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Impact of Organizational Culture on Employee Retention: A Study

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Abstract: Organizational culture is defined by various dimensions. Trust, transparency, creativity and autonomy are some of them. The purpose of the present research was to explore the impact of organizational culture on the job satisfaction, and the retention of the employees in the organization. The research was based on primary data, and this research was conducted on the employee's working in different private universities Rajasthan. Data was collected through questionnaire the sample consisted of 100 employees of different universities.

The Correlation analysis test was applied through SPSS to find out the results of research. Results indicated that nature of organizational culture significantly effects on Job Satisfaction and turnover intentions. So the findings of research proved that organizational culture is important element which highly influences.

Keywords: Organizational culture, Employee Retention, Higher Education, Job Satisfaction.

I. INTRODUCTION

In today's competitive business environment, organizations can no longer afford to waste the potential of their workforce. The Indian higher education sector is facing skill shortages due to poor satisfaction of knowledge workers. Researchers have suggested that retention is heavily influenced by the broader organizational culture which includes, work environment, teamwork, trust in organization, innovation, participation, training and development etc.

Higher education sector has implemented a number of practices such as health and safety measures, social activities, growth and development opportunities and various other facilities. In addition to retaining the employees, employers need to initiate various strategies to cope up with attrition.

Retention signifies various approaches and practices that organization has to implement so that potential employees can be retained in the organization. Organizations make enormous efforts to attract handfuls of employees and sustain them in the organization. In today's business scenario only high salary and the

designation is not significant for employees to retain them in the organization, but there are many other factors like skill recognition, trust, transparency, teamwork, innovation, creativity and participation which also play an important role in their retention

After reviewing the literature it has been found that organizational culture plays a critical role in various organizations. Therefore, the statement of the research problem emerges as “how organizational culture influences in retention of knowledge workers in the higher education sector”, resulting in the title of the study “ORGANISATIONAL culture: THE BEST WAY OF RETAINING KNOWLEDGE WORKERS IN HIGHER EDUCATION SECTOR.”

1.1. Elements of organizational culture

- Creativity
- Trust
- Transparency
- Autonomy

Impact of organizational culture on Employee Retention

The foremost purpose of present study is to classify the role of organizational culture in employee retention in higher education. The organizational culture forms physical and mental condition of affect the confidence level or performance of employees. So, ultimately the organizational culture can influence the satisfaction level of employees or else these factors can consequence the performance of overall.

II. REVIEW OF LITERATURE

At present, India is striving to compete in a globalized economy in areas that require highly trained professionals, and thus the quality of higher education has become progressively more significant. An experience which the students will derive from higher education is, to a large extent, dependent on the performance of knowledge workers. [1]

No wonder there are persistent efforts by organizations irrespective of their age, size, sector and type to attract the best talent available. Hence it can be said that talent has become the key differentiator for performance management and for leveraging competitive advantage especially in knowledge-based organizations. [2]

The three pillars of any higher education institution are: quality of faculty, infrastructure facilities and learning environment. With the increasing demand-supply gap, organizations are facing an immense war for talent. Like business and industry, education sector too is discovering the need for talent so as to meet the new quality standards demanded by the society and is also facing a leadership crisis. [3]

There is no gainsaying the fact that the knowledge worker is an asset to the organization in this age of the intellect. Furthermore his retention and continued enhancement of his inputs are a major concern for HRM. [4]

Gone are the days, when employees would stick to an employer for years for want of a better choice. Now, opportunities abound and it is a matter of fact that, retention of skilled employees is vital to the long-

term health and success of any organization. Employee retention is important; it is futile to allow good talent to leave the organization because when they leave, they take with them intellectual property, relationship, investment (in both time & money) and the future of the organization.[2] An article, “Seven Dimensions of Successful Reward Plans,” explains that workers are willing to invest their intelligence, talent and creativity in support of the company strategy if they can expect a fair return. [3] Further it has been said that ideal for improving retention and reducing attrition is the aligning of the goals of the individual to those of the employer. [4]

Consequently the answer to employee retention is simple, hire wisely, train well and, what is most important, value the employee and let them know it. The executive leadership can demonstrate the value of the employee to the organization by setting high expectations, communicating constantly, empowering, investing in employees’ financial security, giving recognition as often as possible, counseling people in their careers and educating them.[5]

After examining the various theories of motivation such as Hierarchy of Needs, Motivation-Hygiene Theory etc it was concluded that motivational theories could not adequately address the problem and one had to think outside the euphemistic box to arrive at a solution. The only way to retain the knowledge worker is three folds; create a value based corporate culture to foster innovation and creativity; create a sense of belongingness which will sensitize his ego and treat him as a human being which will not take away his self-respect.[6]

Various retention factors working towards the preservation of an organization’s most valuable asset – employees, are identified as follows: Skill recognition, Learning & Working Climate, Job Flexibility, Cost Effectiveness, Training, Benefits, Career Development, Superior-Subordinate Relationship, Compensation, Organizational Commitment, Employee Motivation and Communication.

III. OBJECTIVE OF THE STUDY

1. To identify impact of organizational culture on retention faculty members in higher education sector

IV. HYPOTHESIS OF THE STUDY

1. **H1:** There is a significant impact of Organizational Culture on retention of faculty members in higher education sectors
2. **H0:** There is no significant impact of Organizational Culture on retention of faculty members in higher education sectors

V. METHODOLOGY

Area of study: The area of study is respondents from Jaipur City.

Research instrument: Structured questionnaire.

Sample size: 100 samples.

Sampling Technique: Random Sampling Technique

Data Collection: The Primary Data has been collected through questionnaire and interview and the Secondary Data has been collected with the help of journals, magazines, books and internet.

Analysis of Data: Once the data has been collected through questionnaire and interview then the simplest and most revealing devices for summarizing data is the statistical table. A table will be systematic arrangement of data in column and rows. The purpose of a table will be simplifying the presentation and to facilitate results.

Research Instrument: We introduced 4 variables to frame questions and five point Likert scale is used for measuring attitude and satisfaction level of employees. Value obtained by using SPSS (student version 22.0) is 0.749 which is usually considered.

VI. DATA ANALYSIS

H1: There is a significant impact of Organizational Culture on retention of faculty members in higher education sectors

For testing the hypothesis a series of regression model was used on the variables of the study. Independent variable is organization culture was regressed separately with retention as dependent variable to test hypothesis 1. For carrying out regression model researcher has to construct index which was calculated by averaging items in the construct. Averaging item enhances flexibility of scale without affecting the statistical properties of the scores.

Table 1
Descriptive Statistics

<i>Descriptive Statistics</i>			
	<i>Mean</i>	<i>Std. Deviation</i>	<i>N</i>
Organisation Culture	3.7308	.45865	100
Retention	3.8316	.42381	100

Table 2
Correlation

<i>Correlations</i>			
		<i>Organisation Culture</i>	<i>Retention</i>
Pearson Correlation	Organisation Culture	1.000	.796
	Retention	.796	1.000
Sig. (1-tailed)	Organisation Culture		.000
	Retention	.000	
N	Organisation Culture	100	100
	Retention	100	100

Present study concludes from the above that there is a relationship between Organizational Culture and Retention. According to the analysis *Pearson Correlation value which is 0.796* and *sig. value is 0.000* which indicate that there is a statistically significant correlation between Organizational Culture and Retention.

Result concludes that an organizational culture is an independent variable that contributes towards retention as a dependent variable.

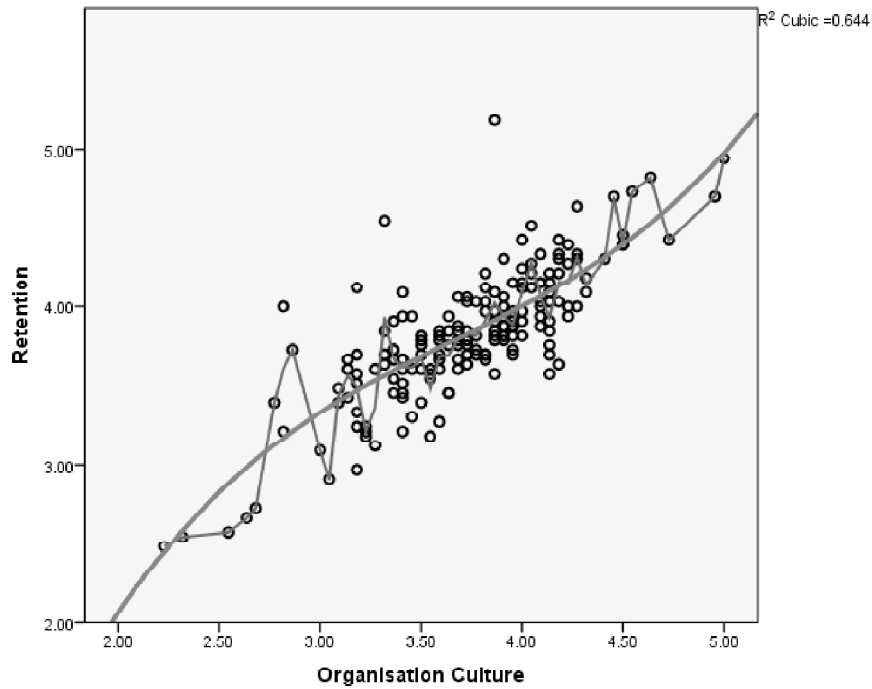


Figure 1: Linear Relationship Between organizational culture & retention

Above diagram indicates that there is a linear relationship between organizational culture & retention, the slope is in the upward position it means it has a positive correlation.

The results of the regression analysis are given below table. Hypothesis are considered supported when path coefficient (β) are significant with a p-value of less than 0.05 level.

Table 3
Regression Analysis

Hypothesis	Dependent Variable	Independent Variable	β	t-value	p-value
H1	Retention	Organisation Culture	.796	17.543	.000

Discussion of Hypothesis Testing

Above table concluded that there is a significant impact of organizational culture on retention of faculty member in higher education sector is accepted ($\beta = 0.796$, $t\text{-value} = 17.543$ and $p\text{-value} = 0.000$).

VII. CONCLUSION

There are various dimensions in Organizational culture. Trust, transparency, creativity and autonomy are some of them. The purpose of the study is identifying the impact of these dimension on retention of

faculty members in higher education sector. According to the analysis *Pearson Correlation value which is 0.796* and *sig. value is 0.000*, which indicate that there is a statistically significant correlation between Organizational Culture and Retention. And hypothesis H1 proved that there is positive impact of organizational culture on retention of faculty member in higher education sector is accepted ($\beta = 0.796$, $t\text{-value} = 17.543$ and $p\text{-value} = 0.000$). Results concluded that if the employees perceived good organizational culture so that organization can retain their potential employees.

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