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A Study on the Impact of Job Satisfaction on Employee Withdrawal Behaviours in Information Technology Industry

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Abstract:

Job Satisfaction, the most extensively researched job attitude, may be the most widely investigated topic in the history of industrial psychology and represents one of the most intricate areas facing today's managers when it comes to managing their employees. In the organizational sciences, job satisfaction occupies a pivotal role in many theories and models of individual attitudes and behaviors. Job satisfaction investigation has practical implications for the improvement of individual productivity as well as organizational efficiency. Employees lacking loyalty to their organizations engage in withdrawal behavior which he defined as a set of actions that employees do to avoid the work situation. Many traditional foundational theories such as the equity theory, the inducements – contributions theory and the social exchange theory support the role of withdrawal Behaviours as a means by which employees hold back inputs from an organization. This study investigated the impact of Job Satisfaction on Employee Withdrawal Behaviours in IT firms. A sample of 312 employees was selected for three large IT firms and responses were WARP PLS software to analyze the collected data. It was found that Job Satisfaction has a negative impact on Employee Withdrawal Behaviours of employees working in IT industry.

Keywords: IT industry, Job satisfaction, employee withdrawal Behaviours, employee retention.

1. Introduction

The role played by Indian Information Technology (IT) Industry in placing the country in the global map is phenomenal and has been one of the most important growth contributors for the economy. The sector has helped the country to achieve an image makeover from an ailing bureaucratic economy to the land of startups. With an export revenue of US\$99 billion and a domestic revenue of US\$48 billion, sector amassed revenues of US\$147 billion in the financial year 2015. By providing direct employment to 2.5 million, and indirectly employing 9.1 million people, the sector is one of the largest job creators in the country and a mainstay of the Indian economy.

By its very nature, human resources play a crucial role in the survival of the service sector. This is of great importance, especially in Information Technology (IT) companies where people costs are relatively very high and capital costs is comparatively low. Different metrics and management practices are a necessity in people intensive business like Information Technology. Marginal changes in employee productivity in IT companies have a major impact on shareholder returns. Therefore, as the industry is concerned, human resource management is not a support function but a core process for line managers.

Retention of talented employees is an advantage to an organization because for the organization to be financially competitive, the knowledge and skills of employees are inevitable (Kyndt, et al., 2009). Organizations now emphasize more on employee retention strategies and their link to organizational productivity and profit because of the advent of knowledge-based economy. Experts acknowledge the fact that organization's human resources are the critical corporate assets that can be tied directly to organizational financial outcomes. In the coming years, employee retention strategies will be tightly linked to organizational survival. Employee retention is the main apprehension and the major objective for most organizations (Deckop, et al., 2006). This study tries to find out whether job satisfaction helps in reducing employee withdrawal behaviour and improve retention.

2. Literature Review

2.1. Job Satisfaction

It is generally acknowledged that job satisfaction is one of the most extensively studied variables in the field of Industrial and Organizational Psychology (Visser & Coetzee, 2005; Coetzee, 2004; Buitendach & De Witte, 2005). The rationale behind this considerable attention given to job satisfaction can be attributed to four factors. Firstly, in an aggressive market where optimal

performance is mandatory for survival, employee job satisfaction becomes an important issue with which management continues to struggle. Even though the association between job satisfaction and performance has given variable results, there is a universal agreement that job satisfaction factors do influence the amount of satisfaction that employees derive and eventually, their job performance (Chambers, 1999; Schleicher, et al., 2004).

The second reason for researchers giving so much importance to job satisfaction is because of the fact that strong correlations exist between job satisfaction and withdrawal behaviors such as turnover, absenteeism, psychological distress and tardiness (Lease, 1998; Organ, 1991; Price & Mueller, 1981; Scott & Taylor, 1985). Thirdly, Kreitner and Kinicki (1992) stated the impact that job satisfaction has on employees working in firms and its connection with both physical and psychological wellbeing of employees (Kreitner & Kinicki, 1992; Landy, 1989; Vecchio, 1988). Studies done by Locke (1976) and Hoole & Vermeulen (2003) stress the most common outcomes of job satisfaction in terms of its effects on physical health, longevity and psychological health. Sousa-Poza & Sousa-Poza (2000) argued that job satisfaction is one of significant predictors of general well-being which alone provides a strong case for the significance of studying job satisfaction.

Job satisfaction is usually considered as an employee's perception of, and attitude towards the job and the job situation. According to the definition given by Aamodt (1999), Job Satisfaction is an attitude employees have towards their jobs. Greenberg and Baron (2000) went further and stated that job satisfaction is an employees' positive or negative attitude toward their jobs. Hirschfeld (2000) took the definition of job satisfaction by stating it as the extent to which people like their jobs. Moorhead & Griffen (1998) detailed on these definitions by affirming that job satisfaction refers particularly to a positive attitude held by workers, while job dissatisfaction results when this attitude is negative. Dipboye, et al., (1994) expressed their views on job satisfaction by stating it as an attitude and elaborating that attitude remains comparatively stable and is formed mainly by interpersonal and social processes in the working environment.

2.2. Employee Withdrawal Behaviours

Researchers have identified employee exit intentions as one of the most proximal predictors of turnover (Griffeth, 2000) and have been generally used as an outcome variable in research studies concentrating on voluntary employee turnover. (Benson, 2006; Finegold, et al., 2002). On the contrary, employee neglect behaviors such as absence, tardiness and reduced work efforts have not been extensively investigated. Nevertheless, literature review asserts moderate negative correlation between job satisfaction, affective commitment and employee neglect (Johns, 2002; Meyer et.al 2002). Even though these relationships are not as strong as those for intentions and turnover, they need further investigation. There is a general consensus among researchers about the connectedness of withdrawal behaviors and there is evidence that employee withdrawal is progressive, with more minor forms of withdrawal such as neglect behaviors eventually leading to more extreme acts such as turnover (Johns, 2002).

Withdrawal behaviors can be defined as a bundle of attitudes and behaviors adopted by employees when they stay on the job but for some reason decide to be less participative (Kaplan et al., 2009). Many traditional theories including equity theory, inducements-contributions theory, and social exchange theory stressed the role played by withdrawal behavior that forces employees to withhold inputs from an organization. These theories state that withdrawal behaviors are often controllable forms of input reduction. Moreover, withdrawal behaviors allow an employee to reduce the cost of an aversive job by involving in more pleasurable activities while still enjoying the economic benefits offered by the job.

Employee withdrawal intentions consist of various different, yet related constructs which have been generally researched in relation to withdrawal behavior. The definition given in the organizational research literature describes withdrawal behavior as actions intended to place a physical or psychological isolation between employees and workplace (Rosse & Hulin, 1985). Mobley (1982) suggested the meaning of the label "withdrawal" as a process, which contains diverse, yet related constructs. The turnover model of Mobley et al. (1978) has assessed various constructs of withdrawal intentions such as thinking of quitting or intention to quit as well as the construct of withdrawal behavior such as actual quit.

3. Research Methodology

The present research has employed descriptive methodologies in the study. The study tries to investigate the impact of Job Satisfaction on Employee Withdrawal Behaviours in IT firms. Job satisfaction was measured using the six item questionnaire developed by Brayfield & Rothe (1951) and employee withdrawal behaviours were measured using the 18 item scale developed by Hanisch & Hulin (1991). Major source of data was primary data collected from the IT professionals and secondary data were collected from the NASSCOM Directory. Primary data were collected from IT professionals and the population is defined as the IT professionals working in large IT firms with more than one year of work experience in that organization. Out of the 312 respondents, 178 were men and the remaining 134 were women. The study was carried out at in Infopark, Cochin and Techno park, Trivandrum, both cities belonging to state of Kerala in South India. The research interest was to analyze the present scenario regarding the objectives. The period of data collection was from June 2014 to October 2014.

4. Data Analysis

Structural Equation Modeling was used for testing hypothesis which was about the impact of Job Satisfaction on Employee Withdrawal Behaviors of employees working in IT industry. H1 was stated as:

- H1 - Job Satisfaction has a negative impact on Employee Withdrawal Behaviors.

Variable	Beta value	Std Error	P value	Average Full Collinearity VIF	R ²
Job Satisfaction	0.371	0.053	0.001	1.149	0.118

Table 1: SEM analysis results of the impact of Job Satisfaction on Employee Withdrawal Behaviors

It is evident from the analysis that Job Satisfaction has a negative impact on Employee Withdrawal Behaviors of the employee working in IT industry with a beta value of 0.371 and R² value of 0.118. From the table, it is also noted that value of Average Full Collinearity VIF (Variance Inflation factor) is less than 5, suggesting the absence of high multicollinearity. Therefore, all the values obtained from the analysis support the hypothesis that Job Satisfaction has a negative impact on Employee Withdrawal Behaviors of employees working in IT industry. Hence H 1 is accepted.

5. Findings and Discussion

The analysis shows that Job Satisfaction has a negative impact on Employee Withdrawal Behaviours of employees working in IT industry. Past researches confirmed a strong inverse relationship between overall Job Satisfaction and absenteeism (Oldham et al., 1986). According to Waters and Roach, there is a significant relationship between the frequency of absence and overall Job Satisfaction (Waters & Roach, 1971). Hrebiniak & Roteman (1973) noted a significant correlation between job dissatisfaction and the number of days absent from the job.

Muchinsky (1977) was of the opinion that it is highly rational that withdrawal from work should be connected to attitudes toward work. A study done by the Oldham, et al., (1986) on the relationship between job facet comparisons and employee reactions found out that those who felt under rewarded were less satisfied and exhibited inferior performance and increased levels of absenteeism than employees who felt equitably treated or over rewarded (Oldham, et al., 1986). Nicholson et al., (1977) also observed a negative relationship among work satisfaction and absence measures.

6. Conclusion

The science of industrial psychology has a contentious history linked to the study and understanding of employee attitudes and job satisfaction. Some of this investigation is very precise and aimed mainly at other researchers, while other studies provide practical insights on comprehending employee attitudes. IT firms facing tough competition from within the industry in the form of employee poaching should adopt innovative steps in enhancing job satisfaction of their staff so that they display less employee withdrawal behaviors and therefore increase employee retention. In future, researchers could explore the field of attitudinal research to have a better picture of the various internal and external factors those affecting employee attitudes. Greater insights on the association between job satisfaction and business performance will help HR professionals as they struggle to improve the essential human side of the business in a highly competitive, international arena.

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