



Effect of organizational culture on employee commitment in the Indian IT services sourcing industry

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Abstract

Purpose – As clients of India’s IT services providers continue to complain about knowledge loss caused by high attrition rates in their offshore delivery factories, the linkages between organizational culture and commitment of the Indian employee base are of interest to researchers as well as practitioners. This paper seeks to address these issues.

Design/methodology/approach – Data was collected in the first half of 2012 through the ICCA™ appraisal framework from 291 Indian IT executives and managers working for two IT services sourcing provider organizations in Pune and Bangalore, India. To analyse the data, descriptive and inferential statistics were used together with multiple regression and confirmatory factor analysis.

Findings – Taken together, this research makes several contributions. First, the results of data analysis exhibit that, among the organizational culture dimensions, in-group collectivism and performance orientation are the antecedents with the biggest effect on employee commitment. Other culture dimensions show varying degree of positive and negative influence on employee commitment. Second, this paper contributes to the cross-cultural generalizability discussion of employee commitment. The data analysis unveils a stronger correlation between affective and normative commitment in the Indian context as compared to other North American studies. Third, it supports suggestions put forward in other research that continuance commitment should be split into the two subfactors *c/alternative* and *c/sacrifice*.

Practical implications – It is proposed that the Indian IT services sourcing industry should be adept at thinking about employee commitment from an organizational culture point of view.

Originality/value – The proposed model of this research posits and proves that employee commitment in an Indian IT services offshoring context is influenced by organizational culture.

Keywords Attrition, Employee commitment, ICCA, India, Offshoring, Organizational commitment, Organizational culture, Outsourcing, Retention, Services sourcing

Paper type Research paper

Nomenclature

Symbols and abbreviations used

ρ	= correlation	λ	= path coefficient
α	= significance level	R^2	= squared multiple correlation (coefficient of determination)
μ	= arithmetic mean (average)	df	= degrees of freedom
sd	= standard deviation	χ^2	= maximum likelihood ratio χ^2
δ	= error variance		



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RMSEA = root mean square error of approximation	CFI = comparative fit index
RQ = research question	IFI = incremental fit index
NFI = normed fit index	GFI = goodness of fit index
	<i>p</i> -value = probability level

Introduction

Getting employees to do their best work, even in trying circumstances, is one of managers' most enduring and slippery challenges (Nohria *et al.*, 2008) and hence talent management is fast gaining a top priority for organizations across the world (Bhatnagar, 2007).

The Indian information technology (IT) services sourcing ("offshoring") industry is on a high momentum path, which has come with its own and often unprecedented challenges; a central one relates to adequately skilled employees (Bhatnagar, 2007; Messner, 2010). Attrition in India's services sourcing industry has become an expensive phenomenon, potentially impacting the bottom line of these professional services businesses, where people are the most important assets (Kannan, 2008); understanding the influencing factors of employee commitment and its active management has therefore become especially important. IT service providers in India show that they have already begun to treat attrition and employee commitment as a business problem – and not just as one of many human resource management problems (Adachi *et al.*, 2012).

The purpose of this paper is therefore to examine the linkages between organizational culture and employee commitment in India's IT services sourcing industry; to date and to the author's knowledge, there has been little research in this industry segment and geography that directly links both constructs. The current research is thus guided by the following two broad research questions:

- RQ1. How are the factors of employee commitment related and does national culture play a moderating effect?
- RQ2. What is the influence of organizational culture on employee commitment?

The paper also contributes to the intercultural validation and localization of psychometric tools; it serves as an important step toward stimulating further investigations in this area. Regarding employee commitment, this current research builds upon the work by Allen and Meyer (1990); on the subject of organizational culture, it builds upon the framework posited by the GLOBE study in Dickson *et al.* (2004). For data collection, it uses parts of the Intercultural Communication and Collaboration Appraisal (ICCA™) framework as introduced by Messner and Schäfer (2012).

The paper is organized as follows: the first section provides background information; it sets the context about the IT services sourcing industry in India and reviews relevant concepts about employee commitment and organizational culture. The second section details the research objectives. The third section outlines the approach taken to data collection and discusses the validity of the measures used. This is followed by a comprehensive analysis on employee commitment (fourth section), results and discussions about the effect of organizational culture on employee commitment (fifth section), an analysis of limitations of this research and implications for further research (sixth section), and a conclusion.

Background information and literature

IT services sourcing industry in India

Services are generally described as being invisible, intangible, and non-storable; they require simultaneous production and consumption. The professional services industry adds value for the client by delivering services based on professional expertise of its employees, rather than the sale of physical and manufactured products (Bäumer *et al.*, 2012). Outsourcing can be defined as the act of obtaining services from an external source and offshoring is the participation of outsourcing in worldwide markets (Nassimbeni and Sartor, 2008; Willcocks and Lacity, 2009) which may be more appropriate or cost-effective for a certain task than the home market. In the Indian context, providing professional services to the Western world in sizeable numbers only commenced around 1998 when corporations and financial services institutions started preparing for the introduction of the euro currency and the Y2K conversion of their computer programs. According to statistics from National Association of Software and Service Companies (NASSCOM), India's premier trade body of the IT software and services industry), the industry headcount grew from 190,000 in 1998 with compound annual growth rates of up to 25 per cent to nearly 3 million in 2013 (Messner, 2011; NASSCOM, 2013). In this process, many Indian professional services firms have successfully adopted global industry standards, such as total quality management (TQM), ISO, and SEI-CMM certifications. The key drivers for this growth are a relative scarcity of skilled workforce in the developed Western markets together with cost pressures caused by a global recession (Messner, 2010), and the realization in client organizations that operating efficiencies and a flexibilization of the IT operating budget can be improved by outsourcing IT-related services to providers (Lacity *et al.*, 2009). In India itself, the services sourcing industry is the highest impact sector with 8 per cent relative to India's GDP, 23-25 per cent relative to India's exports, and a 7 per cent share of all foreign direct investment (NASSCOM, 2013). On the other hand, India's services offshore delivery model has been questioned with respect to the following two aspects:

- (1) the "quality" and "employability" of India's talent pool (Farrell *et al.*, 2006); and
- (2) the loss of knowledge as attrition rates in India are rumoured to be higher than in the Western organizations (Thirulogasundaram and Kumar, 2012).

In their company presentations and press releases, most Indian IT companies show surprisingly low attrition rates around 15 per cent (TNN, 2012), which are pretty much at the same level as in Europe or North America (Palmer, 2011). On the other side, the press reports horrifying cases where entire projects had to be back-sourced because of knowledge loss caused by high staff turnover in India. In order to bring this dichotomy into perspective, a few facts around attrition rates have to be considered. First, there is no accepted industry standard for calculating attrition (Messner, 2010) and provider companies use this lack of reporting standard in a rather innovative way to their own advantage. Independent studies (Deloitte, 2012; Kannan, 2008) report up to 35 per cent for the services outsourcing industry and up to 44 per cent for the financial services industry in India. Second, the attrition rate at organizational level is only of little relevance to client organizations, who are witnessing much higher attrition rates in their respective offshore projects due to job rotations initiated by their offshore service provider. While the challenge of attrition is not unique to India, it is rarely witnessed in such intensity in other geographies. In India, attrition can be regarded as an outcome of concentration risk

as many firms move into the same location offering job opportunities (FSA, 2005). As a countermeasure, Indian service providers are devising a variety of retentions strategies to improve employee commitment (Jain and Lobo, 2012; Kannan, 2008; Messner, 2009; Neumann, 2012) and to make sure that their talent pool remains “industry-relevant” and “rightly skilled” (Sangeeta Gupta, as quoted in Simhan, 2006).

Employee commitment

According to Bateman and Strasser (1984), organizational employee commitment is about an employee’s loyalty to the organization, the willingness to exert effort on behalf of the organization, the degree of goal and value congruency between the employee and the organization, and the employee’s desire to remain employed by the organization. Committed employees provide a competitive advantage to an organization as postulated by the resource-based view (RBV) of the firm (Penrose, 1959). Over time organizations build up physical and human resources thereby developing a capability to use these resources to provide different kinds of services. Subsequent research (Amit and Schoemaker, 1993; Nelson and Winter, 1982; Peteraf, 1993; see Barney, 2001; Barney *et al.*, 2011) focussed on the importance of tacit knowledge, i.e. things that an organization has learnt but about which it may be unconscious as it is uncodified knowledge being with individual employees or with a group of employees. RBV further points out that sustained competitive advantage can best be built by accumulating tacit knowledge as it is rare and difficult for competitors to imitate. The theory of RBV currently moves towards understanding the importance of how resources are managed and orchestrated in a firm (Barney *et al.*, 2011; Sirmon *et al.*, 2011).

It is now well recognized that organizational commitment is a multidimensional construct. Early researchers distinguished between attitudinal (Mowday *et al.*, 1979), calculative (Becker, 1960), and the form of commitment (Mathieu and Zajac, 1990). During the 1990s, commitment was a major focus of organizational research and Meyer and Allen (1984), Allen and Meyer (1990) and Meyer and Allen (1991) identified components of organizational commitment. Factor analysis of several independent studies, as reported by Meyer and Allen (1997), provides evidence to suggest that the following three factors are indeed distinguishable constructs:

- (1) The “affective factor” describes an employee’s emotional attachment, identification with, and involvement in the organization and its goals. It results from and is induced by individual and organizational value congruency.
- (2) The “normative factor” reflects the sense of moral obligation to remain in an organization, an old-style value of loyalty and duty. It is expressed by the extent to which an employee feels obliged to make personal sacrifices and not criticize the organization.
- (3) The “continuity factor” exhibits the individual’s awareness of the costs of leaving an organization. Non-transferable personal investment, such as close working relationships with other employees, community involvement, acquired job skills being unique to the organization, and monetary investments, such as contributions to pension funds or stock options, can make it look too costly for an employee to leave and seek employment somewhere else.

Scales consisting of 18 items were developed by Allen and Meyer (1990) and Meyer *et al.* (1993) specifically to evaluate this three-component model. The model

was originally developed by Meyer and Allen (1991) with a focus on North America and since then there has been an increase in the use of scales in countries around the world. As per Meyer *et al.* (2002), the number of studies conducted outside North America is still too small to conduct a systematic evaluation of cross-cultural generalizability. Furthermore, there is a dearth of empirically driven research around general and offshoring-specific human resource management issues in India (Raman *et al.*, 2007; Bhatnagar, 2007), with Bhatnagar (2007) and Jha (2011) being among the first and few to have looked at organizational commitment and retention management from an Indian perspective. For other industry verticals in India, Budhwar *et al.* (2006) examined human resource management systems of call centres in India and Singh (2007) attempted to predict organizational commitment through organizational culture in India's automobile industry.

Messner and Schäfer (2012) tested the original items by Meyer and Allen (1991) with non-native English speakers and simplified some of the items to enhance their comprehensibility. In the current research, these modified items were administered as a six-point Likert scale to force respondents to make a clear agree-disagree choice and avoid the indecisiveness often associated with the mid-point of a five-point Likert scale (Garland, 1991). As 78 per cent of employees in India's services sourcing industry are serving foreign clients (Messner, 2010) and as all respondents of this study work in this segment, a culture-based adaptation of items as discussed by Allen and Meyer (2000) and Meyer *et al.* (2002) was not considered to be necessary.

Organizational commitment theory and research has focused primarily on outcomes of relevance to employers, such as turnover intention, actual turnover, and on-the-job behaviour. Today, there is a growing emphasis on links to employee-relevant outcomes, including employee health and well-being (Meyer *et al.*, 2002). The current research, however, is concerned with antecedent variables of organizational culture involved in the development of affective, normative, and continuance commitment.

Organizational culture

An organizational culture encompasses the shared, articulated, or not articulated values, beliefs, and behaviours that contribute to the unique social and psychological environment of an organization; it is "the 'glue' that guides behaviour and shapes organizational decision-making" (Haberberg and Rieple, 2008). Organizational culture is reinforced by artefacts, such as icons, stories, heroes, rites, and rituals reminding people what an organization stands for. This is backed up by efforts to measure behaviour and corrective actions when behaviours of some employees become unacceptable to the organization (Heskett, 2011). It is often explained as "the way we do things around here" (Bower, 1966) and "what goes and what doesn't" (Heskett, 2011). Myriad factors affect the creation and evolution of organizational culture, such as the presence or absence of competitors, economic conditions, nature of the business, and nature of the employee base (Dickson *et al.*, 2004). It is distinctively different from an organization's mission or from its deliberate strategies, which both incorporate an element of consciousness (Haberberg and Rieple, 2008).

In management circles, culture is often viewed as something which can be used to manipulate employees; Kaplan and Norton (2004) find that "shaping the culture" is an often cited priority in balanced scorecard projects. Just as often, culture is viewed as the humanizing element of corporate business, which helps to establish expectations between an employee and the organization the employee works for, foster trust, facilitate

communications, and build organizational commitment. The question, however, is not whether an organization has a culture; organizational cultures form with or without clear intent. The problem addressed in this research is what variables can be used to measure how organizational culture is perceived by its employees? The act of measurement itself forces a more precise definition of culture (Kaplan and Norton, 2004).

Hofstede *et al.* (1990) and Hofstede and Peterson (2000) argue that societal cultures are differentiated by values whereas organizational cultures are differentiated by practices. Members of the GLOBE Project (Dickson *et al.*, 2004) presume that cultural dimensions operate at both the society as well as the organizational level and that the same concept can be used for both societal and organizational levels; as a project result, Hanges and Dickson (2004) and Dickson *et al.* (2004) provide evidence that:

- values and practices both serve to differentiate between societies and organizations;
- the values and practices each account for unique variance;
- the values and practices scales interact; and
- the dimension of values and practices can be meaningfully applied at both levels.

Based on the finding by Javidan *et al.* (2004) that organizational cultures reflect the societies in which they are embedded, Messner and Schäfer (2012) devised an integrated item set of organizational and societal practices adapted from the GLOBE items and mirroring the GLOBE dimensions. Some items also attempt to replicate participants' values with respect to these practices. Altogether 37 items are administered as a seven-point Likert scale to stay in sync with the original GLOBE study (House and Javidan, 2004). The response indicators for some scales range from high agreement to high disagreement, for others the verbal anchors reflect a continuum from assertive to non-assertive. As with the items for organizational commitment, they were simplified to be meaningful without ambiguity for non-native English speakers. The resulting ICCA™ framework enables a respondent to go on a journey of cultural self-discovery.

The list below provides a definition of the cultural dimensions as per the GLOBE study and as used to describe organizational culture with the items as defined by Messner and Schäfer (2012):

- “Power distance” is the degree to which people expect and agree that power should be shared unequally through an organization. In a high power distance culture, higher positions in the hierarchy come with special privileges and decisions are being made at the top. A superior will not bond much with subordinates, who in turn are expected to obey their superiors without questioning. A superior's recognition and influence is based on the position in the hierarchy alone (Carl *et al.*, 2004).
- “Institutional collectivism” is the degree to which an organization encourages and rewards collective action and team spirit, even at the expense of individual goals, and whether being accepted by other team members is important (Gelfand *et al.*, 2004).
- “In-group collectivism” is the degree to which employees have a feeling of pride and loyalty towards the superiors and the organization they work for. And vice versa, the degree to which the organization and its managers show loyalty towards their employees and take pride in their individual accomplishments (Gelfand *et al.*, 2004).

- “Assertiveness” is the extent to which people should be assertive, aggressive, determined, confrontational, uncompromising, pushy, and tough in social relationships (Den Hartog, 2004).
- “Future orientation” describes the orientation towards planning vs muddling through and aspiring long-term future rewards by sacrificing instant gratification (Ashkanasy *et al.*, 2004).
- “Uncertainty avoidance” is the extent to which rules and processes are established to guide people and ambiguous situations are avoided through detailed planning, even at the expense of experimentation and innovation (DeLuque and Javidan, 2004).
- “Performance orientation” is the degree to which an organization encourages and rewards its employees for performance, excellence, and innovation; this includes how employees drive themselves to improve their own performance by setting challenging goals for themselves (Javidan, 2004).
- “Gender egalitarianism” is the extent to which gender role differences are minimized while promoting gender equality with respect to education and professional development, management positions, physically demanding tasks, and sports (Emrich *et al.*, 2004).
- “Humane orientation” describes if employees are – in general – sensitive, friendly, generous, and concerned about others (Kabasakal and Bodur, 2004).

There are other approaches to measuring organizational culture as well. For instance, the Organizational Diagnosis Questionnaire by Robert C. Preziosi (Nguyen, 2008) is based on the practitioner-oriented theory as proposed by Weisbord (1976). Wallach (1983) suggests the dimensions of bureaucratic, innovative, and supportive to describe organizational culture in the OCI index.

The influence of organizational culture on employee commitment and performance was suggested in writings on organizational culture pretty early (Deal and Kennedy, 1982; Peters and Waterman, 1982); in empiric research, however, this correlation received little attention for a long time (Lok and Crawford, 1999).

Research questions

The aim of this paper is now to explore employee commitment and analyse the impact of organizational culture as perceived by employees in the context of India’s IT services offshoring industry.

RQ1: relations among factors of employee commitment

According to Meyer and Allen (1991), affective, normative, and continuance commitment are distinguishable components of commitment. While research results have generally supported this proposition, correlation between the scales is consistently non-zero (see citations in Meyer *et al.*, 2002). Most notably, correlation between affective and normative commitment tends to be pretty strong. The correlation between affective and normative commitment is measured to evaluate the conflicting findings in previous research:

- RQ1.1.* What is the correlation between affective and normative commitment?

A study conducted by McGee and Ford (1987) suggested segregating continuance commitment into subfactors reflecting a perceived lack of alternative employment opportunities (named *c/alternative*) and perceived sacrifices associated with leaving the organization (named *c/sacrifice*):

RQ1.2. Should continuance commitment be segregated into two factors?

Figure 1 shows employee-specific demographic variables, such as age, management span, years in the organization, and overall years of professional experience. There is no casual ordering of these variables to organizational commitment, but it is of practitioner interest to see if they might be correlating to organizational commitment; this would have a managerial implication for establishing strategies and guidelines for employee retention and motivation management:

RQ1.3. How are employee-specific variables related to employee commitment?

RQ2: impact of organizational culture on employee commitment

The purpose of this research question is also to understand the degree of influence the nine dimensions of organizational culture have on the three factors of employee commitment. Changing an organization's culture is one of the most difficult leadership challenges because it comprises an interlocking and mutually reinforcing system of goals, values, processes, roles, practices, and assumptions; it is a large-scale undertaking and requires a well thought-through strategy with single-fix changes not likely to be successful, because the interlocking will take over and manoeuvre the attempted change inexorably back into the existing system (Denning, 2011). For designing a corporate culture change strategy in order to improve organizational commitment in India's IT services offshoring industry, it is hence useful for management to know where the levers are.

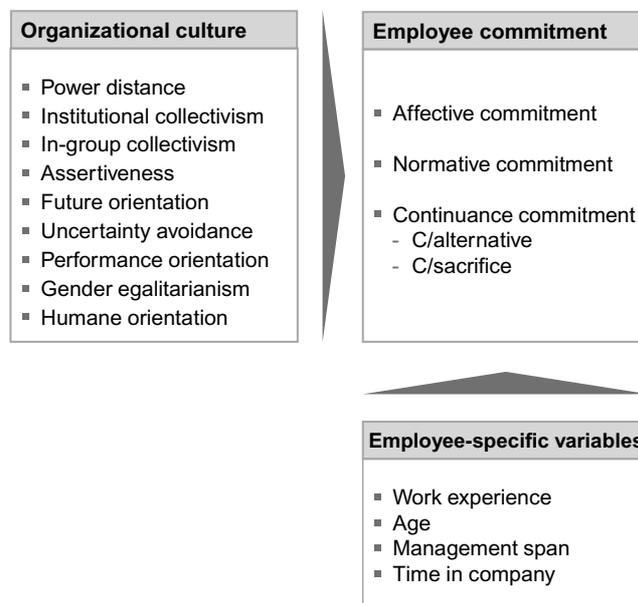


Figure 1.
Research model

Figure 1 shows the nine dimensions of organizational culture hypothesized to be involved in the development of affective, normative, and continuance commitment.

Methodology

Instrument and data collection

The items were administered to 291 employees of an Indian offshore service provider with location in Bangalore, India and the Indian offshore delivery unit of a multi-national consulting company with location in Pune, India. This activity was part of a larger intercultural upskilling activity with ICCA™ (Messner and Schäfer, 2012), in which the two service providers participated in the first half of 2012. Respondents spent a mean time of 56 minutes on an online appraisal framework (respondents not counted who did not finish the appraisal in one go) and as a result received a confidential assessment of their cultural predisposition, intercultural competencies, and organizational commitment fit. Employees were invited by their managers to participate in this study, however, participation was voluntary and response rates could not be monitored for confidentiality reasons. The prospect of a personalized report was intended to be an incentive for the respondents to be serious on the study, to improve participation rates, and finally to ensure a good quality of answers. Because of the structured form of the online questionnaire, incomplete surveys and unusable responses were automatically eliminated. Items were presented in random order.

Before ICCA™ was administered for the current research, it was tested in both low-touch online and high-touch paper and pencil format with more than 60 employees from India, the UK, and other non-native English-speaking European countries; these employees came from the professional services industry as well as from other industry verticals.

Demographic profile

Figure 2 shows the sample's demographic and professional profile. The average age of the 291 respondents is just above 30 years and 25 per cent are female. They have an average professional work experience of 7.4 years and have on average been 3.2 years in their current company; 52 per cent are executives without personnel responsibility and 37 per cent are typical offshore team managers heading teams of up to ten people.

Measures

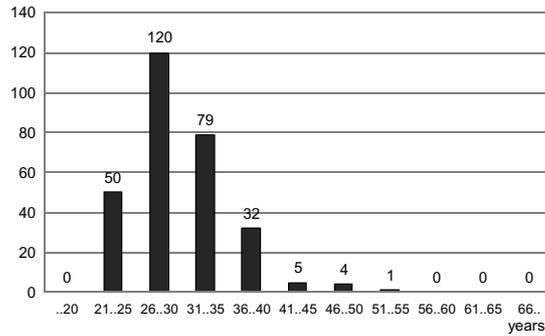
Table I lists the number of items used for each construct; some items were reverse scored to avoid acquiescent response bias (Couch and Kenneth, 1960; Johnson *et al.*, 2005; Ray, 1983). Cronbach's α has been used as a reliability index with values ranging from 0 to 1; the higher the score the more reliable the scale is. While researchers generally consider values above 0.7 to be satisfactory (Bland and Altman, 1997), in social sciences values as low as 0.5 are reported to be acceptable (Jha, 2011). Larger scales above 20 items tend to have satisfactory values of α even though they may have orthogonal dimensions (Streiner, 2003); the number of items for this research is between 3 and 7 per scale and achieving a reasonable α value is therefore not a given. Still, the α values for employee commitment are above acceptable levels for all three factors; for organizational culture, the α values are above acceptable levels for four out of the nine dimensions.

In addition, inter-item correlations were calculated. According to Clark and Watson (1995), the mean inter-item correlation should fall in the range of $\rho = 0.15$ to 0.50.

Size of sample: 291 participants

Age distribution:
Average age: 30.5 years Median: 30 years

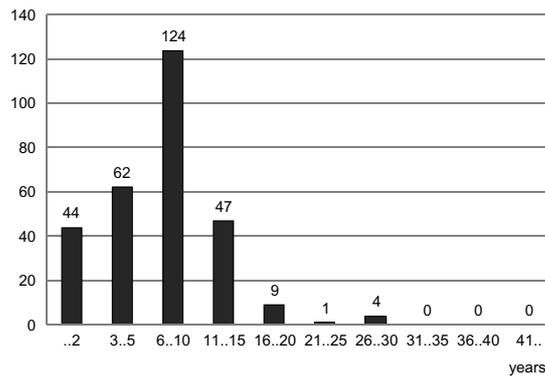
Gender distribution:
Female: 73 participants = 25%
Male: 218 participants = 75%



Education:
Less than 12 years of school 0%
Graduate from high school 0%
Some college, no degree 0%
Associate degree 1%
Bachelors degree 60%
Masters degree 32%
Ph.D. or MBA 7%

Professional work experience:
Average experience: 7.4 year Median: 6 years

Management span:
No personnel responsibility 52%
Heading up to 5 people 25%
Heading up to 10 people 12%
Heading up to 50 people 7%
Heading up to 100 people 2%
Heading more than 100 people 2%



Time in current company:
Average time in company: 3.2 years
Median: 2 years

Figure 2.
Respondents'
demographic and
professional profile

Construct	Number of item	Cronbach's α	Mean inter-item correlation
<i>Employee commitment</i>			
Affective commitment	7	0.844	0.450
Normative commitment	6	0.617	0.215
Continuance commitment	5	0.536	0.187
<i>Organizational culture</i>			
Power distance	5	0.608	0.228
Institutional collectivism	3	0.321	0.141
In-group collectivism	5	0.773	0.402
Assertiveness	4	0.406	0.163
Future orientation	4	0.366	0.126
Uncertainty avoidance	3	0.471	0.227
Performance orientation	4	0.575	0.254
Gender egalitarianism	4	0.336	0.107
Humane orientation	3	0.523	0.329

Table I.
Reliability analysis

For narrower constructs, a mean inter-item correlation of $\rho = 0.40$ to 0.50 is needed. By contrast, for scales tapping broad higher order constructs, a mean correlation as low as $\rho = 0.15$ to 0.20 is desirable. All of the factors for employee commitment and six out of the nine dimensions of organizational culture fall into this range.

Looking at Cronbach's α values in combination with mean inter-item correlation, a valid measure for the underlying constructs appears to have been found in the current research.

Results for RQ1: employee commitment

With due recognition to the limitations in research based on a data set of 291, the findings of this research should still provide a fairly clear picture on the status of employee commitment as the sample is drawn from two different providers in two different locations and across a typical offshore project hierarchy.

Descriptive statistics

Descriptive statistics are shown in Figure 2; on a scale of 1 (low) to 6 (high), affective commitment shows a mean of $\mu = 4.15$ (standard deviation of $sd = 0.93$), normative commitment $\mu = 4.20$ ($sd = 0.75$), and continuance commitment $\mu = 3.33$ ($sd = 0.84$) (Figure 3).

RQ1.1: *what is the correlation between affective and normative commitment?*

The top table in Figure 5 shows that there is a relatively high correlation of $\rho = 0.641$ between affective and normative commitment, i.e. the difference between desire (affective commitment) and obligation (normative commitment) to stay with the current employer is not very pronounced. Instead, desire and obligation appear to go hand in hand in India.

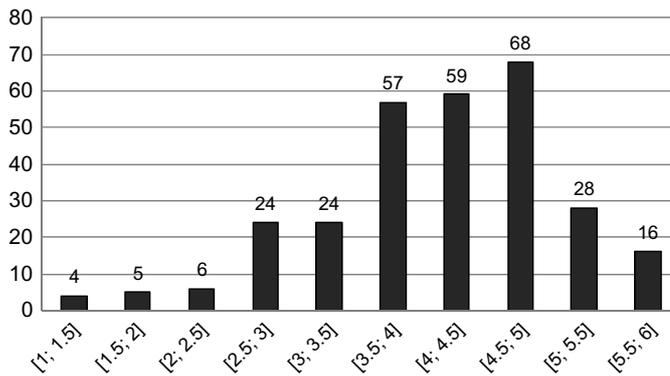
By further comparing the findings with other non-India studies, it is possible to determine whether national culture acts as a moderator for some of the relations examined in this research. Such findings can prove to be a useful local validation to those researchers and practitioners who are using the three-component model by Meyer and Allen (1991) in India. Similar employee commitment studies conducted in North America as reported by Meyer *et al.* (2002) tend to show lower correlation rates of less than 0.6. This could potentially lead to the conclusion that even at a modern and international workplace as India's IT services sourcing industry provides, the feelings of desire and obligation are culturally influenced phenomena.

The correlation of affective and normative with continuance commitment is at $\rho = 0.275$ and $\rho = 0.349$, respectively, which is lower than between affective and normative commitment. Still, these figures are again noticeable higher as compared to the studies reported by Meyer *et al.* (2002), where ranges from $\rho = 0.13$ to 0.20 and $\rho = 0.15$ to 0.22 , respectively, are reported depending on geographic location.

RQ1.2: *should continuance commitment be segregated into two factors?*

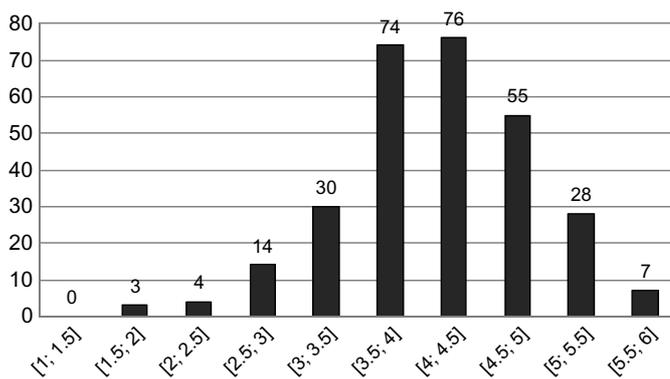
When segregating continuance commitment in the current research, the *c/alternative* subscale would contain two items with an α of 0.557 and a mean inter-item correlation of 0.389; the *c/sacrifice* subscale would contain three items with an α of 0.368 and a mean inter-item correlation of 0.163. The subfactors *c/alternative* and *c/sacrifice* correlate at $\rho = 0.307$ ($\alpha < 0.01$) with each other.

Affective commitment



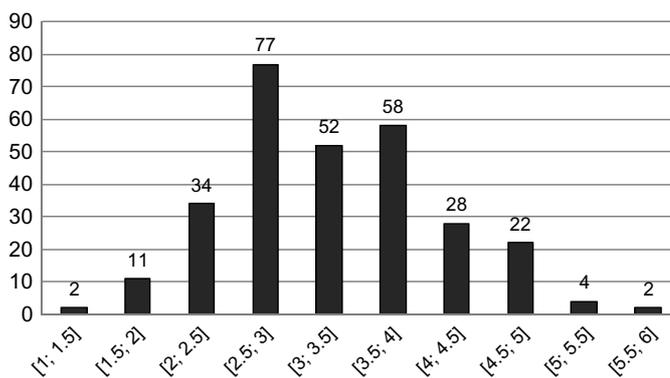
Mean μ = 4.147
St. dev. sd = 0.933
Skewness = -0.625
Kurtosis = 0.389

Normative commitment



Mean μ = 4.204
St. dev. sd = 0.747
Skewness = -0.394
Kurtosis = 0.546

Continuance commitment



Mean μ = 3.332
St. dev. sd = 0.839
Skewness = 0.246
Kurtosis = -0.076

Figure 3.
Descriptive statistics of
employee commitment

This hypothesized segregation of continuance commitment into two subfactors can now be compared against the joint construct using confirmatory factor analysis with LISREL 9.1 as proposed by Backhaus *et al.* (2000). The model fit summary is shown in Figure 4. There is a correlation of $\rho_{ca/cs} = 0.756$ between *c/alternative* and *c/sacrifice* meaning that both subfactors are not independent of each other; goodness of fit statistics like *p*-value, RMSEA, and GFI are slightly in favour of the construct with two subfactors.

The mean and standard deviation on the subscales of continuance commitment are:

- *c/alternative*: $\mu = 2.617$, $sd = 1.136$.
- *c/sacrifice*: $\mu = 3.809$, $sd = 0.963$.

The relatively low mean of the *c/alternative* subfactor mirrors a growing industry and a strong employee market in India, where companies compete for employees and employees tend to have the choice of employer (Messner, 2009; Messner, 2010). The comparatively higher mean of the *c/sacrifice* subfactor, on the other hand, mirrors the strong relationship orientation of India's society (Chhokar, 2007; Gelfand *et al.*, 2004; Messner, 2009).

Interestingly, these two subscales relate differently to both the affective and normative commitment (Figure 5):

- *c/alternative* factor to affective factor: no significant correlation.
- *c/sacrifices* factor to affective factor: $\rho = 0.391$, $\alpha < 0.01$.
- *c/alternative* factor to normative factor: $\rho = 0.120$, $\alpha < 0.05$.
- *c/sacrifices* factor to normative factor: $\rho = 0.411$, $\alpha < 0.01$.

This finding, combined with the analysis of McGee and Ford (1987) has implications on how correlation with the full continuity factor is to be interpreted and how continuance commitment should be operationally defined in the Indian cultural context. According to the current research results, *c/alternative* can be viewed as a separate construct from both affective and normative commitment. In the highly dynamic Indian services sourcing industry, almost every employee has job alternatives available and this is reflected in the missing resp. low correlation with the normative and affective factor. On the other hand, *c/sacrifice* correlates with affective and normative commitment and it therefore does not appear to be as clear a stand-alone construct.

RQ1.3: *how are employee-specific variables related to employee commitment?*

Figure 5 also shows that both affective and normative commitment show no significant correlation with any of the four employee-specific demographic variables. However, there is a low negative correlation with continuance commitment. It is however to be noted that this correlation does not show any significance for the subfactor of *c/sacrifice* with management span and time in the company. Interestingly, the analysis of now 20-year-old North American data (Bluedorn, 1982; Michaels and Spector, 1982) by Williams and Hazer (1986) then showed positive path factors between age and employee commitment via job satisfaction; this can either mean a cross-cultural difference, a particularity of the dynamics of India's services sourcing industry, or a shift of demographic related employee attitudes over time.

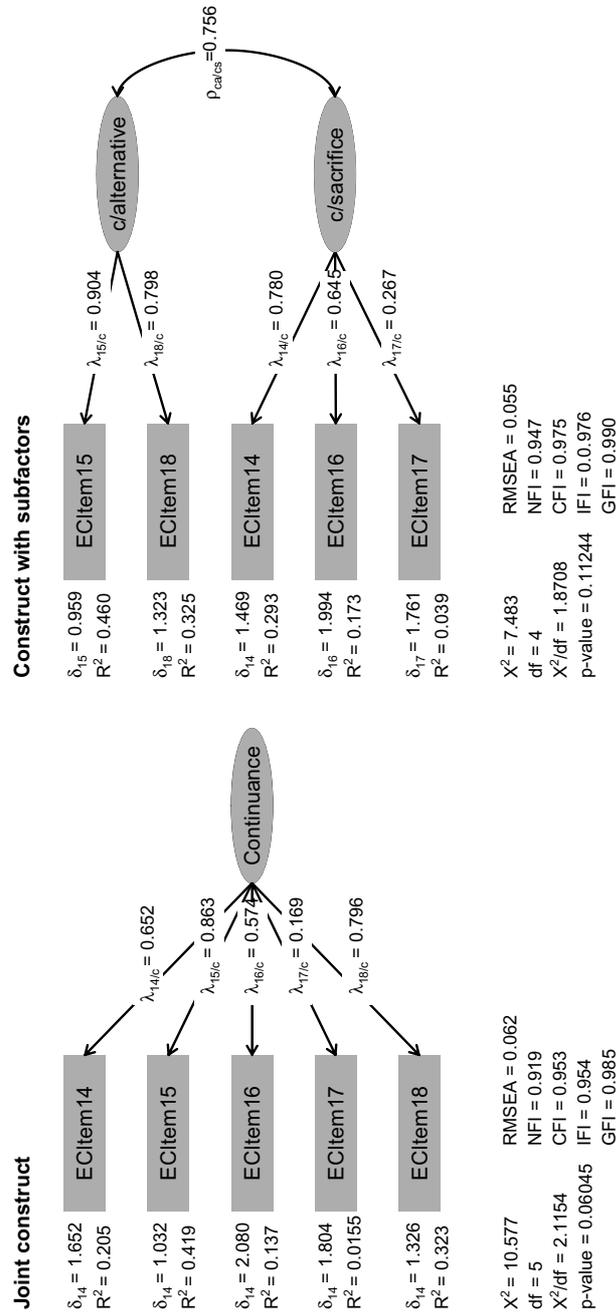


Figure 4.
Model fit summary for
both constructs of
continuance commitment

Figure 5.
Correlation within
employee commitment
and with demographic
variables

	Correlation ρ					Significance level of correlation α				
	Affective commitment	Normative commitment	Continuance commitment	Continuance alternative	Continuance sacrifice	Affective commitment	Normative commitment	Continuance commitment	c/alternative	c/sacrifice
Affective commitment										
Normative commitment	0.641					0.00000				
Continuance commitment	0.275	0.349				0.00000	0.00000			
- c/alternative	0.010	0.120				0.86228	0.04040			
- c/sacrifice	0.391	0.411		0.307		0.00000	0.00000		0.00000	

	Correlation ρ				Significance level of correlation α			
	Work experience	Age	Manage- ment span	Time in company	Work experience	Age	Manage- ment span	Time in company
Affective commitment	-0.010	0.015	0.112	0.011	0.85885	0.79362	0.05715	0.85199
Normative commitment	-0.021	-0.003	0.049	-0.051	0.71775	0.95278	0.40242	0.38883
Continuance commitment	-0.182	-0.210	-0.124	-0.134	0.00178	0.00031	0.03519	0.02241
- c/alternative	-0.143	-0.161	-0.193	-0.141	0.01467	0.00602	0.00096	0.01635
- c/sacrifice	-0.152	-0.178	-0.028	-0.083	0.00938	0.00229	0.63894	0.15587

To summarize:

- With increasing work experience, age, management span, and time spent in the organization, the continuance commitment decreases.
- With increasing work experience, age, management span, and time spent in the organization, employees see less of job opportunities outside their own organization.
- With increasing work experience and age, the sacrifices felt on changing jobs increase. However, the management span and the time spent in the company do not play a significant role here.

These findings bear implications for employee retention and motivation management in India's services sourcing industry. Since continuance commitment as well as the danger of attrition is highest with the entry-level employees, new organizational culture measures should first and foremost target this segment and then be continued as employees rise through the hierarchy levels; possible organizational culture measures are outlined in the next section.

Results for RQ2: impact of organizational culture

In this research, the nine dimensions of organizational culture were related to employee commitment using correlation and multiple regression analysis; for estimating the equations with nine degrees of freedom, LISREL 9.1 was used. The results are shown in Tables II and III.

The strongest correlation can be found between “in-group collectivism” and affective commitment at $\rho = 0.628$; it is also correlated to normative commitment ($\rho = 0.450$) and continuance commitment ($\rho = 0.203$), always at $\alpha < 0.01$. Regression analysis attaches strong weights of 0.322 and 0.199 to in-group collectivism for affective commitment and normative commitment, respectively, both at a p -value of 0.000; however, there are only much smaller weights at very high p -values for continuance commitment. In simple

	Affective commitment	Normative commitment	Continuance commitment	Continuance/ alternative	Continuance/ sacrifice
<i>Correlation ρ</i>					
Power distance	-0.311	-0.167	-0.064	0.016	-0.106
Institutional collectivism	0.214	0.175	0.104	-0.006	0.155
In-group collectivism	0.628	0.450	0.203	0.077	0.234
Assertiveness	0.033	0.026	0.041	0.013	0.049
Future orientation	0.109	0.068	0.016	-0.036	0.051
Uncertainty avoidance	0.295	0.276	0.261	0.128	0.278
Performance orientation	0.576	0.375	0.233	0.107	0.254
Gender egalitarianism	0.038	-0.069	0.025	0.098	-0.041
Humane orientation	0.365	0.173	0.167	0.119	0.149
<i>Significance level of correlation α</i>					
Power distance	0.00000	0.00417	0.27570	0.78400	0.07199
Institutional collectivism	0.00024	0.00269	0.07692	0.92373	0.00808
In-group collectivism	0.00000	0.00000	0.00048	0.18980	0.00005
Assertiveness	0.56986	0.66021	0.48759	0.81866	0.40874
Future orientation	0.06436	0.25083	0.79109	0.54486	0.38950
Uncertainty avoidance	0.00000	0.00000	0.00001	0.02898	0.00000
Performance orientation	0.00000	0.00000	0.00006	0.06862	0.00001
Gender egalitarianism	0.51611	0.24325	0.66791	0.09363	0.48794
Humane orientation	0.00000	0.00299	0.00420	0.04279	0.01083

Table II.
Correlation between
organizational culture
and employee
commitment

terms, when there is a reciprocal feeling of pride, loyalty, and support between employees and the organization, employee commitment increases.

“Performance orientation” is also strongly correlated to all three employee commitment factors (affective at $\rho = 0.576$, normative at $\rho = 0.375$, and continuance at $\rho = 0.233$, always at $\alpha < 0.01$). Performance orientation correlates with c/sacrifice at $\rho = 0.254$, $\alpha < 0.01$, but the correlation with c/alternative is not very relevant. Multiple regression analysis confirms this by suggesting weights of 0.226 for affective (p -value of 0.000), 0.111 for normative commitment (p -value of 0.046), and 0.127 for c/sacrifice (p -value of 0.099); the weight for c/alternative is smaller and comes at a very high p -value of 0.342. It appears that when employees work in an organizational environment which they perceive to encourage and reward them for performance, excellence, and innovation, their commitment to the organization increases.

Table III.
Results of multiple regression analysis for employee commitment

	(Intercept)	Power distance	Institutional collectivism	In-group collectivism	Assertiveness	Future orientation	Uncertainty avoidance	Performance orientation	Gender egalitarianism	Humane orientation
<i>Affective commitment</i>										
Estimated equation	1.6080	-0.0548	-0.0214	0.3220	-0.0301	-0.0234	0.0417	0.2260	-0.0837	0.0985
SE	0.4150	0.0365	0.0473	0.0486	0.0452	0.0344	0.0433	0.0578	0.0431	0.0360
t-values	3.871	-1.503	-0.454	6.627	-0.665	-0.680	0.963	3.918	-1.942	2.736
p-values	0.000	0.134	0.650	0.000	0.506	0.497	0.336	0.000	0.053	0.007
										$R^2 = 0.4680$; error var. = 0.480
<i>Normative commitment</i>										
Estimated equation	2.7210	-0.0227	-0.0206	0.1990	-0.0237	-0.0126	0.0797	0.1110	-0.1040	0.0136
SE	0.3960	0.0348	0.0451	0.0464	0.0431	0.0328	0.0414	0.0552	0.0411	0.0343
t-values	6.864	-0.652	-0.458	4.292	-0.550	-0.384	1.928	2.004	-2.538	0.395
p-values	0.000	0.515	0.648	0.000	0.583	0.1700	0.055	0.046	0.012	0.693
										$R^2 = 0.2420$; error var. = 0.437
<i>Continuance commitment</i>										
Estimated equation	2.0240	0.0076	-0.0357	0.0178	-0.0069	-0.0253	0.1620	0.1130	-0.0236	0.0605
SE	0.4850	0.0426	0.0551	0.0567	0.0527	0.0401	0.0506	0.0674	0.0503	0.0420
t-values	4.177	0.178	-0.647	0.313	-0.130	-0.631	3.202	1.674	-0.469	1.441
p-values	0.000	0.859	0.518	0.754	0.896	0.529	0.002	0.095	0.639	0.151
										$R^2 = 0.102$; error var. = 0.653

(continued)

	(Intercept)	Power distance	Institutional collectivism	In-group collectivism	Assertiveness	Future orientation	Uncertainty avoidance	Performance orientation	Gender egalitarianism	Humane orientation
<i>C/alternative</i>										
Estimated equation	-0.0665	0.0775	-0.1010	0.0085	-0.0182	-0.0532	0.1130	0.0787	0.0916	0.0587
SE	0.5940	0.0522	0.0676	0.0696	0.0647	0.0492	0.0620	0.0827	0.0616	0.0515
<i>t</i> -values	-1.119	1.484	-1.491	0.122	-0.281	-1.082	1.819	0.951	1.485	1.140
<i>p</i> -values	0.264	0.139	0.137	0.903	0.779	0.280	0.070	0.342	0.139	0.255
										$R^2 = 0.0486$; error var. = 0.982
<i>C/sacrifice</i>										
Estimated equation	2.1810	-0.0393	0.0148	0.0242	0.0033	-0.0079	0.1820	0.1270	-0.0979	0.0492
SE	0.5510	0.0484	0.0627	0.0645	0.0600	0.0456	0.0575	0.0767	0.0572	0.0477
<i>t</i> -values	3.956	-0.811	0.236	0.375	0.055	-0.174	3.169	1.653	-1.712	1.030
<i>p</i> -values	0.000	0.418	0.814	0.708	0.956	0.862	0.002	0.099	0.088	0.304
										$R^2 = 0.102$; error var. = 0.845

Table III.

“Humane orientation” correlates with affective commitment ($\rho = 0.365$, $\alpha < 0.01$), but only to an almost insignificant level with the other components of commitment. However, multiple regression analysis takes humane orientation only with a weight of 0.0985 (p -value = 0.007) into account for affective commitment; the weights for the other commitment factors are even smaller and also at higher p -values. In a workplace environment, where people are perceived to be generally friendly and caring, affective commitment increases.

“Uncertainty avoidance” correlates with all three commitment components at similar levels (affective at $\rho = 0.295$, normative at $\rho = 0.276$, continuance at $\rho = 0.261$, always $\alpha < 0.01$). Multiple regression analysis shows noteworthy weights greater than 0.1 only for continuance commitment and its subfactors. An organizational environment relying on rules and processes seems to have a positive impact on employee commitment.

There is also a bit of correlation between “institutional collectivism” and affective commitment ($\rho = 0.214$, $\alpha < 0.01$) meaning that a focus on team spirit can improve affective commitment. However, this is not confirmed by multiple regression analysis.

“Power distance” correlates negatively with affective and normative commitment at $\rho = -0.311$, respectively, $\rho = -0.167$, always $\alpha < 0.01$; however, this is again not confirmed by multiple regression analysis. The correlation with continuance commitment (including correlation with its two subfactors c /alternative and c /sacrifice) is not significant. By bonding and sharing power through the hierarchical levels of an organization, affective and normative commitment can seemingly be increased, but this has no a direct effect on continuance commitment.

There is no significant correlation between the organizational culture dimensions of assertiveness, future orientation, and gender egalitarianism with employee commitment. Interestingly, multiple regression analysis suggests small negative weights to be attached to gender egalitarianism for affective (weight of -0.0837 , p -value = 0.053) and normative commitment (weight of -0.1040 , p -value = 0.012).

There is no relevant correlation between c /alternative and any of the dimensions of organizational culture; only multiple regression analysis attaches a small weight of 0.1130 at $p = 0.07$ to uncertainty avoidance. This is expected as the perception of available job alternatives is mainly driven by demand vs supply on the employee market and the qualification of the individual employee rather than organizational culture.

Implications for practitioners

These findings carry a number of implications for the management practice of India’s IT services sourcing industry; it is important to identify and understand the dimensions of organizational culture and develop measures for changing the same. Service providers hoping for an increase in employee commitment should first and foremost cultivate “in-group collectivism”; a feeling of pride, loyalty, and active support structures in an organization help employees to become emotionally attached. The management of service providers should lead by example so that employees can look up to them the same way as they revere elders in their family circles. Support structures can mean both provisions for employees in need as well as active support of team working and networking. Second in importance comes an organizational culture of “performance orientation”, which encourages and rewards employees for performance, excellence, and innovation. Performance-based pay as well as non-monetary reward systems based on group recognition of individual achievement appear to be important.

A further operationalization of this framework into more concrete measures needs to be conducted at the level of an individual organization.

The current study reinforces the need to continuously invest in programs, processes, and systems which target organizational culture in a way that employee commitment is improved. When employees in a services sourcing environment shift from project to project, from one client assignment to the next, they are exposed to and need to adjust to different expectations and procedures of working, which can be interpreted as organizational sub-cultures. This operational change needs to be supported by corresponding measures targeting the overall organizational culture in order to maintain resp. improve organizational commitment; otherwise the sub-cultures will take over (Lok and Crawford, 1999). Improving organizational commitment will help India's services sourcing industry to deliver constant quality in a rapidly changing economic and working environment.

Limitations and further research

As with all research, there are limitations to the present study.

One of the obvious limitations of the current research is the time-related limit of the survey. Organizational culture and employee commitment evolve over time through the growth phases of an industry life cycle; it is also dependent on external factors such as employee market, economic circumstances, and economic well-being of the offshoring industry's clients. Therefore, further studies can look at changes in organizational culture and employee commitment by adding a longitudinal time perspective.

A key concern is that organizational culture was measured solely based on self-report; an externally assessed or objective measure of organizational culture might strengthen the evidence.

Another limitation is that only the nine dimensions of organizational culture and some demographic variables as antecedents of employee commitment were measured, there are likely to be other antecedents that might also be important. Thus, another direction of further research is to enlist further antecedents in the context of the Indian IT services sourcing industry and scrutinize their effect on employee commitment. Examples of such antecedents could be psychological empowerment (Jha, 2011), organizational investments into retention management, personal characteristics (Meyer *et al.*, 2002), technology, geography of the client the offshore team is working for, and salary levels.

The current study stopped at employee commitment and did not address further consequences, such as attrition intention, on-the-job behaviour, attendance discipline, and employee well-being. Future research could also be extended into this direction.

Beyond addressing limitations of the present research, it is recommended for future research to extend the study to IT services industries outside India as well as to other services industries within India to test for cross-geography and cross-industry generalizability of the findings.

Conclusion

It emerges from this study that organizational culture is key to understanding and influencing organizational commitment in India's IT services sourcing industry and important for the long-term effectiveness of project delivery. In fact, "organization[al] culture is central to any activity in the organization." (Singh, 2007). The limitation

of the respondents being only from one industry vertical in India is actually a strength as it provides focussed and directly actionable research results.

The current research also has clear theoretical and practical implications for understanding the dynamics of organizational employee commitment in India's IT services offshoring industry. If one takes as a given that a committed workforce can boost company performance, then the insights into organizational culture that this research has laid out will help Indian IT service providers get the best out of their employees by designing an organizational culture which boosts employee commitment.

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