



TO STUDY THE INFLUENCE OF ATTRITION ON ORGANIZATIONAL CULTURE – A STUDY WITH REFERENCE TO IT COMPANIES IN CHENNAI

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Abstract

Retention of employees has become a critical and hot topic in the current situation. Graphical representation of attrition shows a steady increase which in turn fuels to handle this critical issue in the corporate arena. HR play a challenging role to fulfill the aspiration of each and every employee and to build the bridge between organization and individual goals. Culture of an Organization is a critical element of organizational life. It holds the organization together it is the fabric which indicates 'the way we do things around here'. Organizational culture is a hot topic which take the attention of practitioners and theorists world wide for at least two decades

Keyword: Retention, Organization culture, Factors influencing Attrition.

Introduction

Organizational culture lays a path to the employees what is appropriate and inappropriate behavior of the organization they work. These values have a strong influence on employee behavior as well as organizational performance. The term "Organizational Culture", was made popular since 1980' and since then, organizational culture has become the subject of numerous research studies, books, and articles. Organizational culture is characterized from at least four different sources: current climatic condition, national cultures, human resource management and from conviction approaches which emphasize the rational and structural nature of the organization. Organizational culture is relatively considered as a new concept when compared to topics like leadership, which has a history spanning several centuries, though organizational culture is considered as young, it is relatively fast-growing area within management. Organizational culture is an effective control mechanism dictating employee behavior. Culture is a more powerful way of controlling and managing employee behaviors than organizational rules and regulations. For example, when a company is trying to improve the quality of its customer service, rules may not be helpful, particularly when the problems customers present are unique. Instead, creating a culture of customer service may achieve better results by encouraging employees to think like customers. Hence it is very important to have positive approach with respect to organizational culture as it is directly proportional to employee attrition.

Literature Review

The professional IT services industry adds value for the client by delivering services based on professional expertise of its employees, rather than the sale of physical and manufactured products (Ba'umer et al., 2012). According to statistics from National Association of Software and Service Companies (NASSCOM), India's premier trade body of the IT software and services industry), the industry headcount grew from 190,000 in 1998 with compound annual growth rates of up to 25 per cent to nearly 3 million in 2013 (Messner, 2011; NASSCOM, 2013). Hofstede et al. (1990) and Hofstede and Peterson (2000) argue that societal cultures are differentiated by values whereas organizational cultures are differentiated by practices. Based on the finding by Javidan et al. (2004) that organizational cultures reflect the societies in which they are embedded. Nelson, D. L., & Quick, J. C. (2011). Understanding Organizational behavior. Belmont, CA: Cengage South-Western. Organizational culture and performance clearly are related (Kopelman, Brief, & Guzzo, 1990), although the evidence regarding the exact nature of this relationship is mixed. Studies show that the relationship between many cultural attributes and high performance has not been consistent over time (Denison, 1990; Sorenson, 2002). Sheldon (1971) defined organizational commitment as an attitude or an orientation towards the organizations, which linked or attracted the person to the organization. Mowday (1999) described organizational commitment as the attachment that was formed between employees and their employing organization.

Gaps in Literature

After reviewing national and international literature regarding attrition and Organization Culture it is found that there is a wide legume that exists in relating the attrition factor and organizational cultural factors. Several studies argue Organization Culture is a conglomeration of conducive work environment productive interpersonal relationship and Organization development. Therefore the present research ventures on establishing the relationship between attrition and organization culture..

Objective of the Study

1. To measure the reasons for attrition in IT companies.
2. To measure the factors of Organization Culture in the study domain.

Hypothesis

There is no significant difference aiming the factors of Org Culture.

Research Methodology

The study is based on both primary and secondary data & it is a descriptive type of research.

The primary data is collected through a structural questionnaire circulated among the employees in IT Companies. The researcher selected Top 5 IT companies and circulated 40 questionnaire to each in those companies. Convenience sampling method is applied to collect the responses from the employees. After circulation the researcher is able to collect only 230 filled in questions. After scrutiny 9 of them were found with flaws and those have been rejected from research domain, hence the sample size of the research in 221.

Analysis & Discussion

Factor Analysis for Organisational Culture Prevailing in the it Companies

Factor analysis by the principal component method is applied on all forty variables explaining the organisational culture prevailing in the IT companies. The following results are obtained for the classification of the factors.

Table 1.1: KMO and Bartlett's Test – Organisational Culture

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.770
Bartlett's Test of Sphericity	Approx. Chi-Square	472.089
	df	45
	Sig.	.000

From the above table it is found that KMO measure of sampling adequacy is 0.770, Bartlett's Test of Sphericity with approximated chi-square value 472.089 are statistically significant at 5 percent level. This indicates all the forty variables are normally distributed and suitable for data reduction

Table: Communalities

	Initial	Extraction		Initial	Extraction
OC1	1.000	.901	OC21	1.000	.959
OC2	1.000	.900	OC22	1.000	.810
OC3	1.000	.725	OC23	1.000	.666
OC4	1.000	.570	OC24	1.000	.562
OC5	1.000	.390	OC25	1.000	.711
OC6	1.000	.786	OC26	1.000	.700
OC8	1.000	.685	OC27	1.000	.982
OC9	1.000	.599	OC28	1.000	.647
OC10	1.000	.560	OC30	1.000	.737
OC11	1.000	.968	OC31	1.000	.807
OC12	1.000	.926	OC32	1.000	.850
OC13	1.000	.716	OC33	1.000	.883
OC15	1.000	.982	OC34	1.000	.977
OC16	1.000	.689	OC35	1.000	.919
OC17	1.000	.826	OC36	1.000	.792
OC18	1.000	.979	OC37	1.000	.699
OC19	1.000	.979	OC38	1.000	.977
OC20	1.000	.807	OC39	1.000	.982
			OC40	1.000	.819
Extraction Method: Principal Component Analysis.					

From the above table it is found that forty variables of organizational culture prevailing in IT companies exhibit the variance 0.570 to 0.977. This implies these forty variables establish considerable variance 57% to 97.7%. This variance range is statistically significant at 5% level and the segmentation process can be done for these forty variables

Table: Total Variance Explained

Component		Initial Eigenvalues			Rotation Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
dimension	1	5.946	16.069	16.069	4.891	13.220	13.220
	2	5.211	14.084	30.154	4.073	11.009	24.229
	3	2.775	7.500	37.653	3.406	9.205	33.435
	4	2.555	6.905	44.559	2.419	6.537	39.971
	5	2.289	6.188	50.746	2.271	6.139	46.110
	6	2.069	5.592	56.338	2.146	5.799	51.909
	7	1.877	5.074	61.412	2.061	5.571	57.480
	8	1.607	4.344	65.756	1.763	4.764	62.244
	9	1.459	3.943	69.699	1.705	4.608	66.852
	10	1.376	3.719	73.418	1.662	4.491	71.343
	11	1.186	3.206	76.624	1.605	4.337	75.680
	12	1.119	3.024	79.648	1.468	3.967	79.648
	13	.999	2.700	82.348			
	14	.879	2.374	84.722			
	15	.821	2.218	86.940			
	16	.723	1.954	88.894			
	17	.558	1.508	90.403			
	18	.529	1.429	91.832			
	19	.506	1.368	93.199			
	20	.489	1.320	94.520			
	21	.410	1.107	95.627			
	22	.385	1.042	96.668			
	23	.278	.752	97.420			
	24	.248	.671	98.092			
	25	.188	.507	98.599			
	26	.154	.417	99.016			
	27	.113	.305	99.321			
	28	.103	.280	99.600			
	29	.085	.228	99.829			
	30	.063	.171	100.000			
	31	1.314E-14	3.552E-14	100.000			
	32	7.460E-15	2.016E-14	100.000			
	33	5.360E-15	1.449E-14	100.000			
	34	5.916E-17	1.599E-16	100.000			
	35	-5.959E-17	-1.611E-16	100.000			
	36	-5.740E-15	-1.551E-14	100.000			
	37	-1.906E-14	-5.152E-14	100.000			

From the above table it is found that forty variables are reduced into twelve predominant factors with individual variances 13.220, 11.009, 9.205, 6.537, 6.139, 5.799, 5.571, 4.764, 4.608, 4.491, 4.337 and 3.967 and the total variance 79.648%. This shows that the forty variables of organizational culture practices factors are reduced into twelve predominant factors to represent their respective underlying variables. The following information clearly explains the variable loadings in each factor.



It is inferred that the first factor comprises of three variables namely:

- A good way to motivate employees is to give them autonomy to plan their work (-.964)
- Surfacing problems is not enough, we should find the solutions (.964)
- Trust begets trust (-.763)

Therefore the first factor is named as “**Autonomous culture**”

The second factor comprises of six variables namely

- In today's competitive situations, consolidation and stability are more important than experimentation (-.457)
- Confiding in seniors without fear that they will misuse the trust (.870)
- Facing challenges inherent in the work situation (.870)
- Inter personal contact and support among people (.765)
- Thinking out and doing new things tones up the organization's vitality(.697)
- Facing and not shying away from problems (.626)

Therefore this factor is named as “**Democratic culture**”

The third factors comprises of three variables namely:

- Considering both positive and negative aspects before taking action(.964)
- Accepting and appreciating help offered by Others (.884)
- Employees involvement in developing an organization's mission and goals contribute to Productivity (.884)

This third factor is named as “**Dynamic culture**”

The forth factor comprises of three variables namely:

- Free discussion and communication between seniors and subordinates (.862)
- Owning up to mistakes (.855)
- Obeying and checking with seniors rather than acting on your own (.689)

This factor is named as “**Goal oriented culture**”

The fifth factor comprises of three variables namely

- Usually, emphasis on team work dilutes individual accountability (.785)
- Performing immediate tasks rather than being concerned about large organizational goals (-.738)
- Telling a polite lie is preferable to telling the unpleasant truth (-.687)

The fifth factor is named as “**Co-operative culture**”

The sixth factor comprises of three variables namely:

- Preventive action on most matters
- Tactfulness, smartness and even a little manipulation to get things done (.929)
- Free interaction among employees, each respecting others, feelings, competence and sense of Judgment (.900)

The sixth factor is named as “**Prudential culture**”

The seventh factor comprises of two variables namely

- Free and frank communication between various levels helps in solving problems (.838)
- When the chips are down you have to fend for yourself (people cannot rely on others in times of crisis (.725)

The seventh factors is named as “**Transparent culture**”

The eighth factor comprises of three variables

- A stitch in time saves nine (.767)
- Encouraging employees to take a fresh look at how things are done (.597)
- Going deeper rather than doing surface level analysis of interpersonal problems (.464)

The eighth factor is named as “**Involvement culture**”

The ninth factor comprises of three variables namely

- Freedom to employees breeds indiscipline (-.771)
- Making genuine attempts to change behavior on the basis of feedback (.516)
- Congruity between feelings and expressed behavior (minimum gap between what people say and do (.482)

The ninth factor is named as “**Self-disciplined culture**”

The tenth factor comprises of three variables namely

- Genuine sharing of information, feelings and thoughts. in meetings (.735)
- People generally are what they appear to be (-.559)
- Seniors encouraging their subordinates to think about their development and take action in that direction (.532)

The tenth factor is named as “**Knowledge sharing culture**”

The eleventh factor comprises of three variables namely

- Taking independent action relating to the jobs (.771)
- Pass the buck tactfully when there is a problem (-.658)
- Effective managers put a lid on their feelings (.497)

The eleventh factor is named as “**Tactical culture**”

The twelfth factors comprises of two variables namely

- Offering moral support and help to employees and colleagues in a crisis (.777)
- Trying out innovative ways of solving problems (-.629)

Therefore twelfth factor is named as “**Supportive culture**”

Findings & Conclusion

Therefore the organizational culture prevailing in IT companies influencing attrition and successful coping mechanism comprises of autonomous culture, democratic culture, dynamic culture, goal oriented culture, co-operative culture, prudential culture, transparent culture, involvement culture, self-disciplined culture, knowledge sharing culture, tactical culture and supportive culture.

It is therefore concluded that organizational culture is very vital in determining the employee attrition in IT companies. Organizational Culture decides the prevailing work environment, interpersonal relationship job satisfaction of executives in the IT companies. A conducive Organization culture, is a deciding factor for the employees to continue in the same company or to make their exit. The vigorous HRD practices along with appropriate Organizational Culture will improve productivity, individual efficiency of the employees and organizational efficiency of the existing IT companies.

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