

Job Satisfaction Dimensions and Organizational Commitment: Tools to Understand Employee Turnover Intention of IT/ITES Industry of the Gujarat State with a Focus on BPO Segment



Ranna Bhatt, Mahendra Sharma

Abstract: Attrition is one of the biggest challenge for any industry as it comes with many demerits such as loss of productivity, incurring of various costs such as training & development, recruitment etc. According to the Compensation Trends Survey conducted by Deloitte Human Capital Consulting, the IT/ITES industries of the Indian market have faced 15% of the attrition that is higher for any industry. Thus, the companies of this industry are focusing to decrease the turnover intention in order to reduce the actual employee turnover. The aim of this research is to find out the influence that Job Satisfaction and organizational commitment have on the turnover intention on the employees. Various research suggests that organizational commitment and turnover intentions are negatively correlated. Also, the studies suggest that Job Satisfaction and employee turnover intentions have a negative relationship. This study has been conducted to examine the relationship between Job Satisfaction, organizational commitment, and turnover intention for the IT/ITES industry employees with a special focus to BPO segment. The researchers have taken data from 500 employees of the BPO segment from 3 major cities of Gujarat i.e. Ahmedabad, Gandhinagar and Baroda. The researchers have used Multiple regression and ANOVA to examine the influence of the organizational commitment & job satisfaction on the turnover intention. The result shows that higher level of organizational commitment reduced the turnover intention. This research can help the BPO organizations to formulate & implement the strong retention strategies. Also, this study provides a direction to the academicians to explore further dimensions of the research in the various industries as well as various regional backgrounds.

Keywords: Job Satisfaction, Organizational commitment, Turnover Intention.

I. INTRODUCTION

The Indian BPO Industry has witnessed tremendous growth in the year 2012 as the industry has crossed the milestone of 100 billion US dollar revenue (NASSCOM, 2013-2014). Indian market share in the arena of global sourcing was 51% in the year 2009, that increased to 58% in the year 2011 (NASSCOM, 2013-2014). The annual report of NASSCOM (2010-2011) suggests that the Indian IT services are producing the total revenue of 68%. IT/ITES is one of the biggest employment provider industry in India as it has provided employment to around 2.5 million employees (Sharma and Nambudiri, 2015). However, if we see the other side of the coin; then we have to acknowledge the darker side of the industry, too. The Indian BPOs had to witness 55% of the attrition rate from December 2010 to April 2011 (Business Standard, 2011). According to the Compensation Trends Survey conducted by Deloitte Human Capital Consulting (2013-14), the IT/ITES industries of the Indian market have faced 15% of the attrition.

Quite a few researchers have identified the main factors influencing the employees' turnover behavior (Pare and Tremblay, 2000; Dupre and Day, 2007; and Chew and Chan, 2008). Job satisfaction, organization commitment, HR practices, Organization citizenship behavior, autonomy, stress, job content, promotion chances, compensation (Griffeth, Hom and Gaertner, 2000) etc. have been identified as the main factors of the employees' decision to quit.

This paper intends to discuss the findings that establishes the relationship between job satisfaction, organizational commitment and employee turnover intention. For the same, the researchers have collected the data from the BPO employees of the three major urban cities of the Gujarat state i.e. Ahmedabad, Baroda and Gandhinagar.

II. OBJECTIVE OF THE STUDY

This research has been conducted to find out the influence of organizational commitment and job satisfaction facets on employee turnover intention with respect to BPO segment of the IT/ITES industry of Ahmedabad, Baroda and Gandhinagar cities.

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III. LIMITATION OF THE STUDY

This research has been limited to 3 urban cities of Gujarat i.e. Ahmedabad, Baroda and Gandhinagar.

IV. REVIEW OF LITERATURE

Organizational Commitment and Job Satisfaction have certainly major impact on turnover intention of the employee for any company or organization. The past research suggests that organizational commitment and job satisfaction are the major predecessor of turnover intention (Horn and Griffith, 1995). If the employees are satisfied, then they certainly add a great value to the organization and productivity (Kanwar et al., 2012). According to past research studies, the productivity enhances if the satisfaction level increases (Gruneberg, 1979; Herzberg et al., 1959; Judge et al., 2001; Schultz, 1973; Spector, 1997). The studies further states that if the employee is not satisfied, the behavior to leave the company gets higher compared to the satisfied employee (Foster et al. 2001; Hellman, 1997).

The practitioners and academicians have been analyzing the employee turnover topic a lot because employee turnover comes with a lot of negative consequences. (Mowday et al., 1982; Cotton and Tuttle, 1986; Horn and Griffith, 1995; Hayes et al., 2006; Griffith et al., 2000). Mowday (1984) concluded that one of the effective way to reduce the turnover consequences is by increasing the employee commitment level. Thus, the researchers have chosen this construct to analyze the impact it holds on the turnover intent.

Job satisfaction consists of various facets such as compensation, variety, supervisor, advancement, growth opportunities etc. The studies show the impact of such variables on the turnover intent. Research supports the relationship between career growth or advancement in the career and turnover intention (Weng & McElroy, 2012). According to Cotton and Tuttle (1986), there is a negative correlation between compensation and turnover. Further, the study also suggested a negative association with supervision and turnover along with work itself and turnover (Cotton and Tuttle, 1986).

Many researches have been conducted to understand the variables that influence the employees' inclination to remain with the organization. These studies states that recognition to the employee (Milman, 2003), working conditions (MacDuffie, 1995), belongingness, career progression, rewards, achievement etc influence the employees' inclination to remain in the organization for the longer duration. Many empirical researcher states that the employees are feeling positive towards job fulfillment, job satisfaction, working hours etc tend to stay with the current organization (Milman, 2002, 2003; Milman and Ricci, 2004). The past studies also state that the companies that contribute to the employees' advancement and achievement factors can influence to reduce their turnover and increase their commitment level (Becker and Huselid, 1999; Cafaro, 2001; Cho et al., 2006; Milman and Ricci, 2004; Pfeffer, 1994; Shaw et al., 1998).

V. RESEARCH METHODOLOGY

The HR Managers, team leaders and owners of the sample companies were approached and they directed the researchers to reach to the team members. The team members have filled

the questionnaire that was designed to collect the data. The researchers have collected data from 500 employees of BPO from the IT/ITES industry from Ahmedabad, Gandhinagar and Baroda. The researchers have targeted and collected data from the three urban cities of Gujarat state i.e. Gandhinagar, Ahmedabad and Baroda.

The questionnaire was given in a hard copy format to the respondents. The researchers had personally given the instructions to respondents to fill the survey. Apart, the researchers had created the google form to collect the data that was accessible from mobile phones, laptop and desktop. Researchers have adopted the non-probability convenience sampling.

The determinants of employee satisfaction have been considered as independent variables. The study includes 5 independent variables i.e. Compensation, Recognition, Achievement, Advancement and Organizational Commitment. Here, Turnover intention was used as a dependent variable.

The researchers have designed the questionnaire into 3 parts. Part A of the questionnaire was considered to determine the job satisfaction level of the employees and the author has used the longer version of the Minnesota Satisfaction Questionnaire which is famously known as MSQ as well. The researchers have considered total 4 scales from the longer version of the MSQ out of 20 available scales based on the basis of literature review. The responses were taken on 5 point Likert scale from Very dissatisfied to Very Satisfied. The scale was found reliable as the consolidated Cronbach alpha for all the 20 items came as 0.914.

Part B of the questionnaire was considered to determine the organizational commitment level of the employees. This tool was developed in the year 1991 and it was used to determine organizational commitment conducted for General social survey. There are 6 items available in the scale and out of these 6 items, 2 items are reverse coded. Lincoln and Kalleberges had used these items in a study that was conducted at Japanese and American workspaces to determine work commitment level. The scale was found reliable as the Cronbach alpha for it was 0.715.

Part C of the questionnaire was considered to determine the turnover intention of the employees. This scale consists of three items and it is designed on the basis of the theory given by Mobley, Horner & Hollingsworth in the year 1978. The researchers have taken the responses on 5 point Likert scale in which 1 denotes to Strongly disagree and 5 denotes to Strongly Agree. The scale was found reliable as the Cronbach alpha has been 0.870 for the scale.

VI. STATISTICAL TOOLS USED FOR THE STUDY

Multiple regression tests are considered to find out the relationship between dependent and independent variables. In this study, the authors are trying to find out the impact of the job satisfaction determinants and organizational commitment level's influence on the employee turnover intention followed by employee turnover behaviors.

Thus, Multiple regression analysis and ANOVA has been used to study the influence of the Job satisfaction determinants & organizational commitment over the turnover intention of the employees.

The study includes 5 independent variables i.e. Compensation, Recognition, Achievement, Advancement and Organizational Commitment, where in Turnover Intention has been considered as a dependent variable.

VII. DATA ANALYSIS

The researchers have used this technique to establish the relationship of Turnover intention on the considered independent variables. This technique was used to predict the dependent variable (Turnover Intention) from independent variables. The independent variables used to predict turnover intention are Compensation, Recognition, Achievement, Advancement and Organizational Commitment.

A. Model:

Dependent Variable: Y= Turnover Intention

Independent variables:

X1= Compensation

X2= Recognition,

X3 = Achievement

X4= Advancement

X5= Organizational Commitment

The below mentioned table is showing the ANOVA table, model summary and coefficient values along with the significant values. Here, the R square values suggest that 52.6% variance in the dependent variable is explained by all 5 independent variables.

Table- I: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.735	.526	.514	1.036

The below mentioned table is showing the ANOVA table. Here, the F statistics significant value for two tailed is 0.000. Thus, the H0 is rejected at the 5% significance level. Thus, it concludes that all the 5 independent variable have an influence on the Turnover intention i.e. dependent variable.

Table II: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	544.01	4	136.01	137.75	.000a
	Residual	488.71	495	0.98		
	Total	1032.72	499			

The below mentioned table is showing the t statistics, coefficient values and p value. According to the table, it can be derived that factors Compensation, Recognition, Achievement, Advancement and Organizational Commitment are found significant at 5 percent level of significance. Hence it can be concluded that Compensation, Recognition, Achievement, Advancement and Organizational Commitment

have a negative relationship with employee turnover intention.

Thus, we can conclude that when the scope regarding to compensation, Recognition, Achievement, Advancement and Organizational Commitment increases, the turnover intention of the employee decreases.

Table III: Coefficients

Note:*p<0.05 level

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1	(Constant)	6.091	0.296		24.584	.000	
	Compensation	-0.256	0.136	-0.205	-2.435	.014*	0.25
	Recognition	-0.075	0.125	-0.055	-2.607	.028*	0.26
	Achievement	-0.037	0.127	-0.026	-2.056	.037*	0.24
	Advancement	-0.041	0.124	-0.028	-2.178	.042*	0.26
	Organizational Commitment	-0.034	0.125	-0.022	-2.002	.038*	0.38

Regression Equation: Following regression equation can be derived from the above mentioned table. It is also to be noted that only significant independent variables have been contemplated to derive the equation for regression.

$$TI (\text{Turnover Intention}) = 6.091 - 0.256 (\text{Compensation}) - 0.075 (\text{Recognition}) - 0.037 (\text{Achievement}) - 0.041 (\text{Advancement}) - 0.034 (\text{Organizational Commitment})$$

VIII. RESULT AND DISCUSSION

This research establishes a positive relationship between employee satisfaction and organizational commitment for the BPO segment. In this study, it has been revealed that all the independent variables have found to have a relationship on the turnover intention of the employee. This result is in line with the previous research conducted on the job satisfaction and turnover intention (Currivan, 1999; Griffeth et al., 2000). It further states that both, job satisfaction and organizational commitment are negatively associated with employee turnover intention. These results are in line with the previous research that are conducted on the same topic. (Horn and Griffith, 1995; Mathieu and Zajac, 1990; Mowday et al., 1982). Hence, this research suggests that in order to reduce the turnover intention of the employee, it is important to ensure that the employee has a higher level of job satisfaction and organizational commitment level.

IX. CONCLUSION AND FUTURE SCOPE

This research can be a foundation to formulate the retention strategies for the employees of the BPO industry.

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The findings of the study states that HR managers, team leaders and higher management of the companies should work in direction to increase job satisfaction level & commitment level of the employees. The companies can focus and align the salary, pay and incentive structure of the organization according to the expectations of the employees. The companies can introduce various facilitation schemes to praise the performance of the employees at certain intervals as this can be proven as constant source of motivation to the employee.

With such schemes, the employees' need of recognition and achievements can be satisfied also. The employees should also be given the opportunity to enhance their skills with the help of training & development. A clear chart for the career progression can be conveyed to the employee.

Such practices can make the employee feel included and the employee feels at home in the organization that leads to increase the commitment level of the employees. This study clearly states that if such steps are taken, then turnover intention decreases and hence, the productivity & profits can be increased to a greater level.

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