

The Impact of Organizational Commitment on Employee Loyalty in IT Industry with Reference to Coimbatore City

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Abstract—Employee loyalty can be defined as employees being committed to the success of the each and every organization and believing that working employee's for this particular organization is employee's best option not an another. The aim of the study, to find the impact of organizational commitment on employee loyalty in IT Industry. This study also finds out the relationship between financial benefit, manger attitude and organizational commitment. At end of the factors affecting employee loyalty also determined. To achieve the aim of the study questionnaire survey was used. The results show that there is a positive and significant impact of organizational commitment on employee loyalty in IT organizations.

Index Terms—Employee loyalty, financial benefit, manager attitude, organizational commitment.

I. INTRODUCTION

Employees are a vital resource for nearly all organization, especially since they represent a significant investment in term of locating, recruiting, training let alone salaries, healthcare, plans, bonuses etc. The management of many organizations develops their training programmers, benefit packages, performance appraisal and work system based on their company policies. Usually these policies are aimed at developing loyal employees because this leads to a more lengthy tenure. The longer an employee works for a company the more valuable they become. Loyalty is the kind of faithfulness and trueness. Organizational commitment is the field of organizational behaviour. In general sense the employee's psychological attachment or loyalty to the organization. Employees and organizations have reciprocal responsibilities and mutual commitments both stated and define their relationship. Sometimes managers persuade employees to adopt new strategy it is unrealistic for managers expected high to their employees. There are three main dimensions compacts in all companies. These are formal, psychological and social.

Loyalty, as a general term, signifies a person's devotion or sentiment of attachment to a particular object, which may be another person or group of persons, an ideal, a duty, or a cause. It expresses itself in both thought and action and strives for the identification of the interests of the loyal person with those of the object (Britannica, 1998). Organizational commitment has been define as multidimensional in nature and involving an employee's loyalty to the organization. Also identify the

attitude and behavior of the employees. Loyalty of employee cannot be determined through direct questioning no one can assume whether employees today work effectively. We know loyalty and a commitment is more than simple behavior it's all just like customer loyalty and commitment (Jeffrey M. Stanton et al., 2003).

According to (North craft, 1996), commitment is an attitude reflecting an employee's loyalty to the organization, and an ongoing process through which organization members express their concern for the organization and its continued success and well-being. Organizational commitment is the degree to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization (Robbins, 2005). (Yousef, 2001) identify three types of commitments. Normative commitment is defined as organizational commitments. Affective commitments are define by emotional attachments, identification, and involvement to achieve the goal of organization. Continuance commitment is the willingness to remain in an organization because of different investments.

A. Research Questions:

The following research questions were formulated for the study:

1. Which factors affecting determine the employee loyalty of IT executive's performance towards Organizational Commitment?
2. What factors are necessary in forming loyalty among employees?

B. Objectives of the Study:

The objectives of the study are as follows:

1. To analyse the influence of Socio economic condition of the respondents towards employee loyalty among the IT Sector.
2. To analyse the effectiveness of factors influencing among employee loyalty in IT sector.

C. Purpose of the Study:

The study was to identify the factors that contribute to employee loyalty and organizational commitment in IT sector. The aim of the study, to find the impact of organizational commitment on employee loyalty in IT Industry. The research also aims at identifying whether the organizational commitment as a factor to impact on employee loyalty or not.

This study also finds out the relationship between financial benefit, manager attitude and organizational commitment this study helpful to employer as well as to the employees in organization.

II. LITERATURE REVIEW

According to (J.Kreisman, 20021). Organizational commitment is the field of organizational behavior. In general sense the employee's psychological attachment or loyalty to the organization. Employees and organizations have reciprocal responsibilities and mutual commitments both stated and define their relationship. Sometimes managers persuade employees to adopt new strategy it is unrealistic for managers expected high to their employees. There are three main dimensions compacts in all companies. These are formal, psychological and social. Employee's familiar relationship between employees to employee is also important because basic task and performance is job description and agreements. According to US corporation research many companies lose half of their employees due to some reasons.

According to (Angle, 19832). Organizational commitment has been defined as multidimensional in nature and involving an employee's loyalty to the organization. It also identifies the attitude and behavior of the employees. Loyalty of employee cannot be determined through direct questioning no one can assume whether employees today work effectively. It commonly knows that loyalty and a commitment is more than simple behavior it's all just like customer loyalty and commitments.

According to Meyer, (19973) identifies three types of commitments. Normative commitment is defined as organizational commitments. Affective commitments are defined by emotional attachments, identification, and involvement to achieve the goal of organization. Continuance commitment is the willingness to remain in an organization because of different investments.

According to Jawahar (20064) found that Performance appraisal played a role in the relationship between employee satisfaction and employee loyalty in this study. Performance appraisal is an important element of loyalty because it is positively related to organizational commitment and negatively related to turnover intentions. Job satisfaction and organizational commitment fall into a broader definition of loyalty.

According to Yousef (20015) examined the associations between job satisfaction, organizational commitment, and turnover intention among temporary employees. The results, based on structural equation modeling, provide support for nearly all of the hypothesized associations in the model. They found positive associations between job satisfaction and organization commitment.

III. DETERMINANTS OF EMPLOYEE LOYALTY

A. Managers Attitude:

The manager attitude is falls to managers to take responsibility for monitoring worker attitudes. Managers are also responsible for modeling a positive attitude that will inspire workers to achieve. They rely on different measurement

tools to determine worker attitudes. One example involves using an employee index or a survey of questions in which respondents answer using a numerical scale. Managers can perform statistical analysis and summarize the survey results, looking for patterns in employee attitudes, even comparing employee attitudes to their expectations.

B. Employee Attitude:

Managed Employee Satisfaction leads to a Healthy Organizational Climate. Organization health is a reflection of the attitudes of your employees. A comprehensive survey of these factors can boost the value of your employee capital and direct your employees toward fulfilling your strategic organizational goals.

C. Organizational Commitment:

Organizational commitment is the bond employees experience with their organization. Broadly speaking, employees who are committed to their organization generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organization.

D. Job Satisfaction:

Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is not the self-satisfaction, happiness or self-contentment but the satisfaction on the job.

IV. THEORETICAL FRAMEWORK

The independent variables of the study are Attitude about the employees, Organizational Commitment and Attitude about the Company. And the dependent variable is employee loyalty. The independent variable (organization commitment, attitude about the employees and Attitude about the Company) affects the dependent variable through mediating variable i.e. Job satisfaction (employee loyalty). Higher the organization commitment higher will be the employee loyalty. The researcher can improved the conceptual frame following as shown in Fig. 1.

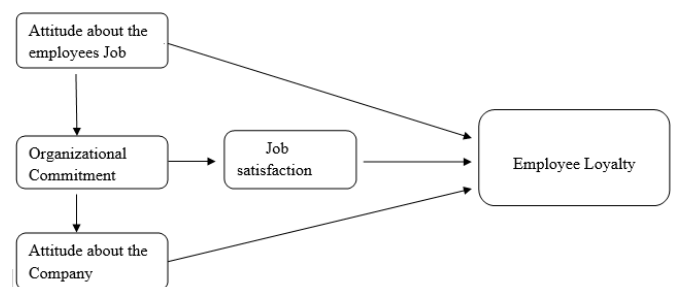


Fig. 1. Theoretical framework

On this discussion, the present study the researcher framed hypothesis following that:

H1: There is a positive relationship between employee loyalty and organizational commitment and Attitude about the employees.

H2: There is a significant relationship between the employee's loyalty and Attitude about the company.

A. Research Methodology:

This section talks in detail about the statistical tools that were used to analyze the data. The detail of methodology is given as follows.

1. Research Design:

Descriptive method for used this research, aims to investigating the factors influencing of employee loyalty in IT Sector.

2. Study Area:

Coimbatore is the second largest producer of software in the state, next to capital Chennai. TIDEL Park Coimbatore and other Information technology parks in the city has aided in the growth of IT and Business process outsourcing industries in the city. It is ranked at 17th among the top global outsourcing cities by Tholons.

The software exports stood at 7.1 billion (US\$110 million) for the financial year 2009–10 up 90% from the previous year. Coimbatore has a large and diversified manufacturing sector and a number of engineering colleges producing about 50,000 engineers annually.

3. Study Population:

The research targets to select employees of IT sector in Coimbatore city. The IT sector considered for this study are TIDAL Park, KGISL Park, and KCT –HI- Tech, from the three major IT sector have been selected Based on the top ten IT ‘s in Coimbatore report from the NASSCOM report 2017. Among the selected three It professionals those who are having more than five years of experience have been considered for the research as respondent.

4. Sample Technique/ Sample Frame Work:

The researcher chosen non probability sampling technique (Judgmental) sampling Techniques was used in this research

5. Sample Size:

The researcher to selected Sample size of 200 employees working in IT sector were taken for the this research

6. Data collection Method:

The research used both primary and secondary data for this research. Data was collected through Structure -designed questionnaire. The questionnaires on 5-point (Likert) scale were selected to evaluate employee’s attitude, attitude of company, organizational commitment and employee loyalty. The research was used in SPSS software for analysis of data which is effect of organization commitment on employee loyalty with the help of both independents, dependent variables.

7. Statistical Tools used:

The researcher can used statistical tools like measure the sample characteristics, mean, median, mode, standard deviation, were used. Linear regression model was applied in this research to measure the relationship between dependent, independent variables.

V. DATA ANALYSIS AND INTERPRETATION

TABLE I
 SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

Particulars	No. of Respondents/ Frequency	Percentage (%)
Gender:		
Male	135	67.5
Female	65	32.5
Age:		
Under 21	63	31.5
22-32	25	12.5
33-43	45	22.5
44-54	35	17.5
Above 55	32	16.0
Marital Status:		
Married	43	21.5
Un-Married	157	78.5
Educational Qualification:		
SSLC	45	22.5
HSC	47	23.5
UG	41	20.5
PG	32	16.0
Other	35	17.5
Income		
Below 15000	53	26.5
15001-25000	38	19.0
25001-35000	46	23.0
35001-45000	38	19.0
Above 45000	25	12.5
Experience		
Below 5 years	56	28.0
5-10years	39	19.5
10-15years	41	20.5
15-20years Above	43	21.5
20 years	21	10.5

Source: Primary data

The Table-I shows that gender of the respondents belongs to that 67.5% of the respondents are male remaining 32.5% are female respondents. From the total number of sample collected was research 200, 135 respondents male which shows that more number of males was interested in participating in the research and 65 respondents are female. The age group of the respondents between 63 numbers of the respondents was participated (31.5%) is the highest rate in age of the respondents. Marital Status of the respondents 43 are married remaining 157 are un- married. Educational qualification of the respondents level is HSC is the highest number of the respondents was participated in this research i.e. frequency is 47 and the percentage is 23.5%. Income level of the respondents is below 15,000 is the highest rate in this research of 53 respondents in 26.5%.experience of the respondents below 5 years of 56 frequency in the research 28.0% is the highest rate from the experience of the respondents.

Employee loyalty and financial benefit leader shows a negative and significant relationship at 0.984 significant level with a correlation value of -0.02. Organization commitment has a positive and significant relationship with employee loyalty with correlation value 0.163 at 0.105 significant levels. Manager attitude has also a positive and significant relationship with correlation value 0.070 at .489 significant levels as shown in Table-II.

TABLE II
 CORRELATIONS WITH VARIABLES

Variables	Employee Loyalty	Attitude about the employee	Organizational commitment	Attitude about the company
EMPLOYEELOYALTY Pearson Correlation Sig. (2-tailed) N	1	.702	.463	.370
		.001	.005	.009
	200	200	200	200
Manager Attitude Pearson Correlation Sig. (2-tailed) N	.702	1	.306	.250
	.001		.010	.012
	200	200	200	200
Organization Commitment Pearson Correlation Sig. (2-tailed) N	.463	.306	1	.393
	.005	.010		.008
	200	200	200	200
Employee attitude Pearson Correlation Sig. (2-tailed) N	.370	.250	.393	1
	.009	.012	.008	
	200	200	200	200

Correlation is significant at the 0.05 level (2-tailed).

TABLE III
 MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691 ^a	0.631	.601	.062

a. Predictors: (Constant), financial benefit

The value of R square in table 4.1 is 0.631. This value indicates that there is almost 63% variation in dependent variable (employee loyalty) due to one unit change in independent variable.

TABLE IV
 MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463 ^a	0.527	.521	.046

a. Predictors: (Constant), organization commitment

The value of R square is .527, which shows that there is almost 52.7% total variation in dependent variable (employee loyalty) due to one unit change in independent variable (organization commitment).

VI. FINDINGS AND SUGGESTIONS

A. Major Findings:

1. It is found that there is positive significant relationship between the variables of organizational commitment, employee loyalty, managers attitude, employee attitude which shows that at 0.984 level when a correlation value of -0.02 .

2. Organizational commitment has a positive significant relationship with employee loyalty with the correlation value is 0.163 at 0.05 Significant level.
3. Manager Attitude variable has also a positive significant relationship with the correlation value 0.070 at .489 significant levels.
4. The dependent variable i.e. employee loyalty due to one unit change independent variable. The R values and table is 4.1 and 0.631. This value indicates that there is almost 63% variation.
5. Employee loyalty and organizational commitment due to one unit change from the R value is 2.527, which shows that there is almost 52% total variation in employee loyalty to organizational commitment.
6. The demographic factors such as gender, age, marital status, income, education and source of information is taken and using mean table and analysis of variance, the difference is analyzed for weighted service quality and found that there is significant difference is found. The null hypothesis framed is accepted.
7. It is found that there is significant correlation between employee loyalty dimensions. The correlation analysis shows positive correlation between the employee loyalty dimensions such as Manager Attitude, organizational commitment. From this we find that the null hypothesis framed is rejected.
8. It is found that there is significant influence between correlation between employee loyalty and internal factors dimensions and the respective constructs. By using regression analysis organizational commitment. The analysis shows that there is significant influence of the dimensions towards the factors, thus the null hypothesis framed is rejected.

B. Suggestions:

From the analysis it is provided that employee loyalty, impact of organizational commitment in these three main variables likes manager attitude, organizational commitment, and employee attitude. Negative and significant relationship with employees' loyalty. Organization should responsible that to give benefit and incentive their employee so that they can improve their behavior and must loyal with their organization.

The findings of the research conclude that there is a significant impact of organizational commitment on employee loyalty. All of the two hypotheses have been accepted in this study that there is a positive relationship between employee loyalty, organizational commitment and manager attitude, employee attitude. And, there is a negative relationship found between owner's attitude and employee loyalty in IT organization.

VII. CONCLUSION

The main objective of this study is to identify the impact of organization commitment, manager attitude and employee attitude on employee loyalty. Significant relationship with employees' loyalty. Organization should responsible that to give benefit and incentive their employee so that they can improve their behavior and must loyal with their organization.

The findings of the research conclude that there is a significant impact of organizational commitment.

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