

LEADERSHIP, ORGANIZATIONAL CULTURE, EMPOWERMENT, AND HUMAN RELATIONAL AND VALUES AS ANTECEDENTS OF PROFITABILITY OF THE FIRM

Ni Putu Tirka Widanti^{1*}, Abdullah Sumrahadi²

¹*Universitas Ngurah Rai, Indonesia*

²*Universitas Krisnadwipayana, Indonesia*

E-Mail: ¹tirka.widanti@unr.ac.id (Corresponding Author), ²absumrahadi@unkris.ac.id

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Abstract: The basic objective of the present study is to examine the mediating role of employee loyalty among organizational leadership, organizational culture, employee empowerment, human relational values and profitability of the firm. Moreover, the present study also examined the direct impact of organizational leadership, organizational culture, employee empowerment, human relational values on employee loyalty and the effect of loyalty on profit as well. The researcher used a survey method to collect data from the employees of the cement industry of Indonesia. The valid response rate of the study was 80.5%. For the analysis of the data, the researcher used Smart PLS-3. The findings of the study revealed that organizational culture plays a mediation role between organizational leadership, organizational culture, employee empowerment, human relational values and profitability of the firm. Moreover, loyalty has a significant positive impact on firm profitability and organizational leadership, organizational culture, employee empowerment, and human relational values significantly impact employee loyalty. The present study fills the gap of limited HR studies to enhance organizational profit. The findings of the study are helpful for the policymakers to use these HR strategies to retain customers for a longer period of time.

Keywords: Employee Loyalty; Empowerment; Profitability; Organizational Culture; Indonesia

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1. Introduction

Businesses around the globe are operating with the main purpose of earning profits. Moreover, these businesses also want to perform best in the competition within the same industry. In order to achieve financial goals, performance against competitors is the pre-requisite. Performing well against a competitor is also the pre-requisite for the success and long-term survival of the organization. One of the core measures to gauge the performance of the organization is its profitability. The profitability of the organization consists of basic aspects of financial reporting. Additionally, the profitability of the organization is an important aspect of reporting organizational finances. The profitability of the organization shows the capacity and ability of the organization to create earning with certain sales at a certain asset level in a fixed period of time (Margaretha & Supartika, 2016; Codina et al., 2020).

As a result, the profitability of the organization is the topic of interest for the policymakers and academicians of different sectors for the last three decades. The firms making profits create value for the customer, are more creative and hire people as well. Such organizations are more beneficial for the economy as they pay more taxes and are socially responsible as well. Income generation is contributed through the high level of performance of the organization, which impacts the overall economic development as well. Therefore, a lot of efforts are made by the researchers to understand the factors which impact the profitability of the organization (Al-Jafari & Samman, 2015).

In the present era of globalisation, organizations have a lot of pressure to enhance their performance. Performance of the organization can be enhanced by increasing or bring the employee contribution to the optimum level and keep the employees loyal. Both these factors contribute towards profit maximisation and help the organization to gain competitive advantage. The loyalty of the employee is attractive for the organization to survive for a long period of time in the market. For the organization, the loyalty of the employee is a very important concept. Organizations must focus on the concepts which can impact the perception of the employees to stay in the organization or to leave (Flory, Bonet, Guillon, & Cezanne, 2014; Bernardi, 2019).

In past literature, details are not available regarding the factors impacting employee's perception to leave or stay within the same organization. For the productivity of the organization, motivated employees tend to contribute more. For the business organization, the demand of organization is enhancing regarding the emotional construct of the loyalty of the employee. As the present era is competitive, therefore, every organization wants to focus on its performance by which it can sustain its market position. New challenges are faced by every business in the present competitive market. If the human resource of the organization is competitive, it can achieve success in the market (Judge and Bono, 2001). Effectiveness and efficiency of the employee are enhanced because of loyalty impacting overall employee's engagement with the organization (Tariq, Ilyas, & Rehman, 2017).

The relationship between management and employees are of the great value of for any organization. Human relations include training process of employees, understanding and fulfilling their needs, improving the culture at the workplace and resolving the problems and conflicts among management and employees or among employees. It is important for the organization to understand different ways through which human relations can help in reducing the cost, help the organization in developing competitive position and develop long term sustainability. An organization can develop long term relationship with employees by understanding the needs of the employees and realising the importance of employees for the organization. It is important for the employees of the organization to work together on different projects, communicate ideas and motivate each other regarding different tasks. Thus, human relations within any organization is an important part of the business to perform good (Rojas & López, 2014).

The leadership of the organization plays a very important role in the success of the organization; Leadership of the organization is the ability of the person who can handle others and lead from the front. This trait is very important for the leaders of the organization. Managers are not aware of the leadership role to gain competitive advantage; therefore, they are reluctant to adopt any leadership role. In order to achieve certain goals of a project, a particular style of leadership is adopted by project managers. One of the major issues in leadership is the impact on the performance of projects. It is important that the impact of leadership on the performance of an organization to measure intangible manner so proper leadership style can be adopted by the organization. Therefore, the benefits of leadership style on the manager's performance should be measured empirically (Yang, Huang, & Wu, 2011).

For the organizations, one of the widely used terms is the culture of the organization. Researchers pointed out that the culture of the organization is represented through organizational practices regarding manpower working there and organizational climate. It's been emphasised in studies that it is very important for organizations to create a culture of the organization which is very strong. Researchers pointed out that the most important thing which managers must do is to create the culture of the organization, which is supporting the staff to operate effectively. In later stage, they must manage such culture for a longer period of time (Lopes da Costa, Pereira, Pereira, & Jerónimo, 2018).

The employees who are empowered and motivated are committed to the organization. Scholars found that employees who are empowered can better self-administer themselves, have high participation, better performance and can achieve the task better. Empowering employees to include delegating the decision making of the employees from top-level employees to the bottom level employees by providing them more access to the resources and information (M. Sharma & Bhati, 2017).

Cement is one of the important manufacturing industries in Indonesia. Indonesia is one of the large exporters of cement around the globe. The production capacity of Indonesia to produce cement is 109 million tons every year. For this purpose, the role of HR working in these manufacturing units is key for the profitability of these firms. Therefore, there is a need to examine the role of empowerment, organizational culture, leadership and human relations to enhance employee loyalty for organization and profitability as well. Thus, the main objective of this research is to examine the role of empowerment, organizational culture, leadership and human relations to create loyalty among employees and increase organizational profitability.

2. Literature Review

Firm Profitability

Financial performance of the organization shows its profitability. In order to gauge the success of the organization, most of the time, firms use the term profitability because, for the evaluation of the organizations, it is one of the most valuable criteria. Researchers have used three measures to study profitability. One of the measures to examine profitability is the return on asset used to measure the efficiency of the organization as a comparison of the utilisation of organizational capital in terms of the organizational income. The second measure used by researchers is ROE, also known as return on equity which shows the amount which is returned to the organization on its capital. In the end, profit marginal is also used by the researchers to show the overall profitability of the organization. Inconsistent with past studies, the researcher has used all these three indicators to examine the profitability of the organization (A. K. Sharma & Kumar, 2011).

Employee Loyalty: Relationship with the profitability of the organization.

For the success or failure of the organization, employees are the key factor. They are also considered as the core of the organization. For the success of the organization, it is very important that the employees remain loyal to the organization and they are not in search of any other job. In general term loyalty of the employees is defined devotion of the employee or attachment to a particular organization or a duty or a cause (Kot-Radojewaska & Timenko, 2018). On the other hand, it is mentioned that a loyal employee expresses itself with the organization through its actions and thoughts and also try to be identified its actions with the organization with which they are loyal. This is the era of competition in which competitive organizations offer opportunities to employees and try to convince them to switch the job. When an employee switches the job, the organization incur the loss because a lot of resources are spent on its training and skills enhancement (Murali, Poddar, & Seema, 2017).

In the past, a number of studies have been conducted to examine the influence of employees on the performance of organizations. Researchers examined the performance of the employee or the employee fulfilment effect on the performance of the organization. Additionally, the performance of the employee is also studied in terms of relationships of employees with the firm in terms of its resources. These resources are associated with the performance in the market and financial performance compared to the competitors. It's been also pointed out that the problem of workplace wellbeing of an employee is an important issue for the managers of the organization. Still, very little research is conducted in this context (Ali, Rehman, Ali, Yousaf, & Zia, 2010). Moreover, it's been also revealed that the impact of loyalty on the performance of the organization is proved significant as well. It is also indicated in a study that the loyalty of the employee also impacts the performance of the organization. The employees who are loyal have the capability to produce superior quality goods and services which eventually impacts the organizational performance and profitability as well (Tomic, Tesic, Kuzmanovic, & Tomic, 2018).

If the employees of the organization are loyal, it will have an impact on the profitability and market share of the organization. On the other hand, the profitability of the organization is also impacted indirectly through their performance (Ali et al., 2010). Organizations having employees who are loyal have a growth rate higher, and profit is also better than the competitors. Loyal employee creates repeat sales, customer referrals and rises in sales as well.

H1: Employee loyalty significantly impacts firm profitability.

Human Relation and Values; Relationship with Employee loyalty

Employees are affected because of the values and relationships on a daily basis. If there exists a greater value of interaction among employees, greater will be the level of satisfaction and commitment among employees. As a result, the loyalty of the employees is significantly impacted indirectly through these conditions. Among other essentials of work, good relations with other employees also plays an important role to keep employees stay at the workplace. The recommendations of the organization by the employee in positive terms and spreading positive WOM is dependent upon the relationship of the employee with other colleagues. Additionally, the interest of employee towards his/ her work is also dependent upon the employee and other staff's relationship.

Work situation most of the times take place as a social context which will have an impact on the performance of the employee in both short term and long-term basis. Social interaction includes an atmosphere in which work is being done, cooperation among employees, communication among employees, and relationship among employees plays an important role in a social context. Other important factors include working environment and human values like respect, trust and honest etc. these factors are naturally present in most of the employees (Martensen & Grønholdt, 2006).

The greater the interaction among employee, more will be the satisfaction level of employee in terms of its tasks and job. If these conditions are not present in any workplace, it will impact the loyalty of the employee. Other factors like human values are also characterised in terms of human values are naturally expected among the employees working at a certain place. A number of researchers have emphasised on the importance of these human values for the creation of loyalty among employees. A researcher found that the attitude by which an employee is treated by another colleague at the workplace impacts the wellbeing of the employee. In an environment, where the employee is bad-mouthed, harassed, and isolated by the colleague will play a significant role in the creation of disloyalty among the employees (Preko & Adjetey, 2013).

In the same context, Lufungula and Borrromeo (2019) conducted a study to examine the factors impacting the loyalty of the employees. Findings of the study revealed that the relationship of employees with each other is an important factor along with work quality and salary to enhance the loyalty of employee at the workplace. Researchers also pointed out that loyalty among employees is impacted more than 80% due the factors like human relations, working conditions and social benefits. On the other hand, it is pointed out in their study that human relations have a strong impact on employee loyalty along with personal growth and leadership style at the workplace (Priyadharshini & Sudhahar, 2019). Thus, on the basis of the above discussion, it pointed out that

H2: Human Relation and Values significantly impacts Employee loyalty.

H3: Employee loyalty has the significant relationship between human relation and values and firm profitability.

Leadership; Relationship with Employee loyalty

Leaders have a very important role to play in order to guide the employee and encourage them to achieve the objectives and goals of the organization. Researchers in their findings of the study showed that the process of leadership includes the opinion of the followers, actions of leaders, behaviours and environment where the collaboration among employees and leaders take place. It's also been shown that it is important for leaders to create promotion chances for employees and offer training to them in order to create subordinates. These opportunities can be created by the leaders through the adoption of good leadership style. On the other hand, it is also pointed out that the employees who are socially supported by the leaders are highly engaged with their organization and their work. Such employees also try to perform better for their organization (Strom, Sears, & Kelly, 2014).

Abbas (2017) conducted research on the relationship of employees with leaders. He found that employees will continue to be loyal with organization and leader if they perceive their relationship to be effective. If the relationship between subordinates and leaders is very highly effective, it is beneficial for both employee and

organization. In the same context, it is proposed that the employees who are highly motivated are active in their task completion and remain loyal to the workplace as well. Such loyal employees also try to enhance their performance which impacts the profitability of the organization in the long run.

In the same context, a number of studies are conducted regarding the positive impact of employee leader relationship on the loyalty of the employee. Furthermore, studies pointed out that if the employees are treated with care by the leaders, it will create loyalty among them. Additionally, researchers also mentioned in the study, the leaders who help their subordinate in their jobs have a positive impact on employee loyalty improvement (Abdalla, Shawky, Ragab, & Gouda, 2018).

H4: Leadership Style significantly impacts Employee loyalty.

H5: Employee loyalty has a significant relationship between Leadership Style and firm profitability.

Organizational Culture; Relationship with Employee loyalty

In literature, culture is referred to as a system having shared beliefs, values and assumptions, which shows what inappropriate and appropriate behaviour is. Organizational performance and behaviour of employee are strongly impacted by the culture of the organization. Additionally, researchers pointed out that the success of the organization is also impacted by the culture of the organization. Therefore, the culture of the organization has become an important topic for a number of articles and research studies. Researchers pointed out that, organizational culture is relatively a new topic in management sciences. The culture of the organization which empowers the employees to complete their tasks is considered as powerful (Fleury, 2009; Gierszewski, & Pieczywok, 2020).

Employees remain loyal to the organization on the basis of their working culture at the workplace. The employees who are less engaged and commitment are disloyal to the organization as well. Additionally, Employee loyalty is badly impacted by the bad relationship between the supervisor and the manager. As a result, the employee leaves the organization. On the other hand, it's more likely that employees will stay at the workplace and remain loyal to the organization who have a positive perception regarding the organization. It is because organizational culture plays an important role to shape the thought process and behaviour of the people regarding the organization. The employees who are happy with the culture of the organization are motivated towards their tasks and individual goals. It will lead to loyalty development among such employees (Razali, Zahari, Ismail, & Jasim, 2018; Hussain et al, 2020).

H6: Organizational Culture significantly impacts Employee loyalty.

H7: Employee loyalty has a significant relationship between Organizational Culture and firm profitability.

Employee empowerment; Relationship with Employee loyalty

The term empowerment is used in a number of studies of different fields. Therefore, the definition of empowerment relies on the context in which it is being used. Empowerment of employees is defined as the organizational process employees of the organization at every hierarchy are given to make decisions in terms of their work assignments and responsibilities. These employees also decide the actions which are required to achieve their tasks assigned. In today's competitive market, empowerment of employees is a very important topic of HRM. Empowerment of employee is the process in which employees are allowed to be at a position where they can make different decisions. As a result, the overall decision-making process within the organization becomes fast and responsive (Sazkaya & Dede, 2018).

Researchers found that job enlargement and employee empowerment play a very important role to develop loyalty among them. In the same context, researchers studied employee empowerment in the banking sector

and found it to be the significant influences of employee loyalty. Additionally, it is also found empowerment of employee influence loyalty with other factors like training, communication system and reward system of organization (Narteh & Odoom, 2015; Grabara et al., 2020).

Thus, we hypothesised that

H8: Employee empowerment significantly impacts Employee loyalty.

H9: Employee loyalty has a significant relationship between employee empowerment and firm profitability.

(see Figure 1 below)

3. Research Framework

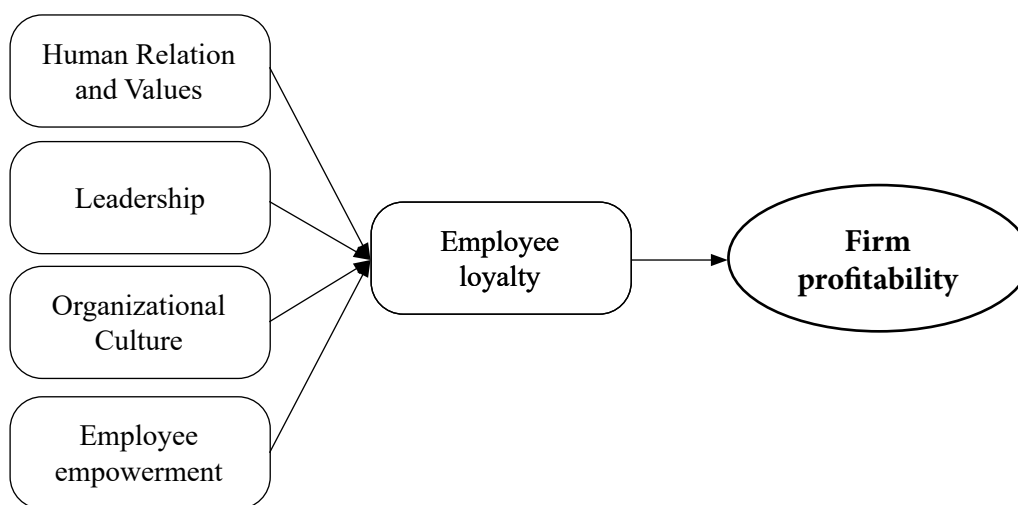


Figure 1. Research Framework

A cross-sectional quantitative design is chosen for this research, and the questionnaire is employed as a study instrument to gather data for meeting the research objectives (Sekaran & Bougie, 2003). A five-point Likert scale was used for measuring the items of the questionnaire. The total number of respondents targeted for this study were 385, and the questionnaires were sent to these respondents. However, only 310 respondents filled and sent them back. The response rate obtained for this study is 80.5 percent.

This study is explorative; therefore, a path-modelling technique is suggested because PLS path modelling is suitable when a study is designed mainly to predict relationships or expand existing theory. Generally, several steps are involved in the data analysis process. In the first step, the data obtained from the survey were screened to ascertain the suitability of this study, i.e. whether it is suitable to be used in further PLS analysis. The data screening process was carried out in the SPSS.

In the second step, the Smart PLS 3 software was employed for analysing the individual item consistencies, convergent validity, internal consistency reliability and discriminant validity. These criteria were observed to estimate the measurement model. In the third step, a standard bootstrapping procedure was performed, since it seems to be practically reasonable for 310 cases, using 5000 re-samples for structural model estimation. Afterwards, the path coefficients' significance, coefficient of determination, predictive relevance and effect size were also assessed to ascertain the structural model (Hair Jr, Hult, Ringle, & Sarstedt, 2013).

4. Results

PLS-SEM path modelling is performed in two steps. In the first step, the measurement model is assessed in terms of content validity, constructs validity and reliability, while in the second step, the structural model is determined with the estimation of the path relations. As PLS path modelling is considered to be unsuitable for model validation; therefore, in order to compute the PLS-SEM path relations, this study adopted a two-step process (Henseler & Ringle, 2009).

Assessment of the measurement model requires to ascertain the internal consistency reliability, content validity, individual item reliability, and convergent and discriminant validities. However, since a large number of indicators are generally involved in this research, therefore, these indicators can be further divided into sub-groups to capture their potential effects (Henseler & Ringle, 2009). (see Figure 2 and Table 1).

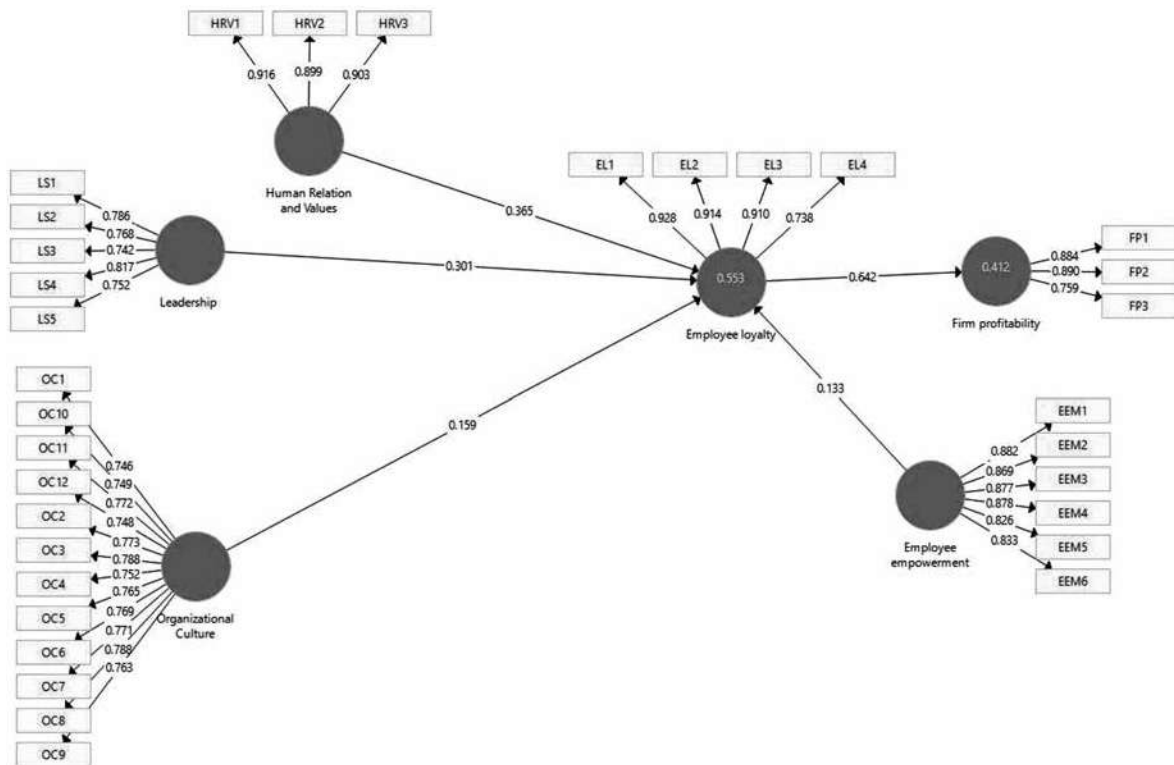


Figure 2. Measurement Model

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

Table 1. Outer Loadings

	EEM	EL	FP	HRV	LS	OC
EEM1	0.882					
EEM2	0.869					
EEM3	0.877					
EEM4	0.878					
EEM5	0.826					
EEM6	0.833					
EL1		0.928				
EL2		0.914				
EL3		0.910				

EL4		0.738				
FP1			0.884			
FP2			0.890			
FP3			0.759			
HRV1				0.916		
HRV2				0.899		
HRV3				0.903		
LS1					0.786	
LS2					0.768	
LS3					0.742	
LS4					0.817	
LS5					0.752	
OC1						0.746
OC10						0.749
OC11						0.772
OC12						0.748
OC2						0.773
OC3						0.788
OC4						0.752
OC5						0.765
OC6						0.769
OC7						0.771
OC8						0.788
OC9						0.763

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

In the present study, the outer loadings were explored for each construct to measure the individual item reliability, following past recommendation. Furthermore, internal consistency reliability is defined as to what extent each item of a scale measures the same concept. By far, the most commonly employed measures to ascertain internal consistency reliability of instruments are the Cronbach alpha and the composite reliability (CR) coefficients. Thus, the internal consistency reliability in this study was determined by the CR coefficient because less biased estimates are obtained through the CR coefficient, and it also takes into account diverse loadings of the indicators. On the contrary, the reliability of a scale is often found to be over or underestimated by the Cronbach alpha measure. In addition, the Cronbach alpha coefficient assumes the equal contribution of each item and does not assume the individual loadings and their actual contribution (Bagozzi, Yi, & Nassen, 1998). Thus, the above arguments explain the rationale for choosing composite reliability over Cronbach alpha and can easily be understood and interpreted like the Cronbach alpha. For a model to become acceptable, the CR value must fall above 0.70, as the CR value below 0.60 shows that the model is not reliable (see Table 2).

Table 2. Reliability

	Cronbach's Alpha	rho_A	CR	Average Variance Extracted (AVE)
EEM	0.930	0.932	0.945	0.742
EL	0.896	0.904	0.929	0.767
FP	0.799	0.801	0.883	0.717
HRV	0.891	0.892	0.932	0.821
LS	0.841	0.904	0.881	0.598
OC	0.936	0.937	0.944	0.586

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

Convergent validity is defined as to what extent the items of the construct are truly representative of their respective latent construct and are in correlation with other items associated with the same latent construct. For each latent construct in this study, the convergent validity was measured by calculating the average variance extracted (AVE) which must be equal or above 0.50 to become sufficient (Sarstedt, Ringle, Henseler, & Hair, 2014) (see Table 3).

Table 3. Validity

	EEM	EL	FP	HRV	LS	OC
EEM	0.861					
EL	0.410	0.876				
FP	0.399	0.642	0.846			
HRV	0.352	0.650	0.382	0.906		
LS	0.345	0.589	0.440	0.486	0.774	
OC	0.280	0.530	0.393	0.581	0.405	0.765

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

As described by Sarstedt et al. (2014), discriminant validity analyses the degree to which a particular measure is non-correlated with other dissimilar constructs in the model and only represent itself. The Fornell and Larcker (1981) criterion is the first test for checking the discriminant validity. According to this criterion, the average variance extracted (AVE) square roots are calculated and compared with the correlation value between the latent constructs (see Figure 3).

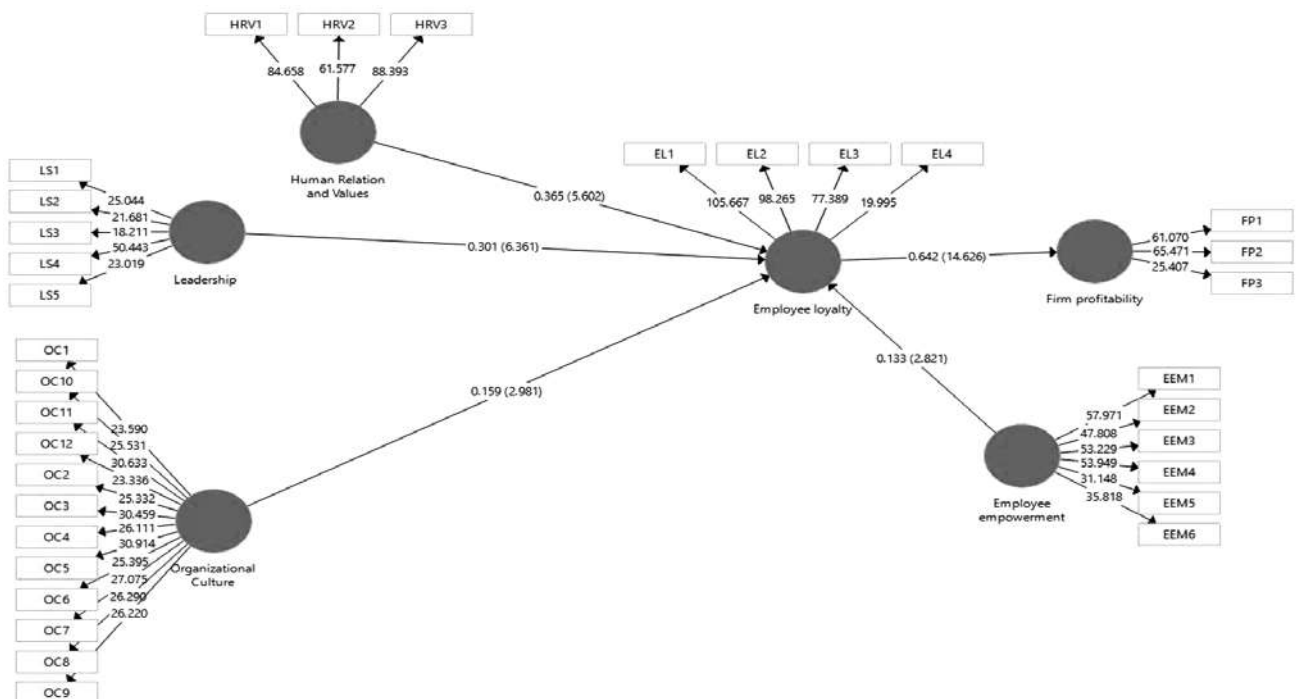


Figure 3. Structural Model

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

Subsequent to the outer model determination, the structural model was estimated in the next step. The important criterion in structural model estimation is the significance of path-coefficients and coefficient of determination (R²). The coefficient of determination or R-square measures the percentage of variance independent variable that

is explained by the model’s independent variables. In addition, the study used 5000 bootstrap samples to perform a bootstrapping procedure for 310 cases. This procedure helps to determine the significance of path relations and path coefficients (Henseler & Ringle, 2009) (see Table 4,5,6,7 and Figure 4).

Table 4. Direct Relationship

	(O)	(M)	(STDEV)	T Statistics (O/STDEV)	P Values
EEM -> EL	0.133	0.134	0.047	2.821	0.005
EL -> FP	0.642	0.639	0.044	14.626	0.000
HRV -> EL	0.365	0.360	0.065	5.602	0.000
LS -> EL	0.301	0.305	0.047	6.361	0.000
OC -> EL	0.159	0.161	0.053	2.981	0.003

*HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style,
 EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment*

Table 5. Mediation

	(O)	(M)	(STDEV)	T Statistics (O/STDEV)	P Values
EEM -> EL -> FP	0.085	0.086	0.032	2.648	0.008
HRV -> EL -> FP	0.234	0.229	0.041	5.647	0.000
LS -> EL -> FP	0.193	0.195	0.033	5.853	0.000
OC -> EL -> FP	0.102	0.103	0.036	2.861	0.004

*HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style,
 EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment*

Table 6. R-Square

	Original Sample (O)
EL	0.553
FP	0.412

EL= employee loyalty, FP= Firm Profit

On the other hand, an indicator’s predictive relevance shows the predictive weight of the manifest variables in the structural model. The Q² determines the predictive validity of complex and large model through PLS. Thus, Q² explains the extent that the collected data can be empirically reconstructed using PLS parameters and with the help of a model.

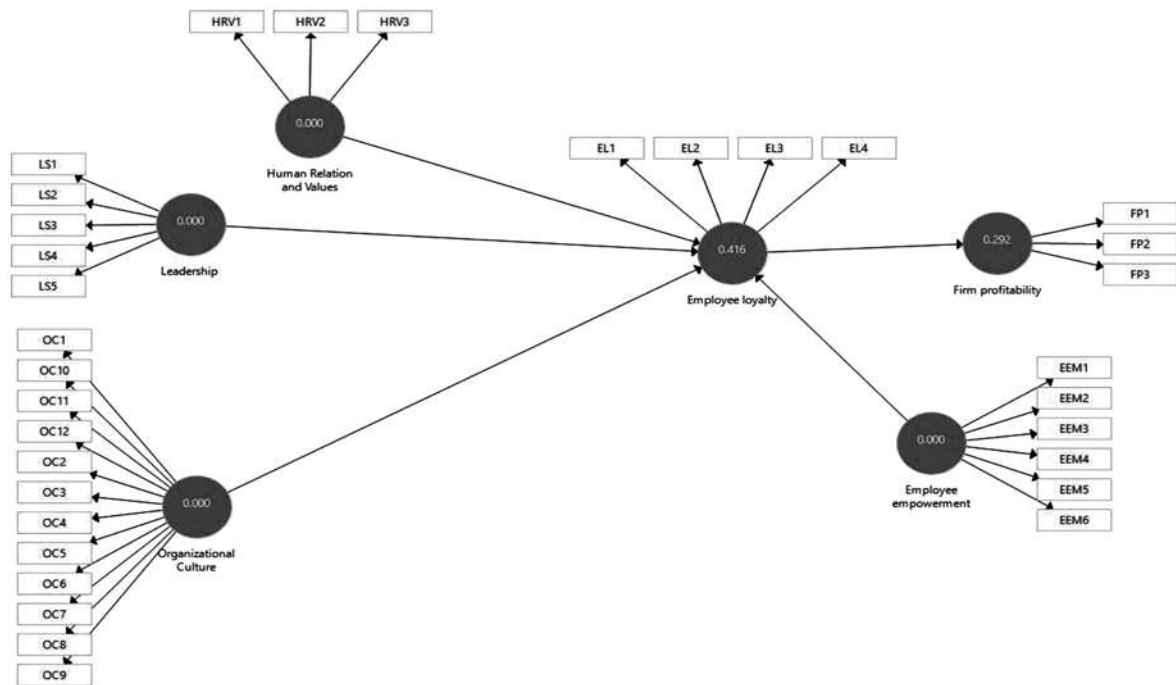


Figure 4. Blindfolding

HRV= Human Relation and Values, OC=Organizational Culture, LS=leadership style, EL= employee loyalty, FP= Firm Profit, EEM= employee empowerment

The desirable level for Q^2 is $Q^2 > 0$. Therefore, the greater the value of Q^2 , the higher will be the significance of the model and the greater will be the predictive relevance. For this purpose, performing a blindfolding procedure is important, which is a sample re-use technique to calculate Stone-Geisser's Q^2 value. Thus, a blindfolding method was then conducted in this study to compute Q^2 and to measure the relational effect of predictive relevance.

Table 7. Q-square

	$Q^2 (=1-SSE/SSO)$
EL	0.416
FP	0.292

EL= employee loyalty, FP= Firm Profit

5. Conclusion

The basic purpose for which organizations operating around the globe is to earn and maximise the profit. The manpower working in these organizations is the key for this purpose. Therefore, this study examined the impact of human relation values, organizational culture, leadership, employee empowerment in creating loyalty among employees and organizational profit (Hornung, 2020; Janssen, 2020; Abulela & Harwell, 2020; Akpur, 2020). The findings of the study revealed that the role of leadership is very important to keep employees retain in the firm. The leadership of the organization guide the workers whenever they need to achieve organizational as well as individual goals (Burgos & Bocco, 2020; Carranza Romero et al., 2020; Al-Blooshi et al., 2020). In the same vein, organizational culture contributes to employee loyalty. The culture in which employees are encouraged to contribute to organizational decision-making process creates a feeling among employees that they are being given importance by the organization. On the other hand, if the employee will be given to deciding their own regarding their individual goals and objectives which contribute to achieving organizational goals, employees

will feel empowered and will not think to switch their job. In the end, human relation values also have a very important role in developing loyalty among employees (Al-Blooshi et al., 2020; Barkhuizen et al., 2020; Bello & John-Langba, 2020).

A person who is loyal to the organization has less intention to switch the job. They prefer to stay in the current organization. Such an employee is trained and skilled and knows SOP of the organization. In this scenario, the employee plays a very important role to enhance organizational profit. Mediation role of loyalty among the leadership of the organization, human relation values, employee empowerment, organizational culture and profitability of the firm is supported statistically in the present study (Govender & Govender, 2019; Hotar, 2020; Habanabakize, 2020; Kimanzi & Gamede, 2020; Bello & John-Langba, 2020; David & Grobler, 2020). The present study has a few limitations regarding the area in which this study is conducted. The present conceptual framework can have interesting implications in the private university sector of Indonesia. In the end, findings of the study are helpful for the HR experts to use human capital to create loyalty among employees and enhance organizational profit.

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