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International Journal For Research in  
Applied Science and Engineering Technology



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# INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

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**Volume: 3      Issue: XII      Month of publication: December 2015**

**DOI:**

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**International Journal for Research in Applied Science & Engineering  
Technology (IJRASET)**

# **Study on factors affecting Job Satisfaction, Loyalty, and Commitment among managerial staff with reference to e-Publishing organisations in ITES / BPM industry**

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**Abstract:** Job satisfaction, loyalty and commitment are important attributes for employee retention. The paper investigates the factors that would affect satisfaction, loyalty and commitment amongst the managerial staff in ITES / BPM industry. Review of literature highlighted the factors. Based on this a structured questionnaire was designed and administered to 120 respondents who were at managerial positions in the ITES and BPM industry. KMO and Bartlett's test highlighted the adequacy of sample size. Factor analysis was carried out to find out the important factors. The results revealed that supervision, accountability, authority, recognition, career progression and company policy played a very important role in determining job satisfaction, loyalty and commitment to the organization.

**Keywords:** Job satisfaction; Organisational Commitment; Employee Loyalty; ITES Industry; Business Process Management (BPM), Business Process Outsourcing (BPO)

## **I. CONCEPT DEFINITIONS**

### **A. Job Satisfaction**

A pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke E.A., 1976)

### **B. Loyalty**

Employee loyalty (unfortunately) is whatever the employee and employer agree that it is (Powers EL, 2000)

### **C. Commitment**

The extent to which, employees accept the goals and values of organisation and are desirous to remain in the organisation (Porter 1974).

Organisational commitment is defined as the emotional commitment to achieve the organisational objectives (Buchanan, 1974)

### **D. ITES Industry**

Often the business processes are information technology-based, and are referred to as **ITES-BPO**, where ITES stands for Information Technology Enabled Service (J. G. Nellis; David Parker, 2006)

### **E. e-Publishing Industry**

Jeffrey A. Trachtenberg of the Wall Street Journal, commenting on the present e-publishing industry, had this to say: "Book retailers are transforming, as many customers go online to purchase. This move has put a lot of pressure on traditional chain stores to create revenue and profits. Similarly, digital books continue to gain market share, and are now estimated at 8% to 10% of revenue for some major publishing (houses)."

### **F. Organisation**

Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives (Louis A Allen, 1958)

## **II. PURPOSE OF RESEARCH**

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The Business Process Outsourcing (BPO) industry came into India about 15 years ago. It is the fastest growing segment of the Indian Information Technology (IT)-BPO sector and India is considered the “electronic housekeeper” of the world (NASSCOM, 2009). BPO services are typically provided by Information Technology enabled Services (ITeS). NASSCOM renamed BPO (Business Process Outsourcing) to BPM (Business Process Management) in September, 2012 as the industry had gone up the value chain, managing entire businesses processes of clients and not just outsourcing them. NASSCOM estimates the revenue of the IT-BPM industry at \$119 billion grew by 12 per cent in 2014-15 with export market alone making up almost \$100 billion. The year witnessed hyper-growth in the technology start-up and software product landscape, India ranking as the fourth largest start-up hub in the world with over 3,100 start-ups in the country. Software products and services revenues for 2015-16 are projected to grow at 12-14 per cent.

Indian BPOs are usually distinguished by formal, structured, and streamlined HRM systems with tightly controlled organisational structures. HRM plays a strategic role with a focus on employee involvement and commitment to work practices (Budhwar et al. 2006). BPO industry is struggling to fill the gap of demand and supply of professionals (Agarwal, 2012). BPO industry is said to have highest attrition rate and fast employment growth which reduces the average tenure of an employee in an organisation. ITeS/BPO witnesses the entry of highly qualified professionals but only for a short time period as they make exit in short stint of time (Thite and Russell, 2010).

Job satisfaction is so important in that its absence often leads to lethargy and reduced organisational commitment (Levinson, 1997, Moser, 1997). Lack of job satisfaction is a predictor of quitting a job (Alexander, Lichtenstein and Hellmann, 1997; Jamal, 1997). Employees are a company's greatest asset - they're your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission (Anne M. Mulcahy, 2003 May). Organisation can perform at their best only when their employees are satisfied (Jha and Bhattacharyya, 2012). An Organisation's performance that includes productivity and efficiency are attained by satisfying employees and being sensitive to both their physiological and socio-emotional needs in a holistic manner (Schneider et al., 2003).

Deloitte Human Capital Consulting in India recently concluded a cross industry Compensation Trends Survey that provided key insights on salary increments, variable pay trends, attrition rates, key HR challenges, benefits provided by organisations and measures to manage and reward their critical talent.

### A. Top three Reasons for Attrition

Better Career Prospects  
Personal Reasons (Marriage, Health, Family, Relocation etc.)  
Better Pay Opportunities

### B. Top three Measures Taken to Curb Attrition

Clearly defined Career Paths & Succession Plans  
Recognition Awards (Monetary/Non-Monetary)  
Development Programs for High Potentials and Top Performers

### C. Top 3 Methods to Manage and Reward Critical Talent

Better Performance Linked Incentives  
Skill Enhancement Training Programs  
Faster Growth Opportunities

Steers (1977) suggests that employees that are more committed, they have lesser desire to leave an organisation. According to Lee & Ho (1989) participation of employees in decision making process adds positively in employee's job satisfaction. Meyer and Allen (1991) came up with a three component model on Organisational Commitment due to its very multidimensional nature. The three components are:

- Affective Commitment - Psychological attachment to organisation
- Continuance Commitment - Costs associated with leaving the organisation
- Normative Commitment - Perceived obligation to remain with the organisation

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Moreover, even though research on Job Satisfaction has been done before, it hasn't been explored greatly for e-publishing Industry in the ITES sector. Moreover, analysing specifically for Managerial and Non-Managerial staff hasn't been attempted before.

### III. LITERATURE REVIEW

Job satisfaction and its impact on employees and the Organisation are widely discussed in the literature on organisational behaviour. Some studies focus on demographic determinants of workers job satisfaction, others relate to the nature of work and working conditions at the workplace. Dawson (1987) said that fair promotion practices, job autonomy, leadership behaviour, social and interpersonal relations and the job itself are also among the important factors of job satisfaction. According to Tanke (1990) unpleasant behaviour of supervisor, dissatisfaction with compensation system and disagreement with human resource practices make employees willing to leave the organisation. Job satisfaction can be influenced by a variety of factors, e.g. the quality of one's relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfilment in their work, etc. Employees tend to prefer jobs that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom, and feedback on how well they are doing (Bajpai and Srivastava, 2010).

Kyle LaMalfa (2007) in his study pointed out that as an employer, you need to understand why your employees are emotionally connected to your business - and it's generally much more than salaries, training, or benefits. Research shows that emotionally connected employees are the best employees because they are engaged and productive, and they feel validated and appreciated.

A 2008 study by Lacity et al found a negative relationship between Job Satisfaction and Turnover. Job satisfaction also mediates the relationship between stressful work and intention to leave.

Studies on commitment have provided strong evidence that affective and normative commitments are positively related and continuance commitment is negatively connected with organisational outcomes such as performance and citizenship behaviour (Hackett, Bycio, and Handsdoff, 1994; Shore and Wayne, 1993).

Dwivedi, Anju; Kumar, Yogesh; and Papazafeiropoulou, Anastasia, "A Practitioner Perspective on Drivers of Employee Loyalty" (2006), concluded that loyalty is losing its value and that Companies should develop more strategic programs to help invest in their employees' development simply because employees are one of their most important assets.

### IV. FACTORS AFFECTING JOB SATISFACTION, COMMITMENT AND LOYALTY TO AN ORGANISATION JOB RELATED CHARACTERISTICS

#### A. Job Challenges

Much of literature is available which states a BPO job is repetitive, less skilled, and less challenging (Taylor and Bain, 2006; Mehta et al., 2006; Budhwar et al., 2006; Mishra, 2007) and thus affects the attitude of the employees towards it (Mishra, 2007; Shah and Sharma, 2007; Sengupta and Gupta, 2008).

#### B. Work Conditions

Numerous studies have investigated effects of working conditions on strain, employee complaints (Kahn and Byosiere, 1992; Sonnentag and Frese, 2003), job satisfaction and affective commitment over time, and, in turn, enhance intentions to quit a job (Sonnentag and Frese, 2003).

#### C. Supervision

Style of supervision affects the attitude of an employee in the form of their satisfaction and performance (Aselage and Eisenberger, 2003; Mishra, 2007; Russell and Thite, 2008).

#### D. Authority, Accountability, Recognition

These job-related characteristics often affect job satisfaction and employee motivation at workplace. It gets converted into an ingredient of self-esteem and hence affects employee self-fulfillment (Russell and Thite, 2008; Sengupta and Gupta, 2008; Mishra, 2007; Kazemzadeh and Bashiri, 2005; Sharma and Jyoti, 2006).

#### E. Career progression

Career progression is another critical job-related characteristic which affects employees' satisfaction and their willingness to stay

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with the organisation (Siong et al., 2006; Addae et al., 2006).

### *F. Company policies*

Policies matter to organisations and employees alike; they will shape employees' perceptions of fairness and justice, and hence, their commitment to the organisation (Morris and Sherman, 1981). It is also stated organisational policy and work environment increases organisational commitment which in turn leads to employee commitment and satisfaction (Kamal and Hanif, 2009).

### *G. Interpersonal relationships*

Interpersonal relationship in an organisation is quite a binding factor and affects employee satisfaction to a large extent. Lack of it in a workplace often leads to social stressors (Grebner et al., 2003; Dormann and Zapf, 2002; Semmer, 2007).

### *H. Personal characteristics*

When considering employee satisfaction, personal / demographic variables should be considered to comprehend thoroughly the possible factors that lead to job satisfaction and dissatisfaction. Personal characteristics comprise factors that define individuals even before their entry into the work, like gender, age, marital status and education level as well as other factors related to their work experience, such as job level, shift work, and years of experience. The core assumption here is that given that the workforce of any organisation is not demographically homogeneous, one expects employee satisfaction to differ across sub-groups (Fosam et al., 1998).

### *I. Gender*

Results of the many studies concerning the relationship between job satisfaction and the sex of the employees have been contradictory. Several studies have found women to be more satisfied than men (Bartol and Wortman, 1975; Clark, 1996, 1997; Murray and Atkinson, 1981; Sloane and Williams, 1996; Ward and Sloane, 1998). Others have found men to be more satisfied than women (Forgionne and Peeters, 1982; Hulin and Smith, 1964; Shapiro and Stem, 1975; Weaver, 1974). It is important to observe, however, that most of the studies in this area report no significant differences between the sexes in relation to job satisfaction, particularly when a number of other variables were statistically controlled (Brief et al., 1977; Golembiewski, 1977; Mottaz, 1986; Smith and Plant, 1982; Weaver, 1978).

### *J. Age*

Numerous studies suggest that positive relationships exist between job satisfaction and age (Lee and Wilbur, 1985; Weaver, 1978), while others suggest a U-shaped relationship or insignificant relationships between age and overall job satisfaction (Herzberg et al., 1957; Singh and Singh, 1980).

### *K. Education*

A number of research studies found that employee satisfaction differ by the level of education (Guimaraes and Igbaria, 1992; Lee and Wilbur, 1985; Rogers, 1991). Studies have yielded contradictory findings (Bedeian et al., 1992; King et al., 1982; Lee and Wilbur, 1985). The level of education influences a person's work-related attitudes like satisfaction, motivation, participation presumably because an individual expects that rewards and responsibilities will change as the level of education increases (Churchill et al., 1979). Further, Bilgic (1998) found that individuals with higher level of education seemed to be more concerned with productivity and have few negative feelings towards their work.

### *L. Job Tenure*

When an individual has been on the job for a long time, his/her investments in the job and organization may be greater than someone who has been on the job for a short period (Lim and Teo, 1998); this could influence an individual's intention to leave the organization, job satisfaction, and organizational commitment (Lim and Teo, 1998).

### *M. Marital status*

Fetsch and Kennington (1997) found that both divorced and married employees are more satisfied with their jobs than agents who were never married, remarried, or widowed. Wickramasinghe and Kumara (2010) found that marital status has a significant effect on working hours and thus employee attitude, where as Scott et al. (2005) found no significant relationships between marital status

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and the job satisfaction.

### V. RESEARCH METHODOLOGY

The research problem identified in this study is to assess what all factors contribute to overall employee satisfaction and how Employee satisfaction is the dependent variable studied in this research which is dependent on job, supervision, working conditions, salary, accountability, authority, recognition, career progression and interpersonal relationships. On the basis of the problem stated, the following objectives have been chalked out:

- A. To study the impact of job satisfaction and organizational commitment on employee loyalty in e-publishing, a growing sector in ITES industry
- B. To find out the factors affecting job satisfaction and loyalty of employees

### VI. RESEARCH DESIGN

The study was based on primary data. The questionnaire was self-administered and was distributed among the 120 respondents. Before giving the questionnaires, all questions were explained to the participants so they can easily complete the questionnaire and the relevant results. Only one questionnaire was given to each respondent. The Non probability convenient sampling technique was followed for data collection. The rationale for using the above sampling technique is, since the population does not constitute a homogeneous group, the population had been divided into two groups (Non Managerial and Managerial) which are individually more homogeneous than the total population. Thereafter, from each stratum, respondents were selected by the random sampling technique that is by table of random digits.

#### A. Statistical Tools

IBM SPSS 20 (Statistical Package for the Social Sciences), has been used for data analysis.

#### B. Factor Analysis

To find out major factors that contribute towards the employee satisfaction, data reduction technique was used.

KMO and Bartlett's Test

|   |         |
|---|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy.    | .688    |
| Bartlett's Test of Sphericity    Approx. Chi-Square | 660.262 |
| df  | 253     |
| Sig.  | .000    |

Component Matrix<sup>a</sup>

|  | Component |       |   |   |   |      |
|--|-----------|-------|---|---|---|------|
|  | 1         | 2     | 3 | 4 | 5 | 6    |
| I have too much to do at work  |           | .438  |   |   |   | .461 |
| My job is enjoyable  | .694      |       |   |   |   |      |
| On my job, I have clearly defined quality goals                              | .740      |       |   |   |   |      |
| When I do a good job, I receive the recognition for it that I should receive | .654      | -.521 |   |   |   |      |

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|   |      |      |       |       |      |       |
|---|------|------|-------|-------|------|-------|
| Many of our rules and procedures make doing a good job difficult                      |      | .517 |       |       | .441 | -.464 |
| I'm happy with all the facilities provided by the company                             | .656 |      |       |       |      |       |
| My working life balances with my family life  |      |      | .461  | -.455 |      |       |
| Senior managers visibly demonstrate a commitment to quality                           | .685 |      | -.416 |       |      |       |
| My immediate superior deals with all employees problems fairly                        | .635 |      |       | -.539 |      |       |
| My superior recognizes my performance   | .759 |      |       |       |      |       |
| I feel a strong sense of belonging to this organization                               | .736 |      |       |       |      |       |
| My supervisor shows great interest in the feelings of subordinates.                   | .652 |      |       |       |      |       |
| I get positive recognition when I produce high quality work                           | .861 |      |       |       |      |       |
| I am given enough authority to make decisions I need to make on the job               | .752 |      |       |       |      |       |
| If I do good work I can count on being promoted                                       | .704 |      |       |       |      |       |
| I feel there is great learning and there are vast scope of growth in the organisation | .717 |      |       |       |      |       |
| Organisational policies and procedures are helpful, well understood and up to date    |      |      | .740  |       |      |       |
| Organisation provides excellent benefits  |      |      | .615  | -.481 |      |       |

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|   |       |  |       |      |      |  |
|---|-------|--|-------|------|------|--|
| The organisational structure facilitates the way we do things   |       |  | -.420 |      | .593 |  |
| The organisation has a defined vision/mission to meet its goals |       |  |       | .511 | .466 |  |
| There is too much bickering and fighting at work                | -.497 |  | -.514 |      |      |  |
| I like the people I work with                                   | .476  |  | .711  |      |      |  |
| I experience a spirit of cooperation at work                    | .701  |  | .478  |      |      |  |

C. For Managerial staffs, the below factors are important for Job satisfaction

- 1) Supervision – Employees perception on their Managers / Supervisors
- 2) Authority, Accountability, Recognition – Job authority, accountability and recognition
- 3) Company Policies – Organisation policies that are employee friendly, flexible and innovative
- 4) Career Progression

### VII. CONCLUSION

The purpose of the present research was to identify the factors affecting job satisfaction in e-Publishing Industry. After analyzing the data using factor analysis resulted in the extraction of three main factors (supervision, Authority, Accountability, Recognition and Company Policies), that affect the job satisfaction for all employees and as a consequence their attitude towards their work.

It was found out that Managers play a vital role in influencing and ensuring job satisfaction at work. Immediate Managers are the key for employees’ job satisfaction at work. Employees also look at authority, accountability and recognition at the work place. This is reflected in them being confident that if they perform, they would be able to get promoted.

Considering that job satisfaction is a multi dimensional concept, there is heterogeneity between the needs, desires and motives among non-managerial employees and the managerial employees. The present study is not without limitations. The findings of this study cannot be used to generalize about the entire e-publishing Industry as it only analyzes a small sample from 3 companies. Further investigation may be necessary in order to isolate the specific elements and significant differences in the satisfaction ratings.

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