

IMPACT OF ORGANISATIONAL CULTURE ON TURNOVER INTENTION IN IT SECTOR

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ABSTRACT

Turnover Intention is defined as an employee's intention to voluntarily change jobs or companies. Employee Turnover has become a major challenge facing the burgeoning industry. Turnover Intention is impacted by many factors like overall environment, Culture of the organization in terms of management support, policies and procedures and so on. The study explored the impact of Organizational Culture on Turnover Intention of employees in selected Information Technology (IT) companies in Delhi(NCR). Correlation and regression analysis was used to test the hypotheses. The results revealed that there was an impact of Organisational Culture on Turnover Intention of employees in the IT sector.

Keywords: *Information Technology, OCTAPACE, Organisational Culture, Turnover Intention.*

INTRODUCTION

Organizational Culture can be conceptualized as shared beliefs and values within the organization that helps to shape the behavior patterns of employees. Gordon and Cummins (1989) defined Organization Culture as the drive that recognizes the efforts and contributions of the organizational members and provides holistic understanding of what and how to be achieved, how goals are interrelated, and how each employee could attain goals. Thus Organisational Culture is the means of keeping employees in line and acclimatizing them towards organizational objectives. Therefore, the Organizational Culture is outlined as overall phenomenon of the organization such as natural settings, the rite and rituals, climate, values and programmes of the company e.g. performance management, training and development, recruitment and selection, etc

Turnover means the employees movement within an organization. The manifestation of turnover can be seen in terms of attrition, mobility, migration or succession. It can be classified as voluntary and involuntary. For the purposes of this study, Turnover Intention is defined as a conscious and deliberate willingness to leave the organization (Tett & Meyer, 1993). Turnover is the subject of much research in the organizational sciences and economics. It is critical from individual, organizational, and industry perspectives. It has been linked to aspects like employee performance, employee satisfaction, organisational commitment and so on. The study tried to examine the relation between Organizational Culture and Employee Turnover Intention in selected companies in the IT sector.

REVIEW OF LITERATURE

Cotton and Tuttle (1966) conducted a meta-analysis on

Employee Turnover. The findings indicated that all the variables (population, nationality, industry) show correlation to Employee Turnover. The factors that were taken care of during the study were, firstly in meta analysis the result of regression analysis reflected biased result depending upon the variety of sample size and secondly, the regression analysis was based on small sample size. The implications of the research were that employee population has a significant impact on employee Turnover depending upon various meta data variables like nation or type of industry.

Huselid (1995) investigated the relationship between the Human Resource Practices and Turnover, Productivity, and Corporate Financial Performance. The study comprehensively evaluated the links between systems of high performance work practices and firm performance. The results were based on a sample of nearly one thousand firms indicated that high performance work practices have a statistically significant impact on both intermediate employee outcomes (Turnover and productivity) and short and long term measures of corporate financial performance. The study concluded that the impact of High Performance Work practices on firm performance is in part contingent on their interrelationship and links with limited competitive strategy.

Lund (2003) conducted a study which examined the impact of Organizational Culture on job satisfaction in a survey of marketing professionals in cross sectional firms. Cameron and Freeman's model of Organisational Culture was utilized as a conceptual framework for analysis. A self administered structured questionnaire of Cameron and Freeman (1991) was taken in the study in which the respondents were asked to distribute 100 points among the four scenarios of the questionnaire. The results indicated that job satisfaction levels varied across the corporate culture. The results concluded that

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job satisfaction levels varied across corporate culture and it was positively related to clean and adhocracy culture, and negatively related to market and hierarchy cultures.

Lok (2004) examined the effects of Organisational Culture and leadership style on job satisfaction and organisation commitment. The samples of data collection were drawn from Hong Kong and Australian middle and senior managers. The result showed statistically significant differences between the innovative and supportive Organisational Cultures, job satisfaction and organisational commitment of two countries samples. However, the combined samples resulted into a positive effect of innovative and supportive cultures and leadership style on job satisfaction and commitment. The combined study also reflected negative effect of 'initiating structure' leadership style and job satisfaction. The conclusion was found to leave a moderating effect of age on job satisfaction with the more positive effect on Hong Kong Managers.

Dwivedi (2013) investigated the impact of Organisational Culture on Turnover Intention in BPO sector in India. The study was conducted in three strata comprising of 15 BPO units in and around the city of Chandigarh in India. Further the study examined the mediating effects of organisational commitment between the Organisational Culture and Turnover Intentions. The result revealed that Turnover Intention was significantly influenced by the Organisational Culture and organisational commitment. The role of organisational commitment in Organisational Culture and Turnover Intentions was not perfectly mediated but partially mediated. The study contributed to a better understanding of the influence of Organisational Culture and mediating effects of organizational commitment on Turnover Intention among employees of the BPO sector.

Gill (2013) investigated the antecedents of Turnover Intention by generating a comprehensive model to predict the Turnover Intention. The study focused on seeking the relationship between person organisation fit and job stress, impact of job security, person organisation fit and job stress on organisational commitment, and Turnover Intention of employees. The research methodology used regression analysis to study each variable. The total of 150 responses was collected randomly from the employees of different sectors. The result showed that job security and person organisational fit were the higher contributors of organisational commitment. Whereas, the other variables also had a significant relationship but the relationship was not very strong. However, the limitation of the study was the sample size and also the study was not taken in context of global economic conditions due to time constraints.

Hagalla (2017) explored the relationship between Organisational Culture and Employee Turnover intention in the international information and technology firms in Sri Lanka. The main objectives of the study were to identify and confirm the dominant Organisational Culture and to determine which attributes of the Organisational Culture had the greatest effect on Turnover Intention. Organisational Culture Assessment

Instrument (OCAI) was used to collect the Organisational Culture data and intention to quit scale was used to collect the Turnover Intention statistics in the study. The data was collected from 188 respondents of four IT firms. The result concluded from that was employees were similar to their counterparts around the world regarding the influence of Organizational Culture on Turnover Intention. Furthermore the result concluded that clean culture and adhocracy culture demonstrated an inverse relationship with Turnover intention as expected.

Madueke (2017) explored the impact of Organisational Culture and employee retention in selected commercial banks. The objective of the study was to examine the nature of relationship between innovative Culture and employee commitment. The study worked on 35 respondents and the findings revealed that there was a significant positive relationship between innovative culture and employee commitment in commercial banks. The result concluded that innovative Culture (idea generation, capability and risk taking) is essential for high retention in an organisation. Employees feel committed to such organisations for their better career growth.

OBJECTIVES OF THE STUDY

- (a) To analyze the relationship between Organizational Culture and Employee Turnover Intention.
- (b) To identify the impact of Organizational Culture on Employee Turnover Intention.

SCOPE OF THE STUDY

The study is limited to a few companies in the IT sector and does not necessarily reflect the findings for industry as a whole. The population of the study comprised of employees from various departments of the organizations under study which include HR, Marketing, Finance, Production & Operation and they were selected based on random sampling. The purpose of the study was to analyse the relationship between Organizational Culture and employee Turnover in the IT companies.

METHODOLOGY

The present study is based on descriptive research design. Data was collected from both primary and secondary sources. Primary data was collected through the questionnaire developed by Uday Pareek (1964) for Organisational Culture (OCTAPACE) and Michel and Spector (1982) for the Turnover Intention. In the questionnaire 24 questions were related to Organisational Culture and 3 questions were related to Turnover intention. Convenience sampling was used for the same. The sample size for the study is 101. Secondary data was collected from the companies' website and other internet sources.

HYPOTHESES

H₁: There is a significant relationship between Organisational Culture and Turnover Intention.

H₂: There is a significant impact of Organisational Culture on Turnover Intention.

DATA ANALYSIS

For assessing the reliability of questionnaire, Cronbach's Alpha was calculated as shown in Table 1. Reliability coefficient for each factor is considered acceptable if their value is near 0.70. Cronbach's Alpha values for Organisational Culture and Turnover Intention were 0.903 and 0.603 respectively and showed that the questionnaires are reliable.

RELATIONSHIP BETWEEN ORGANISATIONAL CULTURE AND TURNOVER INTENTION

For establishing the relationship between Organisational Culture and Turnover Intention correlation analysis was used. The results in Table 2 revealed that r value i.e. -0.270 which denotes a low negative correlation between the variables which is significant (0.006) at 1% level. Hence H_{a1} is accepted. It can be concluded that there is a significant relationship between Organizational Culture and Turnover Intention.

Impact of Organisational Culture on Turnover Intention

The results in Table 3 portray that the value of R square is 0.073. This tells us how much the independent variable i.e. Organizational Culture explains the dependent variable i.e. Turnover Intention. It means the independent variable Organizational Culture explains 7.3% variability in the dependent variable Turnover Intention while the remaining 92.7% depends on the other factors. The p value is 0.006 which denotes the relationship is statistically significant. Hence, H_{a2} is accepted. The regression equation thus developed from Table 4 is

$$\text{Turnover Intention} = 12.760 + (-.049) (\text{Organisational Culture}).$$

IMPLICATIONS

The study reveals that there exist a low negative correlation between Organizational Culture and Turnover Intention of employees in the IT sector. Further the results also showed that there was a significant impact of Organizational Culture and Turnover Intention of employees in selected companies of the IT sector.

Table 1: Reliability Test Output for Organisational Culture and Turnover Intention

Items	Cronbach's Alpha based on Standardized Items	No of Items
Organisational Culture	0.903	24
Turnover Intention	0.673	03

Table 2: Correlation Coefficient of Organisational Culture and Turnover Intention

Variables		Turnover Intention
Organisational culture	Pearson Correlation	-0.270** (P value 0.006)
	N	101`

** Correlation is significant at 0.01 level

Table 3: Impact Analysis of Organisational Culture on Turnover Intention

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
				F Change	df1	df2	Sig. F Change
0.270	0.073	0.063	2.69374	7.760	1	99	0.006

Table 4: Unstandardized and Standardized Coefficients of Regression Analysis of Organisational Culture

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	12.760	1.477		8.637	0.000
Organisational Culture	-0.049	0.018	-0.270	-2.786	0.006

CONCLUSION

The results of the study reveal that there is a significant impact of Organisational Culture on the Turnover Intention of employees. Hence, organizations could take due consideration of the different aspects of Organisational Culture which could impact the intention of employees to quit. Managers or superiors must appreciate the role of the employees in maintaining or evolving an organization's Culture. Turnover Intention could also be analysed only through the planned exit interviews. Lastly, there should be an attempt to create a culture involving high organisational commitment, interaction, educational awareness, employee engagement and cooperation-raising programs for the people.

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