

IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE AND RETENTION

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Abstract

This study explores the impact of organizational culture on employee performance and retention, focusing on how cultural attributes influence these critical areas. Organizational culture, encompassing shared values, beliefs, and practices, plays a pivotal role in shaping employee behavior and attitudes. In a competitive business environment, where employee dissatisfaction can lead to high turnover rates, understanding this impact is essential. The research employs a survey design, collecting data from a diverse sample of employees across various sectors. Using statistical analysis, including Chi-square tests, the study examines the relationship between cultural elements—such as innovation, risk-taking, and recognition—and employee outcomes.

Keywords

Culture, Retention, Environment, Productivity, conducive.

Introduction

Humans grow-up naturally in an environment of culture, which has become part of their daily living and this is established strongly in them and they easily identify with it. It is basically the environment in which the employees operate in and it affects and dictates what

happens in every aspect of an organization. It is shown in the way people perform tasks, set objectives and administer the necessary resources to actualize those objectives. Culture can become a major disadvantage for an organization, especially when it is not properly aligned with mission, core values and operational strategy.

Importance

Enhanced Employee Loyalty

- Reduced turnover, leading to a stable workforce.
- Encourages long-term investment in skill development.

Improved Productivity and Performance

- Increases motivation, driving employees to exceed expectations.
- Leads to consistent and reliable performance.

Positive Workplace Culture

- Promotes collaboration and teamwork.
- Builds resilience during challenging times.

Organizational Success

- Aligns employee goals with organizational objectives.
- Provides a sustained competitive advantage.

Review of the Literature

Over two decades, many researchers have analyzed the nature and scope of organizational culture. Scholars working on employees' participation in the organizational success agree that there is a significant influence of employees' organizational success. The implementation of a good reward system and continuous motivation encourage the employee to do his or her best to target achievements of the organization, rather than focusing more on structures and policies (Juechter et al., 1998). According to Schein (1990), organizational culture is where common values and behaviors of the people are considered as a tool that leads to the successful achievement of organizational goals.

The Study's Objectives:

- Examine the Relationship Between Organizational Culture and Employee Performance
- Assess the Impact of Organizational Culture on Employee Retention
- Identify Cultural Attributes That Foster Employee Commitment

Evaluate the Role of Innovation in Organizational Culture

Need of Study and Scope

The study is essential to address the critical challenges organizations face regarding employee retention, performance, and overall satisfaction. As competition intensifies and workforce dynamics evolve, understanding the impact of organizational culture on these aspects becomes increasingly important. This study seeks to explore the factors within the culture that influence employee commitment, which is

a key driver of motivation, engagement, and loyalty.

Research Methodology

This study employs a survey research design to investigate the impact of organizational culture on employee performance and retention. The target population consists of employees from various sectors, particularly those known for high turnover rates and performance challenges. A random sampling technique was used to select a diverse sample of 100 employees, ensuring representation across different demographics such as gender, age, and tenure. Data were primarily collected through structured questionnaires, which included both closed-ended questions for quantitative analysis and open-ended questions for qualitative insights.

Findings

Commitment:

- The study found a significant link between a positive organizational culture and high levels of employee commitment. Cultures that promote shared values, open communication, and recognition were particularly effective in fostering commitment.

Impact of Commitment on Performance:

- Employees who felt committed to their organization consistently demonstrated higher levels of productivity and performance. Commitment was shown to drive motivation, leading to increased effort and a greater focus on achieving organizational goals.

Commitment as a Key Factor in Employee Retention:

- Commitment emerged as a crucial factor in employee retention. Organizations with

cultures that supported and valued employees experienced lower turnover rates. Conversely, a lack of commitment was often cited as a reason for leaving, particularly in environments where employees felt undervalued or disconnected.

Role of Leadership in Shaping Culture and Commitment:

- Leadership was identified as a critical element in shaping organizational culture and, by extension, employee commitment. Leaders who actively promoted a positive culture through their actions, communication, and support played a key role in cultivating a committed workforce.

Suggestions

- Organizations should focus on fostering an innovative culture by encouraging creativity, risk-taking, and idea generation among employees. This can be achieved through initiatives like innovation workshops, brainstorming sessions, and providing resources for experimentation.

- Promoting career development opportunities is essential for retaining talent, and organizations should offer training, mentorship, and development programs that align with employees' career goals.

- As work environments evolve, particularly with the rise of remote and hybrid work models, organizations must adapt their cultural practices to maintain employee engagement and commitment.

Conclusion

In conclusion, the paper having examined the relationship between organizational culture and employee's retention of a selected commercial bank in Jos Metropolis

established that there is a relationship between organizational innovative culture (idea generation, capability and risk taking) and employee retention. Idea generation, capability and risk taking are essential to high retention organization. Employees want to stay with such organization for their career growth.

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