

Organizational Commitment and Demographic Factors : A Study in Indian BPO Sector

Sulakshna Dwivedi*

** University School of Applied Management,
Punjabi University, Patiala*

Abstract

Attrition, retention and talent management are the buzz words in corporate arena these days. With the transition from agrarian to manufacturing to service Industry, many changes have been witnessed in different aspects of workforce in terms of their demography, perceptions, expectations and commitment. The study is an attempt to research this change in commitment level of employees with respect to their demographic levels. The sector chosen for the study is Indian Business Process Outsourcing (BPO) Sector which has the highest attrition rate among other sectors of Indian Industry. The relevance of the study is due to retention issues in this particular sector. The study has been conducted in 15 BPO units in and around Chandigarh. Commitment level of employees of employees of various demographic levels had been assessed and effort had been made to identify those employees who are more likely to leave the organizations. So that findings could facilitates HR Managers in designing retention plans for those categories of employees who are more prone to leave so that their needs and expectations can be studied and actions should be taken to make them committed to their jobs.

Key Words

Business Process Outsourcing, Demographic Factors, India, Organizational Commitment, Retention

INTRODUCTION

In the epoch of globalization, organisations are hard-pressed to be both efficient and effective. The pursuit of efficiency and competitiveness can be

accomplished if organizations have the right people with the right attitudes and skills. Organisations are being witnessed to combat out for workforce share in a way they fight for market share. Business world has recognized the fact that their survival mainly depends upon their ability to attract, motivate, and retain the key employees. Importance of human resource over other factors of production can not be gainsaid. Without the productive and committed intervention by human resources all other resources would be in vain. Significance of committed employees is even more crucial as we have moved to manufacturing to service sector, where employees play a pivotal role. Committed employees are the prominent resources and the foundations of any organization.

ORGANIZATIONAL COMMITMENT

The most widely accepted and used definition of employee commitment in current research is that of Porter *et al.* (1974) who stated that commitment is "the relative strength of an individual's identification and involvement in a particular organization". They described commitment by three psychological factors: (1) a strong belief in and acceptance of the organization's goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in the organization.

Meyer and Allen (1991) hold that organizational commitment is a multidimensional construct comprising three components: affective, continuance and normative.

- Affective commitment has been defined as an employee's emotional attachment to identification with and involvement in the organization.
- Continuance commitment on the other hand has to do with one's awareness of the costs associated with leaving the present organization.
- Normative commitment has to do with feeling of obligations to the organization based on one's personal norms and values.

Robbins (2005) stated that organisational commitment is a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So, high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization".

LITERATURE REVIEW

Organizational Commitment was found to be a very important organizational

variable defining the success of an organization in many ways. A number of research studies have demonstrated significant relationships between organizational commitment and several behavioral outcomes such as performance (Wiener and Vardi, 1980; Meyer *et al.*, 1989). Organizational commitment was found to be associated with organizational adaptability and tardiness rate (Angle and Perry, 1981); Absenteeism (Steers & Rhodes, 1978).

Many other studies (Porter *et al.*, 1974; Koch and Steers, 1978) showed organizational commitment to be a better predictor of turnover than job satisfaction. Identification and internalization, which are, in fact, affective commitment and normative commitment respectively, are found to be negatively related to intent to quit (Becker, 1992).

These empirical insights have attracted considerable attention to identify the factors that influence organizational commitment.

DEMOGRAPHIC VARIABLES AND PERCEPTION OF ORGANIZATIONAL COMMITMENT

Various demographic variables have also been found to have an influence on organisational commitment level. Research conducted in this area has mixed results.

Employee age is the strong predictor of organisational commitment (Samneek *et al.*, 2005; Tilay, 2005). Age group does not have influence on organisational commitment (Joolideh and Yeshodhara, 2009).

Education is a strong predictor of commitment (Samneek *et al.*, 2005). Level of education failed to show any relationship with commitment (Tilay, 2005)

Individuals' position and tenure in the firm (Stevens *et al.*, 1978), their perception of psychological safety and meaningfulness, and the firm's entrepreneurial orientation all are positively related to organisational commitment (Clercq and Rius, 2007). Age, educational level, organizational tenure, household size, career mobility, job challenge, job level, working hours, organizational climate and social involvement all have significant influences on either affective, continuance or normative organizational commitment of university employees (Samneek *et al.*, 2005).

Results showed that female employees had higher levels of continuance commitment than men (Stewart *et al.*, 2007). Gender and organization size have a positive influence on organizational commitment (Kwon and Banks, 2004).

Hence, Hypothesis H₁ to H₇ is proposed to evaluate impact of demographic variables on commitment level.

Thus gives direction to hypothesis 1-7.

H₁ : Employees of different age category differ significantly with their perception of organizational commitment.

H₂ : Employees of different educational level differ significantly with their perception of organizational commitment.

H₃ : Employees of different gender categories differ significantly with their perception of organizational commitment.

H₄ : Employees of different marital status category differ significantly with their perception of organizational commitment.

H₅ : Employees of different work experience in the present organization differ significantly with their perception of organizational commitment.

H₆ : Employees of different total work experience differ significantly with their perception of organizational commitment.

H₇ : Employees of different level of management categories differ significantly with their perception of organizational commitment.

PRESENT STUDY

The above mentioned and other similar studies made the plan for the present study. The author made an attempt to study organisational commitment among different psycho-demographic variables in 15 Business Process Outsourcing (BPO) in and around Chandigarh. Out of total 40 BPO units, 15 BPOs were selected proportionately from the three strata according to number of employees viz. BPOs having less than 250 employees, Between 250-500 employees and BPOs having more than 500 employees. The details regarding total number of BPOs and sampled BPOs is given under Table 1 entitled Sample Profile of BPOs from each stratum proportionately.

Table 1

Sample Profile of BPOs from each Stratum Proportionately

Sr.No.	Strata	Total Number of BPOs	Sampled BPOs
1.	BPOs having upto 250 Employees	27	10
2.	Between 250-500 Employees	10	03
3.	Having more than 500 Employees	6	02
	Total	40	15

WHY BPO INDUSTRY?

Indian BPO sector has witnessed the highest attrition rate among all the industries for over a decade. High attrition rate of employees has taken toll on finances including cost of training and administration, high recruitment, incompetent processes etc. Attrition, though, remains the most enduring and pressing problem. Although officially running at 30-40 per cent p.a. (Nasscom, 2006), the real rate is perhaps around 65-75 per cent p.a. It is known that the rate of attrition exceeds 100 per cent in certain companies, in certain geographical locations and for particular processes. Attrition rate in BPO sector in the first quarter of the year 2011 was as high as 55 per cent (ASSOCHAM, 2011). It is known that the rate of attrition exceeds 100 per cent in certain companies, in certain geographical locations and for particular processes.

But the big question is that which groups of employees are more prone to leave the organization. So that HR Managers could remain more cautious about those groups and proactive strategies could be made to retain them.

RESEARCH METHODOLOGY

Scope of the Study

Research effort was related to assess the differences in the commitment level of employees according to their demographic variables in BPO Sector in and around Chandigarh. Study has been conducted at all the three levels i.e. top, middle and lower level of employees to present comprehensive picture of organizational commitment with respect to their demographics. Data was collected through multi-stage sampling. In the first stage, stratified sampling has been used for selecting BPOs. In the second stage, through judgment sampling, employees from top, middle and lower level were chosen from three strata of BPO units, comprising a total sample size of 524 employees.

Sources of Data

The study being empirical in nature, hence, relied both on primary and secondary data. Primary data was collected through questionnaires, interviews and discussions with BPO employees. Secondary data was collected through research journals, magazines, reports and websites of respective of BPO companies, Software Technology Park of India (STPI) Mohali (Punjab, India) NASSCOM and other related BPO websites.

Data Collection

Data was collected from 524 employees from 15 BPOs in and around Chandigarh (India) i.e. from Chandigarh, Panchkula and Mohali which covered all the three strata of BPOs as discussed above and from all the three levels of employees i.e. top, middle and lower level of employees.

Measures

The questionnaire was prepared for studying the organizational commitment of employees. The questionnaire started with information relating to demographic profile of the respondents i.e. age, qualification, gender, marital status, experience in the present organization, total experience and level of management. The scale used for the purpose of measuring the responses of the employees for organizational commitment was developed and revised by Meyer and Allen in 1997. The scale had three dimensions named as Affective Commitment, Normative Commitment and Continuance Commitment. The scale had 18 items. And the items were scored on a seven-point Likert scale.

Reliability Coefficient of Questionnaires

All the questionnaires were used, as it is, except some modifications in the wordings. Reliability Coefficient i.e. Cronbach Alpha for the scale has been calculated for a sample of total 524 and it was found to be 0.787, which was satisfactory (greater than 0.70). Hence, scale was found to be reliable.

Data Analysis Procedure

To arrive at pertinent analysis, the collected data was fed to plan statistical analysis using SPSS16.0 package. The tools, which were employed to test the drafted hypothesis for analysis included: ANOVA, Post-Hoc Multiple Comparison and t-test.

RESULTS AND DISCUSSIONS

In this section, for assessing the differences in organizational commitment according to demographical variables, hypothesis testing has been done by using ANOVA, Post Hoc Multiple Comparison and t-test.

Organizational Commitment and Socio-Demographic Variables

Hypotheses are related to different socio-demographic groups and difference in their commitment level. Demographic variables are related to age, education, marital status, gender, total work experience, work experience in the present

organization and level of management.

Demographic Variable-Age

Employees of different age category differ significantly with their perception of Organizational commitment (H_1).

The descriptive statistics and Analysis of Variance (ANOVA) is depicted in Table 2.

Table 2
Descriptives and Analysis of Variance (ANOVA) of Age categories for Organizational Commitment

Variables	Age	N	Mean	F-test	Sig.
Organizational Commitment	<25 years	179	3.9804	16.289	.000
	25-30 years	243	4.1669		
	30-40 years	102	4.3791		
Total	524	4.1445			

Of the 524 respondents, 179 were in the age group of less than 25 years, 243 were between 25-30 years and 102 were between 30-40 years of age.

From the results of ANOVA, it is clear that there are statistically significant differences between the mean values of different age groups of employees for organizational commitment ($p < 0.05$). From the above results, it can be concluded that the hypothesis H_1 is supported. Further, under Post-Hoc Multiple comparison Test, Scheffé Test was used to compare the variance and the results are displayed in Table 3.

Table 3
Multiple Comparisons Between Different Age Groups of Employees for Organizational Commitment

Dependent Variable	(I) level_1	(J) level_1	Mean Difference (I-J)	Std. Error	Sig.
Organizational Commitment	<25 years	25-30 years	.18645*	.05606	.004
		30-40 years	-.21219*	.06715	.007
	25-30 years	<25 years	-.18645*	.05606	.004
		30-40 years	-.39864*	.07061	.000
	30-40 years	<25 years	.21219*	.06715	.007
		25-30 years	.39864*	.07061	.000

From the Table 3, it is clear that employees in the age category of 30-40 years have more organizational commitment than other age group employees. From the mean values, it can be inferred that employees in the age group of less than 25 years are less committed than other age group employees

Education

Employees of different educational level differ significantly with their perception of organizational commitment (H_2).

The descriptive statistics and Analysis of Variance (ANOVA) is depicted in Table 4.

Table 4
Descriptives and Analysis of Variance (ANOVA) of Educational Level Categories for Organizational Commitment

Variables	Educational Level Categories	N	Mean	F-test	Sig.
Organizational Commitment	Graduate	346	4.0896	6.516	.002
	Post Graduate	123	4.3085		
	Others	55	4.1232		
	Total	524	4.1445		

From the results of ANOVA (Table 4), it is clear that there is significant difference in the perception of organizational commitment across the employees of different educational level categories ($p < 0.05$). Hence, supporting hypothesis H2. Further, from Table 5, it is clear that graduates are less committed than post-graduate employees.

Table 5
Post Hoc Tests Multiple Comparisons Comparison Between Different Educational Categories for Organizational Commitment

Dependent Variables	(I) qualific_1	(J) qualific_1	Mean Difference (I-J)	Std. Error	Sig.
Organizational Commitment	Graduate	Post-Graduate	-.21890*	.06083	.002
		Others	-.03364	.08411	.923
	Post-Graduate	Graduate	.21890*	.06083	.002
		Others	.18526	.09399	.144
	Others	Graduate	.03364	.08411	.923
		Post-Graduate	-.18526	.09399	.144

Gender

Employees of different gender categories differ significantly with their perception of organizational commitment (H_3).

The descriptive statistics for the number of employees who responded regarding their commitment level under the gender categories are depicted in Table 6.

Table 6
Descriptives Statistics and t-test for Equality of Means of Gender Categories for Organizational Commitment

Variables	Gender	N	Mean	t-test	Sig. (2-tailed)
Organisational Commitment	Female	195	2.2999		
	Male	329	4.1923	2.601	.010

From the independent t-test results (Table 6), it is clear that there is statistically significant differences between the mean values of two gender group of employees for organizational commitment ($p < 0.05$). From the above results, it can be concluded that the hypothesis H_3 is accepted. Further, it can be observed from the mean values that male employees perceive are more committed than female employees.

Marital Status

Employees of different marital status category differ significantly with their perception of organizational commitment (H_4).

The descriptive statistics for the number of employees responded under Marital Status category is depicted in Table 7.

Table 7
Descriptives Statistics and t-test for Equality of Means of Marital Status Categories for Organizational Commitment

Variables	Marital Status	N	Mean	t-test	Sig. (2-tailed)
Organisational Commitment	Unmarried	415	2.3058	3.177	.002
	Married	109	4.3252		

From the independent t-test results as depicted in Table 7, it is clear that there are statistically significant differences between the mean values of two marital

status group of employees for organizational commitment ($p < 0.05$). From the Table 7, it is clear unmarried employees have less organizational commitment than married employees.

Work Experience in the Present Organization

Employees of different work experience in the present organization differ significantly with their perception of organizational commitment (H_3).

The descriptive statistics and Analysis of Variance (ANOVA) for the number of employees who responded under the different categories of work experience in the present organization are depicted in Table 8.

Table 8
Descriptives Statistics and Analysis of Variance (ANOVA) of Work Experience in Present Organization for Organizational Commitment

Variables	Work Experience in Years	N	Mean	t-test	Sig.
Organizational Commitment	0-2 years	278	4.0897	1.967	.118
	2-4 years	144	4.2076		
	4-6 years	54	4.2500		
	Above 6 years	48	4.1539		
	Total	524	4.1445		

From the results of ANOVA (Table 8), it is clear that there is no significant difference in the organizational commitment across the different work experience in the present organization categories ($p > 0.05$). From the above results, it can be concluded that the hypothesis H_3 is rejected.

Total Work Experience

Employees of different total work experience differ significantly with their perception of organizational commitment (H_4).

The descriptive statistics and Analysis of Variance (ANOVA) for this category are depicted in Table 9.

Table 9
Descriptives Statistics and Analysis of Variance (ANOVA) of Total Work Experience for Organizational Commitment

Variables		N	Mean	t-test	Sig.
Organizational Commitment	0-5 years	228	4.1084	.860	.462
	5-10 years	169	4.1552		
	10-15 years	82	4.1626		
	Above 15 years	45	4.2543		
	Total	524	4.1445		

It is clear from the results that there is no significant difference in the perception of organizational commitment across the different work experience in the present organization categories ($p > 0.05$). From the above results, it can be concluded that the hypothesis H_0 is rejected.

Level of Management

Employees of different level of management categories differ significantly with their perception of organizational commitment (H_1).

Table 10
Descriptives Statistics and Analysis of Variance (ANOVA) of Level of Management Categories for Organizational Commitment

Variables		N	Mean	t-test	Sig.
Organisational Commitment	Top	71	4.3302	10.527	.000
	Middle	159	4.2453		
	Lower	294	4.0452		
	Total	524	4.1445		

It is clear from Table 10 that there is significant difference in the perception of organizational commitment among employees across different level of management ($p < 0.05$).

Table 11

Multiple Comparisons Between Different Level of Management for Organizational Commitment

Dependent Variables	(I) qualific_1	(J) qualific_1	Mean Difference (I-J)	Std. Error	Sig.
Organizational Commitment	Top	Middle	.08492	.08209	.586
		Lower	.28504*	.07605	.001
	Middle	Top	-.08492	.08209	.586
		Lower	.20012*	.05662	.002
	Lower	Top	-.28504*	.07605	.001
		Middle	-.20012*	.05662	.002

* The mean difference is significant at the 0.05 level.

Further, Scheffe (Table 11) is used to compare the variance and it is clear from the results that lower level employees have less organizational commitment than top and middle level employees.

Organizational commitment level of employees differs across different age groups, educational level, gender group, different marital status group and across different level of management. Hence, Hypothesis H1, H2, H3 H4 and H7 are found to be accepted. While, no significant difference was found in commitment level across employees of different tenure in the present organization and according to overall tenure. Hence, Hypothesis H5 and H6 were rejected.

CONCLUSION

Further, it can be concluded that BPO employees in the age group of 30-40 years are more committed than employees in other age groups; group of employees with post graduates degrees are significantly more committed than graduates and under graduates; male employees in the BPOs understudy are more committed than female employees; married employees are significantly more committed than unmarried employees and last but not the least, the top level employees are more committed than lower and middle level employees.

As far as age is predictor of Organisational Commitment, results support the findings of Samneek *et al.* (2005) and Tilay (2005), but do not support the findings of Joolideh and Yeshodhara(2009).

Education is a strong predictor of commitment; the results support the findings of Samneek *et al.* (2005), but do not support the findings of Tilay (2005).

Results support the findings of Stevens *et al.*, 1978, as far as individuals' position has impact on Organisational Commitment. But findings are not in line with results of Clercq and Rius (2007) and Samneek *et al.* (2005) regarding positive relationship between tenure and Organisational Commitment.

Organisational Commitment level differs according to the gender of employees. Thus, the results support the findings of Stewart *et al.* (2007) and Kwon and Banks (2004).

Therefore, managements need to focus more on retaining employees who are less than 25 years of age group; graduates; unmarried; lower level (entry level /call centre executives etc.) and female employees, as organizational commitment is less among these groups of BPO employees. Hence, HR Managers in BPOs should take due care of these groups of employees while recruiting and selecting. Hence, findings could facilitate HR Managers in designing their retention plans for those categories of employees who have more tendencies to leave the organization.

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