Chapter 1

INTRODUCTION
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In today’s global economy, organisations face various HR challenges as in recent times there is increasing importance given to human resources. HR departments pay more attention to the aspiration of every employee and evolve strategies to constantly discover their true potential. One of the core objectives of the organisation is to increase the efficiency by getting maximised productivity at the minimum cost. Thus job performances are typically determined by the motivation to work hard and high motivation means greater commitment and higher job performances.

1.1 The people side of organisations

HR departments are involved with efforts to improve productivity through systematic attempts to develop an empowered work environment. Such workplaces may create greater feelings of belonging, esteem, satisfaction and commitment. Organisational commitment considered being one of the foremost outcomes of the human resource strategies, Organisational commitment is seen as the key factor in achieving competitive performance.

Much attention has been given to the explosion in ITes operation in India. Little concern, however, has been paid to the performance of Indian service workers in the fast paced and sometimes turbulent environments. Information processing and call center activities of manufacturing, financial and service organisations have moved offshore to Asian countries in record numbers. India, with its ready source of English-speaking, highly educated and technologically trained workers, has become the location of choice for ITes functions of multinational clients (Kripalani, Engardio and Hamm, 2007).

As Indian employees become more entrenched and connected to foreign organisations, it is important for both the client firm and the ITes
operation to identify applicable Human Resource Development and High Performance Management practices (Budhwar and Sparrow, 2002).

From a HRM perspective, it is important to determine factors that have high potential to influence the productivity of Indian ITes employees involved in the expanding, high-flux outsourcing sector. So far, studies related to examine the effective HR Practices enabling better Organisational commitment and effectively boost Job performance, had been overlooked. The present research is a fruitful attempt to examine the integrated effects of Quality Work Life (QWL), Organisational commitment (OC) and Job performance (JP). To be effective, it is important to align positive components of work environment which are reflected in the form of commitment among employees to sustain high level performance.

Many studies (Taylor and Bain, 2005, Deery Iverson and Walsh, 2002, Hyman, Baldry, Scholarios and Bunzel, 2003, Budhwar and Luther et al., 2006) have highlighted, racial and gender abuse, difficult work targets, widespread workplace monitoring, insufficient control, bounded work structures, less breaks, less work life balance create a pressurised and stressful environment for employees, which often results in negative workplace outcomes. This has created high attrition rates among employees in ITes sector. Employee’s retention, commitment, attrition and burnout are tremendous performance and productivity issues for ITes firms. A research to examine the impact of QWL on OC and influence of OC on JP is a breakthrough as ITes firms are plagued with high levels of employee attrition.

The present research which examines the relationship between Quality of Work Life, Organisational commitment and Job Performance could be beneficial in addressing the great issues of employee retention and attrition which are highly linked to the ITes sector. The research conducted with the employees of ITes in Coimbatore assesses the work situations that influence commitment and its effect on Job performance. The research suggests creating high hope ITes employees who can
engage and act on the work environment to increase Job satisfaction, High commitment, Reduce attrition and Job related stress.

The industry is already under stress on account of persistent problems like attrition, confidentiality and loyalty. Managing HR in the knowledge – based industry is not a cakewalk for HR managers as it is a multi task responsibility. Now, the roles of managers have been shifted from traditional role confined to administrative functions to strategic role. The attitude is different for those who are taking up responsibilities at a lesser age and lower level of experience. In this scenario, managing the pool of people talent is essential for the growth of Knowledge based sector like ITes.

The research seeks the attention of the employers since the research is taken up in the ITes Sector with the employees in Coimbatore. An understanding of the industry would help further to justify the necessity of research at this juncture. The Information Technology industry has achieved phenomenal growth after liberalisation. The industry has performed exceedingly well amidst tough global competition. Being knowledge based industry, India has been able to leverage the global markets, because of the huge pool of engineering talent available and the proficiency in English language among the middle class. This growth in IT sector has gradually added Information Technology Enabled Services (ITes) which has reported impressive growth and made India a global leader catering to the projects of international clients. An overview of the ITes sector is presented in the forthcoming section.

1.2 ITes Sector

ITes! One reads the word and myriad of well-groomed youth on calls, fast money, and phenomenal lifestyles seem to flash the mind in a jiffy. That’s just the start. One reads it again, contemplates over it, dives into the unveiled afflictions, and gives it a second thought and a completely differing depiction blazes the mind. Lopsided working hours, unimaginable attrition rate, stress and burnout exhibit its ugly side. No
matter how the seesaw balances between the pros and cons, the fact remains conspicuous, loud and unchanged. BPO, Business Process Outsourcing, is the mantra of employment, the buzz of present, and the promise of future!

(Source: Brown and Wilson, 2005)

Figure 1.2  Process of Offshore Outsourcing
The ITes sector has leveraged the global changes positively to emerge as one of the prominent industries. Some of the services covered by the ITES industry would be:

Customer interaction services - Non voice and Voice, Back office, revenue accounting, data entry, data conversion, HR services, Medical Transcription, Content development and animation, Remote education, Market Research and GIS, Financial Services-Banking and Insurance, Retailing, Banking Sector and Insurance Sector.

The figure 1.2 shows the various process of outsourcing. When a service is outsourced from outside with the help of information technology, it is called Information Service or ITes. The reasons of using ITes are to get reliable communication infrastructure, to have labour cost arbitrage, availability of service providers staying on their location, different time zones 24/7, lower service cost and speedy services.

BPO continues to grow in scale and scope, with firms increasingly adopting a vertical focused approach. The India ITes industry has evolved significantly over the past few years.

1.2.1 The Indian ITes-BPO Scenario

Indian ITes-BPO continues to grow from strength to strength, witnessing high levels of activity - both Onshore as well as Offshore. Continuing pressure on cost bases at a time of growing competitiveness is driving companies to look at offshore outsourcing as a strategic alternative. Access to global talent, economies of scale, process engineering and enhancements, wage arbitrage, increased profit margins and improvements in quality are some of the gains that companies have realised. The following depicts the contribution of IT-BPO sector to GDP.

Some of the key drivers of the Indian ITes-BPO industry include:

- Competitive pressures on client organisations.
- Ability of Indian vendor to ramp-up operations rapidly.
- Widening breadth of services.
- Shift towards high-value services.
• Sustained cost advantage-In spite of the rising elements of cost, Indian offshore operations provides cost savings of 40-50 percent.
• Delivery process enhancement and improvement.
• Access to an abundant skill pool-India has the largest English speaking IT talent pool in the world over.

The US remains the key market, accounting for over two-third of the total ITes-BPO exports from India. Western Europe, primarily the UK, accounts for approximately 20 percent. Customer care and support services remain the largest segment, accounting for 38 percent of the sector’s employee base and a third of its revenue. Finance, administration and content development were the next three segments contributing 23 percent, 14.9 percent and 15 percent, respectively to the revenues. The Indian ITes/BPO records good share towards GDP which is shown in the figure 1.2.1.
The future trends of the ITes Sector include:

- Globally outsourcing industry would continue to grow.
- Following the success of US and UK, more countries in the European Union would outsource their business.
- Technological power shift from the West to the East as India and China emerge as major players.
- Political backlash over outsourcing would come down as companies reap the benefit of outsourcing.

The key challenges of ITes sector are small players, high attrition, low profit margins, poor infrastructure support, MNC influx, low capacity utilisation, weak brand image and technology breakthrough. In spite of the challenges, the other side of ITes Sector is flamboyant.

1.2.2 ITes Sector in Coimbatore

Coimbatore is the second largest city (by population) in the South Indian State of Tamil Nadu. It is the administrative headquarters of the Coimbatore District and a major textile and engineering hub of South India. It is referred to as "the Manchester of South India" due to the presence of a flourishing textile industry. It is a heavily industrialised city with textile factories, engineering firms, automobile parts manufacturers, health care facilities and technical educational institutions.

The software development is set to take an upswing with the launch of TIDEL Park and other planned IT parks around the city. The IT industry in Coimbatore is nascent compared to its textile and manufacturing industries, with companies like Tata Consultancy Services, Cognizant Technology Solutions, Robert Bosch GmbH, Tata Elxsi, and KGISL having a presence in the city.

Coimbatore is also emerging as an IT and BPO city. It is ranked at seventeenth place among the global outsourcing cities. Coimbatore City is one of the top 10 fastest growing cities of India. Coimbatore is also a district capital. There are more than 25,000 small, medium, large scale industries and textile mills.
Coimbatore -- A model Tier-2 City, has low cost of living, lower salaries and higher cost advantages as the major advantages. KGISL has over the last decade successfully demonstrated a Tier II success story. It started its operation in 1994 on a 50-acre private technology park meeting world class standards when Coimbatore was not popular as an IT destination. They provided training and employment to over 3000, and also established SEZ (Special Economic Zone) for IT/ITES. KGISL was responsible for generating 30% of IT exports from the region. The CEO of TCS, S. Ramadorai said that a study by Indicus Analytics (2006) found Coimbatore to be the best city in South India for investment.

The large and growing pool of skilled professionals has been a key driver of the rapid growth in Indian IT-ITES and it holds for this city also. This rapid growth in industry employment has been facilitated by the combination of two fundamental factors -

- A favourable demographic profile
- A large, expansive and established network of academic infrastructure

A research on Organisational commitment in relation to Quality of Work Life and Job Performance would create a pathway for the Corporates in Coimbatore to understand the nature of employees and the changes required at the strategic level to ensure quality work force for this industry.

The IT and ITes have been the largest industry segments responsible for the growth of the Indian economy in the past few years. A gradual shift has been seen, in terms of the choice of one’s profession, with an increasing number of people from diverse backgrounds opting for a career in IT and ITes. The major challenge in this industry is attrition in short term and retention of talent pool in the long run. Further, as the ITes-BPO industry shifts to Tier II cities, the changes on the employee profile is unavoidable. Since the professionals are employed in the virtual environment of the target industry. There is a need to continuously study
the changes that are taking place in the work environment to assess the expectations of employees and retain the skilled employees successfully.

1.3 Need for the research

For the last decade, the increasing effects of globalisation, business competitiveness and limited resources have shaped people’s view of how good a company is defined. In recent years, Organisational commitment is increasingly identified as a progressive indicator related to sustainability of business organisation. On the other hand, the composition of workforce continues to change over years, workforce gets better benefits and supportive working environment and organisations are expected to gain leverage in hiring and retaining valuable people.

The employers want to note whether the people are committed to an organisation for the sake of monetary benefits or due to the willingness to identify themselves with organisation and its goals or because of intrinsic orientation towards work. However, no systematic and comprehensive work has been found that collaborates all the facets of Quality of Work Life (QWL), Organisational commitment (OC) and Job performance (JP) to combat the most smouldering problem of the present times.

This research is needed to investigate whether employees are likely to accommodate value orientation and other aspects of their professional self perception to the condition of the relationship with management.

Organisational commitment has been identified as an important variable necessary for work related behaviour of employees (Angle and Perry, 1981, Menium, Zoori, Mowday, Steers and Porter, 1972), despite the proliferation of several studies the antecedents, case studies and correlates of Organisational commitment. Scholarly interest in this concept to India is relatively recent. In India, this phenomenon is yet to be acknowledged and adequately investigated. Keeping this in view, an attempt is made through the thesis to understand the relationship among QWL, OC and JP with employees of ITES in Coimbatore city.
1.4 Research Questions

The review of literature has helped to identify certain research questions. The research is guided primarily by three research questions.

• Is QWL a strong predictor of OC?
• Whether OC influences JP?
• Will QWL affect JP?

Once the above questions are answered, the following questions will get an answer.

• What are the important influential factors in QWL towards various types of commitment?
• Which type of commitment influence the various measure of Job performance?
• What are the demographic factors that show a strong relationship with Organisational commitment?
• What is the effect of QWL and OC on JP?

The present research throws light on all the questions and answers are comprehended to satisfy the objectives of the research.

1.5 Research Objectives

The objectives formulated according to the current industrial needs are as follows:

1. Examine the major determinants of QWL, OC and JP.
2. Determine the effect of Quality of Work Life dimensions on Organisational Commitment.
4. Implications of demographic factors on QWL, OC and JP
5. Design integrated models to establish relationship between Quality of Work Life, Organisational Commitment and Job Performance.
1.6 Limitations

The limitations of the research are:

• The research was restricted to the employees in ITes sector of Coimbatore alone.

• The data is collected from 20 ITes organisations in Coimbatore. The data is collected from employees performing front line services in non-voice outsourcing business.

• The statistical tools applied have their own limitations and this research is no exception.

• The research limits its investigation based on Quality of Work Life, Organisation commitment and Job performance only and not on other parameters.

1.7 Application

The research investigates the relationship among QWL, OC and JP with the help of the results, the organisation can re-examine their policies relating to building the right type of Organisational commitment. The ITes is a sector which is fully dependent on the projects offshore. In order to adapt to the intense competition, it requires employees in organisations to be intensely committed. The need for the sector are employees who are highly committed towards their organisation to be highly productive, stable and always strive towards fully realising their organisation’s goals and needs.

The research would help the employers to understand the type of commitment of the people in the organisation and whether the work environment created by them supports the commitment. The work environment is assessed through various dimensions of QWL.

It is advisable to find out Organisational commitment as an important element in influencing employees’ performance. There are studies which have proved that all the dimensions of Organisational commitment have significant effects on Job performance. The research
provides insights on how Organisational commitment can be developed for the effectiveness of the organisation and to maintain the organisation in a state of health to carry on its work.

Organisational commitment is also influenced by individual’s demographic factors. This research provides concrete evidence to the kind of relationship that prevail among the measures of the research.

1.8 Structure
The research report is chapterised systematically into five chapters as follows:

Chapter 1 is the Introductory chapter which unfolds the context and rationale for Organisational commitment and relevance of the objectives of the research in ITes sector is justified. The objectives, limitations and need for the research have been presented.

Chapter 2 on the Review of literature explains the related literature to outline the various elements which impact on Organisational commitment especially QWL. Elements which influence in Job performance are also discussed. Overall, the literature was found to provide a strong underpinning for the research.

Chapter 3 presents the Research methodology, framework for analysis adopted in previous studies and the research pattern of the current research given in detail.

Chapter 4 on Results and Discussion describes the analysis of data. This chapter is further divided into various sub-headings determinants of QWL, OC and JP, Effect of Quality of Work Life on Organisational Commitment, Influence of Organisational commitment on Job performance and implications of demographic factors across QWL, OC and JP, inter effects of QWL, OC and JP using Simple Path Analysis and MANCOVA.

Chapter 5 on Summary and Conclusion consolidates the results of the entire research and suggests empirical and conceptual integrated models to increase the right kind of Organisational commitment.
In the challenging business scenario, organisations need to attract and retain employees who are qualified and willing to take on new tasks and responsibility. A research on organisational commitment among employees in ITes sector is timely to provide directions to the employers to improve the level of commitment and therefore witness increased performance at work.