

THE INFLUENCE OF EMPLOYEE LOYALTY AND STRESS MANAGEMENT UPON THE ORGANIZATIONAL PERFORMANCE

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ABSTRACT

The present paper aims at illustrating the aspect of loyalty regarding the organization in which the employees develop their activity, also a purpose is identifying the linkage between the stress management, the level of loyalty and performance obtained. Along the development of these issues, one of the scopes of the paper is the analysis of the psychological, physiological and behavioral reactions upon the good organization of the organizational process, the identification of the factors that manifest positive or negative influence on the overall performance of the enterprise, but also at individual level. The first part tries to highlight from theoretical point of view the concept of performance, stress and loyalty, also the relationship between, while the second part consists in a study developed by applying the focus group technique, following which I draw conclusions regarding the level of achievement of the hypothesis proposed.

KEY WORDS: *performance, organization, loyalty, stress, management*

JEL: L25

1. INTRODUCTION

Over the past few years, the human resources department has become a central element of any organization, being critical to achieving medium and long-term performance.

The competitive nature of organizations is mostly reflected in the results obtained in the context of a continuous evolution of a dynamic society, that has evolved greatly in the last few centuries, both from the perspective of the organizational mission awareness and the role assumed by representatives of the two genders.

Thus, a few decades ago, men were considered to be superior to women, who had no right to vote, Lovinescu (Lovinescu, 1926) outlining the situation of female representatives by the following statement: "The woman represents two arms, a dowry and a producer of children ". The women's empowerment movement has led to the introduction of the term "equality" and in terms of work, although there are still discrepancies in women's abilities, skills or tasks compared to men, implicit their potential to perform. In the 21st century society, people are in the middle of activities and attention, and management is required to invest in training and motivation, with the goal of developing both the organization and the individual's perspective.

The main object of this paper is to determine the influence of both the level of stress in the work performed, respectively the degree of loyalty of the employees, upon the generation of performance.

As a starting point, there were developed a few hypotheses that can be mentioned as follows:

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H1: Employee loyalty is influenced by management's recognition of the importance of family life.

H2: Employee loyalty / stress levels is influenced by the organization's ability / inability to create a framework for professional development and growth.

H3: The organization's performance is in line directly with its ability to meet the needs of customers or society.

H4: Organizations can not use the same loyalty-enhancing method for all employees for the following reasons: each individual is unique, has his / her own aspirations and can be motivated differently.

2. ORGANIZATIONAL PERFORMANCE AND INDIVIDUAL PERFORMANCE

An organization that has proved performance can capitalize on a higher level the opportunities offered by the environment, managing to overcome obstacles much more easily (Albu, Albu, 2003), satisfying both qualitatively and quantitatively a certain segment of the social needs, succeeding in gaining competitive advantage on the market on which it operates (Demeyn, 2015).

The term "performance" has been used extensively in the literature, as follows:

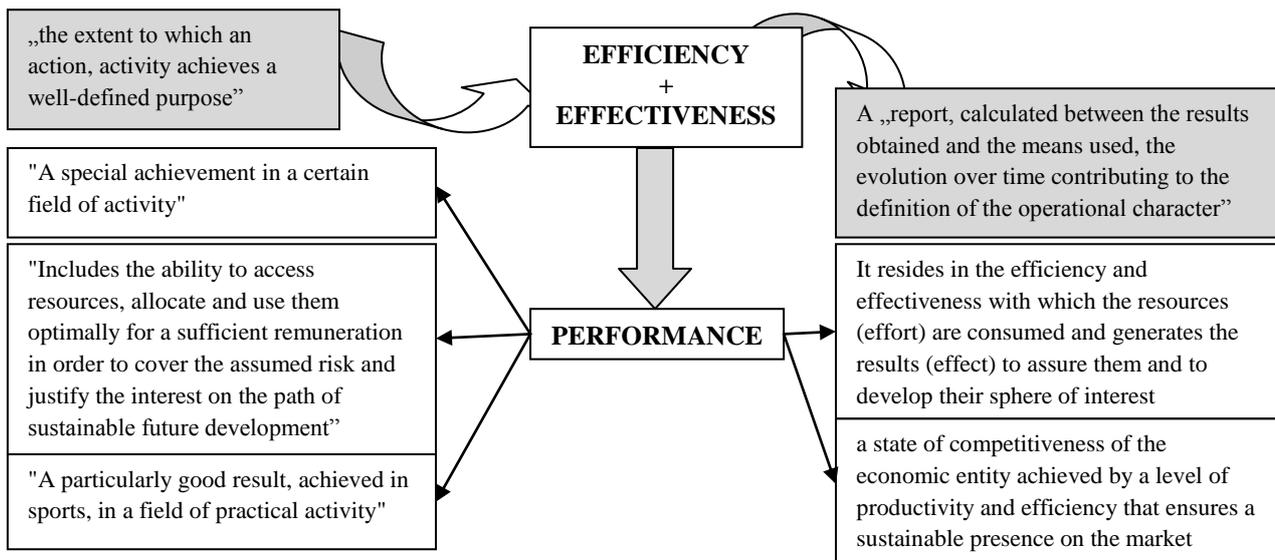


Figure no. 1 – Definition of performance

(Source: information from DEX, Pinteia (2011), Niculescu, Lavalette (1999), Băileșteanu (2010), Verboncu, Zalman (2005), Albu (2005))

We can also identify a classification of achieved performance levels through the following scale:



Figure no. 2 - Performance levels

(Source: Designed by the author)

Performance has been defined as a transient state that shows a person's ability to progress, to develop professionally, and all this can only be achieved by making effort.

It seems that performance management becomes absolutely necessary, not only useful for the smooth running of activities, but also performance must be managed, not just pursued.

3. FACTORS AFFECTING EMPLOYEES LOIALITY

The individual's loyalty towards the enterprise in which they operate is identified when they have a sense of belonging. From scientific research, we conclude that both employers and employees want to be as productive and efficient as possible in order to benefit the organization (Manciu, Demyen, 2016).

Where welfare is identified, there are also happy people and individuals that are emotionally attached to the place where they operate.

The organization's environment and the links between its main elements are an essential criterion to be taken into account as a predominant imbalance in the appreciation of the efforts made by employees to achieve performance will result in a failure. Entities claiming engagement to be overstretched or unrequited will achieve such results. A very important role in getting employees' loyalty is also the management style, the most efficient style being the participative one, which allows the expression of their own opinions, involves the employee in the decision making, so the employees will feel appreciated due to the contribution they have in the organization's development.

In order to maintain motivation and retention of employees, material benefits and facilities are made available to them. If those benefits are no longer granted, the risk of negative effects, implicitly loss of loyalty, is very high.

The psychologist Dr. Traian Manea and the psychologist drd. Doina Trandafir ¹ (www.psihologbrasov.wordpress.com), state that the positive effects of loyalty are: "efficiency, success, well-being, productivity". Every individual perceives differently "satisfaction", which depends on what we want at work, what aspirations we have. A substantial salary, peace of mind, well-being, recognition of the effort, good working conditions, all can contribute to generating a "good" state and an optimal level of satisfaction.

In this respect, two theories have been developed: first, the theory of discrepancy, which refers to the relationship between job expectations and outcomes, and the second - the theory of equity, which refers to the equality of employees, one with respect to the other.

"Motivation represents the totality of mobiles that cause someone to perform a certain action or to pursue certain purposes." (Bibu et al, 2008). A generic classification shows us two types: external motivation and internal motivation. Unfortunately, very few companies focus on positive motivation, most use the worst techniques to achieve a result, no matter what that is, and the use of such a system affects the entire business in which the business operates (Bajenariu, 2013). The key factor influencing performance is motivation, and in favor of enterprise development and the individual, the organization must invest time, energy and financial resources. To a large extent, dissatisfaction comes from financial difficulties (Manciu, Demyen, 2014). As I said, non-financial motivation is usually based on personal, work and corporate elements, certain factors (energy, perseverance, and exaltation) can greatly influence the ascension

of an entity. This form of motivation does not generate additional costs, increases productivity and performance, and reduces absenteeism. A sustainable development of the organization implies certain performance standards that go beyond the financial sphere and the enterprise needs to integrate actions aimed at harmonizing economic objectives, social equity and resource efficiency. According to www.accelera.ro "The performance of a motivated employee is up to 60% higher."

Another method of motivation is the financial one, but it has many disadvantages, for example: cash reward can not guarantee loyalty because the employee will always look for a better paid job and will never be satisfied with the salary he earns; all this method can generate very high costs for an enterprise, costs that will lead to a financial imbalance.

Worldwide scores on motivation, loyalty and performance vary from one case to another, with the highest scores being summarized as follows:

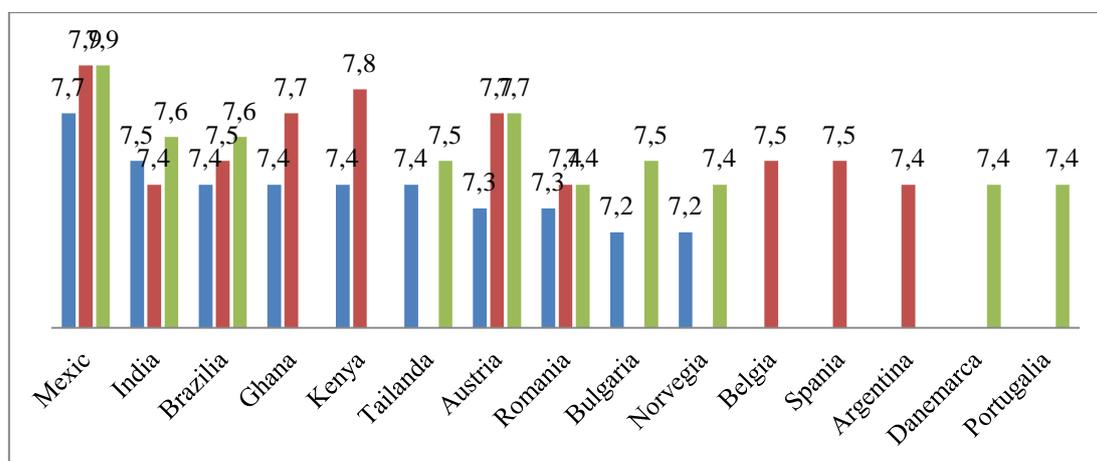


Figure no. 3 - Top of countries with the highest scores on motivation, loyalty and performance
(Source: Effactory International Report, Global Employee Engagement Index)

4. STRESS MANAGEMENT

Stress is defined by DEX as the "general term used for any environmental factor capable of causing (...) a state of tension and an alarm signal to the body, sometimes causing serious illness." It has also been defined as an abnormal state or an unfavorable effect (Ursu, 2007).

Factors that influence a state of stress are of two types: internal or external. For example: insecurity, fear, frustration, fatigue, or superior's criticism, warnings about wage cuts, suspension of work, etc.

Stress reactions (Golimbeanu) are also divided into several categories: physiological reactions, psychological reactions and behavioral reactions. Physiological reactions are similar in all individuals, and in order to eliminate accumulated energy, metabolism accelerates and can cause functional disorders: increased blood pressure and heart rhythm, accelerated respiratory rate, pupil dilatation, increased sweating. Most of the time, people with stress at work develop some serious psychological reactions, the most common conditions being: anxiety, anxiety disorders, apathy and depression. Often, anxiety disorder manifests itself in people who do not have control over their own person, in which case the vernacity becomes larger.

People who are always subject to stress have radical changes in behavior, and become: agitated, aggressive, recalcitrant and unproductive. In recent years, many cases of failure have been reported due to stress and workload, so strategies have been implemented at organizations to combat stress and abuse, striking a balance between work and private life through a flexible program.

Organizational stress is thus defined as "a state of imbalance perceived between demands and the ability of the individual to respond to it, as the impossibility of meeting these demands has important consequences." (DEX).

It is attempted to prevent and combat it through special programs, but to whom the learning of those concerned, the nature and the factors that influence stress, is also desirable.

Literature (Micu) identifies two types of stress: good stress: it is also called eustres and means maintaining the balance between effort and reward, and bad stress: it is also called distress, being described as excessive solicitation.

The programs that want to achieve a the balance between work and private life include flexible work schedules. For example, in countries like Japan, the conclusion of the employment contract is like a marriage act. Once employed by a Japanese company, an individual can only be fired if he has done something very serious, an approach that offers job stability and especially loyalty. The fact that an employee can not be dismissed with great ease is also because he invests heavily in human resources, and the waste is not accepted.

In this case, the experience criterion does not matter, because Japanese organizations prefer students or even people without experience, forming them professionally from scratch.

All the factors previously mentioned may also contribute to reducing the level of labor productivity. Over the last few years, human resources have turned into a competitive advantage for organizations and it is essential for them to retain highly professionally trained employees, and to improve the quality of work.

Business performance depends not only on employees, but also on financial capital, nature, the whole organization, the technical level and many other internal or external factors. People often look at the effectiveness of the "golden egg chicken" paradigm: the more produces, the more active and more efficient, in this way a balance is achieved between the organization and the employee (Mungiu – Pupazan, 2011).

Some of the motivational theories based on human needs start from a definition of the individual's needs from the perspective of states of necessity manifested by the occurrence of a state of stress, with even immediate effects in the personality and balance of the individual, regardless of the environment in (personal space, workplace, etc.). Individual needs have been mastered by Maslow (Maslow, 2013) in the form of a pyramid that follows (from the bottom to the top): fundamental physiological needs (thirst, hunger, thermal needs), security needs (stability, protection), affiliation needs (the need to be loved, appreciated, the fear of loneliness), the need for respect and respect, the need for self-reliance (Maslow, 2013).

By comparison with the inhabitants of the caves, the modern man is more constrained by the exigencies of the economic and social environment, even exhausted by the stress factor that puts his way of thinking, making decisions, and taking action of any kind. Economic and social changes, often unexpected, call for the human body's ability to cope with daily stress, personal and professional lives.

By associating the motivation and stress of an individual within a company and starting from Maslow's pyramid, we can compress the five levels of need, resulting in the following three needs (motivations) that correlate with stress created directly or indirectly by the employee within a company:

1. The need for existence is the need created by different material conditions; being mastered by Maslow's physiological needs and the need for safety; this is closely correlated with stress because, for example, the need to have a well-paid job can translate into an employee's motivation, but it can also create a state of stress because it needs such a job does not give him the certainty that he will get it, with a salary as expected.
2. The need to relate is the need satisfied by free communication through the exchange of information, opinions, ideas, etc. with members of the company in which the individual is active. In an important correlation with this need is the stress of the employee who is not sure that in the company in which he will carry out his activity he will meet an open team for communication, to share ideas, feelings, etc.
3. The need for the individual's involvement is the need to satisfy his personal involvement. In this sense, the employee becomes stressed if he / she does not have an environment in which to capitalize on his / her leadership, organizational, motivational skills, etc.

5. STUDY ON THE RELATIONSHIP BETWEEN STRESS, PERFORMANCE AND LOIALITY

5.1. Presentation of the overall framework and study hypotheses

In order to determine the link between stress, performance and loyalty, we applied a focus group study on two pilot samples, consisting in a total of 20 people. Respondents in the focus group were both men and women, and the answers were completed using also two questionnaires with 12 items of discussion.

The two questionnaires were applied to people of different ages (20-50 years). The purpose of this case study was to find the weak points and strengths of the organizational system. It is desirable to determine the factors that influence positively or negatively the performance, loyalty of employees and organizational stress.

The hypotheses from which we started are the following:

H1: The main factors that cause stress are of an internal organizational nature

H2: Factors that determine winning and maintaining employee loyalty are mostly of interpersonal nature

H3: Improving the working environment is essential for achieving medium and long - term performance, both from individually and organizationally point of view.

5.2. Work methodology and results

Each of the respondents associated a score of 1 to 4 and 1 to 5 respectively for each of the criteria listed in the table below (stress / loyalty). Also here are their answers, in the light of the scores given to each item of evaluation of the two criteria.

Table no. 1
Factors that affect organizational loyalty / stress

Elements that determine / Elements that relieve stress	1	2	3	4	Elements that diminish / Elements that generate loyalty	1	2	3	4	5
Existence of conflicting situations	11	4	4	1	Numerous criticisms	4	10	4	1	1
Obligivity to perform tasks	8	8	2	2	Emergency problem solving	3	7	3	7	0
Social isolation	12	5	3	0	Insufficient number of employees	7	4	3	2	4
Multiple requests / multitasking	6	9	2	3	Multiple responsibilities	1	8	6	1	4
numerous problems	10	9	0	1	Multiple sanctions	6	3	4	6	1
Tension	5	11	2	2	Lack of time correlation between activities	2	9	5	4	0
Possibility to rest	3	6	6	5	Possibility to take breaks	10	4	3	2	1
Happyness achievement at work	2	5	10	3	Rewards	3	6	4	1	6
Positive feeling regarding the activities developed	1	5	3	11	Attention for details	2	1	3	7	7
Contentment towards evolution level	0	2	10	8	Feeling of appreciation	5	7	7	1	0
Self-esteem	1	2	8	9	Pleasure found in performing activities	1	6	4	4	5
Safety	0	7	7	6	Understandment	0	9	2	6	3

(Source: designed by the author on the basis of data centralization)

In accordance with the responses and in order to determine the representativeness of the obtained results, the coefficient of variation was determined for each of the criteria subject to observation.

Table no. 2
Factors influencing the level of organizational loyalty / stress

	Elements that determine / Elements that relieve stress	Variance coefficient	Elements that diminish / Elements that generate loyalty	Variance coefficient
NEGATIV FACTORS	Existence of conflicting situations	53,71%	Numerous criticisms	39,43%
	Obligivity to perform tasks	49,47%	Emergency problem solving	43,55%
	Social isolation	47,47%	Insufficient number of employees	41,15%
	Multiple requests / multitasking	47,14%	Multiple responsibilities	40,74%
	numerous problems	45,62%	Multiple sanctions	37,84%
	Tension	41,95%	Lack of time correlation between activities	36,07%
POZITIV FACTORS	Possibility to rest	38,3%	Possibility to take breaks	61%
	Happyness achievement at work	31,11%	Rewards	47,84%
	Positive feeling regarding the activities developed	29,84%	Attention for details	39,54%
	Contentment towards evolution level	28,48%	Feeling of appreciation	38,48%
	Self-esteem	25,66%	Pleasure found in performing activities	36,5%
	Safety	24,24%	Understandment	32,89%

(Source: Designed by the author based on own calculations)

In order to be able to express conclusions based on the results of the study, the following variation indicators were used: weighted arithmetic mean, dispersion, standard deviation and variance coefficient.

- The variance or dispersion is determined from the individual square deviations
- The standard deviation or the mean square deviation is determined "as a quadratic mean of the deviations of the series values from their mean, respectively as the square root of the variance" (Sipos, Preda, 2004)

- The coefficient of variation represents a relative scatter parameter, allowing comparison of the variation of several different characteristics, calculated as a percentage ratio of the standard deviation to the arithmetic mean.

The formulas used for the calculation of the indicators were:

$\sigma^2 = \frac{\sum_{i=1}^k (x_i - \bar{x})^2 * n_i}{n}$	$\sigma = \sqrt{\frac{\sum_{i=1}^k (x_i - \bar{x})^2 * n_i}{n}} = \sqrt{\sigma^2}$	$v = \frac{\sigma}{\bar{x}} * 100$
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5.3 Conclusions of the study

Following the application of the focus group technique, respectively of the calculations, we determined the coefficient of variation for both categories of indicators, both positive and negative. The recorded values show a high degree of homogeneity of responses in terms of the positive aspects treated.

1.1. Stress-generating factors

The specificity of the answers given to category 2 of items - the negative ones reveals that there is a lower representativeness and a lower degree of homogeneity, taking into account the fact that the value of the coefficient of variation is more than 42% in all cases, even reaching a limit of 53.71%. From a statistical point of view, therefore, we notice a reduced representativeness in this case, but from the managerial point of view we can refer, on the basis of the motivational theories enunciated by important names from the literature and we can say that from a psychological perspective, each individual presents resistance different to stress. Also, the psychological profile, personality and character play an essential role in determining factors that influence employees. A participatory management style will help reduce the level of conflict in the organization, while a tyrannical managerial style will not generate long-term positive effects, contributing instead to supporting stressful conflicting states.

1.2. Stress relieving factors

The criteria regarding resting, personal development, attachment to self-fulfilling activities, self-satisfaction and happiness at work record a level of variation coefficient of 24.24% (minimum level) and 38.30% (maximum level).

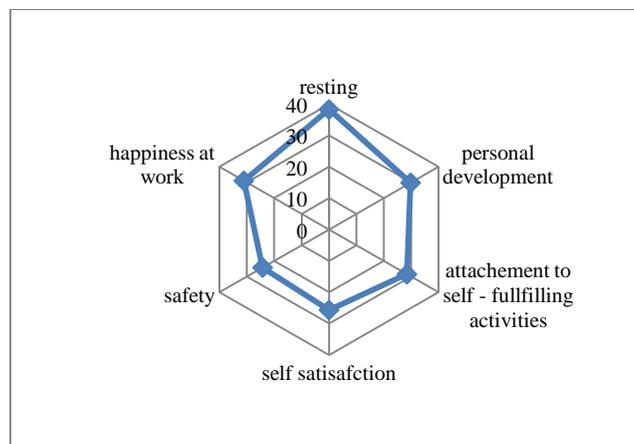


Figure no.4 Positive Factors Relieving Stress
(Source: elaborated by author)

II.1. Factors that generate loyalty

The values recorded in the second case are also homogeneous, but to a lesser extent, falling within the 50% limit. Positive aspects refer to the ability of employees to enjoy workplace activities, the feeling of being valued by colleagues and superiors, the gaining of rewards for the work done, or factors of understanding in the organization. The coefficient of variation is between 47.84% (maximum level) and 32.89% (minimum level) - according to the literature and in this case we are presented with an average level - to a relatively high level of representativeness of answers provided by those who were part of the focus group.

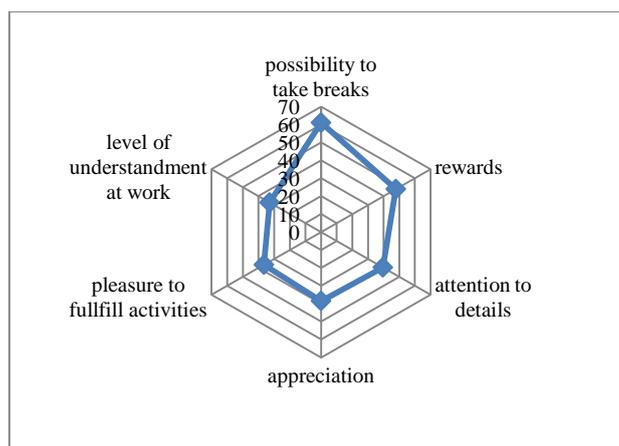


Figure no.5 Factors that generate loyalty
(Source: elaborated by author)

The hypotheses of the work from which we started were fulfilled as follows:

- The hypothesis H_1 is confirmed, the level of loyalty of the employees being influenced by the recognition of the superiors
- The hypothesis H_2 is confirmed - The capacity of the organization to create a framework for professional development and advancement is a decisive factor
- Hypothesis H_3: The link between the organization's ability to meet customer needs and enterprise performance - is confirmed.

It is very important to identify those fundamental dimensions that will guide us towards success, and when we find them, they must be measured in a severe, visible and objective way. After determining the degree of loyalty of individuals in a company, the information needs to be correlated with factors that influence performance, such as productivity, organizational profit, staff oscillation, customer loyalty.

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