



IMPACT OF ORGANIZATIONAL FACTORS ON EMPLOYEE COMMITMENT AND PARTICIPATION IN INFORMATION TECHNOLOGY (IT) FIRMS

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Abstract

Human capital is one of the most crucial resources on which the Information Technology (IT) industry in India depends. How to motivate employees is one of the biggest challenges that IT companies are facing. The objective of this paper is to understand the organizational factors as motivators adopted by various IT firms and to know the effectiveness of these factors on employee commitment and participation. Data were collected from 120 employees working in Information Technology firms located in different regions of Kerala, which is a federal state of India. It was found from the study that, there exist a positive correlation between organizational factors, employee commitment and participation. Out of the organizational factors considered Recognition/Appreciation, Work Life Balance, Career Advancement opportunity and fringe benefits are the prominent factors influencing the motivational level of employees in IT firms. The outcome of this study will make it easier for managers to identify those organizational factors which will motivate the employees and how the implementation of such motivational factors can lead to higher levels of commitment and participation among employees in IT firms.

Key words: Organizational Factors, Employee Commitment, Employee Participation, Information Technology (IT) Firms

1. INTRODUCTION

Information technology (IT) is a field that is continually impacted by demand driven expectations for continuous change and adaptation (Benamati & Lederer, 2001). IT industry is internationally regarded as the main impetus of global economic activity. The importance of IT industry is increasing due to a number of reasons such as employment creation, social stability and wealth creation. Human resources are considered to be the most valuable assets in any organization. Hence to improve the success and survival rates of IT firms, it is important to focus on people assets. It is thus the employees who ultimately decide the success of an organization. (Bosch & Venter, 2006). Today doing business is becoming more and more challenging one. Corporate performance and revenue growth are challenged by internal and external operating environment factors. To survive in profitable way in the highly challenging and competitive market economy, all the factors of production - machine, materials & men, - should be managed in an impressive way. Among the factors of production, the human resource constitutes the biggest challenge because unlike other inputs, managing employees must include accomplished handling of thoughts, feelings & emotions to produce highest productivity. "Our greatest asset is people. Most managers know perfectly well that of all the resources people are the least utilized. The manager must treat the people with whom he works as a resource to himself. He has to look to them for guidance regarding his own job." - Peter Drucker.

The new generation organization such as IT and ITES which are people intensive in nature, are driving the top management to look at people as a critical strategic resource that is instrumental for the performance of organization. It is well regarded in the industry now that people provide organization with a critical competitive edge. As the people factor is very crucial for organization to ensure success and growth, keeping this critical resources motivated is vital to achieve the end goal. One of the important result areas for HR professionals and line managers today is the maintenance of motivation level of the employees which is instrumental for better performance, bigger commitment and lesser absenteeism. Employee motivation, commitment and retention issues are emerging as the most critical workforce, management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talents. For many firms employee departure in short notice can have a significant effect on the execution of business plans and may eventually cause a parallel decline in productivity. Therefore no matter the economic environment, the goal is to create a workplace that is engaging and motivating, where employees want to stay, grow and contribute their knowledge, experience and expertise.

According to Pinder (1998) work motivation has been described as a set of forces that initiate work related behavior and determine its form, direction and intensity. Motivation is a stimulating force that makes an individual to take action that will accomplish a desired goal. Workplace motivators include monetary motivators and non-monetary motivators. Monetary motivators are financial reward that organizations pay to their employees for service delivered by them and non-monetary motivators are reward associated for excellent job performance through opportunities or not related directly through money. Employee commitment refers to the psychological attachment of employees to their workplace. (Mowday Steers, 1979). Employee participation is defined as the process of employee involvement designed to provide employees with the opportunity to influence and to take part in decision making matters which affect them. (Farnham, 1997).

2. LITERATURE REVIEW

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others. A motivated employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs its efforts in that direction (Houran et al, 2010) . (Latt K A et al, 2010) reported that motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work, so it is essential for organizations to persuade motivation of their employees. According to Smith (1994) , managers need to motivate employees because of the survival of the company. It is important that managers and organizational leaders learn to understand and deal effectively with their employee's motivation; since motivated employees are necessary to let the organization being successful in the next century (Amabile, 1993) . Amabile also argues that unmotivated employees are likely to expend little effort in their jobs, avoid the workplace as much as possible, exit the organization and produce low quality of work. In the case the employees are motivated; they help organizations survive in rapidly changing workplaces (Lindner, 1998) . The most complex function of managers is to motivate employees; because what motivates employees changes constantly (Bowen & Radhakrishnan, 1991). Deci(2008) in his study claims that in some situation monetary motivators can decrease intrinsic motivation. He argues that if money is administrated contingently, it decrease intrinsic motivation. Amabile(1993) reacts to this discussion by stating that although monetary motivators can decrease intrinsic motivation it can also have a reinforcing effect: once the scaffolding of monetary motivators is taken care of, intrinsic motivation can lead to high levels of satisfaction and performance. She also states in her research that both monetary and non-monetary motivators can motivate employees to do their work; however the effect of motivation on each employee will vary from individual to individual.

Petty et al(1984) in his study states that the relationship between employee motivation and performance seems to be circular. Starting by a high performance causing satisfaction, this increases the employee's motivation to try to perform well in the future. Paul A K and R M Anantharaman (2003) in their study states that HRM practices such as training, job design, compensation, work environment and work life balance affects the organizational performance parameters such as employee productivity, retention and morale. Devadass.R(2011) in his study claims that an organization will be able to attain high productivity and employee morale by focusing on the psychological aspects of an employee. On his study he focuses on the factors such as fair treatment, self-satisfaction, work relationship and recognition. Amabile(1993) in her study argues that employees can be motivated either by monetary motivators or by non-monetary motivators or even by both. Hackman & Oldham(1976) states that people have individual differences in response to the same work; they differentiate between employees high and low in growth need strength. People high in growth need strength are most likely to be motivated by jobs with high skill variety, task identity, task significance, autonomy and feedback. And people lows in strength are relatively insensitive for these factors.

3. SIGNIFICANCE OF THE STUDY

Managers today realize the fact that high staff turnover decreases the organizational effectiveness and increases the cost of the organization. Consequences of failing to implement effective retention strategies can seriously damage even the most proficient of companies. "When talent is already rare and people with requisite skill and experience are difficult to find, motivation and retention becomes critical components of organization building"- Zubeen Mody Senior Vice President, IndusInd. This situation can be overcome with the use of appropriate motivators which enhance employee motivation, improve employee commitment and limit employee turnover. In previous researches there exists a gap that most literature sources address the topic of motivation merely by concentrating in-depth on motivational theories, without highlighting strategies that could be used by organizations to motivate employees. This study is an attempt to assess the patterns of workplace motivation in IT and to analyze the effect of organizational factors such as Training & Development, Career Advancement opportunities, Work Environment, Work Relationship, Communication, Work life balance, Fair treatment, Fringe Benefits and Recognition/Appreciation on boosting the commitment and participation of employees in IT firms. The outcome of this study will make it easier for managers to identify those organizational factors which will motivate the employees and how the implementation of such motivational factors can lead to higher levels of commitment and participation among employees in IT firms.

4. RESEARCH METHODOLOGY

4.1 Objective of the Study

The primary objective of this study was to understand whether non-monetary motivators such as Organizational factors have any relationship with employee commitment and employee participation. The non-monetary organizational factors include factors such as Training & Development, Career Advancement opportunities, Work Environment, Work Relationship, Communication, Work life balance, Fair treatment, Fringe Benefits and Recognition/Appreciation. The objectives of the study include:

- To establish the effect of demographic variables on employee motivation.
- To analyze the effect of organizational factors on employee commitment.
- To understand the effect of organizational factors on employee participation.

4.2 Hypothesis

- H1: There is no significant relationship between gender and recognition.
H2: There is no significant relationship between gender and work life balance.
H3: There is no significant relationship between gender and career advancement opportunity.
H4: There is no significant relationship between gender and fringe benefit.
H5: There is no significant relationship between marital status and recognition.
H6: There is no significant relationship between marital status and work life balance.
H7: There is no significant relationship between marital status and career advancement opportunity.
H8: There is no significant relationship between marital status and fringe benefit.
H9: There is no significant relationship between recognition and employee commitment.
H10: There is no significant relationship between fair treatment and employee commitment.
H11: There is no significant relationship between career advancement opportunity and employee commitment.
H12: There is no significant relationship between recognition/appreciation and employee participation.
H13: There is no significant relationship between work relation and employee participation.
H14: There is no significant relationship between work environment and employee participation.

4.3 Data Used For the Study

A descriptive research approach was adopted for this study, in order to satisfy the research objectives. Primary and secondary data were used for this study. In order to obtain the primary data, a self-administered questionnaire was used. Journal articles, books and magazines were used in order to obtain the secondary data.

4.4 Sampling

The target population for this investigation included respondents from Information Technology firms in Kerala. Data were collected from 120 employees working at information technology firms with the help of a structured questionnaire. IT firms were selected, keeping in mind the number of employees working in the firm. Judgment sampling was used to select the respondents from selected firms. The following table summarizes the identification of IT firms.

Table -1. Sample Selection

Region	Employee Criteria	No: of firms	IT firms selected	No. of employees selected	Total sample
South	51-100	17	2	10	40
	101-500	17	2	10	
	501-1000	5	2	10	
	> 1000	6	2	10	
Central	51-100	22	2	10	40
	101-500	20	2	10	
	501-1000	4	2	10	
	> 1000	6	2	10	
North	51-100	7	2	20	40
	101-500	12	2	20	
	501-1000	0	0	0	
	> 1000	0	0	0	
Total					120

Source: Survey Data.

4.5 Questionnaire

The questionnaire used for this study consists of four sections. Section A collected the demographic data of the respondents. Section B consists of statements to identify the non-monetary organizational factors of motivation. Section C and D consist of statements related to employee commitment and participation. A five point Likert scale was used to record the response. The

items in the questionnaire were tested for reliability. The value of Cronbach alpha was found to be 0.86, 0.85 and 0.89 respectively for Organizational factors, Employee Commitment and Employee Participation which indicates that the items included in the study have a higher reliability value.

5. ANALYSIS AND INTERPRETATION

Descriptive statistics were calculated. Burns and Burns (2008)¹ and Lind, Marchal and Wathen (2008)² have described descriptive statistics as the transformation of raw data into a form that will make it easily understandable, in an organized presentable and analyzed format. Specifically descriptive statistics such as frequency distribution were calculated to summarize the sample data distribution. The demographic data of the respondents are shown through frequency distribution. Chi Square test was conducted to explore the effect of demographic variables such as gender and marital status on employee motivation and Pearson Correlation was used to understand whether non-monetary organizational factors have any association with employee commitment and participation.

5.1 Demographic Features of Respondents

The majority of respondents were male (78) in the age group (26-35) years as can be seen in the table. Majority of respondents are from graduation / engg background and the work experience is less than 15 years for all respondents.

Table- 2. Demographic Features of Respondents

Item	Frequency	Percentage
Gender		
Male	78	65
Female	42	35
Age Group		
18-25	43	35.8
26-35	72	60
36-45	5	4.2
46 and Above	0	0
Qualification		
Graduation/Engg	56	46.7
MCA/MSc	25	20.8
MBA/MTech	36	30
PhD	3	2.5
Others	0	0
Marital Status		
Single	64	53.3
Married	56	46.7
Experience		
0-2	23	19.2
2-5	65	54.2
5-10	28	23.3
10-15	4	3.3
15 and above	0	0

Source: Survey Data

5.2 Weighted average for Non-Monetary Motivators

In Table 3 weighted averages of respondents for non-monetary organizational factors were calculated.

Table- 3. Weighted Average for Non-Monetary Organizational Factors

Factors	Weighted Average	Rank
Recognition/Appreciation	5.24	1
Work life balance	5.19	2
Career advancement opportunity	5.02	3
Fringe benefits	4.96	4
T&D	4.88	5
Fair treatment	4.87	6
Work environment	4.86	7
Communication	4.84	8
Work relation	4.83	9

Source: Survey Data

From the above table, it is clear that Recognition/Appreciation, Work life balance, Career Advancement opportunity, and Fringe benefits are the most prominent non-monetary organizational factors that highly influence the motivational level of employees in IT firms. T&D, and Fair treatment moderately influence the motivational level of employees and Work environment, Communication and Work relation are the factors least influencing the motivational level of employees. The highest weighted average score was 5.24 for Recognition and the lowest score was 4.83 for Work relation.

5.3 Relationship between Demographic Variables and Employee Motivation

In table 4 and 5 Chi Square test was conducted to explore the effects of demographic variables, gender and marital status on employee motivation.

5.3.1 Relationship between Gender and organizational factors on Employee Motivation

Table- 4. Chi Square Table

Variable	Calculated value	Table value	Inference
Recognition	6.787	9.48	H0 Accepted
Work life balance	17.28	9.48	H0 Rejected
Career advancement	19.45	9.48	H0 Rejected
Fringe benefits	27.57	9.48	H0 Rejected

Source: Survey Data

The table value is 9.488 with degree of freedom 4 and at 5% significance level. It is evident from the table that the calculated value of Recognition is less than the table value. For the variables such as work life balance, career advancement opportunities and fringe benefits the calculated value is greater than the table value. Hence we can conclude that there is no significant relationship between gender and recognition on employee motivation. But it can be seen that gender have significant relationship with variables such as work life balance, career advancement opportunity and fringe benefits when considering the motivational level of employees.

5.3.2 Relationship between Marital Status and Organizational Factors on Employee Motivation

Table – 5, Chi Square Table

Variable	Calculated value	Table value	Inference
Recognition	5.98	9.48	H0 Accepted
Work life balance	22.78	9.48	H0 Rejected
Career advancement	24.75	9.48	H0 Rejected
Fringe benefits	22.96	9.48	H0 Rejected

Source: Survey Data

It is evident from the table that the calculated value of Recognition is less than the table value. So we can conclude that marital status has no significant relationship with recognition when considering the motivational level of employees. For the variables such as work life balance, career advancement opportunity and fringe benefits the calculated value is greater than the table value. Hence it can be concluded that marital status has significant relationship with variables such as work life balance, career advancement opportunity and fringe benefits.

5.4 Relationship between Motivation and Employee Commitment

Data analysis through Pearson Correlation coefficient revealed the significant relationship existing between the independent (Motivation) and dependent (Commitment) variables. The results are shown in the following table. Correlation coefficient is significant at .01 levels (2 tailed).

Table- 6, Correlation Table for Organizational Factors and Commitment

	Commitment			
		Pearson Correlation	Sig. (2-tailed)	N
Motivation	Recognition/ Appreciation	.889	.000	120
	WLB	.409	.000	120
	Career	.765	.000	120
	Fringe Benefit	.695	.000	120
	T&D	.455	.000	120
	Fair Treatment	.877	.000	120
	Work Environment	.431	.000	120
	Communication	.476	.000	120
	Work Relation	.632	.000	120

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

From the table we can see that the r value of Recognition/Appreciation is .889, Fair Treatment is .877 and Career advancement opportunity is .765, $p < 0.01$ hence rejecting the null hypothesis and it is evident that employee commitment exhibit a significant and strong positive relationship with Recognition/Appreciation, Fair Treatment and Career advancement opportunity. The r value of Fringe benefit is .695 and Work Relation is .632, $p < 0.01$, hence rejecting the null hypothesis, and it can be inferred that employee commitment exhibit significant and moderate positive relationship with Work Relation and Fringe benefit. Work Life Balance, Training and Development, Work Environment and Work Communication exhibit weak positive relation with Employee commitment

5.5 Relationship between Motivation and Employee Participation

Data analysis through Pearson Correlation coefficient revealed the significant relationship existing between the independent (Motivation) and dependent (Participation) variables. The results are shown in the following table. Correlation coefficient is significant at .01 levels (2 tailed).

Table -7, Correlation Table for Organizational factors and participation

	Participation			
		Pearson Correlation	Sig. (2-tailed)	N
Motivation	Recognition/ Appreciation	.876	.000	120
	WLB	.522	.000	120
	Career	.507	.000	120
	Fringe Benefit	.531	.000	120
	T&D	.342	.000	120
	Fair Treatment	.644	.000	120
	Work Environment	.791	.000	120
	Communication	.549	.000	120
	Work Relation	.803	.000	120

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data

From the table we can see that the r value of Recognition/Appreciation is .876, Work Relation is .803 and Work Environment is .791, $p < 0.01$, hence rejecting the null hypothesis and it is evident that employee participation exhibit a significant and strong positive relationship with Recognition/Appreciation, Work Relation and Work Environment. The r value of Fair Treatment is .664, Communication is .549, Fringe benefit is .531, Work Life Balance is .522 and Career Advancement Opportunity is .507, $p < 0.01$, hence rejecting the null hypothesis, and it can be inferred that employee participation exhibit significant and moderate positive relationship with Fair treatment, Communication, Fringe benefit, Work life balance and Career advancement opportunity. Training and Development exhibit only a weak positive correlation with employee participation.

6. DISCUSSION

The findings of the study reveals that among the non-monetary organizational factors, recognition/appreciation, work life balance, career advancement opportunities, and fringe benefits are the most prominent factors that highly influence the motivational level of employees in IT firms.

The study has further analyzed the effect of demographic variables such as Gender and Marital status on Employee motivation. It has been found from the study that while determining the motivational level of organizational factors, gender and marital status have no relationship with recognition but gender and marital status seems to have significant effect on factors such as work life balance, career advancement opportunities and fringe benefits.

While analyzing the relationship between organizational factors and employee commitment it is evident that employee commitment exhibits a significant and strong positive relationship with Recognition/Appreciation, Fair Treatment and Career advancement opportunity, significant and moderate positive relationship with Work Relation and Fringe benefit and a weak positive correlation with Work Life Balance, Training and Development, Work Environment and Work Communication. The study has further analyzed the effect of organizational factors on employee participation and it is clear from the study that employee participation exhibit a significant and strong positive relationship with Recognition/Appreciation, Work Relation and Work Environment, significant and moderate positive relationship with Fair treatment, Communication, Fringe benefit, Work life balance and Career advancement opportunity and a weak positive correlation with Training and Development Opportunity.

7. IMPLICATIONS FOR FURTHER RESEARCH

This study was limited to understand the relationship between non-monetary organizational factors, employee commitment and employee participation. But there are monetary factors which would affect the employee participation, commitment and satisfaction. Hence there exists a scope for conducting research on the comparative effects of monetary and non-monetary motivators on employee commitment, participation and satisfaction.

8. IMPLICATIONS FOR PRACTICE

IT firms in Kerala can use the insight obtained from this study to focus more on organizational factors to motivate their employees so as to enhance employee commitment and participation. This in turn will have a significant effect on reducing issues like absenteeism and employee turnover.

9. CONCLUSION

This study has focused on the effect of non-monetary factors on employee participation and commitment in Information Technology firms in Kerala. From the study it was found that when considering the motivational level of employees, recognition, work life balance, career advancement opportunities and fringe benefits are the most important organizational factors which will influence the employees in IT firms. The study also revealed that these motivational factors have a significant role in increasing the participation and commitment of employees. Thus we can infer that unless these factors which motivate the employees are given due importance, it may lead to decrease in employee commitment and participation and increase in the attrition rate of employees.

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