

# The Impact of Human Resource Practices on Employees' Intention to Stay and Organisational Commitment in the IT Firms

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## Abstract

The growing body of knowledge is supporting the impact of human resource (HR) practices on employees' intention to stay and organizational commitment. The purpose of the study is to contribute in the existing knowledge by analysing the HR practices of the IT sector.

The existing literature is reviewed in the light of this topic to identify key factors affecting employees' intention to stay and their organisational commitment. Factors were identified such as employees' fit to the organisation, remuneration, training and career development practices, appraisal, reward and motivation to test the impact on employees' intention to stay and their organisational commitment. The study was conducted in different phases using quantitative methods. Snow ball and convenience sampling were used to collect the data from IT sector employees.

The present study has identified several empirically developed dimensions and also ensures the validity and reliability of these dimensions. After applying regression analysis, the impact of selected components was tested on employees' intention to stay and their commitment level towards the organisation.

## Keywords

*Commitment, HR Practices, Intention, Loyalty*

## Introduction

An immense literature has been published highlighting the association of human resource practices in commitment level and intentions of employees to stay in the organization. MacDuffie (1995) emphasized on three conditions with respect to the contribution of innovative human resource practices in the economic performance of the organization: Skills and knowledge possessed by the employee; motivation of the employees to execute this skill and knowledge with freedom; Productivity can only be achieved with such discretionary work. David E. Guest, 1997). Every organization expects outcomes from human resource practices in terms of highly committed, flexible and skilful employees (David E. Guest, 1997).

The commitment level of employees towards the organization can be measured with the help of the definition proposed by Porter and Steers (1982) mentioning that the major indicators of commitment of employees are desire to belong and willingness to do things for the organization. (David E. Guest, 1997). Therefore, it is necessary to measure impact of HR practices on employees' commitment level and intention to stay.

Janet Chew (2008) highlighted in his study the contribution of retaining committed employees in the survival of organization (Das, 2002). In view of this many organizations are trying with full potential of human resource practices to create positive environment in their organization in an attempt to develop committed employees and to retain them (Janet Chew, 2008). Janet further discussed the list of human resource practices that are contributing effective role in achieving organization goal with respect to manpower planning such as whether employees' values are good fit with the organization's values during recruitment and selection procedure; deciding equitable compensation to value the efforts of employees'; establishing mechanism for continuous training and career development. These activities are directed towards improving employees' attitude and behaviour by ensuring performance with the coherence between effective human resource practices and workplace relations (Janet Chew, 2008).

Therefore, the research paper is based on the investigation of the impact of human resource practices on employee's intention to stay and organisational commitment among the information Technology sectors' employee. The study will be helpful in providing the practical implications to the organisations to remove obsolete practices and to improve the retention and commitment level of employees.

## Literature Review

Recruitment involves the identification, selection, acquisition, placing and enhancing the career of candidates suitable for the organisational need (Michael Joseph Martin, 2011). Training helps the organisations in improving the job deficiency and skill enhancement among employees to fulfil the future need of the organisations also (Janet Chew, 2008; Gold, 2001).

Hale (2003) discussed that organisational commitment are closely associated with training and development (Michael Joseph Martin, 2011). Palmer (2006) have also highlighted organisational commitment as a characteristic of dimensions such as recruitment, selection, training and career development. Willis (2000) mentioned that better compensation helps to attract and retain talent. Janet Chew (2008) discussed that companies pay better compensation more than the market rate to retain rare talent and valuable employees.

The higher commitment level was also found among the employees who were promoted in the organisation (Gaertner and Nollen, 1989; Michael Joseph Martin, 2011). Performance appraisal works as the tangible tool to evaluate the performance of employees. It contributes significantly in the organisational commitment of employees (Behery and Paton, 2008). Shahnawaz and Juyal (2006) stated that performance appraisal evaluates the performance, satisfaction and commitment level of employees.

Similarly, employees show high level of commitment and intention to stay in the organisation when their competencies, work and performance are valued and appreciated by the organisation (Davies, 2001).

### Methodology

The research design and descriptive and follows quantitative research methods. The IT employees were chosen as the sample of the study and the data was collected using self-administered questionnaire as research instrument. The convenience sampling technique was used to collect data from the employee. Initially the parameters were identified using exploratory research by referring the secondary data and discussion with the experts.

### Questionnaire Design

The self-administered questionnaire was designed in three inherent parts which were coded based on their dimensions. The first part presents the respondents details with respect to age, gender, previous job, career level, experience etc. The second part comprises of the human resource practices such as recruitment, selection, training, compensation and appraisal. The third part of the questionnaire included the parameters related to employee intention to stay and the commitment towards the organisation. The questionnaire was design by referring the published sources such as Ghazali et al. (2016), Aladwan et al. (2015), Daifallah Olaimat & Bassam Awwad (2017), Michael Joseph Martin (2011). The questionnaire was designed using likert scale of 1 to 7 where 1 represents “strongly disagree” and 7 represents “strongly agree”.

### Hypotheses

Based on the interaction with the employees, observation and secondary data analysis, the study hypothesizes that:

H1: There is a significant impact of recruitment & selection on intention to stay among IT employees’ and their commitment towards the organisation.

H2: There is a significant impact of training on intention to stay among IT employees’ and their commitment towards the organisation.

H1: There is a significant impact of compensation system of organisation on intention to stay among IT employees’ and their commitment towards the organisation.

H2: There is a significant impact of appraisal on intention to stay among IT employees’ and their commitment towards the organisation.

### Result & Discussion

Respondents’ Profile	Categories	Frequency	Percentage
Gender	Male	73	78%
	Female	21	22%
Age	20-30	32	34%
	31-40	44	47%
	41-50	12	13%
	51 and above	06	06%
Change of job in the last 5 years	0	67	71%
	1	23	25%
	2	03	3%
	3	01	01%
	>5	00	00%
Previous Job	IT Industry	94	100%
	Other Industry	00	00%

Education Level	Diploma	00	00%
	Bachelor	81	86%
	Master	13	14%
	PhD or equivalent higher education	00	00%
Experience	5 and Less	26	28%
	6-10	40	42%
	11-15	18	19%
	16 and above	10	11%
Career Level	Jr. Employee	56	59%
	Team Leader	18	19%
	Manager	12	13%
	Head	08	09%

The table shows that male constituted 78% of the sample size. Majority of the respondents belongs to the age group of 31-40. All the respondents have worked previously in the IT industry and 71% of the respondents did not change their job in the last five years.

### Regression

The regression analysis test is applied to analyse the relationship between dependent and independent variables. The dependent variables such as the intention to stay and commitment of the employees are tested against the independent variables such as recruitment & selection, training, compensation and appraisal practices of the human resource department. The null and alternate hypotheses are formed to test the relationship among the dependent and independent variables.

Dependents Variables	Independent Variables	R	R Square	Significance	Null Hypothesis
Intention to stay among IT Employees	Recruitment & Selection	0.733	0.684	0.00	Rejected for all dimensions
	Training				
	Compensation System				
	Appraisal				
Commitment level of IT Employees	Recruitment & Selection	0.781	0.637	0.00	Rejected for all dimensions
	Training				
	Compensation System				
	Appraisal				

The R and R square value is greater than zero that shows a linear relationship between the variables. The correlation coefficient i.e., R is +0.733 & 0.781, which is very close to 1. This shows a very strong correlation among variables. The coefficient of determination R square is 0.684 & 0.637. This indicates that 68 % & 63% of the variation in the intention of IT employees to stay in the organisation and commitment level among the IT employees are explained by the human resource practices as explained in the above table.

### One Sample Two Tail Z Test:

Dimensions	Mean	SD	Z-Score	P-Value	Null Hypothesis
Recruitment & Selection	3.41	0.98	5.82	4.42E-09	Rejected for all dimensions
Training	2.27	0.79	-6.31	4.32E-11	
Compensation System	2.19	0.82	-6.51	4.11E-07	
Appraisal	2.20	0.80	-6.44	4.27E-11	
Intentions to Stay among IT Employees	3.83	0.92	5.40	1.07E-03	
Commitment level among IT Employees	4.78	0.96	7.61	2.41E-13	

In the above table, the Z score values of recruitment & selection, intentions to stay and commitment of IT employees towards the organisation are positive and are located beyond the critical region of distribution curve. The p values for these dimensions are also less than 0.05, thus null hypotheses would be rejected and it can be safely concluded that the IT employees are satisfied to some extent towards such practices of human resource department of the IT organisations. Other dimensions have shown negative z score which represents that the employees' responses towards the dimension is very low and also the p values are less than 0.05 which signifies

that the null hypotheses would be rejected. Thus, these dimensions do not contribute in the employees' intention to stay in the organisation and their commitment.

### Conclusion, Implications and Recommendations

The result of the study has validated the concept that effective human resource practices are major influencer among IT employees' belongingness towards their organisations. The study has shown that employees are more satisfied towards recruitment & selection practices of IT organisations compared to other practices which need significant attention and refinement. The employees' intention to stay and commitment are largely dependent on the values and recognition given by the organisation to their employees. The study signifies that human resource practices should be given attention as strategic planner in the organisation as it contributes major part in the employees' intention to stay and commitment towards the organisation. The study also contributes in the current literature of human resource practices.

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