

Chapter 63

The Impact of Perceived Organizational Politics on Work Attitudes: The Moderating Role of Leader–Member–Exchange Quality

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ABSTRACT

An understanding of politics at workplace is of utmost importance as it is an inherent part of workplace activities. It is evident in processes such as decision making, allocation of resources. This study investigated the effect of perceived organizational politics (POP) on workplace attitudes such as job satisfaction, organizational commitment and turnover intentions. Further, the paper investigated the role of Leader-Member-Exchange (LMX) on the relationship between perceived organizational politics and workplace attitude. The hypothesized relationship was tested on a sample of 228 employees from Indian IT sector. Factor Analysis on POP suggested that variables can be summarized by two factors; Perceived Politics in organizational management (POP1) and Perceived Politics in co-workers (POP2). The findings suggest that there exists a negative relation between POP and workplace attitude. The results show that in case of the relationship between POP and workplace attitude, the part of organizational politics related to management has shown a significant negative impact on organizational commitment, job satisfaction, and a positive relation to turnover intention. With regard to the role of LMX in the relation between POP and workplace attitudes, results of LMX as a moderator have confirmed to the hypothesis.

DOI: 10.4018/978-1-4666-9461-3.ch063

INTRODUCTION

The employee turnover in India is predicted to rise to 26.9% in 2013 and further to 27.5% in 2014 as compared to 26% in 2010 (study titled “Preparing for Take-Off”, conducted by Hay Group and Centre for Economics and Business Research). Mohinish Sinha (2013) leadership and talent practice leader of Hay Group India, commented that “We are in the eye of an employee turnover storm. Organizations in India must give serious thought to what drives employee commitment” (Biswas, 2013). Therefore, there arises a need to understand and investigate the factors that lead to employee turnover. The Indian IT sector is divided mainly into three segments: IT services and software, business process outsourcing (BPO), and hardware (NASSCOM, 2005). Ranganathan and Kuruvilla (2008) identified various causes that led to employee turnover in the Indian BPO sector. One of the job related factors that led to turnover intention was identified as work environment. Work environment included the relationship with the boss, political work environment and dissatisfaction with future career development prospects. It therefore becomes essential to understand organizational and work environment factors that impact commitment towards the organization and turnover intention in the Indian IT sector. The IT sector comprises of knowledge workers and therefore investment in human capital becomes essential for effective organizational performance (Preve, 2012). Therefore the objective of the study is to investigate the role of organizational politics and leader member exchange on employee turnover, organizational commitment and job satisfaction in the Indian IT sector.

Politics at workplace is a phenomenon experienced by all, as it is inherently present in the daily workplace activities such as decision making, allocation of resources, and even in the communication process that takes place in an organization and hence it cannot be avoided (Bolman & Deal, 1991). However, individuals interpret

the workplace politics differently, depending on their participation in the political process. A person, who participates actively in the process, benefits from the process and henceforth perceives workplace political activities to be provisions of opportunities, for self benefit. On the contrary, a person who is inactive or rather at the receiving end of workplace politics either holds a neutral opinion or interprets the entire process as negative. Therefore, perceptions of workplace politics vary across employees, which in turn affect the employee's workplace behavior.

The impact of perceived organizational politics (POP), on the workplace attitude of employees could vary from having a positive impact to a negative impact. This linkage has elicited many researchers to investigate the relationship between POP and workplace attitudes. The aim of the present study is to investigate the relationship taking those factors into consideration that could either strengthen or weaken the relationship. Therefore the present study aims to investigate the role of LMX quality and employee's tenure, in determining the relationship between POP and workplace attitudes (job satisfaction, commitment and intention to leave).

LITERATURE REVIEW

Organizational Politics

The study on workplace or organizational politics dates back to as early as 1970s, where efforts were made by researchers (Pettigrew, 1973; Mayes et al., 1977; Cobbs, 1986; Gandz, 1980; Ferris, 1989) to define and understand the concept of organizational politics. Workplace politics is experienced by all, as it is inherent in the day to day workplace activities. However, not much attention was paid to the understanding of the much prevalent workplace politics, until the 1970s, where the focus of research was on giving it a definition, and understanding the features of it.

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