

Effect of the demographic factors on the overall organizational effectiveness score in the IT and ITES in SEZ, Coimbatore

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Abstract

Organizational effectiveness is basically about the ability of the organization to meet its set goals and objectives with the resources at its disposal. The main measure of the organizational effectiveness for a business is generally explained with the comparison of the net profit with the target profitability. In the study demographic variables like Gender, Age, Educational Qualification, Experience in the Present Organization, Designation and Sector Employed are considered to study the overall organization effectiveness score. A total of 100 employees are selected from the 40 IT and ITES Companies in the Special Economic Zones. A detailed Questionnaire consisting of Strategy, Leadership teams, Governance, Organization Structure, Systems and Process, Work force excellence, Performance Measure & Reward System, Business Process and Environmental Responsibility are prepared and the results are analyzed using the t-test, ANOVA and Regression Analysis. The analyses are done and it is suggested to improve the employee engagement in the organization.

Keywords: work force excellence, environmental responsibility, performance measure

1. Introduction

Organizational Effectiveness is the systemic approach for continuously improving an organization's performance. It is a step by step process to improve the whole organization. Highly effective organizations exhibit strength in the leadership, work process, system, culture, decision making and human resource. Human Resource vary greatly in their basic demographic profiles, like Gender, Age, Educational Qualification, Experience in Present Organization, Designation and Sector Employed are taken to study the impact on the overall organizational effectiveness score. IT and ITES Companies are growing rapidly in Coimbatore. The city is set to become the next 'Silicon Valley' in the South India after Bangalore. For an Industry's rapid growth the performance of the company has to be assessed and its effectiveness has to be measured. The research is done in the five Special Economic Zones (SEZ) of the Coimbatore Hi-Tech Infrastructure (CHIL) SEZ at Saravanampatti and the TIDEL Park in the ELCOT SEZ campus and KCT TechPark, KGISL Campus and Span Venture SEZ at Eachanari.

2. Review of literature

Folake Olowokudejo, S.A. Aduloju and S.A. Oke in their study of the Corporate social responsibility and Organizational Effectiveness of Insurance Companies in Nigeria presents the relationship between the corporate social responsibility and the dimensions of the organization effectiveness of the insurance companies in Nigeria. The data were collected using the structured questionnaires among 100 employees, from the 47 government approved insurance companies in Lagos. The results were analyzed using the Pearson's Correlation method and the descriptive statistics. The study found that the organizational effectiveness of the companies was satisfactory

and the Corporate Social Responsibility was positively correlated with the organizational effectiveness. The research gap identified in this study is, it failed to assess if the investments made in the CSR is worthwhile or not.

Vuyisile Mabindisa in his study *Impact of Staff Turnover on Organizational Effectiveness and Employee Performance at the department of Home Affairs in the Eastern Cape Province* conducted research among 100 employees using the personal data collection method. The result is analyzed using Simple Percentage Analysis. From the study it is found that salary is the main cause for staff turnover and it resulted in increased work load to the present employees in the department. Improper work environment resulted in the increased staff turnover in the department. It is recommended that the higher level management should pay good salary to their employees and the employees must be rewarded if they achieve their goals. The gap identified in the research says that retention strategies can be implemented in the organization.

Nwadike, Uche. C and Court Ogele Timinepere in their study *Management Styles and Organizational Effectiveness: An Appraisal of Private Enterprises in Eastern Nigeria* conducted their research among the lower, middle and top level managers in 8 Private enterprises in Anambra State. The sample size taken for the study is 129 managers. Proportionate stratified random sampling method is used for the study and data are collected using a 5 point Likert Scale Structured Questionnaire. The results are analyzed using descriptive statistics and Pearson's Correlation method and it is found that the participative and paternalistic management styles are practiced. It is suggested that based on the goals and values, management styles can be adopted. The research gap identified in the research says that there is no particular type of the leadership style is recommended.

3. Statement of Problem

An organization is said to be an effective one if the desired outcome is achieved. For an organization to be effective the primary responsibility is to provide the input, advice, direction and execution. The organization staff should be properly organized and the human resource should be effectively managed. The effectiveness of a business depends on the optimal levels of the inputs and outputs. Each company has different method to measure the effectiveness and it is used to measure the organization performance and company profit. The present study focuses on the demographic factors of the IT and ITES Employees and the organizational effectiveness factors. There are many factors which contribute for the organizational effectiveness. In the study 8 major factors are taken: Strategy, Leadership teams, Governance, Organization Structure, Systems and Process, Work force excellence, Performance Measure & Reward System, Business Process and Environmental Responsibility.

Does the individual personal factor of the employees influence the organizational effectiveness?

Does the performance of the employees affect the overall organizational effectiveness?

4. Research Methodology

The study aims at analyzing the effects of the various demographic variables on the organizational effectiveness score. The study is conducted in the Special Economic Zones in Coimbatore. There are 5 special economic zones in Coimbatore with a total of 40 IT and ITES Companies. Coimbatore Hi-Tech Infrastructure and TIDEL Park are the two major economic zones contributing the highest revenue to the city as well as Tamil Nadu. A total of 100 employees are selected on a random basis and the data are collected from them using a structured questionnaire. The Secondary data are collected from the Internet, Journals, Newspapers, CII (Confederation of Indian Industries), Research Reports and Books. The total time taken for the study is 50 days. The questionnaire is framed by considering the following factors: Strategy, Leadership teams, Governance, Organization Structure, Systems and Process, Work force excellence, Performance Measure & Reward System, Business Process and Environmental Responsibility. Scaling technique used in the questionnaire is the five-level likert scale: Strongly Disagree, Disagree, neither disagree nor agree, Agree and Strongly Agree (Strongly Disagree-1 and Strongly Agree-5). For testing the reliability of the questionnaire, Chronbach alpha is applied and the percentage analysis is used to understand the distribution of the personal variables. Demographic variables and organizational Effectiveness score are analyzed using the t-test, ANOVA and Regression.

5. Objective

To study the Impact of the various Demographic Variables on the Overall Organizational Effectiveness Score

6. Limitations

The sample size is limited hence the result cannot be generalized to the whole population.

The study is not free from the personal bias and sampling errors.

Employees are reluctant to answer the questions related to the structure of the organization and leadership skills

7. Data Analysis

Table 1: Table showing the Demographic details of the respondents

	Demographic Variables	Frequency
Gender	Male	55.0
	Female	45.0
Age	20-25 years	44.0
	25-30 years	30.0
	30-35 years	20.0
	35-40 years	6.0
Educational Qualification	Graduate	45.0
	Post Graduate	55.0
Experience in Present organization	0-3 Years	53.0
	3-6 years	36.0
	6-9 years	6.0
	Above 9 Years	5.0
Designation	Manager	13.0
	Team Leader	25.0
	Associate	62.0
Annual Income	Below 3 Lakhs	18.0
	3L -6L	40.0
	6L-9L	24.0
	9L-12L	8.0
	Above 12 Lakhs	10.0
Sector Employed	IT	75.0
	ITES	25.0

Source: Primary Data

From the demographic details it is understood that 55% of the respondents are male and 44% of the respondents belong to the age group of 20-25 years and 6% of the employees belong to the age group of 35-40 years. 55% of the respondents has completed post-Graduation with 0-3 years of experience (53%) and 5% of the respondents has experience of above 9 years.62% of the employees are associate with annual income of 3-6 lakhs (40%) and 8% of the employees earn 9-12 lakhs. The study is conducted among the IT and ITES employees and it is found that the 75% belong to the IT Industry and 25% of the respondents belong to the ITES.

Table 2: Table Showing the Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Organizational effectiveness score	100	80.00	145.00	108.9600	14.30259
Strategy	100	9.00	25.00	19.3400	3.11146
Leadership teams	100	9.00	20.00	15.1100	2.40746
Governance	100	3.00	10.00	7.7300	1.30155
Organization Structure, Systems and Process	100	19.00	35.00	26.2700	3.77888
Work force excellence	100	5.00	20.00	14.6800	2.95379
Performance Measure & Reward System	100	3.00	15.00	10.9100	2.22063
Business Process	100	4.00	15.00	11.0600	2.07836
Environmental Responsibility	100	1.00	5.00	3.8600	0.84112

Source: Primary Data

The Descriptive Statistics table summarizes the Organizational Effectiveness data. From the above table it is understood that the mean of the organizational effectiveness score is 108.96. The mean value of the organizational structure, system and process is 26.27 with minimum value of 19 and maximum value of 35. Environmental Responsibility has low mean value of 3.86 with minimum value of 1 and maximum value of 5. Strategy, Leadership Teams and Workforce Excellence has the mean value of 19.34, 15.11 and 14.68 respectively. The

second factor with least mean value of 7.73 is governance. Business Process and Performance Measure and reward system has a mean of 11.06 and 10.91 respectively. Environment Responsibility has least Standard Deviation Value of 0.84112 so the values are closely spread around the mean and has high reliability. Organization Structure, Systems and Process has high Standard Deviation of 3.77888 hence the values are widely spread around the mean and the reliability is less.

Table 3: Table showing the Comparison of Organizational Effectiveness Scores by Demographic variables

Variables	Groups	Mean	S.D	No	t-value	F-value	Significance
Gender	Male	107.02	14.21	55	1.511		Ns
	Female	111.33	14.22	45			
Age	20-25 years	110.57	15.87	44		.632	Ns
	25-30 years	109.27	13.06	30			
	30-35 years	105.30	12.84	20			
	35-40 years	107.83	13.83	6			
Educational Qualification	Graduate	104.51	15.73	45	2.918		**
	Post Graduate	112.60	11.98	55			
Experience in Present Organization	0-3 Years	109.81	15.29	53		1.234	Ns
	3-6 years	110.00	13.72	36			
	6-9 years	103.50	11.22	6			
	Above 9 Years	99.00	5.43	5			
Designation	Manager	107.15	12.48	13		3.440	*
	Team Leader	103.16	12.33	25			
	Associate	111.68	14.82	62			
Annual Income	Below 3 Lakhs	102.28	14.69	18		1.320	Ns
	3L -6L	110.85	14.51	40			
	6L-9L	111.00	14.13	24			
	9L-12L	109.88	12.53	8			
	Above 12 Lakhs	107.80	13.40	10			
Sector Employed	IT	112.68	13.17	75	5.027		**
	ITES	97.80	11.66	25			

Source: Primary Data

*- Significant at 5% level; **- Significant at 1% level; Ns- Not Significant

From the above table it is understood that the t-test is done for the demographic variables gender, educational qualification and sector employed and it is found that the gender is not significant with the organizational effectiveness score and the educational qualification and sector employed are significant with the t-value of 2.918 and 5.027 at 1% level of significance. ANOVA is done for the factors Age, Experience in the Present Organization, Designation and Annual Income and it is

inferred that the Age, Experience in Present Organization and Annual income do not have significant difference with the organization effectiveness score and the Designation has significant difference with the organizational effectiveness score with the value of 3.440 at 5% level of significance. In the above table Post Graduates, Associates and IT Sector employees have high level of Organizational Effectiveness.

Table 4: Table Showing the Regression Analysis of the Organizational Effectiveness

	Regression Coefficients (B)	Std. Error	Beta	t	Sig.
(Constant)	113.216	7.985			
Gender	3.304	2.553	.115	1.294	Ns
Age	.216	1.581	.014	.136	Ns
Educational Qualification	5.077	2.643	.177	1.921	Ns
Experience in the Present Organization	-3.930	1.986	-.223	-1.978	*
Annual Income	1.599	1.413	.131	1.132	Ns
Sector Employed	-11.956	3.213	-.364	-3.721	**

Source: Primary Data

Table 5

R	R Square	F	Sig.
.526	.277	5.934	**

*- Significant at 5% level; **- Significant at 1% level; Ns- Not Significant

Organizational effectiveness score is considered as the dependent variable. From the regression table it is understood

that the age, educational qualification and annual income have positive effect on the organizational effectiveness score which means higher the Age, Educational qualification and annual income will increase the agreement on the organizational effectiveness. Experience in the present organization has negative regression coefficient i.e. higher the number of years of experience lesser will be the agreement level on the

organizational effectiveness. Gender and sector employed 2 dummy variables, (Coded as 0-Male, 1-Female; 0-IT, 1-ITES) show that on the average females have more agreeability on the organizational effectiveness compared to Males. But the respondents in the IT sector have less agreeability on the organizational effectiveness compared to the ITES sector. Multiple correlation coefficient (R) shows that there is a moderate correlation between the set of all the independent variables and the dependent variable in the organizational effectiveness. The F value (5.936) indicates that the correlation is significant at the 1% level. The R² value (0.277) shows that the 27.7% variation in the organizational effectiveness is explained by the set of all the independent variables taken together and the result shows that the experience and sector employed influence the organizational effectiveness score significantly at 5% and 1% level respectively. Beta values (standardized regression coefficient) show to the people which variable is contributing more to the organizational effectiveness. From the beta values it is seen that the sector employed has more effect on the organizational effectiveness compared to other variables in absolute terms. The least effective variable on the organizational effectiveness is age, next to the sector employed, experience affects more on the organizational effectiveness. In the above table Designation is not included since it is a categorical data. The groups (Manager, Team Leader and Associate) mentioned in that may not be graded or Quantified hence it was not included.

8. Findings

From the demographic details it is known that the majority of the respondents are male (55%), 44.0% of the respondents belong to the age group of 20 -25 years, 55% of the employees are post graduates with the experience of 0-3 years (53%). 62% of the respondents are Associates with annual income of 3 lakhs to 6 lakhs (40%) with majority belonging to the IT Sector (75%). From the descriptive analysis it is found that the Organization Structure, Systems and Process have the highest mean of 26.2700 and Environmental Responsibility has lowest mean of 3.8600. From the t-test it is found that the Educational qualification (t-value= 2.918) and Sector Employed (t-value=5.027) have a significant relationship with the overall organizational effectiveness score at 5% and 1% significant level. ANOVA results show that the Designation of the employees has significant difference with the overall organizational effectiveness score with the F-value of 3.440 which is significant at 5% level. The regression analysis shows that the experience in the present organization and sector employed have an influence on the organizational effectiveness.

9. Suggestions

For an effective organization, the organization should have a proper governing structure. The majority of the respondents are Post Graduates (55%) so the management should engage the employees effectively and hold the meetings to help them to update their knowledge using the various types of training methods like job rotation process. The Designation of the employees has a vital role to play with the organizational effectiveness as 25% belongs to the Team Leaders category and 62% belongs to Associate category. A manual has to be created describing the employee's contribution to the overall success of the company. The corporate rules has to be framed

and communicated to the employees in the organization and regular auditing has to be done. According to the *Right Management's global study on employee engagement drivers* the high-performing organizations have the engagement levels that are 6.6 times higher than the below-average performers (53% versus 8%). Based on the descriptive statistics environmental responsibility among the employees has a less mean value of 3.8600. The environment responsibility among the employees has to be built using the various awareness programs. About 2/3 of consumer market believes that the people should consume less to improve the environment for the future generation. According to the one online survey conducted among the 6,224 consumer people belonging to the developing countries are willing to pay more for the sustainable products (60% versus 26%) and encourage others to buy the products from the socially and environmentally responsible companies (70% versus 34%). The Experience in Present Organization (Beta value: -0.223) and Sector Employed (Beta value -0.223) affects the Organizational effectiveness to a greater extent. The highly experienced employees should be motivated and their performance has to be rewarded by giving the stocks and other non-monetary benefits. The IT and ITES sector employees should be technical and well trained to meet the needs of the external market and their total contribution for GDP should be updated to them on time. The supportive leadership style can be adopted as the self-managing teams performs better than controlling type of leadership. The performance of the employees can be linked to the organization's mission and strategy. The performance of the employees can be periodically assessed and feedbacks can be given to the Associates for improving the performance. When the performance of each employee improves it helps in attaining the overall company goals which results in the organizational effectiveness.

10. Further scope of the study

The present study has done among 100 respondents and the study can be extended to the rest of the population. It has only covered the IT and ITES Companies in the Special Economic Zones (SEZ) and in future the study can also be done in other IT and ITES companies as well in other manufacturing sectors. To obtain the more integrated results, the study can be done in other districts and States in India. More studies related to the organizational performances, the employee's efficiency can be carried out in future.

11. Conclusion

The contribution of the IT sector to Indian Gross Domestic Product has been increased to 9.5 percentage approximately during the financial year 2014-2015 from 1.2 per cent in the Financial Year 1997- 1998. Indian Technology has contributed to the US\$ for about 146 billion income during the FY 2014-2015. For creating the organizational effectiveness business leaders need to align the employees, organization system, Organization structure and roles with the strategy of the organization, by engaging the employees with the job as well as with the organization.

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