

## RESEARCH ARTICLE



# Nexus between Workforce Agility and Employee Loyalty - An IT Sector Perspective

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## Abstract

**Objectives:** To examine the nexus between workforce agility (WFA) and Employee Loyalty(EL). **Methods:** Present investigation uses a quantitative approach to examine relationship amid considered variables. The structured questionnaire was adopted to elicit the needed information to achieve stated objectives. The instrument consists of 3 sections, demographic factors, Workforce agility (WFA) and Employee Loyalty (EL). The data were collected through e-mail survey from employees of Information Technology (IT) organisations located in Bengaluru city, India. 410 valid responses were considered for data analysis. The present research adopts Theory of Work Adjustment (TWA) as basis to fulfil the stated objective. The field testing is done with 72 respondents. Convenience sampling technique was adopted. Designed Likert instrument was validated with the help of an Exploratory Factor Analysis (EFA) and established the items by Confirmatory Factor Analysis (CFA) and confirmed by fit indexes. The Structural Equation Model (SEM) is employed to know the relationship amid considered variables. WFA is studied by adopting the 32-item scale (reliability ranges from 0.814 to 0.874). EL is studied by adopting the 18 item scale (reliability ranges from 0.823 to 0.842). **Findings:** With reference to WFA, CFA confirmed extracted 5 factors with 20 items (item loading ranges from 0.63 to 0.81). Thus, indicating data appropriateness. Items were grouped and labelled as Adaptive, Collaborative, Job Clarity, Proactive and Progressive. With reference to EL, CFA confirmed extracted 4 factors with 18 items (item loading ranges from 0.68 to 0.85). Thus, indicating data appropriateness. Items were grouped and labelled as Commitment, Reward and Recognition, Co-worker Relationship and Career Prospects. The SEM demonstrate the negative relationship amid WFA and EL which indicates that higher the WFA lesser the EL. **Novelty:** The present research attempts to integrate the contemporary behavioural construct of Workforce Agility vis-à-vis Employee Loyalty. The WFA and EL features associated with IT organizations are presented in solitary man-

ner advancing the theoretical and empirical knowledge. The outcome helps the HR practitioners to design HR strategies to retain the agile employees to exhibit loyalty.

**Keywords:** Workforce Agility; Employee Loyalty; Information Technology; Structural Equation Model; Theory of Work Adjustment

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## 1 Introduction

The agile workers surmount new markets with innovation as they play an important role in organisational excellence. Agile approach integrates short iterative cycles with dynamic planning and prioritization. Agile HR is a key functional approach and is not a mania, but a logical next wave of HR operational strategy<sup>(1)</sup>. The Agile software development model is necessary to satisfy new market needs. Loyalty which refers to the length of service in an organisation sought lot of efforts from employer to obtain and give in contemporary workplace.

The healthy employee retention is favourable for securing the loyal attitude of employees<sup>(2)</sup> and enhance Employer Branding (EB)<sup>(3)</sup>. Firms shall focus to nurture and foster business wide IT capability to maintain and leverage IT resources to build agile organizations. The lifetime employment and devoutness cannot be expected, job-hopping is a trend and new normal, employees are constantly striving for better salary and working conditions. Retaining and nurturing a loyal workforce offers benefits and protects the organization. Thus, employee loyalty is crucial for organizational effectiveness. Workforce agility and employee loyalty are important factors for any organisation's survival and development towards organisational success<sup>(4)</sup>. The dimensions of workforce agility needed to be explored from the lens of dynamic capabilities, specially from IT sector employee's perspective<sup>(5)</sup>.

The WFA has rarely been considered for further study. Also, relationship between WFA and positive work outcomes has hardly been tested. Further, different WFA measures are used in the literatures which complicates the comparison of findings, therefore there is a need to develop a scale to measure the WFA on sector basis more specifically<sup>(6)</sup>. As WFA increases the market share, IT firms needs to be upgraded for meeting the revised client requirements periodically which needs to be studied in detail. Thus, study of employee empowerment, decision-making agility and knowledge management is very important for IT organizations<sup>(7)</sup>. The steps to be initiated to make the workforce agile needs to be focused for detail<sup>(8)</sup>. As the employees of organizations have valorisation, study to be taken up to help the decision-makers to understand and expand the WFA<sup>(9)</sup>. The IT company's ability to adapt agility is phenomenal, but nature of IT employees to quit organization is the reason for organization failure, Given the above context, this study aims to examine the nexus between Workforce Agility (WFA) and Employee loyalty (EL).

## 2 Methodology

The structured questionnaire was adopted to elicit the needed information to achieve stated objectives. The instrument consists of 3 sections, first section on the demographic factors, second on Workforce agility (WFA) and third on employee loyalty (EL). The data were collected through e-mail survey from employees of Information technology (IT) organisations located in Bengaluru city, India during July – November 2022. Out of 450 respondents, 410 valid responses were considered for further analysis. Theory of Work Adjustment (TWA) is adopted as underpinning theory. The preliminary instrument field testing is done with 72 respondents and corrections were made to remove ambiguity. Designed Likert scale was validated with Exploratory Factor Analysis (EFA) and items were confirmed by Confirmatory Factor Analysis (CFA) using

AMOS. The present study empirically explored the relationship amid workforce agility and employee loyalty. The Structural Equation Model (SEM) is employed to know the relationship amid considered variables. Convenience sampling technique was adopted. WFA is studied by adopting the 20 item scale with 5 factors (scale reliability ranges from 0.814 to 0.874). EL is studied by adopting the 18 item scale with 4 factors (scale reliability ranges from 0.823 to 0.842). The instrument is acceptable to measure the intended objectives.

### 3 Results and Discussion

Data analysis is carried out in dual stages. In the first stage, scale validation is done for WFA and EL. In second stage, Structural Equation Model (SEM) is employed to know the relationship amid considered variables.

#### 3.1 Workforce agility (WFA)

The Kaiser-Meyer-Olkin (KMO) test value is 0.854 which is more than 0.6 indicating adequacy to proceed for statistical analysis. The exploratory factor analysis is adopted using Principal Component Analysis (Varimax rotation method) which explains 65.29% of total variance. CFA was performed which confirmed extracted 5 factors with 20 items using AMOS software (Figure 1). The item loading (range: 0.63 to 0.81) indicates data appropriateness to carry out further statistical analysis.

They were grouped and titled based on the relevance namely viz., Adaptive, Collaborative, Job Clarity, Proactive and Progressive features of WFA. The confirmed model fitness was noted as CMIN/DF ratio as 2.165, while, GFI is 0.992, AGFI is 0.897, PGFI is 0.695 and RMSEA was observed as 0.051. The study results indicate that the proposed model is fit and capable to measure WFA.

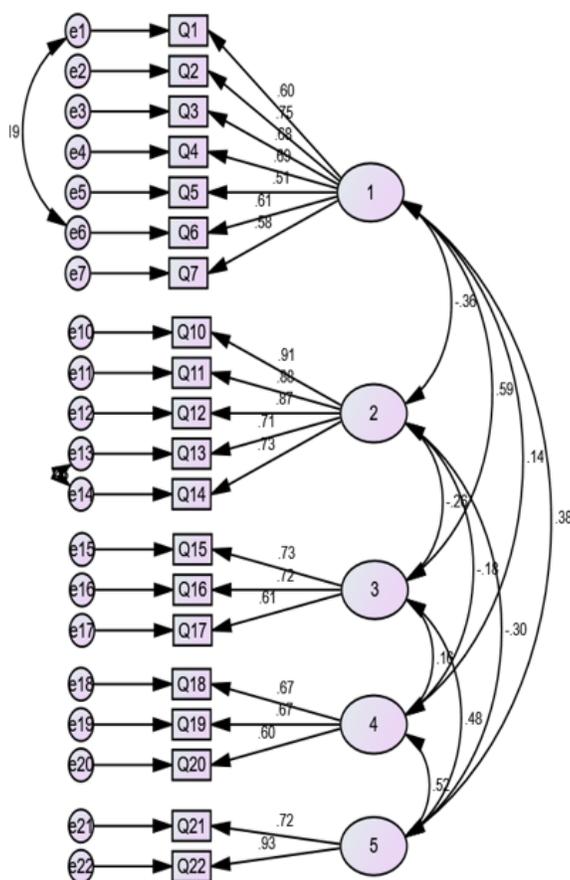


Fig 1. CFA- Workforce agility (WFA)

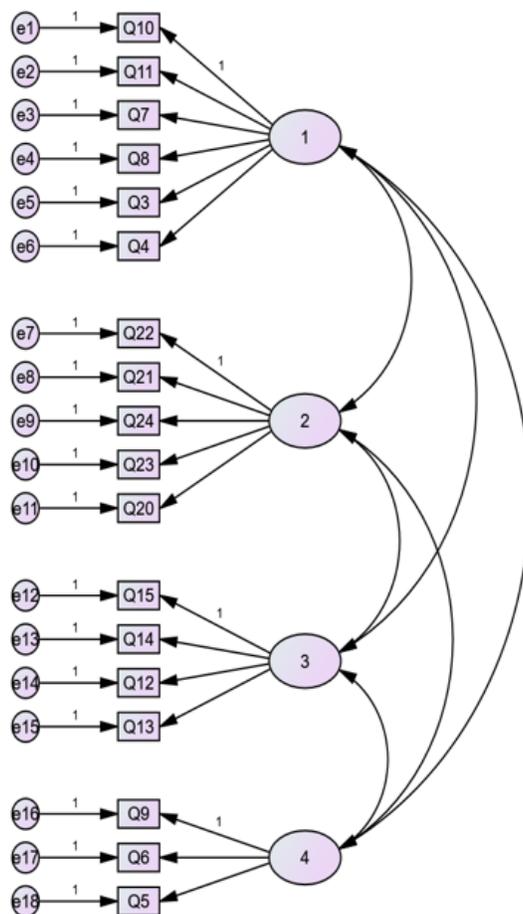


Fig 2. CFA- Employee loyalty (EL)

### 3.2 Employee loyalty (EL)

The Kaiser-Meyer-Olkin (KMO) test value is 0.814 which is more than 0.6 indicating adequacy to proceed for statistical analysis. The exploratory factor analysis is adopted using Principal Component Analysis (Varimax-rotation method) which explains 68.29% of total variance. CFA was performed which confirmed extracted 4 factors with 18 items using AMOS (Figure 2). The item loading (ranges from 0.68 to 0.85), indicates data appropriateness to carry out further statistical analysis. They were grouped and tiled based on the relevance namely viz., Commitment, Reward and Recognition, Co-worker Relationship and Career Prospects. The CMIN/DF ratio valued at 2.145, while GFI is 0.964, AGFI is 0.950, PGFI is 0.916, IFI is 0.928, TLI is 0.919 and RMSEA is 0.06. The study results indicate that the proposed model is fit to measure EL.

### 3.3 Relationship Between Work Force Agility and Employee Loyalty

To examine the relationship, Structural Equation Model (SEM) is used with independent variable, Workforce Agility and dependent variable, Employee Loyalty. The model is depicted in Figure 3.

The model fitness is measured and summarised as; CMIN/DF ratio is 2.984 (<5), GFI is 0.904, AGFI is 0.900, IFI is 908, and TLI is 0.901 which all lesser than unity. RMSEA = 0.07 (<) 0.08, hence, fit indices are acceptable. The SEM demonstrates negative relationship amid WFA and EL (Figure 3). The above model describes the relationship among the dimension of WFA to EL. The R square-0.15 or -15%, indicate that higher the WFA lesser the EL.

Agile employees can contribute to meet the new markets requirement using innovative methodology. The findings of the present study reveals that an agile workforce is to be adaptive, collaborative, job clarity, proactive and progressive. The study also indicates the management actions on training, compensation, empowerment and teamwork promote workforce agility which

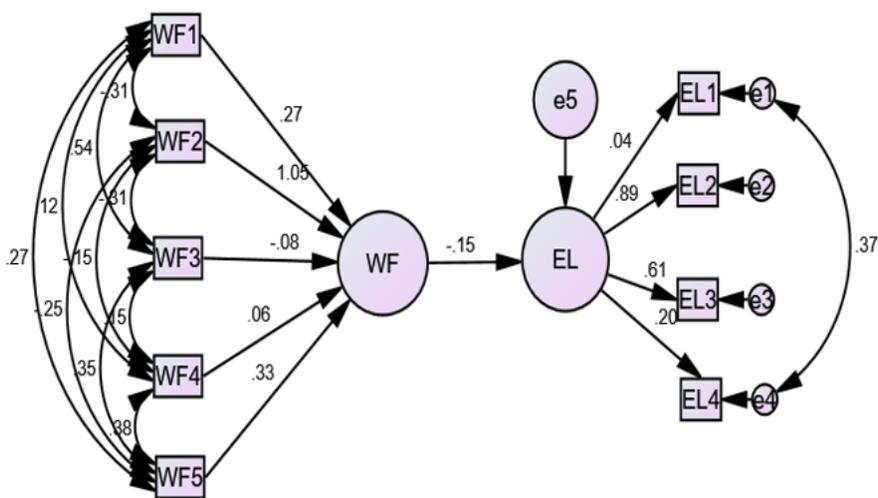


Fig 3. Structural Equation Model indicating nexus between WFA and EL

is line with the results of previous researcher. Further, the current study out comes matches with<sup>(6)</sup> which also concludes that if managers intend to develop a sustainable and competitive business, they should adopt practices to increase their agility. The present research outcome match with<sup>(7)</sup> which also indicates the positive relationship between workforce agility and innovative performance. As suggested, new model to different workforce agility measures has been developed. Workforce agility offers clear comparison of different agility measures and provides empirical evidence of the relation.

The current study endorses the research findings of<sup>(10)</sup> that workforce agility plays a role to gain the work performance in relation to adaptive and contextual performance. In line with present research outcome,<sup>(11)</sup> also indicated “management support” as the most crucial enabler of agility. Agile HR is a key functional approach and is not a mania, but a logical next wave of HR operational strategy. The underlying factors of employee loyalty emerged from the study<sup>(12)</sup> are; career development, motivation, bonding, job security, leadership, and commitment which have been also noted by present research findings.

#### 4 Conclusion

The present study investigated Workforce agility by considering comprehensive factors influencing WFA. The empirical evidences support the argument that IT organizations should consider inside(employees) out (external projects) approach to improve their project success. To explore the relationship between WFA and EL, SEM is used and model fit indices were noted as CMIN/DF=2.145, GFI = 0.964, AGFI = 0.950, PGFI=0.916, IFI=0.928, TLI=0.919 and RMSEA= 0.06 which is less than 0.08 and therefore, model fitness is achieved. The study emphasizes to know the factors affecting employee’s agility in order to increase the likelihood of success when working on an agile model in Information Technology organisations alongside the identified factor helps in implementing human resource functions. Loyal employees possess natural urge for improvement leading to success. They constantly strive to find new ways to contribute for organisational performance. If employees are being treated well there tend to be a strong foundation of employee loyalty. Employees are exhilarated to spread the word about how well they are being treated. This is specifically vital to muddle with their employees and help employees internalize organisational values and support in employee attraction and retention. In the eon of speed and change, Agile employees can conquer new markets with a flag of innovation and draw up a bright future ahead of the organization. It is concluded that there exists a negative relationship between WFA and EL. This paper links the Workforce Agility vis-à-vis Employee Loyalty for the purpose of advancing the theoretical and empirical knowledge. The present study integrates WFA and EL features associated with IT organizations. The outcome helps the HR practitioners to design HR strategies to retain the agile employees to exhibit loyalty. An important implication of the research is revisiting the concept of employee loyalty to understand its relevance in VUCA (Volatile, Uncertain, Complex, Ambiguous) world specifically in IT industry. The research may be explored to address the contribution of these dimension on the firm’s performance following a multifaceted approach, combining demographic and qualitative data. Thus, the managers must keep note of the fact that the golden rule of job satisfaction leading to job loyalty

could not always exist. Further, ensuring a good job fit and quick counter strike against a job offer by a competitor should be considered as retention measure for retaining agile workforce.

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