

Impact Of Organisational Commitment On Turnover Intentions: A Study Of BPO Employees In India

Saman Afroz

saman.afroz07@gmail.com

Research Scholar,

Department of Business Administration

Aligarh Muslim University, Aligarh-202002

Shagufta Nazneen Ansari

shagufta.nazneenamu@gmail.com

Research Scholar,

Department of Education

Aligarh Muslim University, Aligarh-202002

ABSTRACT

The transition of work from 'Industrial age' to 'Information age' can be well seen by the growth of the fast-paced Business Process Outsourcing (BPO) industry across the world. Where on one hand the sector is growing with leaps and bounds, on the other the employee turnover has been alarmingly high, thus costing a lot to the company. The middle-level and low-level employees display lack of commitment towards their organization and are more likely to quit than the employees at the higher level of hierarchical ladder. Thus, the present study has amalgamated the concept of Organizational commitment (OC) and Turnover Intentions (TOI) of employees in the BPO sector. It is aimed at discovering the relationship and impact of Organizational commitment on turnover intentions of BPO employees' gender-wise and on overall sample. The results indicated that turnover intentions of BPO employees have a moderately high negative correlation to the Organizational commitment for males, the moderate negative correlation for females and moderate negative correlation for the overall sample and Organizational commitment is a significant negative predictor of turnover intentions of the employees.

KEYWORDS: Organizational Commitment, Turnover Intentions, Business Process Outsourcing, BPO employees.

1. Background

India has become a major resource for outsourcing talent to organisations around the world over the past few decades. The BPO / ITES field has grown at a fast pace and the reasons being low cost, language skills, technical expertise and support from the government of India. However, the exponential increase has resulted in a number of HR problems. Retention of employees has become a major concern for organizations worldwide, but India's BPO / ITES sector is predominantly impacted by its low retention and high turnover (Sulakshna *et al*, 2013). The BPO industry reduces discretion by adopting more standardized and routine workflow adoption (Batt, 2002; Batt & Moynihan, 2002). As a result, this scenario lowers the commitment of employees and increases the corresponding level of job attrition in this industry (Taylor & Bain, 2005; Sulakshna *et al*, 2013). While it may seem like a very favorable environment for setting up a BPO operator, turnover has become major challenges facing the fast-paced industry, turnover has become a major problem faced by rapidly changing industry (Budhware *et al* 2006). Global research shows that call centers in India experience a 40 percent turnover rate in comparison to the world average of 20 percent, with nearly 60 percent of employees having worked for not more than a year in their organisation (Holman *et al*, 2007). For this purpose, this study has taken Organisational commitment a major antecedent of turnover intentions.

1.1 Organisational Commitment (OC)

Organisational commitment is viewed as an attitude toward an organisation that is based on exchange. The commitment of an organisation is reflected in the perception of the exchange relationship that exists between individuals and organisations. (Knippenberg & Sleebos, 2006). Commitment is usually defined as an attachment or identification with the organisation (Mathieu and Zajac, 1990) towards Organisational goals and values, emotional response to the organisation (Cook and Wall, 1980). It is a force that is stable or obligatory and leads to behavioral directions,

such as binding individuals into specific action or sequence of actions (Meyer & Herscovitch, 2001; Flint, 2013). The conceptualisation of Organisational commitment focuses primarily on a single dimension of the construct, with commitment either being defined as the evaluation of the costs associated with quitting (Becker, 1960) or an emotional attachment to the organisation (Mowday et al., 1979; Flint, 2013). Being committed to the values and goals of the company diminishes the thought of quitting the organisation (Mowday, Porter, & Steers, 1982). Employees display a great deal of Organisational commitment that usually declines slowly in the coming years. It has been observed that when an organisation shares its expectations with the employees, employees feel a sense of belongingness and hence, their commitment towards the organisation increases (Hartmann and Bambacas 2000).

1.2 Turnover Intentions (TOI)

Turnover has often been a topic of extensive study among Organisational scholars for a long time and is related to employees act of withdrawal from the organisation (Hinshaw & Atwood, 1984). Turnover is expensive (Hinkin & Tracey, 2000), and despite the downfall of economy and shortage of labor, major industries around the world have highlighted the significance of retaining the key employees for its success (Holtomet *et al.*, 2008). Turnover is defined as both an Organisational and individual phenomenon (Hinshaw & Atwood, 1984). Turnover intention has been identified as the forerunner for turnover behavior (Mobley et al., 1978; Tett & Meyer, 1993). It is basically an intentions or thoughts about leaving a job (Simonat *et al.*, 2010). Intentions to leave an organisation can be a result of an emotional responses to specific Organisational conditions. It is considered to be the final step in the decision-making process, where employee quits and look for alternate greener pasture (Tett & Meyer, 1993). Employees' intention of leaving the job involves a complete thought of quitting from the job. An effective strategy to combat the problem of turn over lies in the identification of causes related to employee quitting a job. The important contributors of turnover are various job stressors, dissatisfaction with job (Moore, 2002), absence of commitment to the organisation (Greenhaus and Beutell, 1985; Kahn *et al.*, 1964; Leong *et al.*, 1996; Peters *et al.*, 1981). It has been observed that with increase in voluntary turnover the firm performance greatly declines resulting in unfruitful Organisational outcomes (Glebbeck and Bax, 2004).

2. Operationalizing Organisational Commitment & Turn Over Intentions

Various researchers conceptually link Organisational commitment to turnover and absenteeism (Mobley et al., 1979; Steers & Rhodes, 1978). It has been empirically justified that Organisational commitment is an important predictor of turnover (Blau & Boal, 1987). Being identified as a predictor of turnover, Organisational commitment has accounted for as much as 34 percent of the variance (Hom, Katerberg, & Hulin, 1979) and as little as 3 percent (Michaels & Spector, 1982). The inconsistency in the results from previous studies may be due to three possible reasons: (a) the way Organisational commitment has been conceptualized and operationalized (Steers & Porter, 1983), (b) the way turnover has been conceptualized and operationalized (Price, 1977), or (c) the sampling and measurement errors or a restriction of range (Hunter, Schmidt, & Jackson, 1982; Blau & Boal, 1987). Committed employees generally do not wish to leave their workplace (Workman and Bommer, 2004). As long as the organisation meets employee expectations and builds their career, the employee will continue to respond by showing greater commitment and less turnover intention (Chen et al., 2004).

3. Need for the study

On the basis of literature review, it has been identified that most research in the area is descriptive in nature (Budhwar et al., 2006; Taylor & Bain 2005) or based on surveys involving top level management executives (Batt et al, 2005). Very few researches have been identified in BPO sector have been studied (Sulakhshna et al, 2013).

No study has tried to identify the relationship between Organizational commitment and turnover intentions in relation to gender or the type of BPO's. Because of the fast growth of the Indian BPO sector and the resultant influence on the global economy, it is important to highlight the impact of Organizational commitment on turnover intentions of employees.

4. Objectives

1. To find out the significant relationship between 'Organizational Commitment' and 'Turnover Intentions' among males, females and overall BPO employees.

2. To assess 'Organizational Commitment' as significant predictor of 'Turnover Intentions' for males, females and overall BPO employees.

5. Hypotheses

H₀₁- There is no significant relationship between Organizational Commitment and Turnover Intentions among male BPO employees.

H₀₂- There is no significant relationship between Organizational Commitment and Turnover Intentions among female BPO employees.

H₀₃- There is no significant relationship between Organizational Commitment and Turnover Intentions among overall BPO employees.

H₀₄- Organizational commitment is not a significant predictor of Turnover Intentions for male BPO employees.

H₀₅- Organizational commitment is not a significant predictor of Turnover Intentions for female -BPO employees.

H₀₆- Organizational commitment is not a significant predictor of Turnover Intentions for overall BPO employees.

6. Methodology

6.1.Participants and procedure

The study sample consisted of BPO employees from top 10 BPO's (listed by NASSCOM). Out of 500 questionnaires distributed, 281 completely filled questionnaires were finally used for analysis. The response rate for the questionnaire was relatively good: 56.2 percent (N=281). Out of the 281 employees, 64.4 percent were male and 35.6 percent female. Respondents were restricted only to low- and middle-level employees, where the attrition is highest. The types of BPO comprised of seven types defined by market line. Table.1 shows the profile of the respondents.

Table 1: Profile of the Respondents (N = 281)

	Frequency	Percentage	Cumulative Percentage
GENDER			
Male	181	64.4	64.4
Female	100	35.6	100
Total	281	100	
TYPES OF BPO			
CRM BPO	53	18.9	18.9
Finance & Accounting BPO	39	13.9	32.7
HR Outsourcing BPO	40	14.2	47.0
KPO	39	13.9	60.9
Procurement BPO	46	16.4	77.2
Vertical Specific (BFSI & Healthcare)	42	14.9	92.2
Others	22	7.8	100.0
Total	281	100.0	

6.2.Measures

A five-point scale was used for all constructs to measure respondents' levels of agreement with each statement (1 representing strongly disagree to 5 representing strongly agree). The questionnaire comprised of two sections. The first section was concerned with the demographic profile of the respondents while the second section comprised of items relating to Organizational commitment and turnover intentions.

- (i) Organizational Commitment Questionnaire: The questionnaire was adapted from Organization commitment scale developed by Mowday *et al* (1979). The adapted scale had 7 items and the reliability/ Cronbach alpha of the scale was 0.895.
- (ii) Turnover Intentions Questionnaire: The questionnaire was adapted from Turnover intention scale developed by Mobley *et.al.* (1978). The adapted scale had 3 items and the reliability/ Cronbach alpha of the scale was 0.808.

6.3.Statistical Analysis

To arrive at the pertinent analysis, the collected data was put to statistical analysis using SPSS package. The tools employed to test the drafted hypothesis for analysis included correlation and regression analysis.

7. Results analysis and interpretation*Table 2: Correlation between OC and TOI among male Employees*

Variables	Organisational Commitment	Turnover Intentions
Organisational Commitment	1	-.613**
Turnover Intentions	-.613**	1

p<.05, p<.01 **, p<.001*** One-Tailed.*

The Organisational Commitment is negatively related ($r = -.613$, $p < .01$) with turnover intentions among male BPO employees. Therefore, the null hypothesis H_0 stands rejected, depicting a moderately high negative correlation between the tested variables for male employees.

Table 3: Correlation between OC and TOI among female Employees

Variables	Organisational Commitment	Turnover Intentions
Organisational Commitment	1	-.476**
Turnover Intentions		1

p<.05, p<.01 **, p<.001*** One-Tailed.*

The Organisational Commitment is negatively related ($r = -.476$, $p < .01$) with turnover intentions among female BPO employees. Therefore, null hypothesis H_02 also stands rejected indicating a moderate negative correlation among the tested variables.

Table 4: Correlation between OC and TOI among overall Employees

Variables	Organisational Commitment	Turnover Intentions
Organisational Commitment	1	-.567**
Turnover Intentions	-.567**	1

$p < .05^*$, $p < .01^{**}$, $p < .001^{***}$ One-Tailed.

The Organisational Commitment is negatively related ($r = -.567$, $p < .01$) with turnover intentions among overall BPO employees. Therefore, null hypothesis H_03 is not supported pointing a moderate negative correlation among the Organisational commitment and turnover intentions of overall sample.

Table 5: Organisational commitment as the predictor of turnover intentions for males.

Predictor	R	R ²	B	β	F	df	P
Organisational Commitment		(Model $Y = a + \beta X$)					
	.613 ^a	.375	-.310	-.613	107.514	(1,179)	.000 ^{***}
Constant (a)	17.416						

Note. $*p < .05$, $**p < .01$, $***p < .001$

Predictors: (Constant), Organisational Commitment_a

Dependent Variable: Turnover Intentions_b

Regression Coefficient (β)

Organizational commitment was considered as predictor and Turnover Intentions as a criterion to develop a regression model for male BPO employees. Organizational commitment fulfilled the

criteria and a significant amount of variance in Turnover Intentions was noted, $R^2 = .375$, $F(1,179) = 107.514$, $p < 0.001$. It can be inferred that Organizational commitment explained 37 percent of the variance in Turnover intentions of male employees. H_04 - Organizational commitment is not a significant predictor of Turnover Intentions for male BPO employees is rejected. It can be concluded that Organizational commitment is a significant negative predictor of Turnover Intentions for male BPO employees.

Table 6: Organisational commitment as the predictor of turnover intentions for females.

Predictor	R	R^2	B	β	F	df	P
Organisational Commitment		(Model $Y = a + \beta X$)					
	.476 ^a	.226	-.269	-.476	28.681	(1,98)	.000 ^{***}
Constant (a)	16.779						

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

Predictors: (Constant), Organisational Commitment_a

Dependent Variable: Turnover Intentions_b

Regression Coefficient (β)

Organisational commitment was considered as predictor and Turnover Intentions as the criterion to develop a regression model. Organisational commitment passed the criteria and a significant amount of variance in Turnover Intentions was noted, $R^2 = .226$, $F(1, 98) = 28.681$, $p < 0.001$. It can be inferred that Organisational commitment explained 22 percent of the variance in Turnover intentions of female employees. H_05 - Organisational commitment is not a significant predictor of Turnover Intentions for female BPO employees is rejected. It can be concluded that Organisational commitment is a significant negative predictor of Turnover Intentions for female BPO employees.

Table 7: Organisational commitment as the predictor of turnover intentions for overall sample.

Predictor	R	R^2	B	β	F	df	P
Organisational Commitment		(Model $Y = a + \beta X$)					

	.567 ^a	.322	-.297	-.026	132.430	(1,279)	.000 ^{***}
Constant (a)	17.228						

Note. ^a $p < .05$, ^{**} $p < .01$, ^{***} $p < .001$

Predictors: (Constant), Organisational Commitment_a

Dependent Variable: Turnover Intentions_b

Regression Coefficient (β)

Organisational commitment was considered as predictor and Turnover Intentions as criterion to develop a regression model. Organisational commitment passed the criteria and a significant amount of variance in Turnover Intentions was noted, $R^2 = .322$, $F(1,279) = 132.430$, $p < 0.001$. It can be inferred that Organisational commitment explained 32 percent of the variance in Turnover intentions of overall employees. H_06 - Organisational commitment is not a significant predictor of Turnover Intentions for overall BPO employees is rejected. It can be concluded that Organisational commitment is a significant negative predictor of Turnover Intentions for overall BPO employees.

8. Discussion

The purpose of the present investigation was to analyze the relationship between Organisational Commitment and Turnover Intentions among male, female and overall BPO employees and also to analyze Organizational commitment as a significant predictor of Turnover Intentions for BPO employees' gender wise and in total. The first objective was fulfilled and results indicated that turnover intentions of BPO employees have moderately high negative correlation to the Organizational commitment for males, moderate negative correlation for females and moderate negative correlation for overall sample. The second objective tested the Organizational commitment as the predictor of turnover intentions. On the basis of the results it can be stated that Organizational commitment is a significant negative predictor of turnover intentions of the employees. A 37 percent, 22 percent and 32 percent of variance in turnover intentions can be explained by Organizational commitment in males, females and overall sample respectively, while the rest of variance in turnover intentions are due to unexplained factors not known in the present study. On the basis of this study it can be clearly elucidated that, when the Organizational commitment in BPO employees is high, then the turnover intentions will be low and vice-versa.

9. References

- Batt, R., Doellgast, V. &Kwon, H. (2005), 'Service management and employment systems in U.S. and Indian Call Centres'.in S. Collins & L. Brainard (Eds), *Offshoring White-Collar Work*, Washington, D. C.: Brookings Institute.
- Becker, H.S. (1960), 'Notes on the concept of commitment', *American Journal of Sociology*, Vol. 66No. 1, pp. 32-42.
- Blau, J.G., & Boal, B. K., (1987). *The Academy of Management Review*, Vol. 12, No. 2, 288-300.
- Budhwar, P., Luthar, H.K., Bhatnagar, J. (2006a), 'The Dynamics of HRM Systems in Indian BPO Firms', *Journal of Labor Research*, 27(3): 339-60.
- Chen, T.Y., Chang, P.L. and Yeh, C.W. (2004), 'Research note: a study of career needs, career development programs, job satisfaction and the turnover intentions of R&D personnel', *Career Development International*, Vol. 9, pp. 424-37.
- Cook, J. and Wall, T. (1980), 'New work attitude: measure of trust, organizational commitment and personal need non-fulfilment', *Journal of Occupational Psychology*, Vol. 53, pp. 39-52.
- Dwivedi, S., Kaushik, S., &Luxmi. (2013). Impact of Organizational Culture on Turnover Intentions in BPO Sector in India. *The Indian Journal of Industrial Relations*,48(4), 679-691. Retrieved from <http://www.jstor.org/stable/23509823>
- Flint, D., Haley, L. M., &Mcnally, J. J. (2013). Individual and Organizational determinants of turnover intent. *Personnel Review*,42(5), 552-572. doi:10.1108/pr-03-2012-0051
- Greenhaus, J.H. and Beutell, N.J. (1985), 'Sources of conflict between work and family roles', *Academy of Management Review*, Vol. 10, pp. 76-88.

- Hartmann, C. and Bambacas, M. (2000), 'Organisational commitment: a multi-method scale analysis and test of effects', *International Journal of Organizational Analysis*, Vol. 8 No91, pp. 89-108.
- Hinkin, T.R. and Tracey, J.B. (2000), 'The cost of turnover: putting a price on the learning curve', *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41 No. 3, pp. 14-21.
- Hinshaw, A. S., & Atwood, J. R. (1984). *Nursing Staff Turnover, Stress, and Satisfaction: Models, Measures, and Management. Annual Review of Nursing Research*, 133 153. doi:10.1007/978-3-662-40453-9_6
- Holman, D., Batt, R., Holtgrewe, U. (2007), *The Global Call Centre Report: International Perspectives on Management and Employment*, Report of the Global Call Centre Network (US format
- Holtom, B.C., Mitchell, T.R., Lee, T.W. and Eberly, M.B. (2008), 'Turnover and retention research: a glance at the past, a closer review of the present, and a venture into the future', *The Academy of Management Annals*, Vol. 2 No. 1, pp. 231-274.
- Horn, P., Katerberg, R., & Hulin, C. (1979) Comparative examination of three approaches to the prediction of turnover. *Journal of Applied Psychology*, 68, 280-290.
- Hunter, J. E., Schmidt, F. L., & Jackson, G. B. (1982) *Meta-analysis: Cumulating research across studies*. Beverly Hills, CA: Sage.
- Kahn, R.L., Wolfe, D.M., Quinn, R., Snoek, J.D., Rosenthal, R.A. (1964), *Organizational Stress: Studies in Role Conflict and Ambiguity*, Wiley, New York, NY.
- Leong, C.S., Furnham, A., Cooper, C.L. (1996), 'The moderating effect of Organisational commitment on the occupational stress outcome relationship', *Human Relations*, Vol. 49 pp.1345-63.

- Mathieu, J.E. and Zajac, D.M. (1990), 'A review and meta-analysis of the antecedents, correlates, and consequences of Organizational commitment', *Psychological Bulletin*, Vol. 108 No. 2, pp. 171-94.
- Meyer, J.P. and Herscovitch, L. (2001), 'Commitment in the workplace: toward a general model', *Human Resource Management Review*, Vol. 11 No. 3, pp. 299-32.
- Michaels, C., & Spector, P. (1982) Causes of employee turn- over: A test of the Mobley, Griffeth, Hand, and Meglino model. *Journal of Applied Psychology*, 67, 53-59.
- Mobley, W. (1982) Some unanswered questions in turnover and withdrawal research. *Academy of Management Review*, 7, 111-116.
- Mobley, W. H., Horner, S. O., & Hollingworth, A. T. (1978). An evaluation of precursors of hospital employee turnover. *Journal of Applied Psychology*, 63, 408-414.
- Moore, J.E. (2002). - One road to turnover: an examination of work exhaustion in technology professionals, *MIS Quarterly*, 24 (1), 141-168.
- Mowday, R. T., Porter, L. W., & Steers, R. M. (1982)..Employee-Organization Linkages: *The Psychology of Commitment, Absenteeism, and Turnover*. New York: Academic Press.
- Mowday, R.T., Steers, R.M. and Porter, L.W. (1979). The measurement of Organizational commitment. *The Journal of Vocational Behavior*, 14, 224-247.
- Peters, L., Bhagat, R., O'Connor, E.J. (1981), 'An examination of the independent and joint contribution of Organizational commitment and job satisfaction on employee intention to quit', *Group and Organization Studies*, Vol. 6 pp.73-82.
- Price, J. L. (1977) The study of turnover. Ames: Iowa State University Press.
- Simon, M., Müller, B. H., & Hasselhorn, H. M. (2010). Leaving the organisation or the profession – a multilevel analysis of nurses' intentions. *Journal of Advanced Nursing*, 66(3), 616–626. <http://doi.org/10.1111/j.1365-2648.2009.05204.x>

- Steers, R., & Porter, L. (1983) Employee commitment to organizations. In R. Steers & L. Porter (Eds.), *Motivation and work behavior* (pp. 218-230). New York: McGraw-Hill.
- Steers, R., & Rhodes, S. (1978) Major influences on employee attendance: A process model. *Journal of Applied Psychology*, 63, 391-407.
- Taylor, P., Bain, P. (2005), 'India Calling to the Far Away Towns: The Call Centre Labor Process and Globalization', *Work, Employment and Society*, 19(2): 261.
- Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, Organizational commitment, turnover intention, and turnover. *Personnel Psychology*, 46, 259-29.
- Van Knippenberg, D. & Sleebos, E. (2006), 'Organizational identification versus Organizational commitment: self-definition, social exchange, and job attitudes', *Journal of Organizational Behavior*, Vol. 27 No. 5, pp. 571-584.
- Workman, M. & Bommer, W. (2004), 'Redesigning computer call center work: a longitudinal field experiment', *Journal of Organizational Behavior*, Vol. 25, pp. 317-37.