



ORGANIZATION CULTURE IMPACT ON EMPLOYEE RETENTION IN 'IT' SECTOR

Management

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ABSTRACT

Culture plays a vital role in retaining talented employees in the organization, and this is one of success mantra for today successful top corporate. To build a great culture and productive team, you need to make all employees follow the company rules and contribute their part in creating well-organized culture. These standards and culture can attract your new hires to join you and follow your core values while performing their jobs. Companies which align the employee's career growth with their business objectives and missions have seen great growth. As here everyone has a clear picture and direction about what they need to contribute and take responsibility in decision making and improvements in the ongoing process for better results. Here, the employees feel valued by the company and stays loyal towards their employer, which in turn improves the organization's growth and popularity. Employees have been important resources to any organization. Based on their critical character, they can be termed the life-blood of an organization. Advancement in technology has caused most organizations to be more and more technology driven. However, this situation does not reduce the value of employees in an organization because technology requires human resources to operate

KEYWORDS

Ethics, Human Values, Balanced nature, Motivation

Introduction:

Employees are the key resource of an organization and the success or failure of organizations depends on the brilliance or excellence of the culture (their ability to attract, and retain talented and competent employees). In order to gain competitive market advantage organizations should hire competent and talented employees. Retaining talented employees is highly important for the long-term growth as well as success of the business. It is an effort by an organization to maintain a working environment which supports current staff remaining with the organization. The prime challenge for any bank is retention of the employees, as a result of increased competition in the market and for the fact that bank staff are ready to switch over whenever they are dissatisfied with anything on the job. There is certain reason for the employees to leave or stay in an organization which organizational culture is one of them. In addition, if employees are excited about the culture of an organization, they tend to become emotionally and psychologically attached to that organization. The financial sector of any economy can be described as the heartbeat of that economy and central to that sector is the banking industry. The banking industry is one of the most booming industries in Nigeria and they help to increase the economic growth of Nigeria. In today's competitive environment, commercial banks are continually seeking new ways to become more competitive. One way of doing so is by revamping and improving the organization culture in order to seek innovations and make the most of the potential of the existing staff and organization. In order to survive the competition as a result of innovation, banks need to change their status-quo. Commercial banks are expected to have their own culture which has to be nurtured and sustained for the overall achievement of goals. In this regard, there needs to be an in depth understanding of the culture to be able to harness them to bring about high level of job commitment from employees. In an increasingly competitive and turbulent business environment the effective resourcing, management and retention of human capital remain crucial factors of organizational survival, adaptation and competitive advantage.

Literature Review:

Organizational culture is a set of different value system which can help an organization to run itself and run a successful business Schneider (1983). Organizational culture helps employees to understand the functioning of the organizations by sharing its norms, values and rules and regulation of organization (Deshpande and Webster, 1989). According to (Lok & Crawford, 2004) organizational culture has remarkable effect on employee's commitment and performance. If the employees of the organization have more understanding with the organizational culture they will have more job Satisfaction (Chang and Lee, 2007). O'Reilly and Chatman's (1996) defined organization culture is a setup of behavior, attitude and values. According to Herzberg (1959) in his study job satisfaction is a part of employee job, if it affect positively it motivate employee to job satisfaction otherwise it leads to job dissatisfaction. Job satisfaction is emotional ability of

employee related to positive and negative aspect of its job experiences Locke (1969). Environment of organization and employee's personal traits can influence its job satisfaction Seasohore and Taber (1975). A committed employee is the person who stay with the organization in tough condition

Despite of so much researches and studies there is contradiction about the impact of organizational culture on employee commitment and turnover intention because it provides no such reasonable relationship between organizational culture and employee performance, the various studies based on empirical evidence have come as contradictory results about the impact of organizational culture on employee commitment and retention. As there is much contradiction in results the question is that either organizational culture enhances the employee commitment or not. So there is further need to research to cover this gap mostly researches have been conducted in developing countries. This study focuses on the Impact of Organizational Culture on Job Satisfaction, Employees Commitment and Turnover Intention. In addition, it will get us introduce to the main problems arises from the Inefficient Organizational culture which leads employees to quit their jobs. The study will not only enable us to have insight into the impact of Organizational culture on the employees commitment, job satisfaction and causes of turnover intentions but will also provide help in finding the solutions to these problems. This research will also suggest ways to overcome the problems and improve the current practices

According to Pettigrew (1979), organizational culture of any organization mostly based on psychological affects which help researchers how employees think about the organization, and how organizational culture effects their decisions. He also believes that different level of organizational culture based on the different believes, values, ritual, and past stories of organizations. According to Robbins & Sanghi (2007), organizational Culture is a system of common values which we can estimate that employees accept the similar organization culture even with different background within the organization. Tichy (1982), described that organizational culture "normative glue" which means organizational culture hold all organizational process together.

Methodology:

Objectives:

- 1) To explore the impact of organizational culture on organization performance
- 2) Find out the impact of organizational culture on employees performance
- 3) To find out whether organizational culture impact satisfaction and retention level

Hypothesis:

H₀₅: There is no significant association between number of companies shifted by employee and morale values in respective companies impact on retention rate.

H₀₆: There is a strong association between present working company and Human values in the company impact on retention rate.
 H₀₇: There is no significant relation between employee reason to shifting of company and rewarding for leadership qualities.

Sample & Sample Size

The study population contains all IT working employees in top five IT companies (TCS, Wipro, Infosys, Oracle and Tech.Mahindra) in Hyderabad considered as population. The population numbers listed below.

Sample is a set of data collected and/or selected from a statistical population by a defined procedure. The elements of a sample are known as sample points, sampling units or observations. Out of total population, Employee who have *more than 5 years of experience* in IT operations considered as sample. The present study was conducted with 510 software professionals (on an average 100 from each sample company) of various cadre.

Data Analysis:

Factor analysis (Organization Culture)

Table 4.15: KMO and Bartlett's values of Organization Culture

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.769
Bartlett's Test of Sphericity	Approx. Chi-Square	7853.603	
	df	21	
	Sig.	.003	

First the researcher tested the eligibility of the data to perform factor analysis by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.769 > 0.7. Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis). Both the sampling adequacy and Bartlett's values are statistically valid.

The below variance matrix indicating 93.76 % (statistically 65% variance valid) variance on tested variable, i.e 07 % of other factors are influencing on Management strategy to maintain low retention rate in the company.

Table 4.15.1 : Total Variance table of Organization Culture

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.431	82.570	82.570	7.431	82.570	82.570
2	1.008	11.195	93.765	1.008	11.195	93.765
3	.223	2.479	96.244			
4	.155	1.719	97.963			
5	.056	.624	98.587			
6	.051	.563	99.150			
7	.017	.185	100.000			

Extraction Method: Principal Component Analysis.

The below scree plot indicates, pictorial manner of filtered factors with more than 1 Eigen value i.e Two factors in above case.

Table 4.15.2 : Rotated components matrix of Organization Culture

Factor	Component	
	1	2
33.Retention	.459	-.011
34. Customer Satisfaction	.361	.115
35.Exit Interview	.986	.078
36. Vision	.068	-.023
37.Complaints	.167	-.012
38.Leaves	.668	-.016
39.Re-Org.	-.773	.809

Extraction Method: Principal Component Analysis.
 a. 2 components extracted.

As per above Rotated Component matrix analysis , it is found that correlated values more than 0.6 are considered as influenced factors and the same factor is treated for naming of concern factor.

Table 4.15.3: Naming of Factors for Organization Culture

Factor No.	Factors Name	Naming of Factor
1	o Company implements the suggestions given by exit interviews. o Management is flexible in sanctioning leave for the social activities of employee's family.	Stress Relievers
2	o Management constantly re-organizes the employees and changes decision of the organization.	Re-structure of company according to needs

The factors with respect to Management Strategy to maintain better retention strategy is, providing better stress management practices to employees in terms of making them to enjoy their social life and positively implementing exit interview suggestions followed by re-structure of organization according to changing needs in the organization is an effective management strategies.

Hypothesis Testing:

H₀₅: There is no significant association between number of companies shifted by employee and morale values in respective companies impact on retention rate.

Table 4.20.1 : Chi square values of shifted companies and moral values

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	912.900 ^a	8	.021
Likelihood Ratio	837.921	8	.000
Linear-by-Linear Association	363.131	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.01.

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null Hypothesis.** i.e moral value in IT companies have showing good amount of impact on continuation / shift of employees in IT companies.

H₀₆: There is a strong association between present working company and Human values in the company impact on retention rate.

Table 4.21.1 : Chi square values of Present company and Human values

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1429.101 ^a	16	.701
Likelihood Ratio	1279.102	16	.000
Linear-by-Linear Association	469.059	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.78.

From the above table chi- square is not significant (sig. value is > 0.05), **Accept the Hypothesis.** i.e , the working company work culture in terms of human values and self respect will have huge impact of retention rate in IT industry.

H₀₇: There is no significant relation between employee reason to shifting of company and rewarding for leadership qualities.

Table 4.22.1 : Chi square values of shifted companies and leadership Quality

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	977.391 ^a	12	.000
Likelihood Ratio	984.168	12	.000
Linear-by-Linear Association	439.257	1	.000
N of Valid Cases	509		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.69.

From the above chi square table, the significant value (sig. value is < 0.05), Hence, **Reject null hypothesis.** i.e, if the employee not

rewarded properly for his leadership qualities, he/she are ready to leave the company for one simple reasons.

Discussion of Results:

The Hyderabad IT Industry in general and the software and other organisations did face the problem of employee attrition rather very seriously for two important reasons: (1) the high rate of growth of the industry, and (2) scarcity of qualified people (engineers, computer science and computer application graduates. rate was in some cases closet to 50%. This problem was reduced with the increasing number of young person's graduating from new colleges and different retention strategies adopted by the employers. Considering today's scenario the rate of employee attrition in the industry is between 25 to 30% which one may say is still on the higher side. However, the organizations covered under this study claim that the rate of attrition in their organisations is low – in some cases this is single digit figure while in others it is less than 20% .Hence, we tried to find out the reasons for attrition as well as the retention strategies these organisations have adopted to reduce the intensity of the problem rather successfully.

Organization Culture:

The previous studies are indicating that, the culture have huge impact on employee thoughts to change the present working company. The employees got a good freedom to accepted authorities and responsibilities in their work condition. But, it is also observed that, if they are fail to fulfill the responsibilities and they also get same quantity of penalty in the form of facility retrenchment to that particular employees. The mutual trust among the employees is depending person to person and some time it is 50-50 ratio in the employees. The human values are very good in TCS and Wipro corporation compare with other three companies. The most of the employees are honored their individual beliefs.

Organizational culture has strong and deep impact on the performance of the employees, that help employees to be satisfied themselves with organization and that cause to improve in the productivity of employee's. Organizational policies regarding culture should be clear for understanding the employees. Employee's behavior towards their work and organization are affected by organization policy and culture.

Organization should have a flexible culture and top management should use decentralized technique of management so that employees at low level have authority and power to make decision regarding any problem they face according to their authority. Each and every employee must have direct dealing with the top level management. This thing will impact positively their satisfaction level as well as employees performance which will increase the organization productivity.

Conclusion:

Every employee working in the organization has its own norms and values and different belief towards organization where he/she works. Sometimes organizational culture differs from employee norms and values so whenever any employee join the organization, he/she should allow herself that either they can come up with them or not. Organizational culture has strong and deep impact on the performance of the employees, that help employees to be satisfied themselves with organization and that cause to improve in the productivity of employee's. On the basis of findings of this research we conclude that there is positive and significant correlation among Impact of organizational culture on employees commitment, job satisfaction and employees retention. From our study we found that Organizational culture is important element which highly influences the employee commitment, job satisfaction and employees retention. As the organizational culture impacts positively or negatively on these three variables and considered as the base for performance of any organization. If the organizational culture is positive, it will enhance employee's commitment, job satisfaction and decrease employees' retention, automatically the performance will increase. It is quite easy to develop your organization in a positive way when any employee is on the right path. It is viewed in this study that strong organizational culture is very helpful for the new employees to adopt the organizational culture and to get the competitive advantage.

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