IMPACT OF ORGANISATIONAL CULTURE ON EMPLOYEE RETENTION: A STUDY OF HERO CYCLES, INDIA

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ABSTRACT

In early times, main focus was given by organisation to retention of their customers, but nowadays every organisation will also think about their employees. In present time, recruitment is not a big problem because desirable employees are available in the market, but the main problem is to retain them. This study focuses on the retention strategies which are used by the company for the retention of employees and also explore the strongest factor of organisational culture, so that employees get engaged in long term commitment. Hero Cycles is taken as a sampling unit. To fulfil the objective, questions were asked from 172 employees of the organisation in a self-administered questionnaire. Data was analysed by using statistical tool ANOVA. The study also focuses on various ways of organisational culture that are helpful in retention of employees.

KEYWORDS

Employee Retention, Organisation Culture.


INTRODUCTION OF ORGANISATIONAL CULTURE

Organisational Culture is the set of assumptions, beliefs, values and norms that are shared by the organisation’s members. This culture may have been consciously created by its key members or it may have simply evolved across time. It represents a key element of the work environment in which employees perform their work. Organisational culture is intangible, for we can’t see it or touch it but it is present and pervasive e.g: air. It is a dynamic concept; culture is also affected by almost everything that occurs within the organisation (Newstrom, 2007).

Types of Organisational Culture

Organisation has its own culture. Mainly two types of the culture existing in the organisations:-

1. Dominant Culture and Subculture

Dominant culture expresses the core values that are shared by majority of the organisational members. Subculture contains organisation’s core values plus additional values relevant to the members of the organisation.

2. Strong and Weak Culture

A strong culture is characterised by the organisation’s core values being intensely held and widely shared and weak culture is that in which core values are not shared with high degree of intensity.(Robbins, et. al, 2005) (Khanaka, 2000).

Employees Learn Organisational Culture in different ways, Organisational Stories

Learning organisational norms, values through stories includes circulation of informal oral narration of events about the organisation, its founders, rules and other organisation practices, these stories reflect the true perspective of the organisation than what has been written in organisational document. These stories and legends serve powerful social prescription of the way things should be done. Stories have the greatest effect at communicating culture. (Parsad, 2007) (Newstrom, 2007).

Rituals

Rituals are repetitive sequences of activities that express and reinforce the key values of the organisation. They include how visitors are greeted, how senior executives visit subordinates, how people communicate with each other, how much time employees take for lunch, and so on.

Organisation Language

The language of the workplace speaks volumes about the company’s culture. How employees address co-workers, describe customers, express anger, and greet stakeholders are all verbal symbols of cultural values. Language also highlights values held by organisational subcultures. For instance, consultants working at Whirlpool kept hearing employee talk about the appliance company’s “PowerPoint culture”.

Material Symbols

Various material symbols used by the organisation convey specific meanings. For example, status of a person in the organisation can be distinguished on the basis of various facilities provided to him at the workplace. It is quite common to provide norms of different sizes, etc. In today’s content, many organisations have emphasized the concept of common culture in which all employees irrespective of their category, wear the similar dress or take their lunch in the same canteen and soon. For example, Maruti Udyog Limited, such a practice conveys the feeling of equality which generates commitment (Parsad, 2007).

Introduction of Organisational Culture to the New Ones

The induction program is one of the way in which the employer communicates organisational culture to their employees. It is the first meeting between the organisation and a new joiner. In that, organisation makes clear its vision,
mission, policies, facilities and culture. The key to a successful induction program is to provide the right amount of information. The nature and length of induction program depends upon the type of information that employer wants to communicate.

It includes following things

- Brief description of the overall organisation, vision, mission and hierarchy.
- Overview of the organisation and department’s structure and hierarchy, various divisions and the products manufactured or services catered.
- General information to the main terms and conditions of employment.
- Information on the various communication tools as employed in the organisation.
- Health and safety information.
- A brief outline of the job/role requirements.
- Information regarding training and development, culture and values, benefits provided to the employees, etc.

Introduction of Employee Retention

Employees are the most important, valuable asset and the founders of an organisation. The companies are devising tools for retaining or holding their best employees in the organisations. Retaining them is as important as hiring them in the first place. Employee retention is the next challenge after hiring the employees. Retention is important because: To make good people stick in the organisation: Good people are always needed. No organisation wants to lose them. “Better the staff, better the organisation” is the key here. Employee retention involves taking measures to encourage employees to remain in the organisation for the maximum period of time (Kohli, 2008).

Employee retention is a process in which the employees are encouraged to remain with the organisation for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organisation as well as the employee. Today employees are different; they are not the ones who don’t have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don’t, would be left with no good employees. A good employer should know how to attract and retain its employees. Organisational environment, relationship, support, growth and compensation are the various measures that are used by the employer to encourage employees to remain with the organisation for a maximum period of time (Janaki, 2009).

There are the 7P’s of Employee Retention

Pay, People, Power, Praise, Pride, Process, Progress (Vinay, 2008)

Review of Literature

Dyer et al. (2004) examined key components of organisational culture: Cooperative participation and trust on organisation. The study revealed that better management support and conflict free-environment helps organisation in creating attractive organisational culture.

Carmeli (2005) examined the influencing of five dimensions of organisational culture (i.e. job challenge, communication, trust, innovation and social cohesiveness) on employees’ withdrawal intentions and behaviour. Specifically, three forms of employees’ withdrawal intentions (i.e. from the occupation, job, and organisation), and one form of employees’ withdrawal behaviour (i.e. self-reported absenteeism) are examined. The study investigated this through a structured questionnaire. Regression analyses were employed to test the research hypotheses. The findings of this study indicated that an organisational culture that provides challenging jobs, reduces employees’ absenteeism, and withdrawal intentions from the occupation, job, and the organisation.

Colin et al (2007) explained how to retain key employees and reduce turnover, retaining young people, is difficult task for Workforce Management. Retaining young talent won’t be easy according to survey respondents, there are 3 incentives employers can offer to make staying at a company worthwhile-treat them as asset, a work place that offers flexibility and an environment where there is camaraderie.

Anon (2007) presented the results of a survey, done by the Society for Human Resource Management (SHRM) on what keeps employees satisfied. 79% of the respondents reported overall satisfaction with their current positions and there were no differences in terms of organisation size, industry, tenure, age, and gender. The important factors in job satisfaction are compensation, organisation support and work and life balance.

Mitch et al (2008) found that managers must learn to communicate deeply about an employee’s central concerns, in an atmosphere of trust, in order to enhance employee retention. To retain employees, it is not enough to be a cheerleader, a nice person or a good role model. Deep communication is the real secret of employee retention. Career satisfaction is critically important to employees and they need someone who will listen supportively to their hopes and concerns. This needs to be the manager, not someone in HR, because the manager-employee relationship is critical to longterm employee retention.

Gberegbe (2008) examined the relationship between employee retention strategies and organisational performance. Using a sample size of 120 respondents in a leading beverage establishment in Nigeria, the results showed that organisations with adequate employee retention strategies in form of regular monthly salary package, workers participation in decision-making on issues affecting them, policies that favours job security and provision of incentives that bothers on staff family welfare retains and enhances employee performance.

Need of the Study

In today’s environment, it becomes very important for organisations to retain their employees. As the competition in the market heats up, the acquisition of skills, talents and knowledge become a difficult job for the organisation. The company feels in pressure when in every management meeting, managers come and repeat this excuse for poor performance, then the pain comes out, many of the companies are facing problems in retaining employees.
Employee retention programs have become the latest addition on the ‘Top-List’ agenda of the corporate world. Organisations lost their quality employees and that forced the modern businessmen to look those ways, in which it is possible to retain best talent in their hands. So there is a need to find out those retention strategies that are adopted by the organisation and management for the retaining of the employees for the maximum period of the time or till the completion of the projects.

Objectives of the Study
The study will be conducted to understand the impact of organisational culture on employee retention in Hero cycles.

For that Study Shall have following Objectives:
1. To study the impact of organisational culture on employee retention in the organisation.
2. To explore the strongest factor of organisational culture that helps employee retention in the organisation.

Hypothesis of the Study
A set of hypothesis has been generated to evaluate the impact of organisational culture on employee retention in Hero Cycles. These hypotheses are tested by application of appropriate statistical tools:

Null Hypothesis (Ho)
There is no impact of organisational culture on employee retention in the organisation.

Alternative Hypothesis (H1)
There is impact of organisational culture on employee retention in the organisation.

Scope of the Study
Study is limited to Hero Cycles, Ludhiana because large numbers of employees are working. The study has been conducted on the employees of the Hero Cycles to know that in which way organisational culture is helpful in the retention of the employees.

RESEARCH METHODOLOGY
The purpose of this research, 172 employees were selected as a sample size from the organisation. The study chooses quota sampling (Cooper, 2008) because study takes employees from those various departments of the Hero Cycles that are helpful in the production process and after that convenience sampling (Cooper, 2008) is used to find out the sample from these quotas because the retained employees of the Hero Cycles are chosen as sample. Both primary and secondary data has been collected to present a comprehensive overview of the Hero Cycles. Questionnaire was prepared to study the impact of Organisational Culture on Employee Retention in Hero Cycles. To analyse the data collected from the Hero Cycles SPSS was used. The statistics included an Analysis of Variance (ANOVA) and factor analysis to study the impact of Organisational Culture on Employee Retention in Hero Cycles. Mean scores of factors were calculated.

Data Analysis
The significance of the variance between retention period and organisational culture in Hero Cycles has been tested through one-way Analysis of Variance (ANOVA). The results of the analysis have been explained.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am satisfied with my position in the organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>2.182</td>
<td>3</td>
<td>.727</td>
<td>.831</td>
<td>.478</td>
</tr>
<tr>
<td>Within Groups</td>
<td>146.981</td>
<td>168</td>
<td>.875</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>149.163</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your reporting head communicates all necessary &amp; important information to you.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>.180</td>
<td>3</td>
<td>.060</td>
<td>.106</td>
<td>.957</td>
</tr>
<tr>
<td>Within Groups</td>
<td>95.140</td>
<td>168</td>
<td>.566</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>95.320</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your reporting head gives you idea to perform the task</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.334</td>
<td>3</td>
<td>.445</td>
<td>.609</td>
<td>.610</td>
</tr>
<tr>
<td>Within Groups</td>
<td>122.666</td>
<td>168</td>
<td>.730</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>124.000</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your reporting head gives you feedback that helps you to improve your performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.909</td>
<td>3</td>
<td>.636</td>
<td>1.043</td>
<td>.375</td>
</tr>
<tr>
<td>Within Groups</td>
<td>102.533</td>
<td>168</td>
<td>.610</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>104.442</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rules and regulations informed by the top management to you.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.657</td>
<td>3</td>
<td>.552</td>
<td>.954</td>
<td>.416</td>
</tr>
<tr>
<td>Within Groups</td>
<td>97.291</td>
<td>168</td>
<td>.579</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>98.948</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 1 indicates that One-Way ANOVA of the organisational culture with retention period is significant at 10% level of significance only for a single statement. It signifies that null hypothesis is rejected for this statement at 10% level of significance. Thus, it can be said that the statement, “Management’s co-operation and understanding of the situation” significantly affect the culture of the organisation. Thus, the retention of employees in an organisation depends upon the co-operation policy of the management. In other words, the understanding of the management regarding the situation of employees in an organisation affects its culture.

This statement confirms that management is cooperative with their employees by understanding and solving their problematic situation. Due to this cooperation of the management, problems of the employees can be solved efficiently. This management cooperation reduced job stress of employees and helping them for retaining in Hero Cycles for long period.

The study suggests that emotional support from supervisors and management assistance helps in reduction of the employee turnover (Lucy et al, 2004). The study reveals organisations hire professionals for providing coaching and training to the supervisors and managers that help them in solving employees’ problems (Herman (2005). The study suggests cooperative involvement of management in various matters and employees trust in organisation creates conflict free environment in the company (Dyer et al, 2004).

The study concentrates on management providing support in reducing stress of the employees so that they perform duties in a better manner (Talib, 2006). The study indicates factors that help in improving employee retention and those factors are compensation, management support and work-life balance (Anon, 2007).

| Rules and regulations are same for all the people throughout the organisation | Between Groups | 1.103 | 3 | .368 | .389 | .761 |
| Management cooperates and understands the situation | Between Groups | 5.464 | 3 | 1.821 | 3.637 | .014* |
| Grievances are handled by the management properly. | Between Groups | 1.504 | 3 | .528 | .831 | .478 |
| Work assignments are fairly distributed between team members or staff. | Between Groups | .211 | 3 | .070 | .119 | .949 |
| Team members are cooperative with each other | Between Groups | 1.181 | 3 | .394 | .811 | .489 |
| Organisation provides you with better working environment. | Between Groups | 1.695 | 3 | .565 | 1.087 | .356 |
| Employees satisfied from the SHE (Safety, healthy, environment) policy of the organisation. | Between Groups | 3.255 | 3 | 1.085 | 1.378 | .251 |

Table 1: Analysis of Variance (ANOVA) of Organisation Culture and Retention Period
Factor Analysis of Organisational Culture
Factor analysis tool has been applied on the responses provided by the respondents.

KMO and Bartlett’s Test
For organisational culture measures of sample adequacy such as KMO and Bartlett’s test value showed that data was fit for factor analysis. The summary scores 0.644 of KMO statistics suggest that patterns of correlations among the variables compact and the factor analysis highly likely to yield distinct and reliable factors. The Bartlett’s test static shows the satisfaction condition of significance of chi-square values. Total variance explained by extracted five factors was 62.73%.

Naming of the Factors
All the extracted five factors have been given appropriate names on the basis of variables represented in each case. The names of these factors, the statements labels and factor loadings have been summarized in the Table-2.

<table>
<thead>
<tr>
<th>Factor Number</th>
<th>Naming of the Factors (% of Variance)</th>
<th>Statement Number</th>
<th>Statements</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Management Role</td>
<td>8</td>
<td>Management cooperates and understands the situation.</td>
<td>.781</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>Grievances are handled by the management properly.</td>
<td>.773</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7</td>
<td>Organisation maintains relationship between employees.</td>
<td>.709</td>
</tr>
<tr>
<td>2</td>
<td>Communication</td>
<td>2</td>
<td>Your reporting head communicates all necessary &amp; important information to you.</td>
<td>.860</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>Your reporting head gives you idea to perform the task.</td>
<td>.855</td>
</tr>
<tr>
<td>3</td>
<td>Team Work and Feedback</td>
<td>11</td>
<td>Team members are cooperative with each other.</td>
<td>.803</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>Work assignments are fairly distributed between team members or staff.</td>
<td>.720</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>Your reporting head gives you feedback that helps you to improve your performance.</td>
<td>.479</td>
</tr>
<tr>
<td>4</td>
<td>Discipline</td>
<td>6</td>
<td>Rules and regulations are same for all the people throughout the organisation.</td>
<td>.835</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>Rules and regulations are informed by the top management to you.</td>
<td>.750</td>
</tr>
<tr>
<td>5</td>
<td>Working Environment</td>
<td>13</td>
<td>Employees satisfied from the SHE (Safety, healthy, environment) policy of the organisation.</td>
<td>.757</td>
</tr>
</tbody>
</table>

Table 2

THUS, FIVE MAJOR FACTORS OF ORGANISATIONAL CULTURE ARE
Management Role
Managerial roles involve specific types of behaviour, conduct and actions that a manager must demonstrate to be successful. The success of organisation depends upon manager’s ability in utilising the resources for achieving the pre-determined goal. Management operates various functions such as planning, organising, staffing, leading/directing, controlling/monitoring, and motivation.

Communication
The imparting and interchange of thoughts, opinions, or information by speech, writing or signs. Effective communication in organisation increases productivity, decreases employee turnover and improves office atmosphere. Organisational communication serves as the glue that holds everything together while, at the same time, acting as a magnifying glass by making this clear.

Team Work and Feedback
Teamwork enables to accomplish tasks faster and more efficiently than tackling projects individually. Cooperating together on various tasks reduces workloads for all employees by enabling them to share responsibilities or ideas. Teamwork also reduces the work pressure on every worker. In sharing ideas or responsibilities, every employee should have a role that suits his specialisation. You should also consider employees’ levels of interest in the project at hand, which positively influences the efficiency or speed of their output in accomplishing the task.

Discipline
Discipline is the regulation and modulation of human activities to produce a controlled performance. The real purpose of discipline is quite simple. It is to encourage employees to confirm to establish standards of job performance and to behave sensibly and safely at work. Discipline is employee learning that promotes self-control, dedication, and orderly conduct.

Working Environment
Working environment involves the physical geographical location as well as the immediate surroundings of the workplace place such as construction site or office building. It involves other factors relating to the place of employment, such as the quality of the air, noise level, and additional perks and benefits of employment such as free child care or unlimited coffee, or adequate parking.
CONCLUSION AND SUGGESTIONS FOR THE STUDY

Table 1 concludes that in Organisational Culture, a single statement that is management cooperates and understands the situation, creates employee retention in the organisation that shows employees are satisfied from the management support and this management cooperation helps Hero Cycles to retain their employees for a long period. To explore factors of organisational culture factor analysis was used.

Table 2 concludes that five factors were identified from organisational culture. Organisational Culture factors are named as management role, communication, team work and feedback, discipline, working environment. After that mean scores of these factors are calculated to know the strongest factor in Organisational Culture. The smallest mean score value is the strongest factor. In Organisational Culture, team work and feedback is the strongest factor.

SUGGESTIONS

1. Organisations should conduct an effective induction program for their new joiners. In induction program, they give complete overview of the organisation norms, facilities, etc. so that new joiners understand these and perform their duties in future accordingly.

2. Organisation should provide continuous training or use of latest technology that help their employees to learn new things for their development and growth.

3. Various seminars and workshops organised for staff members to improve and enhance their skills (such as communication skills, interpersonal skills, leadership skills, etc.) so that these skills help in their special or routine matters.

4. Fun is must in the organisation to make employees relaxed and stress free from their work. Buffet lunches, birthday parties, employee picnics and creative contest are organised for them and also give them an opportunity to display their talent in singing, acting, dancing and sport programs such as cricket, football, etc.

5. Management should provide whole-hearted contribution to their employees so that they are ready to take challenging jobs and adopt changes as per the need. Due to management cooperation employees add their full potential in their performance to achieve organisational goals.

6. Organisation should adopt proper communication channel to provide information to the employees so that information is reached to everyone.

7. Roles and responsibilities should be clear to the employees. Make sure that your employees know what is expected from them every day, every month and every year, what type of decisions they are allowed to make on their own and whom they are supposed to report.

8. Organisations should adopt transparency in their communication channel. Due to this transparent communication, employees are more loyal to the company.

9. Organisations should provide flexibility to their employees. Employees will be more loyal to organisations that make their lives more convenient by offering flexible working hours, part-time jobs or other various facilities such as gym, swimming, etc.

REFERENCES


