

# The Impact of Perceived Organizational Support on Employee Engagement: A Study of Indian IT Industry

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## ABSTRACT

In the current challenging and competitive environment, the perceived support from the organization has a large impact on employee perception, attitude, work behavior, and employee return to the organization. The present study investigates whether perceived organizational support (POS) contribute to the level of employee engagement (EE) for middle level IT professionals in Indian context. Four hundred twenty samples (i.e., IT professionals working at middle level) were collected from different IT industry located in India by using online survey questionnaires. The data collected was further analyzed using regression analysis, factor analysis, reliability and validity analysis, SEM (structural equation modeling), and model fit indices analysis. Results of all analyses revealed a positive and strong relationship between POS and EE. Furthermore, a fit model was explored between POS and EE with their factors. This study would assist practitioners of human resources and organizational development in improving the positive attitude and commitment towards the work of employees.

## KEYWORDS

Employee Engagement, Fairness, Feedback, Information Technology, Perceived Organizational Support, Supervisor's Support, Teamwork

## 1. INTRODUCTION

Lately, India has become one of the foremost Information technology (IT) capitals of the world involving several major TNC/MNC and myriad start-up companies as part of Indian IT sector. According to NASSCOM, this sector will offer direct employment to 2.5-3.00 million people by 2025 (Press Information Bureau, Government of India, Ministry of Electronics & IT, 2017). Moreover, Indian IT industry is expected to grow from the present USD 150+Billion to USD 350 Billion in revenue by 2025 (Media Reports, Press Information Bureau (PIB), Department of Industrial Policy and Promotion (DIPP) statistics, Department of Information and Technology, Union Budget 2017-18; Singh, M., 2018; Information Technology, Sector Analysis). Likewise, the IT industry is contributing 7-8% to India's GDP (Singh, M., 2018; Information Technology, Sector Analysis).

Therefore it can be stated that, Information technology (IT) as a sector has grown considerably in past decade in India and made its presence felt worldwide. This emerging sector has its own human resource challenge that needs to be addressed. One among them is high attrition rate (Times of India news) i.e. 13.2% in year 2017 (Source: LinkedIn's analysis), and 14.6% in year 2018 (Source: statista.com) of software professionals. This high rate of turnover is one of the most challenging problem for all global organizations and extremely costly and damaging for the organizations (Gamble & Huang, 2008). Though there are number of reasons for leaving the organization, interventions to control it

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is difficult. Instead, it is better to increase active engagement of employees so that they are retained in the organization (Jyotsna Bhatnagar, 2007). Similarly, Existing literature also states that there is strong negative impact of perceived organizational support on employee withdrawal behaviors (Eder & Eisenberger, 2007), and turnover intentions (Tuzun & Kalemci, 2012). Therefore, it became important to address this problem, and examine the factors that affect perceived organizational support (POS) and employee engagement (EE) in Indian context.

The challenging environment in the current scenario and the changing organizational context require higher commitment from employees to survive, grow and acquire competitive advantages, and if organization shows higher commitment towards their employees, then they will also reciprocates with more commitment and engagement towards organizational objectives (supported by the Norm of Reciprocity, The Social Exchange Theory-SET, and organizational support theory-OST). The OST (Eisenberger et al., 1986 and Shore & Shore, 1995; Rhoades & Eisenberger, 2002) frame suggests that providing employees with fair procedures, organizational rewards, supervisor support and positive job conditions (Rhoades & Eisenberger, 2002) contributes to increased feelings of employees of being cared and valued (i.e. perceived organizational support, POS) by the organization (Eisenberger *et al.*, 1986). If employees feel that their organization is paying more attention to their need and well-being, they also contribute more to the organization i.e. perceived organizational support of employees shows a strong monotonically increasing correlation to a range of positive outcomes of employees like organizational commitment, employee engagement, job performance and reduced withdrawal behaviour (Rhoades & Eisenberger, 2002). Eisenberger *et al.* (1986, p. 74) introduced POS as the degree to which an organization cares for the wellbeing of its employees, and values their contribution and effort. Similarly, according to Eisenberger & Rhoades (2002), POS is a vital to measure social and emotional affairs because it is related to employee engagement.

Therefore employee well-being should be also key focus area of all types of organizations. According to Carvalho & Chambel (2013), well-being at the workplace has become an important indicator for quality of life at work in the areas of education, psychology, and management. One of the principal elements of workplace well-being remains work engagement described in terms of vigor, dedication, and absorption (Schaufeli, Bakker & Salanova, 2006). Moreover, most organizations (including IT industry) have noticed that a 'satisfied' employee is not surely the 'best' employee with regards to productivity & loyalty, it is an 'actively engaged employee' who is more emotionally and intellectually connected with the organization, and committed towards its core values, goals and achievements. Equally, Employees are always perceived to be core assets for any organization (Lockwood, 2007); and help to gain competitive advantages and improve productivity in the organization (MacLeod and Clarke, 2011).

Employee engagement concept has been gaining more significance in the current business world and is considered as a critical measure by organization's management (Welbourne 2007) because engaged employees showed more devotion to the organization and task orientation at the workplace (Macey and Schneider, 2008). Thus employee engagement is an important aspect for organizational and employee's development and also help the organization to acquire competitive advantages. Employee engagement is a positive force which connects and motivates employees physically, emotionally and cognitively with their organization (Kahn, 1990; Wellins and Concelman, 2005).

According to Ibrahim and Falasi (2014), all managers must recognize the significance of employee's engagement in UAE's (the United Arab Emirates) public sector so as to improve job satisfaction, and employee performance, which further can help organizations to meet their goals. Henceforward employee engagement remains an important issue for leaders of organizations (Seijts and Crim, 2006). Consequently, employee engagement (EE), retention, satisfaction and motivation have become the central responsibility of all the organizations (including the IT industry).

According to findings from Gallup (Gallup Report, 2018), worldwide around 87% of employees are not engaged with their work, and companies (with highly engaged employees) perform better than their peers by 147% in EPS (Earnings Per Share).

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