

## **A Study On The Effects Of Power And Politics On Employee Loyalty In It Companies In Chennai**

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### **Abstract**

This study explores the effects of power and politics in an organisation on employee loyalty. There is very less research on the study of the relationship between employee loyalty and power expression and politics on subordinates. Hence, the researcher feels that this study would fill the gap in the available literature. There are two specific reasons for the choice of the study in IT and ITES companies. This sector has greater number of employees on roll due to technological advancements and the overwhelming interest shown by the employees to work in IT and ITES companies. Superiors are always accountable for the actions and proceedings of the superiors. It may be the thought on the part of superiors to get work done effectively from their subordinates. At times it may also be the attitude of the superiors in expressing their power to overrule the subordinates. This study included 200 employees and data was collected across various IT and ITES companies in Chennai. The finding of this study indicates that as the superior exhibits more power on the subordinates there is a decrease in the loyalty of the employee holding upon the organisation.

**Keywords:** Employee Loyalty, Superior Power, Cohesive, Remunerative, Normative.

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### **Introduction**

As a result of globalization, there exists a continuous competition in the business world. Sustainability and Survival are the success factors of any business. All these are possible because of the right combination of men, machine, money, methods etc. Of all these the predominant is the human resource that paves for continuous success of an organization. Human behaviour is the main factor for the same. This can be identified in the

form of an employee possessing loyalty upon the organisation. Simultaneously, it should also be understood that organisational politics prevailing in work environment is common and it is quite normal for an individual employee irrespective of the cadre to exhibit it and play politics. It is also to be noted that positive organisational politics is acceptable whereas negative politics should be avoided to have a conducive work environment.

## **Employee Loyalty**

What all opinion an employee holds upon an organisation is the base for the human behaviour in the organisation. It is the employee's loyalty that is the employee's attachment to the organization. The degree of loyalty depends upon various factors. It is a psychological feeling that an employee possesses on the organization. As the employee's perception upon the belief, values of the organization increases the employee becomes more loyal to the organisation. Even during turbulent times, the employee supports the organisation and stands by. The employee develops competency in order to be a part of the organisation's growth and enhance sustainability. This automatically improves superior-subordinate relationship. When there is a dissatisfaction, the employee feels to stay with the organization, But, at times when there is such more of a disturbance, the employee's psychological and behavioural aspects get altered.

## **Power and Politics in Organisations**

Appropriate utilisation of power supports accomplishments. Whereas inappropriate utilisation of power leads to undesirable consequences. The relationship of power is the main field to contest regarding political action and this surrounds all basic problems beneath the organizational politics. It is also to be understood that power play and organizational politics are inevitable in nature. Organisational politics is a frequent topic of conversation in almost all organisations. This becomes evident when a less competent employee is promoted to higher levels whereas a worthwhile employee is not given due recognition. It is very common at all levels of management. The new place or location of the organisation is at times decided under organisational politics when the top key person decides where to visit or live. Transfers, promotions, hiring are all consequences of organisational politics played tactically by all levels of management.

## **Impact of power and organisational politics on employee loyalty**

It is an earnest effort in this research study to understand the effects of power and politics on an employee with loyalty. It is clear that as tactical politics is played on an employee it leads to various factors that causes a defective functioning in the organisation. When it is a matter

of improving the organisation’s effectiveness, it becomes essential to understand the underlying factors and differentiate these from the tasks and processes in the organisation.

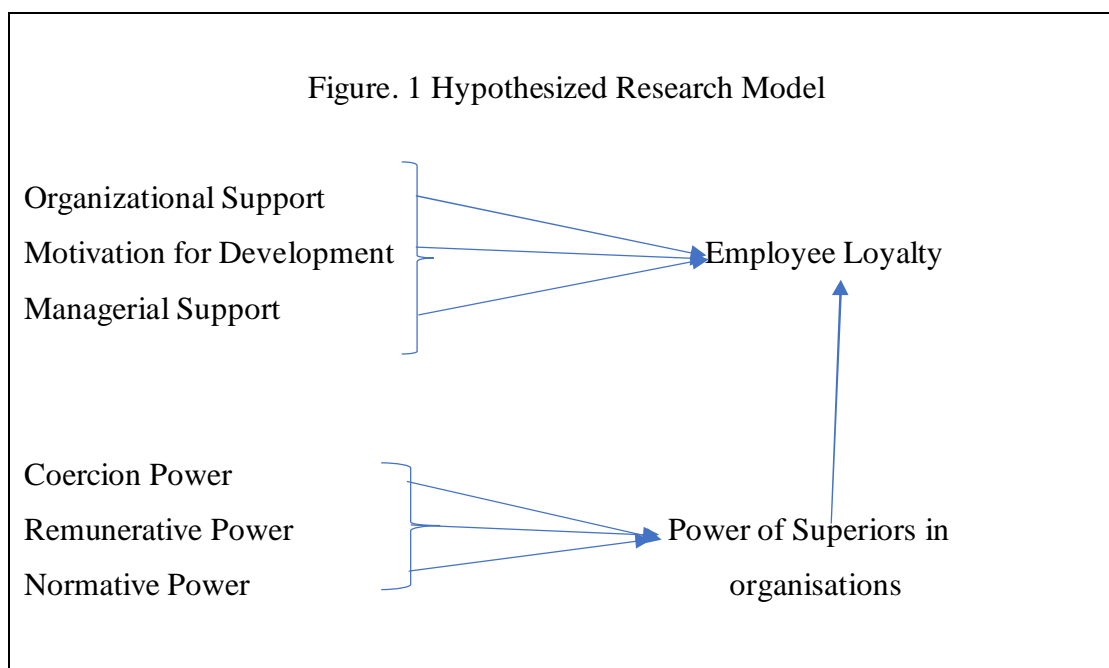
**Literature Review**

Odoom, 2015 in a study on employee loyalty stated that employees who are the valuable resources for the survival and success of an organisation. Highly motivated employees contribute to a greater extent to the overall growth of the organisation. A loyal employee intends to stay on a long span of service with an organization even at tough times (Podsakoff et al., 2000). It is also understood that the employee retention increases as the employee loyalty increases (Chen et al., 2016). As they are main assets of the organization it is highly important that the organization keeps its employees’ loyalty as well as motivation high (Narteh and Odoom, 2015). Power is the need for certain accomplishments within the purview of an organisation. Often it is misused by few superiors in exhibiting power on the subordinates. It is a delicate phenomenon that needs due consideration with power (Obisi, 2017).

**Objectives of the Study**

- ✚ To study the factors that affect the employee loyalty due to power of superiors in organizations
- ✚ To understand the predominant factors that affect employee loyalty

**Hypothesized Model Development**



Source: Researcher’s own

**Research Methodology**

A research design is a guide to collect and analyse data. This study used descriptive type of research and cross-sectional research design. It is a type of research study undertaken at a particular duration including a cross-sectional sample of the population expressing interest in the study. Data collected was primary by way of a self-structured questionnaire. It was pre-tested for its validity, structure and grammatical correctness. Very simple close-ended questions were included in the study. The questionnaires were given to employees of IT and ITES companies in Chennai. It was assured that their responses would be kept confidential and identities will not be revealed. This data was collected under two stages. For the pre-test, 60 respondents were selected and a pilot study was conducted. Fifty-one respondents gave positive outcomes. This 51 out of 60 respondents indicates 85% of p-value and 15% of 1-p-value. The second stage included 200 respondents for the purpose of data collection.

The following statistical formula was used to calculate the sample size as the size of the population of the study is infinite (C.R. Kothari, 2014):

$$n = \frac{z_{ci}^2 * p * q}{e^2}$$

Whereas,

n = number of respondents to be included in the sample

$z^2$  = square of the confidence interval level

p = assumed success proportion (85%)

q = assumed proportion of failures (1-p = 15%)

$e^2$  = maximum error allowance between actual and sample proportion

$$n = \frac{(1.96)^2 \times 0.85 \times 0.15}{0.05^2}$$

Therefore, n = 196 respondents for the sample size. Based on this statistical calculation, the sample size was taken as 200 respondents. The method adopted was convenience sampling and employees working in various Information Technology companies and Information Technology Enabled Services providing companies were chosen for the study. Two hundred

and forty questionnaires were distributed to professionals working in various IT and ITES companies across Chennai. The study was conducted during the period of July, August and September 2019. Nearly 220 questionnaires were received back. Out of these 200 responses were found valid and complete. It indicated a response rate of 90.90% that is a very good response rate.

### Data Analysis and Results

**Table 1. Demographic Details of Respondents**

Demographics	Categories	Number of Respondents	Percentage
<b>Gender</b>	Male	95	47.5
	Female	105	52.5
<b>Type of Company</b>	IT	80	40
	ITES	120	60
<b>Age</b>	21-28 years	52	26
	29-36 years	83	41.5
	37-44 years	30	15
	45-52 years	25	12.5
	53-60 years	10	5
<b>Work Experience</b>	Less than 3 years	82	41
	4-6 years	54	27
	7-9 years	43	21.5
	More than 10 years	21	10.5

Source: Primary Data

Among the 200 respondents included in the study, it is found from the above table that the female respondents (52.5%) are greater in number working in IT and ITES companies than the male respondents (47.5%). The number of respondents who had participated in the study mostly work in ITES companies (60%) than in IT companies (40%). It is also found that greater number of respondents work in the age group of 29 to 36 years (41.5%) whereas lesser number of respondents are in the age group of 53 to 60 years. The table value also indicates that the respondents working less than 3 years of service are greater in number (41%) and the respondents working for more than 10 years of service is comparatively low (10.5%).

For better understanding secondary data was collected from magazines, research reports, journals etc. The questionnaire was framed with a five-point Likert Scale. Responses were to be graded ranging from strongly agree to strongly disagree. Analysis of data was done through SPSS software. To understand the predominant factors affecting employee loyalty, multiple regression analysis method and correlation analysis were adopted.

Cronbach’s Alpha measurement was conducted for the independent and dependent variables. It is one of the frequently used measure by researchers for reliability testing (Iacobucci, 2001). A Cronbach value greater than 0.7 is a good and reliable value (Hair et al. 2014). Internal consistencies of the data collected can be understood by using Cronbach Alpha. The result of the data collected for this study purpose had a good Cronbach Alpha value of 0.899 that is a good indicator for further process of the analysis.

The face validity and content validity of the questionnaire was understood by the judgement of the researcher, peers and superiors. The correlation between the dependent variables was found to be strong and in the positive direction. Similarly, strong and positive correlation existed between independent variables.

**Table. 2 Reliability Statistics**

<b>Cronbach’s Alpha</b>	<b>Number of items</b>
0.899	9

Source: Computation of Primary Data

**Table. 3**

**Correlation between Employee Loyalty and Power of Superiors in Organisations**

<b>Factors of Employee Loyalty</b>	<b>Types of Power</b>
<b>Organisational Support</b>	r = - .542** p < .001
<b>Motivation for Development</b>	r = - .678** p < .001
<b>Managerial Support</b>	r = - .452** p < .001

Source: Computation from Primary Data      \*\*Correlation is Significant at 1% level

From the above table, the following observations are made.

There exists a strong and negative correlation between the factors of employee loyalty and the types of power exhibited by superiors in the organisations and are highly significant at 1% level. Hence there is a significant relationship between power and the factors of employee

loyalty. The motivation for individual employee’s development deviates more in the negative direction followed by the organisational support and managerial support. This shows that power of superiors exhibited upon subordinates decreases employee loyalty more, employee’s development by 67.8%, organisational support by 54.2% and managerial support by 45.2%.

**Predictor Variables of Superior’s Power**

**Table. 4**

**Model Summary of Regression Coefficients**

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate	F-value	p-value
1	.822	.685 <sup>a</sup>	.645	2.911	225.713**	.000

Source: Computation from Primary Data \*\*Significance at 1% level

- a. Predictors: (Constant), Coercion, Remunerative, Normative
- b. Dependent Variable: Employee Loyalty

From the above table, it is inferred that 0.822 is the correlation coefficient for Model 1. It explains the amount of correlation between the independent variables (Power and Politics) and the dependent variables (Employee Loyalty) included in the study. The R Square value is 0.685 or 68.5% that is acceptable for the study.

**Table. 5**

**ANOVA Table for Regression Coefficients**

Model		Sum of Squares	Df	Mean Square	F-value	p-value
1	Regression	2364.169	7	822.459	225.713**	.000 <sup>b</sup>
	Residual	1388.555	192	8.742		
	Total	3752.724	199			

Source: Computation from Primary Data \*\*Significance at 1% level

- a. Dependent Variable: Employee Loyalty
- b. Predictors: (Constant), Coercion, Remunerative, Normative

The above table indicates that the F-value is 225.713 with 7 degrees of freedom. The results of these variables are highly significant at 1% level. Hence there is a significant relationship between the variables of power in an organisation and the employee loyalty.

**Table. 6 Summary of Coefficients**

MODE L	VARIABLE S	UNSTANDARDIZE D COEFFICIENTS		STANDARDIZE D COEFFICIENTS	t-value	p- valu e
		B	Std. Error	BETA		
1	(Constant)	6.250	0.459		12.385* *	0.00 0
	Coercion	-4.731	0.227	0.212	8.741**	0.00 0
	Remunerativ e	-3.213	0.240	0.180	6.412**	0.00 0
	Normative	-2.120	0.220	0.345	4.220**	0.00 0

Source: Computation from Primary data\*\*Significant at 1% level.

The above table indicates that Coercion power has the highest unstandardized Beta value of 4.731. So, it is the most influencing factor that affects the employee loyalty. The next factor is Remunerative power with Beta value 3.213, followed by Normative power with Beta value 2.120. These results also indicate that all the above factors impact employee loyalty in a negative manner.

Hence the multiple regression equation can be written as,

$$\text{Employee Loyalty} = 6.250 - 4.731\text{Coercion Power} - 3.213 \text{ Remunerative Power} - 2.120 \text{ Normative Power}$$

It is also understood that one unit increase in coercion power decreases employee loyalty by 47.31%, whereas one unit increase in remunerative power decreases employee loyalty by 32.13% and one unit increase in normative power decreases employee loyalty by 21.20%.

**Discussion**

The results of the study indicate that negative power and organisational politics decrease the level of loyalty an employee holds upon the organisation and do not standby for the sustainability and survival of the organisation. It is a matter of concern on how the

management would minimize the ill-effects of power and politics in the organisation. Strategic decision-making to frame certain policies at the top management level to minimise negative power and politics in organisation becomes essential.

## **Suggestions**

The two points enumerated below are suggestion to improve formal authority that may minimise the prevalence of negative power and politics.

- Some employees would possess superior ability and have an inherent capability irrespective of their position command respect. Identification of such employees and providing authority and responsibility of leadership would bring down negative power of politics.
- Communication should originate at the sources of organisation information and from informal and individual sources should be avoided.

## **Conclusion**

It becomes essential that all organisations must have a better understanding of the intimidating power expressed due to organisational politics. This would help the organisation in the reduction of friction and disinterest among the employees. This surely helps a long-lasting maintenance of employee motivation and loyalty that supports the organisation to be prosperous.

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