



AN EMPIRICAL ANALYSIS ON MODERATING EFFECT OF ORGANIZATIONAL COMMITMENT ON VIRTUAL WORKPLACE AND EMPLOYEE RETENTION IN INFORMATION TECHNOLOGY INDUSTRY

Usman Mohideen K S

Assistant Professor, Department of Management Studies,
Sri Sai Ram Engineering College, Chennai

S Helen Roselin Gracy

Assistant Professor, Department of Management Studies,
Sri Sai Ram Institute of Technology, Chennai

ABSTRACT

This paper focus on developing empirical relationship in which organizational commitment mediate between virtual workplace and employee retention. Virtual workplace is a tool to attract, recruit and retain key employees. The primary data is collection through structured questionnaire from 149 employees belonging to select IT companies. Results of Mediation analysis show that Organizational Commitment mediates relationship between virtual workplace and employee retention. Correlation analysis shows that virtual work place has positive significant impact on Talent Retention. Suggestion for future research is given at the end.

Keywords: Employee Retention, Organizational Commitment, Virtual Workplace

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1. INTRODUCTION

In global competitive world, organization's ability to attract, recruit, develop, sustain and retain talented employees has become core strategic component of corporate world success. In the modern corporate universe the collective term for human resource practice of attracting, developing and sustaining right employee is called Talent Management Practices. Talent Management refers to the systematic attraction, identification, development, engagement,

deployment and retention of talents. The term Talent Management was coined by David Watkins and Introduced by McKinsey Consultants in 1990. The term talented employees denotes to those who rank in the top in terms of competencies and achievements and contributes the most to the competitive advantage of the organization. The concept of organizational commitment means psychological state aids decision to continue in the same organization. It is an intensity and stability of an employee's dedication to the organization. It is also an attitude reflecting an employee's loyalty to the organization. Employee Retention is defined as "the policies and practices companies use to prevent valuable employees from leaving their jobs". Retention of key employee is critical for the long term success of an organization as it ensures satisfied workforce along with talented minds. Organisation need to map up strategies for retention employees in the organization for long time. Organization can adopt various practices to satisfy and retain employees, among the various strategies providing virtual workplace is a modern technique adopted by an organization. This study focus on analysing the mediating effect of organizational commitment in relationship with virtual workplace and retention of talented employees.

2. REVIEW OF LITERATURE

Atis Anis et.al (2011), in this paper titled "Impact of Organizational Commitment on Job Satisfaction and Talent Retention in Pharmaceutical Industry" they describes that Talent Retention and job satisfaction of employees can be enhanced if the employees have strong organizational commitment.

Jeannette Van Dyk & Melinde Coetzee (2012), in the paper titled "Retention factors in relation to Organizational Commitment in medical and information technology services" authors found that retention factors has a significant relationship with organizational commitment.

Stacie Furst Holloway & Tiffanie M.Jones (2012),in this report "HR's Role in Managing the Virtual Workplace" authors found that virtual work place make employees more productive, more avenue to exchange information and ideas, fulfils work life balance, employ better talent and make organization more attractive and interesting place to work.

Somayyeh Nobarieidishe et.al (2014), in the article titled "The Relationship between Talent Management and Organizational Commitment in International Division of Tejarat Bank, Iran" the found that there is a significant relationship between attracting the talents and employee's commitment and they also state that benefits of manpower planning increases employee's commitment and performances.

Ghanbar Amir Nejad (2015), in the paper titled "Effects of Talent Management on Engagement Employee with performance evaluation of the role of mediator among the directors of elementary education arena of Ahwaz" author concluded that talent management have positive and significant impact on organizational commitment.

Richard S Wellins & Allan Schweyer, in article title "Talent Management in Motion: Keeping up with an Evolving Workforce" the authors have identified that few factors are expected to increase they are as follows: investment in employee training and development, the number of flexible work arrangements viz., job sharing, working remotely etc., They also state that top factors drive workers are challenging work, opportunities for training and development, constant learning opportunities, recognition for accomplishment, high degree of autonomy & independence, relationship with co-workers and excellent manager.

3. RESEARCH METHODOLOGY

Research Design: The main aim of the research is to explore the mediating effect of organizational commitment in relationship between Talent management practices and employee retention. The research is descriptive in nature.

Data Collection: The data collected from 149 employees belonging to TCS, Infosys and WIPRO. The companies are selected based on NASSCOM ranking for 2015-2016. The data collected through structured questionnaire. The secondary data collected from websites and journals.

Sampling Plan: Convenience Sampling is used to identify required samples.

Description of Instrument: The structured questionnaires consist of six parts. Part A consists of 6 multiple choice questions relating to organizational details. Part B, Part C and Part D each consists of 10 five point Likert Scale statements relating to Virtual Workplace, Organizational Commitment and Employee Retention. The five point scale ranges from Strongly Disagree to Strongly Agree.

Research Framework: The variables of this study are Virtual Workplace - Independent Variable, Organizational Commitment – Mediating Variable and Employee Retention – Dependent Variable.

Tools for Analysis: Pearson Correlation is used to find the significant relationship between Organizational Commitment and Talent Retention. To find the mediating effect of Organizational Commitment and Talent Management practices Preacher and Hayes (2008), SPSS Macro for Multiple Mediation is used.

Hypothesis of the study

Hypothesis 1: Organizational Commitment mediates the relationship between Virtual Workplace and Employee Retention.

Hypothesis 2: Organizational Commitment has been positively related with Employee Retention.

Limitations

- The study is done in Information Technology Industry in India, may not be applied to other industries and IT industry in other countries.
- The number of respondents involved in research may not be adequate. So the findings of this study can't be generalized to huge population.
- Certain factors has been left out that might have significant impact on talent management and Talent Retention.

4. ANALYSIS AND INTERPRETATION

Mediating effect of Organizational Commitment in relationship with Training and Development and Talent Retention.

Dependent Variable: Talent Retention (TR)

Independent Variable: Virtual Workplace (VW)

Mediating Variable: Organizational Commitment (OC)

Table 1 Mediating effect of Organizational Commitment in Relationship with Training and Development and Talent Retention.

Effect	Relationship	Coefficient	Significance
a-path	TD-OC	4.728	0.000
b-path	OC-TR	0.588	0.000
c-path – Total Effect	TD-OC-TR	2.794	0.000
c’ – Direct Effect	TD-TR	0.040	0.754

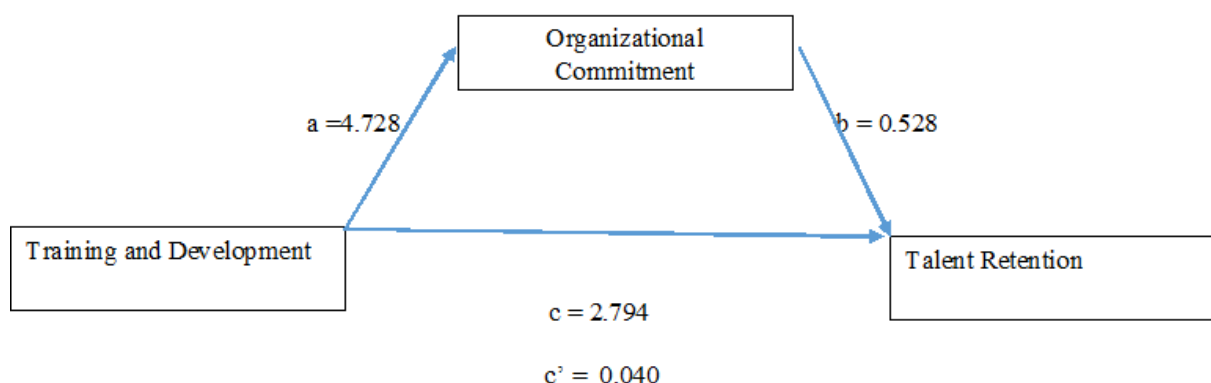


Figure 1 Depicting Mediating Effect of Organizational Commitment on Employer Branding and Employee Retention

Mediation analysis was conducted to investigate the hypothesis that Organizational Commitment mediates the relationship between Virtual Workplace and Employee Retention. Results indicate that the first pathway of this model (a-path) which reflect the link between Virtual Workplace and organizational commitment is found to be significant ($b= 4.728, p < 0.05$). The second pathway of this model (b-path) which reflects the link between Organizational Commitment and Employee Retention also finds to be significant ($b= 0.528, p < 0.05$). The third path of this model (c’) which reflects the direct effect of virtual workplace and employee retention without mediating variable ($b = (0.747), p > 0.05$) is not significant. The indirect effect was tested using a bootstrap estimation approach with 1000 samples. The indirect effect of virtual workplace on employee retention through organizational commitment did not contain zero, indicates a significant total indirect effect ($b= 3.441, CI = 3.164, 3.754$). The indirect effect of virtual workplace on employee retention through organizational commitment is positive, which implies that training and development would lead to increase in organizational commitment, which in turn increases employee retention. Hence it can be stated that organizational commitment fully mediates the relationship between virtual workplace and employee retention. This result supports the hypothesis H2.

The correlational effect between Organizational Commitment and Talent Retention.

The relationship between Organizational Commitment and Talent Retention is checked through Pearson Correlation.

Table 2 Pearson Correlation coefficient between Organizational Commitment and Talent Retention

Pearson Correlation		
	Organizational Commitment	Talent Retention
Organizational Commitment	1	0.503
Talent Retention	0.503	1

The result in Table 2 shows a positive and significant relationship between Organizational Commitment and Talent Retention. Therefore Hypothesis 4 is supported. Therefore there Organizational Commitment is moderately correlated with Talent Retention.

5. CONCLUSION

The present study also provides empirical evidence for the mediating role of organizational commitment in relationship with virtual workplace and employee retention in information technology industry. Organizational Commitment plays a complete mediating role between the following independent variable and employee retention as dependent variable. When effective virtual workplace is practised it enhances commitment of employees towards the organization and thus results in increased employee retention. Findings also suggest that organizational commitment has positive and significant impact on talent retention.

Scope for Further Research

The study can be further extended in following spheres. The comparative analysis of selected companies can be done. This study can also extended by segregating the respondent state wise/region wise and done as comparative study. The considered variables can be studied in depth and more variables can also be included. The mediating effect of other related factors can be considered for further studies.

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