace spirituality as one of human resource management practices dimension in organization. This study recommends that future research should consider using longitudinal mixed method research design to study relationship between HRM practices, workplace spirituality and employee loyalty. Thus, findings of this research have undoubtedly created pathway for future research in human resource management.

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خلاصة البحث

هناك التطور في نطاق ممارسات الموارد البشرية (HRM) بحيث تشمل البعد الروحاني في القطاع العملي (WS) من أجل زيادة ولاء الموظفين للمؤسسة. يؤدي ولاء الموظفين دورًا مهمًا في التطوير التنظيمي وكذلك النمو الاقتصادي حول العالم. يهدف هذا البحث الي التعرف علي العلاقة بين ممارسات إدارة الموارد البشرية (HRMP) والروحانية في مكان العمل (WS) وولاء الموظفين (EL) في القطاع العام في نيجيريا. تمت صياغة نموذج ممارسات إدارة الموارد البشرية المقترح الذي يتضمن تدابير الروحانية في مكان العمل وتجربه على ولاء الموظفين. يعتمد البحث علي المنهج الكمي وتم إجراء المسح باستخدام الاستبيان للحصول على بيانات من (500) موظفا في القطاع العام في ولاية لاغوس ، نيجيريا. وقد تم تحليل نمذجة المعادلة الهيكلية باستخدام (AMOS) الإصدار 22 لتحديد الآثار المباشرة وغير المباشرة لإدارة الموارد البشرية على ولاء الموظفين. واسفرت النتائج الي أن هناك وجود علاقة سببية قوية بين ممارسات إدارة الموارد البشرية وولاء الموظفين في القطاع العام بولاية لاغوس. كما أظهرت النتائج أيضًا التأثير الوسيط للروحانية في مكان العمل بين العلاقة في ممارسات إدارة الموارد البشرية وولاء الموظفين. وقد تم تحديد مقاييس صالحة لقياس الروحانية في مكان العمل وبنى ولاء الموظفين. يتضح من النتائج أن الروحانية في مكان العمل هي عامل أساسي يحسب له دور في تحفيز الموظفين ليكونوا مخلصًا للمؤسساتهم. ومن ثم ، قد اوصى البحث باستخدام الروحانية في مكان العمل كأحد أبعاد ممارسات إدارة الموارد البشرية في المؤسسات وكذالك بضرورة اجراء البحث المستقبلي في تصميم بحث طويل المدى مختلط لدراسة العلاقة بين ممارسات إدارة الموارد البشرية والروحانية في مكان العمل وولاء الموظفين. وبالتالي ، فإن نتائج هذا البحث قد خلقت بلا شك مسارًا للبحث المستقبلي في إدارة الموارد البشرية.

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APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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DEDICATION

This thesis is dedicated to:

My family and the entire Muslim Ummah

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LIST OF ABBREVIATIONS

WORDS	MEANING
AMOS	Analysis of Moment Structure
APA	American Psychological Association
AV	Alignment with Organization Value
AVE	Average Variance Extracted
C	Compensation
CFA	Confirmatory Factor Analysis
EFA	Exploratory Factor Analysis
EL	Employee Loyalty
GEN X Y	Generation X and Y
HRM	Human Resource Management
KMO	Kaiser-Meyer-Olkin
MD	Meaningful Work Dimension
NAPEP	National Poverty Alleviation Programme
PA	Performance Appraisal
RMSEA	Root Mean Square Error of Approximation
SJ	Sense of Joy (inner life)
SEM	Structural Equation Modelling
SPSS	Statistical Package for Social Science
T&D	Training and Development

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Employee loyalty is of continued concern to every employer of labour. It is significant because it stimulates the attainment of organizational goals. Studies indicate that loyal employees are indispensable stakeholders who contribute immensely towards the progress of a business (Prabhakar, 2016; Waqas et al., 2014). Therefore, their loyalty is an integral part of a successful business organization.

In this study, HRM practices are examined in the light of workplace spirituality. The aim is to provide insight into how workplace spirituality can be used to complement conventional HRM practices. Researchers found that workplace spirituality enhances employee loyalty, organizational competencies, and builds a healthier work environment (Ogunsola, 2018; Rego & Pina Cunha, 2008). Hence, introducing workplace spirituality to argument HRM practices may not be confounding.

Khandelwal and Sharma (2019) argue that if organizations implement novel ways to deal with the employees in the workplace, there are tendencies that employee-employer relationships will be enhanced. Such relationship often results in better services, increased productivity, improved revenue, customer retention, reduction in employee turnover, and so forth.

This chapter is discussed in sub-sections. The first subsection introduces the study. The second subsection focuses on the background of the research. Third and fourth subsections discuss the context of the study. It provides an overview of Nigerian HRM and employees in public organizations. Statement problems are stated in the fifth subsection.

The sixth subsection contains the research objectives, while the research questions are subsequently highlighted in the seventh subsection. The significant of the study is enumerated in the eighth subsection, followed by the definition of terms in the ninth subsection. The organizational flow chart of the study is shown in subsection ten. Chapter summary concludes in subsection ten.

1.2 BACKGROUND OF THE STUDY

This study explores human resource management (HRM) practices and employee loyalty through workplace spirituality (WS) as dimensional HRM practices viz-a-viz the Nigerian public organizations in Lagos state. Contemporary literature has consistently focused on employee loyalty in the global business world. Researchers establish that loyal employees contribute immensely to the success of an organization which leads to uninterrupted goal achievement and advancement for the organization (Hart & Thompson, 2007; Jun, Cai & Shin, 2006; Plaskoff, 2017).

In the recent years, employees are the mainframe that brings about the comparative advantage to the business environment. An organization can alternate and/or give up some resources in a replacement for another, however, this is not always the case when it comes to employees. Organisation are not always willing to lose employees that can move the business to a great height. Thus, especially in a competitive labour market, developing employee loyalty to keep the proficient ones is important for challenges of the 21st-century business environment.

In the management discourse, commitment is a central variable synonymous with loyalty. Loyal employees are more likely to put out extra effort at work in order to boost the organization's performance. In recent years, the potential impact of loyalty on performance has largely increased. Extant literature has explored the term loyalty in various ways. These include consumer loyalty, employee loyalty, management loyalty, loyalty to society and principles, ideals and beliefs, and so forth.

Researchers believe that satisfaction is not the only determinant of success and profitability. There are indications that other variables such as loyalty are vital to business success and profitability. Hence, organizations that seek to edge out effectively should try to earn the loyalty of its employees at the top, middle, and lower management structure.

The growth and development of information and technology have created a new paradigm in managing employee concerns. As a result of divergence communication, relationship, and strategic planning on employees' perceptions, loyalty in employees became a missing entity in an organization (Sheth et al., 2020). The decline of loyalty is becoming a syndrome in the business world today. Thus, it requires a critical review.

For instance, managers in most organizations are desirous for organizational success regardless of their industry affiliation. The basic yardstick to achieve this success in the competitive business environment is having satisfied and loyal employees, who will ensure the completion of a business project. This foreshadows reliance on loyalty within the business environment (Rajput, Singhal & Tiwari, 2016)

Given the dynamic business environment, employers need to devise strategies to retain their experts and keep them loyal. By so doing, employers can avoid brain drain. However, it should be noted that sustained loyalty in any organization reflects management operations and practices, since these give clues to intending or existing employees about the company (Rana & Malik, 2017; Ribeiro & Gomes, 2016; Zhu et al., 2014). Hence, the operations and practices shape employees' perception of how they are treated.

By implication, a satisfied employee is unlikely to seek another employment. Therefore, it becomes imperative to employ appropriate HRM policies. Particularly, those that can induce employee loyalty. By statute, HRM places great emphasis on the organizational structure by forming policies that enhance possibilities for advancement, long-term development initiatives, and job stability. These are variables that contribute to employee loyalty.

Employee knowledge and growth perspectives, according to Robert Kaplan and David Norton in the 1990s, are the foundation of a balanced scorecard system. (Kaplan et al., 2001; Schulte, 2005). These can also enhance employee loyalty to their organizations. Therefore, employees feel more sense of belongingness when they are recognized by the management of their organizations.

In this regard, every organization must to pay close attention to employee loyalty. Studies suggest that this will promote their domestic processes and prevent repeated training on employee disloyalty and turnover (Sikora et al., 2016; Sikora, Ferris & Van Iddekinge, 2015). Companies nowadays use a variety of marketing strategies, both internally and externally, to improve customer satisfaction. (Spinelli & Canavos, 2000). Employee loyalty is a good factor in achieving customer satisfaction. There are both theoretical and anecdotal examples of how employee loyalty can lead to outstanding customer service and loyalty, and therefore secure an organization's long-term profitability and success. (Ineson, Benke & Laszlo, 2013).

Meanwhile, there are also studies that have investigated the relative negative impacts of employee disloyalty. Researchers have established that not being loyal is a factor for turnover intention or actual turnover (Cumming, 2007; C. Long, Ajagbe & Nor, 2012; Mahyarni, Meflinda & Indrayani, 2018; Oluwafemi, 2013b; Price, 2001; Radzi et al., 2009). They advanced that early detection of employee job dissatisfaction through some loyalty measurement dimension would be more useful than taking remedial action. Perhaps, if the organizations can intervene on the likely causes of employee disloyalty, they may certainly be able to nip the problems of employee loyalty in the bud before they exacerbate.

Given this backdrop, organizational strategies are considered determining factors for how well employees express their loyalty to the organization. This means that efforts to improve employees' social conveniences in the business environment remain an issue for managers. Therefore, implementing numerous activities aimed at building a better organizational climate becomes a subject of continuous research.

Some policies focus on organizational environment and how to cater to loyal employees who perform their role in ensuring that the organization functions (Crosson, 2007; Rai, 2014). Still, the role of management in organizations to bring about loyal employees has not been exhaustively examined. Further studies on strategies for positive changes in an employee that will eventually bring about global organizational goal achievements and employee loyalty can be investigated (Ashmos & Duchon, 2000).

Herstein and Zvilling (2010) claimed that competitive global advantage is one of the challenging tasks for human resource managers, when it comes to employee loyalty as well as the external factors (e.g., shareholders and competitors) that relate to the organization. On this basis, organizations may investigate their weaknesses and turn them into their strength. This may enable them to design suitable measures (policies and principles) that aid employees' loyalty to sustain business expansion.

Given this milieu, one of the practices or activities that can facilitate a positive impact on employee loyalty to the organization is workplace spirituality (WS). Spirituality is defined in this work as the state of being influenced by a supernatural being in ethics and deeds (Ashmos & Duchon, 2000). A supernatural being refers to any ‘sacred objects’ of adoration believed to impact the ethics and deeds of a person.

Devendhiran and Wesley (2017) mentioned in their study that most organizations anticipate the inclusion of workplace spirituality as an alternative to physical and mental uprightness for their employees. Workplace spirituality is usually a combination of meaningful work connected to one’s well-being. That is, the employee is living his or her life in the workplace environment in a meaningful way, which also goes in line with organization goals.

Workplace spirituality is an emerging paradigm that has the potential to guide organizational transformation and development to maximize the triple bottom line (Fry & Slocum, 2008; Rezapouraghdam, Alipour Arasli, 2018). Workplace spirituality is another strategy that can help an employee to be loyal to their organizations. It is an organization-based setting that promotes a happy workplace environment. It engenders employees-employers’ interactions. Workplace spirituality indicates a meaningful work environment wherein employees recognize that their work gives meaning or has a purpose for their lives, community as well as peoples’ feelings of connectedness to each other at work (Rezapouraghdam, Alipour & Arasli, 2018).

According to Ashmos and Duchon (2000); Pirkola, Rantakokko and Suhonen (2016); Resource et al. (2015), the concept of workplace spirituality (WS) is now of growing interest. These authors pointed out that the understanding of WS by HR managers can provide a better idea about the environment in which employees conduct their activities. Garcia-Zamor (2003) stated that many organizations are considering the incorporation of WS because it can create a positive relationship between the employee and the organization.

Dehaghi, Goodarzi & Arazi (2012) indicate in their findings that when employees experience workplace spirituality, they feel more effectively close to their organization, experience a sense of responsibility and loyalty to the organization. Daniel (2010) argued that an organization might sustain employee loyalty with the introduction of workplace spirituality. Krishnakumar and Neck (2002); Long and Mills (2010) reiterate the importance of workplace spirituality measures as necessary for every organization. This is because of its win-win outcomes – enhancing employee loyalty and achievement of organizational goals.

Previous research on this phenomenon has suggested that organizations that accommodate some measures to develop workplace spirituality benefit from loyal employees, who do not only work for their interest but also work with the motive of achieving the goals of the organization’s goals. Academy of Management set up a special interest group to manage spirituality and religion in the workplace (Poole, 2009; Roof, 2015). This is to evaluate how well workplace spirituality can be an effective response to employee loyalty in the business management environment.

It is important to state that workplace spirituality needs to be carefully implemented due to the different cultural backgrounds of the employees working in the organization. With the emergence of the twentieth-century generation of workers’ loyalty, workplace spirituality and HRM practices in an organization need to be studied anew. Therefore, exploring generation X and Y employees’ viz-a-viz workplace spirituality is also one of the aims of the current study.

Gursoy, Maier and Chi (2008); Maier et al. (2015) argue the differences between generations. The authors posit that employees have different ways of thinking. This can be attributed to the lean time and war years during their lives which gave them a diverse perception of handling situations. Therefore, generations of employees can be different from one group to the other. The different occurrences shape their life towards organization loyalty differently (Becton, Walker & Jones-Farmer, 2014; Cennamo & Gardner, 2008b; Lyons & Kuron, 2014).

Specifically, (Gursoy, Maier and Chi 2008b; Madera et al. 2011) examined how managers perceive Gen X and Gen Y employees and how each generation, in turn, perceives their co-worker's relationship with one another in and outside the working environment. The connectedness of employees among themselves, either positive or negative, can equally lead to effectiveness and proficiency or otherwise on the part of both employees and organisation. Hence, there is also the need to study generational differences in relation to workplace spirituality.

The outcome might give a judicious thought to this research and future research in terms of the scheme needed for employee loyalty to the organization. Based on evidence that reported generational differences in the workplace environment (Joshi et al., 2010), this study posits that more similarities than dissimilarities can be discovered. The prevalence of gender-track employee loyalty in an organization is now gaining momentum.

Subjective evidence suggests that what makes women stay loyal to an organization is different compared to men (Igor, Buntak & Drožđek, 2015). Ong et al. (2014) identified that men have a lower turnover intention (high loyalty) than women. Inability to find job fulfilment forces women to leave their present jobs (Belkin, 2003; Leschyshyn & Minnotte, 2014; Ong et al., 2014). In the wake of these conflicting results, it is necessary to examine whether gender accounts for differences in an employee's loyalty when assessing the HRM practices.