

# Influence of Perceived Organizational Support and Organizational Identification on Employee Loyalty: A Conceptual Paper

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## Abstract

This paper proposes a conceptual model and presents propositions to be empirically tested by future researchers. The model illustrates the influence of perceived organizational support and organizational identification on employee loyalty. As a conceptual paper, it reviews scholarly articles on the variables of interest, aligning them with relevant theoretical frameworks. The paper draws from social exchange theory to explain and support the proposed model. This study is expected to assist organizational leaders and policymakers in understanding the critical role that perceived organizational support and organizational identification play in fostering employee loyalty. The proposed model will have significant implications for enhancing employee commitment, promoting supportive organizational cultures, and contributing to the existing body of knowledge on employee loyalty.

**Keywords:** Perceived Organizational Support, Organizational Identification, Employee Loyalty, Social Exchange Theory.

## Introduction

Employee loyalty is a critical factor for achieving organizational success, influencing employee retention, performance, and workplace dynamics (Smith & Wong, 2018; Johnson, 2021). Extensive research has shown that loyal employees contribute significantly to long-term organizational sustainability by reducing turnover and enhancing job performance (Meyer & Allen, 1997; Chen & Eldridge, 2020). However, in today's competitive and dynamic business environment, organizations face increasing pressure to retain talented employees. Understanding the factors that influence employee loyalty has thus become crucial. This study is motivated by the growing emphasis on employee well-being and organizational commitment, inspiring an exploration of the intricate dynamics between perceived organizational support and employee loyalty. In this regard, perceived organizational support and organizational identification have emerged as key constructs in understanding how loyalty is cultivated. Perceived organizational support refers to employees' beliefs about how

much their organization values their contributions and cares about their well-being (Dai & Qin, 2016; Zhang, 2023). When employees perceive a high level of support from their organization, they are more likely to feel valued and committed to their roles, ultimately reinforcing their loyalty to the organization. On the other hand, organizational identification reflects the degree to which employees define themselves in terms of their membership in the organization and feel a sense of belonging (Fetria, 2023). Employees with strong organizational identification are more likely to act in ways that benefit the organization, as they see its success as a reflection of their own.

Although much has been written on perceived organizational support and employee loyalty, the mediating role of organizational identification in this relationship remains underexplored in the existing literature. Understanding this mediating role is particularly important in today's competitive business environment, where organizations increasingly focus on employee engagement and retention strategies. This conceptual paper seeks to bridge this gap by proposing a model that examines the influence of perceived organizational support on employee loyalty through organizational identification. The propositions in this paper are expected to provide valuable insights for scholars and practitioners, particularly in developing strategies to foster stronger employee loyalty.

The following sections of this paper are structured as follows: First, a review of the relevant literature on perceived organizational support, organizational identification, and employee loyalty is presented. This is followed by the development of theoretical propositions based on existing research. The final section discusses the proposed model's implications and suggests future research directions.

## **Literature Review**

### *Employee Loyalty*

Employee loyalty is crucial to organizational success, reflecting employees' commitment, dedication, and sense of allegiance towards their organization. Loyalty can be understood as a psychological state where employees feel a deep connection with the organization, resulting in behaviors that prioritize its interests alongside their own (Zanabazar & Jigjiddorj, 2021; Zhang, 2023). It manifests in various ways, including a willingness to stay with the organization, a commitment to its goals, and a proactive attitude towards its success. Loyal employees are more likely to exhibit higher levels of engagement and motivation, which in turn positively impacts organizational outcomes (Schneider et al., 2003; Foster et al., 2008). Employee loyalty is commonly conceptualized through three dimensions: affective, continuance, and normative commitment. Affective commitment reflects employees' emotional attachment towards their organization, where they remain because they genuinely want to (Foster et al., 2008; Schneider et al., 2003). Continuance commitment refers to the perceived costs of leaving the organization, such as the loss of job security, benefits, or social relationships (Meyer & Allen, 1991). In this case, employees remain not out of desire but due to the potential risks associated with departure. On the other hand, normative commitment is rooted in a sense of obligation, where employees feel they should remain due to ethical or social responsibilities, often stemming from cultural or organizational values (Schneider et al., 2003; Foster et al., 2008).

Several factors influence employee loyalty, with job satisfaction being one of the most significant. Research has demonstrated that employees who are satisfied with their jobs are more likely to exhibit loyalty, as job satisfaction fosters a positive attitude towards the organization (Zanabazar & Jigjiddorj, 2021; Dharmawan et al., 2022). A positive work environment, characterized by supportive relationships with colleagues and supervisors, can also significantly enhance employee loyalty (Supit, 2022; Safar, 2023). When employees feel valued and respected, they are more likely to stay committed to the organization and contribute actively to its success.

Leadership style plays a pivotal role in fostering employee loyalty. Transformational leadership, which involves inspiring, motivating, and developing employees, has been shown to cultivate a strong sense of loyalty (Haryanti & Zulganef, 2023; Souisa et al., 2023). Leaders who engage with their employees on a personal level, providing support and encouragement, help create an environment where loyalty can thrive. This is further strengthened by perceived organizational support, where employees believe their organization cares about their well-being and values their contributions. Perceived organizational support has been found to be a significant predictor of employee loyalty, as it fosters a sense of belonging and trust (Zhang, 2023; Shangze, 2024).

The impact of employee loyalty on organizational performance cannot be overstated. Loyal employees are more likely to be engaged, productive, and willing to go above and beyond in their roles, which positively affects overall organizational outcomes (Zanabazar & Jigjiddorj, 2021; Shangze, 2024). Organizations with high levels of employee loyalty also tend to experience lower turnover rates, leading to cost savings in recruitment, training, and lost productivity due to employee attrition (Zhang, 2023; Shangze, 2024). Therefore, fostering employee loyalty is beneficial for maintaining a stable workforce and crucial for achieving long-term organizational success.

### **Theoretical Perspective**

#### *Social Exchange Theory*

Social exchange theory is a foundational concept in the social sciences, offering insights into the dynamics of interpersonal relationships through reciprocal exchanges. Pioneered by sociologists like George Homans, Peter Blau, and Richard Emerson, social exchange theory posits that social behavior results from a continuous exchange process where individuals seek to maximize benefits and minimize costs in their interactions (Cook, 2015; Ahmad et al., 2023). In essence, individuals engage in relationships with the expectation of receiving returns for their contributions, leading to mutually beneficial exchanges.

The theory is grounded in several key principles that drive social interactions, including reciprocity, cost-benefit analysis, social norms, and power dynamics. Reciprocity refers to the expectation that positive actions will be met with similar returns, fostering trust and cooperation in relationships (Ahmad et al., 2023). In an organizational context, employees expect their loyalty and efforts to be rewarded by their employer through support, recognition, or other benefits. This mutual exchange strengthens employee commitment and loyalty.

The cost-benefit analysis aspect of social exchange theory emphasizes how individuals evaluate the rewards and costs associated with their interactions. Employees constantly assess whether their contributions, for example, time and effort, are met with appropriate rewards such as salary and recognition. If they perceive that the benefits outweigh the costs, they are more likely to stay committed to the organization (Cook, 2015).

Social norms also play a significant role in shaping the expectations and behaviors within exchanges. Cultural and organizational norms influence what is considered a fair exchange, affecting how employees view organizational support and how they respond to it (Chen & Choi, 2005). For example, in cultures where loyalty is highly valued, employees may feel a stronger obligation to reciprocate organizational support through continued commitment and higher performance.

Furthermore, power dynamics within exchanges explore how the balance of resources and alternatives affects relationships. Individuals or entities with more resources or leverage can exert greater influence in shaping the terms of the exchange. In the workplace, organizations that provide substantial resources and support can hold more power in retaining loyal employees, as workers may feel a greater dependence on the benefits provided (Cook, 2015). In the context of organizational behavior, social exchange theory provides a valuable framework for understanding employee-employer relationships. Perceived organizational support is a critical factor in fostering employee loyalty. Employees who perceive that their organization values their contributions and cares for their well-being are more likely to feel obligated to reciprocate through loyalty and commitment (Hayunintyas et al., 2018). Social exchange theory explains this behavior by emphasizing the reciprocal nature of the exchange: as the organization invests in the employee's well-being, the employee, in turn, demonstrates loyalty and increased performance.

Social exchange theory has also been applied to service relationships, where the interactions between service providers and customers are viewed through the exchange lens. Customers expect to receive value from the services they pay for, and when these expectations are met or exceeded, customer loyalty and satisfaction increase (Sierra & McQuitty, 2005). In this context, social exchange theory highlights the importance of maintaining a balanced and fair exchange between the parties involved.

#### *Perceived Organizational Support and Employee Loyalty*

Perceived organizational support is a key factor influencing employee attitudes and behaviors. Perceived organizational support refers to employees' beliefs regarding how much their organization values their contributions and cares for their well-being (Eisenberger et al., 2020). Research indicates that when employees perceive high levels of support from their organization, they are more likely to exhibit positive outcomes, including enhanced job satisfaction, organizational commitment, and loyalty (Dai & Qin, 2016; Zhang, 2023). Perceived organizational support fosters an environment where employees feel valued, leading to increased engagement and a stronger emotional attachment to the organization (Fetria, 2023). This emotional bond is crucial in driving employee loyalty, as employees reciprocate the support they perceive from the organization (Alfisyahri et al., 2018).

The social exchange theory offers a framework for understanding the relationship between perceived organizational support and employee loyalty. Social exchange theory posits that employees who feel supported by their organization are likely to reciprocate this support by exhibiting loyalty and commitment (Marique et al., 2012). This sense of obligation is further strengthened when employees develop an emotional attachment to their organization, as they feel recognized and valued for their contributions. Research by Marique et al. (2012) confirms that employees who perceive high levels of organizational support tend to exhibit stronger affective commitment, a key component of loyalty.

Furthermore, perceived organizational support has been shown to mitigate turnover intentions, thereby enhancing employee loyalty. Employees who perceive organizational support are less likely to consider leaving their organization, as demonstrated by Saralita & Ardiyanti (2020), who found a positive relationship between perceived organizational support and reduced turnover intentions. Zhang (2023), further emphasizes that organizational support plays a critical role in fostering employee loyalty by enhancing organizational identification, where employees align their personal values with the goals of the organization.

In addition, organizational identification has been documented as a mediator in the relationship between perceived organizational support and employee loyalty. Dai & Qin (2016) suggest that employees who perceive high levels of support are more likely to identify with their organization, which in turn enhances their loyalty. This identification deepens employees' commitment, as it aligns their personal goals with the organization's objectives, fostering a more profound sense of loyalty and engagement. Based on these theoretical perspectives and empirical findings, the following proposition is put forward:

**Proposition 1:** There will be a positive relationship between perceived organizational support and employee loyalty.

#### *Organizational Identification as the Mediator*

The mediating role of organizational identification significantly shapes the relationship between perceived organizational support and employee loyalty. Perceived organizational support refers to employees' perceptions regarding how much their organization values their contributions and cares for their well-being (Sulistyawati & Sufriadi, 2020). This perception is crucial as it influences employees' emotional and cognitive responses toward their organization, which in turn affects their loyalty.

Research shows that when employees perceive high levels of organizational support, they tend to develop a stronger sense of organizational identification. This identification is characterized by employees perceiving themselves as integral parts of the organization, which strengthens their emotional connection and commitment to it (Marique et al., 2012). For instance, Marique et al. (2012), found that perceived organizational support enhances organizational identification, which subsequently leads to increased affective commitment. This implies that employees who feel supported are more likely to identify with their organization, thereby boosting their loyalty.

Moreover, organizational identification serves as a critical mediator in the relationship between perceived organizational support and employee loyalty. When employees identify strongly with their organization, they are more inclined to display loyalty behaviors, such as

staying with the organization and promoting its interests (Bukhari et al., 2020). Sulistyawati & Sufriadi (2020), further emphasize that perceived organizational support enhances employee engagement and improves job satisfaction—both of which are essential components of loyalty. Employees who feel their organization values them are more likely to reciprocate with loyalty and commitment.

Additionally, the mediating role of organizational identification aligns with the concept of reciprocity in social exchange theory. Employees who perceive high organizational support develop a sense of obligation to reciprocate, which manifests as loyalty (Obeng et al., 2020). This reciprocal dynamic is crucial, as it highlights how perceived organizational support can lead to positive employee outcomes through the lens of organizational identification. Bukhari et al. (2020) found that employees who feel supported are more dedicated and willing to exert extra effort in their roles, which directly correlates with increased loyalty.

Furthermore, the interplay between perceived organizational support, organizational identification, and employee loyalty is supported by studies that examine the broader implications of organizational climate and commitment. Obeng et al. (2020) demonstrated that a positive organizational climate, bolstered by perceived support, enhances organizational commitment, which is closely tied to loyalty. This interconnectedness underscores the importance of fostering a supportive organizational environment to cultivate employee loyalty through heightened identification. Based on these theoretical perspectives and empirical findings, the following proposition is put forward:

**Proposition 2:** Organizational identification will mediate the positive relationship between perceived organizational support and employee loyalty.

#### *Research Framework*

This study proposes a conceptual model based on the foundations of social exchange theory and previous discussions on perceived organizational support and employee loyalty. The social exchange theory provides a comprehensive explanation of the reciprocal relationship between perceived organizational support and employee loyalty, suggesting that when employees perceive high levels of support from their organization, they are more likely to reciprocate with increased loyalty and commitment.



Figure 1: Research Framework

Additionally, this study highlights the mediating role of organizational identification in strengthening the relationship between perceived organizational support and employee loyalty. As explained earlier, organizational identification is an essential emotional and cognitive mechanism that amplifies employees' sense of belonging and commitment to their organization, enhancing their loyalty. Therefore, the model proposed integrates these dynamics to explain how perceived organizational support leads to higher employee loyalty through organizational identification.

**Conclusion**

This paper has developed a framework that underscores the mediating role of organizational identification in the relationship between perceived organizational support and employee loyalty. Drawing on social exchange theory, it is clear that when organizations foster a supportive climate, employees are more likely to identify with the organization, enhancing their commitment and loyalty. This dynamic highlights the importance of organizational efforts to increase perceived support, as this can significantly boost loyalty through stronger identification with the organization.

Organizations aiming to improve employee loyalty should prioritize enhancing perceived support by implementing policies that show care for employee well-being and recognizing their contributions. This will foster a strong sense of identification among employees, reduce turnover intentions and increase job satisfaction. This study contributes to the existing body of literature by offering a conceptual model that integrates perceived organizational support and organizational identification, providing a fresh perspective on employee loyalty. By exploring the mediating role of organizational identification, this paper adds value to understanding how loyalty is cultivated and offers practical implications for organizational leaders aiming to enhance employee commitment and retention. Future research should delve deeper into the mechanisms through which perceived organizational support and organizational identification interact to influence employee loyalty. Additionally, examining how these constructs affect broader organizational performance metrics, such as productivity and employee engagement, would offer valuable insights for both theory and practice. This framework can provide a foundation for scholars and practitioners seeking to understand and enhance employee loyalty through organizational support and identification strategies.

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