

**ILL EFFECTS ON ORGANIZATION IN CASE OF  
ABSENCE OF EMPLOYEE LOYALTY-A CASE STUDY  
APPROACH**

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**Abstract**

In this research paper titled as “Ill Effects on Organization in case of absence of Employee Loyalty - A Case Study Approach”, author has deliberated on the concept of “Employee Loyalty”. Employee loyalty as a concept is very simple and easy to understand, the employee who is devoted towards the success of the organization, such an employee remains in the employment for very long time and does not find options elsewhere. In other words, such employee can do many things for the betterment of the organization and in turn expects that the organization takes his complete care as an unwritten rule. The author has narrated a few incidences where ‘Employee Loyalty’ was not in existence. He has tried his level best to focus on some of the reasons and discussed its ill effects on organization. Appropriately, the author has drawn some conclusions based on findings and also has given some suggestions to improve the ‘Employee Loyalty’ within an organization.

***Keywords:***

***Employee Loyalty;***

***Devotion;***

***Retention;***

***Accumulator;***

***Dividend***

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## **1. INTRODUCTION :-**

It is generally said that, 'Employee Loyalty' pays huge dividends not only to the organizations, but also to employees. Many people may have had this kind of experience, but the researcher had exactly opposite experience related to employee loyalty, thus he has tried to focus on two such incidences in this research paper.

Employee loyalty can be defined as devoted employees towards the success of an organization with a belief that being a 'Loyal' employee of the organization is in his best interest also plan to remain in the employment of the same organization, and do not find a job in another organisation. In other words, such employees can do many things for the betterment of the organization and expect that the organization takes their complete care in return as an unwritten rule. Employees are considered not only as a valuable resource for any but it is considered as an investment, if we consider expenses of organization related to recruitment and training, salaries and other benefits too. Long-term success of an individual and any company would be very much dependent on loyalty of the employees. This statement may be correct in the eyes of most of the executives. Very few organizations are successful in retaining loyal employees. Organizations, having in practice, loyal employees on their muster roll, can taste delicious and sweet fruits of success. This case may not be applicable to all the organizations simply because 'Employee Loyalty' itself is one of the biggest assets of an organisation which is very hard and difficult to earn by an organization. Any organisation which has got such more assets can enjoy fruits of success, as mentioned earlier. Such an organisation need not keep on hunting for good people all the time, simply because such organisation is blessed with good employees who are loyal and efficient towards their work.

Organizations, where employee loyalty is not in existence, may face many problems like misappropriation of funds, damage to the property of the company and wilful negligence while working with an intention to cause loss to the production activity of the organization etc. In this research paper the author has focussed on such incidences; where a problem for the organization was created by an employee who is not loyal.

## **2. RESEARCH PAPER OBJECTIVES:-**

The research paper objectives are as follows:-

1. To understand the concept of 'Employee Loyalty'.
2. To study ill effects on organization in case of absence of 'Employee Loyalty'.

## **2.1 RESEARCH PAPER METHODOLOGY:-**

The research methodology adopted for writing this research paper is as follows:-

1. This research is solely based on primary data.
2. The researcher has narrated two case studies on the basis of his interactions and observations in some industries in the last some years.
3. Researcher's personal views were formed appropriately after studying these case studies.

## **2.2 SOURCES OF PRIMARY DATA:-**

The researcher has got rich composite experience of 23 years in industry and academics. He has observed many incidences quite closely during these interactions. This Research Paper is an attempt to focus on some of the selective incidences; as a result, **Observation** is a source of primary data for this research paper.

## **3. PRACTICAL ILLUSTRATIONS:-**

In this part of the research paper, we are going through the case studies for understanding the ill effects of non existence of 'Employee Loyalty' within the organization.

### **3.1. CASE NO. I:-**

In the year 1999, in one of the steel sheets Pune based manufacturing companies, there was a bus driver named, Mr. Rajesh Chimane, working on gross emoluments of Rs. 1500/- p.m. One day, somewhere around 12 noon all of a sudden there was an urgent need of Rs. 1 Lakh at city branch office. Someone from plant needed to be deputed for this task of carrying cash from plant to city branch office. Finance manager at a plant found Mr. Rajesh Chimane, doing some cleaning work of the mini bus; for which he was deployed for the day. Finance manager, handed over the amount of Rs. 1 Lakh to Mr. Rajesh and asked him to rush to city branch office immediately.

Normally, it takes around 45 minutes to travel from plant to city branch office. However, there was neither any report of the bus location and driver nor of the amount of Rs. 1 Lakh even after 1 & half hours. Company authorities launched a complaint against Mr. Rajesh. After some days, police arrested him and recovered cash of Rs. 40,000/- only as Rs. 60,000/- was spent by him for his mother's hospitalization and for purchasing few ornaments for his sister. When police interrogated him, he told the story which was very shocking. It was about one week before the incident took place; Mr. Rajesh was in bad need of money for his mother's hospitalization. His mother needed to be operated for some ailment. Accordingly, he went to Finance Manager, with an application for salary advance. Finance Manager rejected his application stating that, he already has outstanding advance on his name; hence additional advance couldn't be sanctioned to him.

### **3.2. CASE NO. II:-**

Mr. Dhanesh was working near accumulator of the colour coating line in a steel industry situated in Pune. His designation was 'Senior Operator'. He was sharing the major responsibility of handling the accumulator successfully. He has a family consisting of wife and two school going children. Somehow he was able to manage his livelihood. Sometimes it used to be difficult to manage family contingencies and fulfil the requirements of school projects, monthly fees etc. Accumulator in the colour coating line is a system by which uninterrupted production can be ensured till the target gets completed. Mr. Dhanesh was working since a very long time and was an experienced worker, who normally used to guide newly recruited operators in his department. In the latest rise in the salary, he was not satisfied simply because the amount of salary and work & responsibilities which he was handling was not commensurate. He had several interactions with his immediate superior but all for in vain. He wrote a complaint against lesser rise in the salary and negligence of his superior. He approached HR Manager and submitted application. Mr. Daniel, HR Manager, assured him that he would look into the matter and talk to the concerned authorities for resolving this issue. After two months, Mr. Dhanesh tried to meet Mr. Daniel, but he expressed his inability to meet due to his busy schedule and neglected Mr. Dhanesh thereafter on number of occasions. Mr. Dhanesh became very sad because he was unjustly treated by his superiors and even HR Manager was not paying attention to his complaint. One fine day, when Mr. Dhanesh was working at that time near accumulator, looked

tense. The production line was running and accumulator was also on, Mr. Dhanesh just kept one nail in between the roll and steel sheet as a result the steel sheet which was getting colour coated got damaged. There was a visible scratch on the sheet. When the Q.C. Inspector checked the sheet against the set standards; the sheet was of no use and hence it was 'REJECTED'.

#### **4.FINDING :-**

After looking at these two cases, we come to know that in both the cases employees were sincere towards their work. They were in need of money for fulfilling the demands of the family or even inflation was making it difficult for them to make both ends meet.

If we look at Case No. I, Mr. Rajesh Chimane, a driver was badly in need of money for the hospitalization of his mother and requested management for salary advance. Finance Manager rejected his application because there was an outstanding advance on his name. Subsequently, all of a sudden he was assigned the task of carrying cash of Rs. 1 Lakh to city branch office. At this time, he had this negative thought of stealing the amount. It can be observed that, at this time 'Employee Loyalty' was thrown to the back seat and individual need was given the front seat, simply because organization ignored his need in difficult time. In Case No. II, Mr. Dhanesh, was a sincere senior employee of the organization. He was fighting for justice for inadequate rise in his salary. The matter was reported to his immediate superior and also escalated to HR manager, but all for in vain. He got depressed by such kind of experience for more than six months. One day while working on accumulator, he kept a nail in between roll and steel sheet, which damaged the entire sheet and subsequently got rejected by Q.C. department. In this case, Mr. Dhanesh was depressed because of the approach of his superior and HR Manager towards Dhanesh and his complaint of not paying attention. Since the organization was not giving importance to his complaint he decided to damage the production activity and made loss to production which amounts in several lakhs. In this situation also 'Employee Loyalty' was pushed back to take revenge.

#### **5.CONCLUSION:-**

Based on these cases mentioned above, and objectives framed for the study, we may conclude that,

1. By refereeing these cases we have understood the concept of 'Employee Loyalty' and also the importance of 'Employee Loyalty'.
2. We have also understood the ill-effects on organisation in case of absence of 'Employee Loyalty'. If we refer, personalities mentioned in both the cases were sincere employees. Their superiors or management could not give justice to these employees on timely basis, because of which they have turned in to disloyal employee. Hence, we can also conclude that, when an employee gets frustrated after continuous follow-up in the case for resolving issues related to money, individual takes such kind of drastic steps; where employee turns disloyal.

### **6.SUGGESTION:-**

Researcher would like to give suggestions to the management, in case of the first case, where driver was involved in theft. Though some advance was there as an outstanding on his name, finance manager should have done taken the approval of the higher level management and should have given additional advance to Mr. Rajesh for his mother's hospitalization. In such case management should have some revision in the policy of payment of salary advance, which caters to the demands of such employees in need in their difficult times.

In another case, Management should have taken cognizance of the application submitted by Mr. Dhanesh regarding reconsideration of his salary rise and appropriately resolved this matter gracefully. However, for resolving such problems in the organisation management should have well-defined policies which will focus on rationality and equality while giving annual notional normal increment to an employee.

### **7.RESEARCH PAPER LIM ITATIONS:-**

1. Inferences are drawn based on personal views and opinion, thus, reader's agreement with all the views and opinions expressed here is not expected.

### **8.SCOPE FOR FURTHER RESEARCH:-**

While writing this research paper, researcher has realised and found that, there is a scope for future research in depth on following topics:-

1. Study on various factors responsible or essential for maintaining 'Employee Loyalty'.

2. Study of symptoms for identifying such disloyalty among the employee.
3. Study of how far can we effectively prevent such disloyalty?

**FOOT NOTES:-**

1. These incidences are real in nature.
2. Names of the individual and organizations are fictitious in nature for maintaining confidentiality.

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