

Introduction

CHAPTER I

INTRODUCTION

Today's knowledge economy distinguishes one organization from another with the single most important and powerful key factor of Human Resources (HR) or Human Assets. One of the most significant factors to make a difference under the working conditions of the organization is committed, productive, highly motivated and innovative human resources. The success, continued existence and competing power of organizations depend on the commitment of their employees, supporting their individual growth and ensure their participations. There is no doubt about the truth that the human resources are the important intangible asset for any organization.

Organizational characteristics are an important factor for employee commitment and satisfaction to sustain the organization in the long run. Organizational characteristics include the factors such as, organizational goals, group cohesion, personal growth, and employer and employee relationship. An organizational characteristic is an important predictor for employees' commitment and satisfaction for successful functioning of the organization. On the other hand, Organizational commitment characterize the degree to which the employees recognize with the organization in which they work, how occupied they are in the organization and whether they are ready to leave it (Greenberg and Baron, 2008). Organizational commitment can be thought as an extension of job satisfaction, as it deals with the positive attitude that an employee does not have towards her own job, but toward the organization. The emotions, however, are much stronger in the case of organizational commitment and it is characterized by the attachment of the employee to the organization and readiness to make sacrifices for the organization.

In the most recent decade, employee welfare and satisfaction have become a major concern for management in organizations. This concern has perceived from the realization that trained, experienced, satisfied, and committed employees can be crucial for long-term organizational success. With the raise of technological advances and changes, there is a need for organizations to concentrate on employee satisfaction, organizational commitment and work itself. To sum up, if an employer desires a highly motivated, innovative, productive human resource, the importance of organizational

commitment and job satisfaction should not be forgotten. Organizations constantly give significance for Job Satisfaction and that is defined as the level to which an employee feels self-motivated, comfortable and fulfilled with his/her job. Job satisfaction happens when an employee feels he or she have job stability, career growth and a comfortable work life balance. The sustained profitability of an organization depends on its employee's job satisfaction.

It is evident that organizational commitment and high job satisfaction will avoid turnover intention of employees in the organization. Both employee and employer should attempt to create a favorable working environment that they work and which will results in happy, motivated and productive atmosphere to reach the definite goals of the organization. On the other hand, dissatisfied employees begin to think about leaving the organization. Job satisfaction has outcome on to determine staying in or leaving the organization. If employees think that they are treated fairly and getting rewards they are not likely to leave the organization. Employees depart from the organization might be substitute physically; however, their skill-sets and knowledge cannot be accurately replaced by the person replacing them, as each individual acquire a different skill-set and experience. Retention of dedicated employees can prove to be a key to success because frequent employee turnover can lead to a number of problems, such as insufficient workforce, the costs of recruiting and training new employees, organizational inadequacy and lack of productivity. The greatest challenge faced by the Human resource professionals in IT and ITES is to manage the multicultural workforce, to retain the talented and skillful workforce and also to retain the high performing employees to maintain consistency in the performance.

The flourishing Indian economy has facilitated the IT and ITES sector to maintain its competitiveness in the global market. India is home to a large number of IT and ITES professionals, who have the necessary skill and expertise to meet the demands and expectations of the global IT industry. The cost of skilled workforce in India is reasonably low when compared to the developed nations. This build the Indian IT industry highly cost efficient and this is also the reason as to why the IT and ITES have expanded significantly in the Indian job market. The major challenge faced by Indian IT Industry is not attracting the prospective employee but retaining the talent as high

turnover is back to a serious concern. This has also pose definite Human Resource challenges to the practitioners and the major challenge of them happens to be the retention of the motivated and the transitory workforce in these sectors. The more the people leave an organization, the more is the drain of the company's resources like the expenditures incurred on recruitment, training and orientation, not only the money but valuable time is also wasted. The high attrition rate adversely affects the productivity of the organization. Therefore, it is very important to reduce attrition not only for an individual firm but for the industry as a whole. Therefore, it is imperative to deliberate on whether the employees enjoy job satisfaction or not, whether they are committed and it's also important to review organizational characteristics in the IT and ITES industry.

1.1 STATEMENT OF THE PROBLEM

In a dynamic business environment, companies must devote greater effort to enhance their employee's capabilities. The success of any organization depends on dedicated, well motivated and satisfied human resources. Employers should promote their employees by providing better working condition, providing flexible working hours, Fair payments, encouraging employees to use their own skills and abilities which help them to have a sense of self-pride. The Employees have a high level of job satisfaction are likely to be dedicated to the organization. Organizational commitment and Job satisfaction of the employees forecast the employee attrition attitude to sustain and quit from the job. Organization commitment and Job satisfaction leads to improve profitability and or more positive attitude towards profit orientation, enhance the knowledge and skills at all levels of the organization, improves the morale of the workforce and helps the employees identify themselves with organizational goals.

In general, various studies on organizational commitment, job satisfaction and turnover intention have constantly provided evidences that unfulfilled employees tend to have intention to depart from the organizations and look for alternative jobs. Even though attrition is common across all sectors, attrition rate is comparatively higher in Information Technology and Information Technology Enabled Services. As per recent study conducted by KPMG in India's Annual Compensation -Trendy survey 2018-2019, the voluntary annual attrition rate is 14.6 per cent for IT and 15.1 per cent for ITES

industry. There are several factors impacting attrition level, such as employee motivation, rewards and recognitions, congenial atmosphere, infrastructure and employee benefits. In today's competitive background, the attrition attitude of employees can have an effect on both the process of the business as well as morale of employees. High rate of attrition attitude will be resulted in the overall performance of the organization. In order to achieve high performance, it is essential to retain the employees in the organization. Employees' commitment and satisfaction in their job depends on perceived organizational characteristics which in turn also influence the employees' attrition attitude towards their work. Therefore, it's important to study the organizational characteristics, organizational commitment job satisfaction, and employee' attrition intentions as reciprocity reaction. Hence, the research focuses on organizational characteristics and commitment of employees in IT an ITES industry and their effects on employee attrition attitude.

1.2 OBJECTIVES OF THE STUDY

The study has focused on the following objectives.

- To analyse the organizational characteristics prevailing in IT and ITES companies.
- To find the organizational commitment of employees and their level of job satisfaction in IT and ITES companies.
- To assess the attrition attitude among employees in IT and ITES companies.
- To examine the relationship between organizational characteristics, organizational commitment, job satisfaction, and attrition attitude of employees in IT and ITES companies.

1.3 RESEARCH METHODOLOGY

The following research methodology has been adopted for the study.

i) Period and Area of the Study

The period considered for the study has been 2016-2019. The study is pertaining to Coimbatore City only.

ii) Sampling Method and Sample Size

Coimbatore is a famous IT hub in Tamilnadu and holds the second place next to Chennai. It consists of several IT and ITES companies with employees ranging from few hundred to several thousands. The exact number of employees in each IT/ITES company was not known as the companies were not interested to reveal the numbers. A population of 1 lakh is assumed to be the IT and ITES employees inside Coimbatore City. Hence, proper probability sampling method could not be adopted. Instead Snowball sampling method has been used to select the sample size. Snowball sampling involves by initially picking up few sample respondents from the target population and asks them to recommend other subjects they know who fit the description of samples needed. The referrals in turn, recommend other respondents who are interested to take part in the survey and that referral in turn recommend others. This referral system continued until the required numbers of samples have been arrived at. For population of this type, where identification of subjects is difficult, snowball sampling is the only viable sampling strategy because the study group is secretive or the respondent-employees were either reluctant to reveal their organization names or did not want the organization to know that they took part in such survey.

Hence, an assumed population of 1 lakh has been considered to derive the sample by applying Taro Yamae (1967) method. As per Taro Yamae (1967) the required sample size for a finite population of N, the formula is

$$\text{Sample size (n)} = \frac{N}{1+N \times e^2}$$

Where N= Population size =100000

e = allowed error margin = 5%

For 95% probability, the required sample size is

$$\begin{aligned} n &= \frac{100000}{1+100000 \times (0.05)^2} \\ &= 398 \text{ (rounded off to 400).} \end{aligned}$$

iii) Data and Data Sources

The primary data has been used for the study. A pilot study has been conducted and the primary data have been collected from 60 respondents. The results of the pilot study have necessitated certain changes for the final structuring of the Questionnaire meant for 400 respondents chosen from IT and ITES companies in TIDEL Park, Saravanampatty IT park and other IT and ITES companies situated in and around Coimbatore, Tamilnadu. Necessary secondary data have been collected from the journals, magazines and websites. It is found from the secondary sources that nearly hundred IT and ITES companies are situated in Coimbatore with employee strength of approximately one lakh.

iv) Instrumentation

Four different scales have been used in the study with five point likert scaling (Strongly Agree to Disagree)

- Self administered questionnaire has been framed to find the organizational characteristics (18 items questionnaire) and Attrition attitude (35 items) of employees in IT and ITES employees.
- The scale developed by Allen & Meyer, (1990) has been used for analyzing the Organization Commitment of the respondents.
- The JSS scale developed by Spector, P.E (1985) has been used for assessing the level of Job satisfaction of the respondents.

The instrument has been tested for reliability and validity.

v) Statistical Tools Used

The following statistical tools have been used for analyzing the data collected.

- Percentage analysis
- Descriptive Statistics
- t-Test
- MANOVA
- ANOVA
- Factor analysis
- Regression Analysis
- Path Analysis

1.4 SCOPE OF THE STUDY

Due to the severe competition prevailing in IT and ITES sector, organizations have to concentrate more on productivity and performance of the employees. Most of the employees are not fully satisfied and committed to perform their given task. As a result of this, the employee over a period of time fails to perform, gets de-motivated and ultimately moves out of the organization. This study focuses on the organisational characteristics, commitment of employees, job satisfaction and the attrition attitude of IT and ITES employees.

1.5 HYPOTHESIS

Based on the objectives of the study the following research hypothesis have been framed.

- The organizational characteristic does not have significant difference among the demographic profile of the respondents.
- Demographic profile of the respondents does not have significant variation with respect to Job satisfaction and Organizational Commitment.
- The Attrition Attitude of the IT and ITES employees does not vary significantly among the groups of personal variables.
- There is a significant relationship between Organizational characteristics, job satisfaction, organizational commitment and attrition attitude of the employees.

1.6 SIGNIFICANCE OF THE STUDY

The results of this study would be of immense help to identify the dimensions of job satisfaction, organizational commitment and attrition attitude of employees in IT and ITES companies. The findings of the study would bring out the relationship between organizational commitment, job satisfaction, and its effect on attrition attitude of the employees which in turn will help in the formulation of corporate human resource strategies of the companies to retain the employees.

1.7 LIMITATIONS OF THE STUDY

The following are the limitations of the study

- The normal limitations inherent in the statistical tools may be found in the current study too.
- Inability of the human mind to remember certain facts also poses a limitation.

1.8 CHAPTER SCHEME

Chapter I : deals with the introduction, statement of the problem, objectives of the study, research methodology, hypotheses, scope of the study, significance of the study, limitations and chapter scheme.

Chapter II : summaries the literature available in the area relevant to the study.

Chapter III : narrates the concepts of organizational characteristics, commitment, job satisfaction and issues on attrition prevailing in IT and ITES industry.

Chapter IV : analyze the organizational characteristics prevailing in IT and ITES industry.

Chapter V : explores the organizational commitment and the level of job satisfaction of IT and ITES employees.

Chapter VII : assess the attrition attitude of employees in IT and ITES sector

Chapter VIII : examine the relationship of attrition attitude with job satisfaction and Organizational commitment.

Chapter IX : Summarizes the findings, offers suggestions and brings conclusion.

REFERENCES

Journal

- Valentin Konya, Dejan Matic and Jasmina Pavlovc (2016). The Influence of Demographics, Job Characteristics and Characteristics of Organizations on Employee Commitment. *The Journal of Applied Science*. 13(3), 119-138.
- Richa N. Agarwal. (2015). Stress, Job Satisfaction and Job Commitment's relation with attrition with special reference to Indian IT sector proceedings of the 9th international management conference. *Management and Innovation for Competitive Advantage*, 720-731.
- Narayana Rao, T., Subbarayud, T & D. Siddhardha. Attrition a serious cause in Bpo sector an empirical study confine to Visakhapatnam District Andhra Pradesh. 3rd International conference on recent innovation in science engineering and management, 240-248.
- Mohan Kumar, R & Astalin Melba, A. (2015). A Study on women employee attrition in IT industry with special reference to Technopark, Thiruvananthapuram. *International Journal of Management Research & Review*, 5(7), 528-534.
- Wolfgang Messner (2013). Effect of organizational culture on employee commitment in the Indian IT services sourcing industry. *Journal of Indian Business Research*. 76-100.

Websites

- <http://www.google scholar.com>
- <http://www.scribd.com>
- <http://www.google.com>
- <http://nasscom.com>
- <http://researchgate.com>