



Impact of Employee Satisfaction on Employee Commitment And Loyalty: an Empirical Study Across Select BPOs in Delhi-Ncr

KEYWORDS

Employee Satisfaction, Employee Commitment, Employee Loyalty, Customer Satisfaction, Multiple Regression Analysis

Santosh Kr. Singh

PhD Scholar

Khushboo Singh

Senior Vice President, INLEAD, Gurgaon

Deepak Sharma

Dean, INLEAD, Gurgaon

Kaustav Paul

Senior Research Associate, INLEAD, Gurgaon

ABSTRACT

The study investigated 187 employees across two reputed BPOs in Delhi-NCR to analyze the impact of Employee Satisfaction on Employee Commitment and Loyalty. Career Growth, Compensation and Rewards and Self-Esteem were taken as the dimensions of Employee Satisfaction and the study was conducted to analyze the impact of these dimensions of Employee Satisfaction on organizational commitment and loyalty for the employees working with the reputed outsourcing organizations in Delhi-NCR. The results revealed significant findings which indicated the impact of the Employee Satisfaction on organizational commitment and loyalty among the employees working with the reputed outsourcing organizations in Delhi-NCR.

INTRODUCTION

The end purpose for any business is to serve the clients and the organization which does it efficiently takes the giant leap towards acquiring the largest market share in that specific business landscape. The most vital resource of an organization is its human capital or the work force as performing and committed employees are like assets for any organization, since loyal and committed employees will not only carry out their responsibilities diligently, serving the clients with enthusiasm resulting in high customer satisfaction, but will also act as brand ambassadors for their organizations. They will spread positive words for their organizations, urging their acquaintances, friends and close contacts to join the organization, thereby strengthening the human capital of the organization and at the same time will also endorse their organizations as the right place for business activities thereby encouraging other business houses to go for business liaisons with their present organizations which will have a positive impact on the financial health for the organizations. On the contrary, if the employees are demotivated then that might lead to fall in their commitment level which might also influence them to feel disconnected with the organizational goals. Uncommitted employees will approach their work with low enthusiasm triggering client dissatisfaction that might even result in client or customer attrition. Similarly employees who are dissatisfied and are not connected with their organizations will look for better opportunities outside the organizational premises resulting in erosion of human capital of the organizations. Thus, committed and loyal employees are like assets for organizations and hence desirable, while uncommitted employees might become liabilities for organizations and hence, the organizations must look for ways to keep their employees committed and connected to organizational goals.

Past researches gave a hint that perceived employee satisfaction has an impact on perceived employee loyalty and perceived employee commitment, which in turn, had a sizable impact on perceived product quality and on perceived service quality (Vilares and Cohelo, 2000). This

study endeavored to analyze the impact of employee satisfaction on organizational commitment and loyalty among the employees of select outsourcing organizations in Delhi-NCR.

NEED FOR THE STUDY

A lot of researches were being carried out in past pertaining to employee satisfaction, employee commitment and employee loyalty, however most of them focused primarily on separate segments of employee satisfaction and employee commitment and thus, there is a dearth of studies on exploring the contingent impact of employee satisfaction on employee commitment and loyalty. Though Santra and Mishra (2013) attempted to analyze the relationship between employee satisfaction and employee commitment, however the research was conducted in the pharmaceutical industry and hence as they advised, the results should not be generalized for other industries without a proper research. In this scenario, this study endeavored to bridge the existing gaps through analyzing the empirical relationship among employee satisfaction, employee commitment and employee loyalty for the outsourcing industry.

OBJECTIVES OF THE STUDY

- To analyze the employees' responses on various dimensions related to employee satisfaction for two reputed outsourcing organizations in Delhi-NCR
- To analyze the level of organizational commitment and loyalty among the employees working for two reputed outsourcing organizations in Delhi-NCR
- To analyze the empirical relationship among employee satisfaction, employee loyalty and employee commitment for two reputed outsourcing organizations in Delhi-NCR

RESEARCH HYPOTHESIS

H₁: The employee satisfaction had an impact on the organizational loyalty among the employees working with reputed outsourcing organizations in Delhi-NCR

H₂: The employee satisfaction had an impact on the organizational commitment among the employees working

with reputed outsourcing organizations in Delhi-NCR

METHODOLOGY

The study endeavored to explore the organizational commitment and loyalty among the employees working with reputed outsourcing organizations in Delhi-NCR along with their perception towards dimensions of employee satisfaction while at the same time, the study also made an effort to analyze the empirical relationship among Employee Loyalty, Employee Commitment and dimensions of Employee Satisfaction. Thus the nature of the study was exploratory and empirical as well.

SAMPLING AND DATA COLLECTION

Simple random sampling was used for this specific study and the samples were collected from two reputed outsourcing organizations in Delhi-NCR. The distributed questionnaires were 150 for each organization, 300 in total. The return rate was 62.33 with 187 completed responses; while the others were either not returned or were not complete and thus, were not considered for the study. Thus the sample size for this study was 187.

INSTRUMENT

There were two parts in the questionnaire. The first part was about dimensions of Employee Satisfaction which had three categories – Career Growth (7 items), Compensation and Rewards (4 items) and Self Esteem (3 items). The total number of items was 14. The second part had questions to measure Employee Loyalty which had 4 items while the last part of the questionnaire intended to measure Employee Commitment and had 5 items. The questionnaire adopted 5 point Likert Scale where “1” was equivalent to “Strongly Disagree” while “5” was equivalent to “Strongly Agree”.

RESULTS AND DISCUSSION

For analysing Employee Loyalty and Employee Commitment, the data collected from the respondents were used. Table 1 enlisted the codes that have been used to represent the statements of Employee Loyalty and Employee Commitment during the analysis. The descriptive statistics of Employee Loyalty and Employee Commitment responses were depicted in Table 2.

Table 1:
Response Statements for Employee Loyalty and Employee Commitment

Dimensions	Codes	Statements
EMPLOYEE LOYALTY	EL1	I rarely think about leaving the company and to go to other organization
	EL2	I am proud to be identified with this organization
	EL3	I would recommend this organization to other as a good place to work
	EL4	I would recommend this organization to other as a good place to for a business tie-up

EMPLOYEE COMMITMENT	EC1	I am happy to work for this organization
	EC2	I look forward to go to my organization everyday
	EC3	I feel committed to help my organization to achieve its goals and objectives
	EC4	The mission or purpose of my organization makes me feel my job is important
	EC5	I feel committed since I have the opportunity to do what I do best everyday

Table 2:
Descriptive Statistics for Employee Loyalty and Employee Commitment

Dimensions	No of Response Statements	Range	Mean	Std. Deviation
Employee Loyalty	4	1.00-5.00	3.43	0.97
Employee Commitment	5	1.00-5.00	3.35	1.09

From the descriptive statistics table, it is evident that the organizational loyalty and commitment among the employees were on the higher side with mean scores of 3.43 and 3.35 respectively. Low standard deviations of 0.97 and 1.09 suggested consistency of the responses.

In this study, the dimensions of Employee Satisfaction were Career Growth, Compensation and Rewards and Self Esteem. The codes along with the statements for different dimensions of Employee Satisfaction are given in Table 3 while the descriptive statistics of the responses are given in Table 4.

Table 3:
Response Statements for Dimensions of Employee Satisfaction

Dimensions	Codes	Statements
Career Growth	CG1	I have established career path in my company
	CG2	I consider that my work is valuable in attaining my goals
	CG3	I have adequate opportunity to use my skills and abilities
	CG4	I have opportunities to learn and grow
	CG5	I am given enough authority to make decisions I need to make
	CG6	the company provided as much as training as I need
	CG7	I have the materials and equipment I need to do my job well
Compensation and Rewards	CR1	I feel I am being paid a fair compensation for the work I do
	CR2	I am satisfied with my chances for getting a promotion
	CR3	The salary we receive are good as other organizations pay to their employees
	CR4	My company gives enough recognition for work that is well done
Self Esteem	SE1	My supervisor asks for my input to help in the decision making
	SE2	My supervisor gives me feedback
	SE3	My supervisor gives appreciation for job well done

Table 4:
Descriptive Statistics for Dimensions of Employee Satisfaction

Dimensions	No of Response State-ments	Range	Mean	Std. De- viation
Career Growth	7	1.00-5.00	3.50	0.94
Compensations and Rewards	4	1.00-5.00	3.72	0.93
Self Esteem	3	1.00-5.00	3.48	1.10

Table 4, the descriptive statistics table for different dimensions of Employee Satisfaction indicated high mean scores for three dimensions of Employee Satisfaction i.e. Career Growth, Compensation and Growth and Self Esteem with mean scores of 3.50, 3.72 and 3.48 respectively. Low standard deviations of 0.94, 0.93, and 1.1 indicated lack of variance among the responses by the respondents.

Table 5:

Correlation Analysis between Employee Satisfaction, Employee Commitment and Dimensions of Employee Satisfaction

	Employee Loyalty	Employee Motivation
Career and Growth (CG)	.812**	.623**
Compensation and Rewards (CR)	.368**	.398**
Self Esteem (SE)	.650**	.826**

Note: ** p < .01

The correlation table depicts the strength of linear association that Employee Loyalty and Employee Commitment shared with the three dimensions of Employee Satisfaction i.e. Career Growth, Compensation and Rewards, Self Esteem. Results from Table 5 indicated significant results for all the correlational analysis. Career Growth shared high positive correlation with Employee Loyalty (.812) while it was found to share moderate positive correlation with Employee Commitment (.623). On the contrary, Self Esteem was found to share high positive correlation with Employee Commitment (.826) while it was found to be moderately positively correlated with Employee Loyalty (.650). However, Compensation and Rewards was found to share low positive correlation with both Employee Loyalty (.368) and Employee Commitment (.398).

Table 6:
Results of Multiple Regression Analyses (H₁ and H₂)

Hypothesis (H ₁ and H ₂)	Dependent Variables	Independent Variables	R ²	F Statistics	B (Un-standardized Coefficient)	T Statistics
H ₁	Employee Loyalty (EL)	Career Growth (CG)	.835	140.53**	.374	11.97**
		Compensation and Rewards (CR)			.054	1.16
		Self Esteem (SE)			.216	4.58**

H ₂	Employee Commitment (EC)	Career Growth (CG)	.850	159.23**	.087	2.50*
		Compensation and Rewards (CR)			.186	3.60**
		Self Esteem (SE)			.750	14.22**

Note: * p < .05; ** p < .01

Multiple regression analysis was used to analyse the impact of three dimensions of Employee Satisfaction i.e. Career Growth, Compensation and Rewards and Self Esteem on Employee Loyalty (H₁) and Employee Commitment (H₂). The Career Growth, Compensation and Rewards and Self Esteem were the predictor variables, while, Employee Loyalty and Employee Commitment were the outcome variables. The multiple regression analysis with Employee Loyalty as the outcome variable yielded R² value of 0.835 which indicated that 83.5% of variance in the scores of Employee Loyalty can be explained by Career Growth, Compensation and Rewards and Self-Esteem while the multiple regression analysis with Employee Commitment as dependent variable yielded R² value of 0.85 which indicated 85% of variance in the scores of Employee Commitment can be explained by Career Growth, Compensation and Rewards and Self-Esteem. F statistics in both the cases indicated overall effectiveness of the regression model (p<.01).

The results indicated the positive impact of all three dimensions of Employee Satisfaction i.e. Career Growth, Compensation and Rewards and Self-Esteem on Employee Commitment while Compensation and Rewards was found to be statistically insignificant as a predictor for predicting the outcome variable Employee Loyalty. However both Career Growth and Self-Esteem were found to exert positive impact on Employee Loyalty. The results suggested that the employees with more opportunities for Career Growth and higher Self-Esteem were prone to be more loyal and committed with their present organizations, however Compensation and Rewards could only be found to impact Employee Commitment positively but not Employee Loyalty.

CONCLUSIONS AND RECOMMENDATIONS

The results were in line with a past few researches. According to Flynn (1998), rewards and recognition boost up high spirits and morale within the employees and keep their motivation and commitment level high; since they know that their performance is linked with rewards and recognition. However in another study, Singh et al. (2011) provided with the findings that most of the employees readily agreed with the view that they can leave their current organizations if offered with a better package i.e. compensation, rewards and recognition cannot influence employee loyalty fully. But at the same point of time they also admitted that they would like to stay in the same organizations for long if there is fairness of rewards, growth opportunity and job security, better work-life balance etc. Thus the focus was broadly on dimensions of employee satisfaction. The findings of this study thus seemed to support the theoretical propositions of the earlier studies.

Based on the findings, this study recommends that along with monetary benefits like compensation and rewards, the organizations must also emphasize upon non-monetary aspects that boosts employee satisfaction which in turn, will make the employees more committed and loyal to their present organizations. This study also recommends explor-

ing more inter-relationships among employee satisfaction, motivation, commitment, loyalty and performance so as to build a model which would boost the financial health of the organization. However, since this study was conducted in a specific industry (outsourcing), hence it is advised that the results should not be generalized for other industries without performing original field research for those industries.

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