



IMPACT OF ORGANIZATIONAL CLIMATE ON TALENT RETENTION IN IT AND ITES

Dr. Sridhar M

PG Coordinator

Department of Commerce and Management
SEA College of Science, Commerce and Arts

Abstract: *The study focuses impact of organizational climate on job commitment, job satisfaction and talent retention among the employees of IT and ITES. The study results proved that there is an inter-relationship between organizational climate, job satisfaction, job commitment and employee retention. The result of regression supported that job satisfaction positively influenced with the organizational climate. Hence, job commitment and employee retention negatively influenced with organizational climate.*

Keywords: Job satisfaction, Organizational climate, job commitment, turnover intentions, job characteristics

I. INTRODUCTION

In the cut-throat competitive era, the employees are considered as an important factor achieving organizational goals. Generally, the success or failure of organizations highly depends on people who are working in that organization. So, the most of the organizations have made an attempt to attract the talent workforce. Healthy and positive organizational climate is required to attract and retain the employees.

Effectiveness of an organization's performance is depending upon the organization climate. The linkage between organizational climate and varied organization outcomes appears well documented (*Patterson et al., 2005*). There are several studies focused on the role of leadership in managing climate and related with outcomes organization like productivity (*Ekvall & Ryhammar, 1998*), and innovation (*Jung et al., 2003; Mumford, Scott, Gaddis & Strange, 2002*). As today's businesses continue to struggle to survive or acquire sustainable competitive advantage, it is important for organizations to better understand the factors that influence employees and important employee-oriented work outcomes. The growing need for understanding employees and their attitude within the organization has motivated the many researchers to investigate the employees' perception on organizational climate. Employee retention refers to the capability of an organization to retain its employees. It is linked to various independent factors of the organization, which affect to the employee to retain at the organization over a period. With this background, the present study has been examined the relationship between organizational effectiveness and employee retention.

II. NEED FOR THE STUDY

Today, IT and ITES are facing stiff competition. So, they much needed to differentiate themselves from other organizations. They need to have employees who are passionate about their work and strive to take their organization to greater heights. This study has been measured organizational climate on employee retention in the IT and ITES sector. The organizational climate influenced on job satisfaction and commitment. Hence, this study also measured influence of organizational climate on talent retention. The study address attitudes and concerns that help the organization work with employees to instill positive changes. Organizational climate surveys rise productivity, give employees a voice to support in making anticipated transitions as smooth as possible. It serves as a basis for quality improvements. By finding areas of inefficiency and acting on performance blocks identified by employees of all levels, an organization gains a fresh and different perspective.

III. OBJECTIVE OF THE STUDY

This study aims to investigate the impact of organizational climate on talent retention in the IT and ITES.

IV. RESEARCH METHODOLOGY

The study followed descriptive research method. Both primary and secondary sources of data have been used. A questionnaire is used to collect the required data from the employees of IT and ITES in Bangalore. The secondary data have been collected from reports, books, journals, magazines and websites. The study covers 150 employees of IT and ITES in Bangalore. Statistical tools such as correlation and regression have been used to analyze and interpret the data collected from the employees.

V. DATA ANALYSIS AND INTERPRETATION

In this section, impact of organizational climate on talent retention in the IT and ITES has been analyzed by using correlation and regression. The results of are presented below.

Table 1: Correlation Matrix

| Variables | Organizational Climate | Job Satisfaction | Job Commitment | Employee Retention |
|------------------------|------------------------|------------------|----------------|--------------------|
| Organizational climate | 1.000 | - | - | - |
| Job satisfaction | .682 | 1.000 | - | - |
| Job commitment | .365 | .483 | 1.000 | - |
| Employee Retention | -.207 | -.317 | -.370 | 1.000 |

The correlation matrix reveals that there is an inter-relationship between organizational climate, job satisfaction, job commitment and employee retention. It is implied that organizational climate leads to job satisfaction and commitment of the employees. Hence, it has highly influenced in the retaining talents in the organization.

Table – 2: Model Summary

| R | Adj. R ² | S.E. | F | Sig. |
|------|---------------------|------|--------|------|
| .792 | .620 | .441 | 79.438 | .000 |

Dependent Variable: Organizational Climate

The R value is .792 and Adjusted R² value is .620. 'F' value is 79.438 which is significant at 5% level. It indicated that there is significant variation in the set of all the independent variables included in the model.

Table 3: Regression Coefficients

| Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------------|-----------------------------|-------|---------------------------|--------|------|
| | B | S.E. | β | | |
| Constant | 44.911 | 3.974 | | 11.301 | .000 |
| Job Satisfaction | .162 | .607 | .024 | .267 | .000 |
| Job Commitment | -1.210 | 1.046 | -.101 | -1.157 | .009 |
| Employee Retention | -2.948 | 1.476 | -.185 | -1.998 | .018 |

The result of regression coefficients supported that job satisfaction positively ($t=.267$; $p=.000$) influenced with the organizational climate. Hence, job commitment ($t= -1.157$; $p=.009$) and employee retention ($t= -1.998$; $p=.018$) negatively influenced with organizational climate. It is inferred that negative organizational climate has affected the job commitment and retention of employees.

VI. CONCLUSION

Employees are the most important resources of an organization. The growth and development of an organization is depending upon satisfaction of the employees and their feel of comfortable. The organizational climate is important factor which helps to retain the talents working in the organization. The study results proved that organizational climate influenced in the job satisfaction, job commitment and talent retention. Hence, organization climate is a crucial factor which is main cause for employee turnover. Now-a-days the IT and ITES are affected by high level of employee turnover due to employment risk and work pressures. So, IT and ITES should ensure good organizational climate for retaining talents.

REFERENCES

- Afalobi, O. A. (2005). Influence of Organizational climate and Locus of Control on Job Satisfaction and Turnover Intentions. *IFE Psychologia*, 13(2), 102-113.
- Barney, J. (1991). Firm resources and Sustained Competitive Advantage, *Journal of Management*, 17(1), 99-120.
- Brunetto, Y. (2002). 'The Impact of growing amongst professionals in Australia: A comparative study of university academics and hospital nurses'. *Research & Practice in Human Resource Management*, 10(1), 5–21.
- Cathy, F. Bowen, Rama Radhakrishna, Robin Keyser (1994). Job Satisfaction and Commitment of 4-H Agents. *Journal of Extension*, 32(1). Retrieved from <http://www.joe.org/joe/1994june/rb2.html>
- Dong I Jung, Chee W. Chow, & Anne Wu (2003). The Role of Transformational Leadership in Enhancing Organizational Innovation: Hypotheses and Some Preliminary Findings. *The Leadership Quarterly* 14(4-5):525-544.
- Downey, H.K., Hellriegel, D., & Slocum, J. W., Jr. (1975). Congruence between Individual Needs, Organizational Climate, Job Satisfaction, and Performance). *Academy of Management Journal*, 18(March1), 149-155.
- Ekvall, G. & Ryhammar, L. (1998). Leadership Style, Social Climate and Organizational Outcomes: A Study of a Swedish University College'. *Creativity and Innovation Management*, 7, 126–30.
- Friedlander, F., & Margulies, N. (1969). Multiple Impacts of Organizational Climate and Individual Value Systems upon Job Satisfaction. *Personnel Psychology*, 22(Summer), 171-183.
- Ibarra, H., & Andrews, S. (1993). Power, social influence, and sense making: Effects of network centrality and proximity on employee perceptions. *Administrative Science Quarterly*, 38, 277-303
- Joyce, W. F., & Slocum, J. W., Jr. (1984). Collective Climate: Agreement as a Basis for Defining Aggregate Climates in Organizations, *Academy of Management Journal*, 27, (December), 721
- Litwin, G. H., & Stringer, R. A. (1968), *Motivation and Organizational Climate*. Boston: Harvard University Press.
- Malcolm G. Patterson Michael A. West Viv J. Shackleton Jeremy F. Dawson Rebecca Lawthom Sally Maitlis David L. Robinson Alison M. Wallace. (2005). Validating the organizational climate measure: links to managerial practices, productivity and innovation. *Journal of Organisational Behaviour*, 26(4), 379-408.
- Meyer, J., Paunonen, S., Gellaty, I., Goffin, R., & Jackson, D. (1989), Organizational commitment and job performance: it's the nature of the commitment that counts, *Journal of Applied Psychology*, 74, 152-156.
- Mumford, M.D., Scott, G.M., Gaddis, B., & Strange, J.M. (2002). Leading creative people: Orchestrating expertise and relationships. *The Leadership Quarterly*, 13(6), 705-750.
- Pope, S., & Andrew J. S. (1992). Organizational climate and job satisfaction among child care teachers.
- Schein, E. (1986). What you Need to Know About Organizational Culture. *Training and Development Journal*, (January), 30-31.
- Trombetta, J. & Rogers, D. (1988). Communication climate, job satisfaction, and Organizational commitment: The effects of information adequacy, communication openness, and decision participation. *Management Communication Quarterly*, 1(4), 494-514.
- West, M. A., Patterson, M. G., & Dawson, J. F. (1999). A path to profit? Teamwork at the top. *Centrepiece*, 4, 6–11.