

## A STUDY OF ORGANIZATIONAL CULTURE AND ITS IMPACT ON TURNOVER INTENTIONS IN PRIVATE TELECOM SECTOR IN TRICITY

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### ABSTRACT

*The present study was designed to find out the impact of Organizational Culture and Turnover Intentions amongst the employees working in private Telecom sector in tricityie. Chandigarh, Panchkula & Mohali. This project is based on research using Primary as well as Secondary data ie. Questionnaires, Journals, Magazines, Newspapers and Internets. Association of turnover intentions amongst the employees was also determined with various Psycho- demographic variables and with different components of Organizational Culture. The rational of conducting the research on this topic was that the turnover rates have been reported as high as 60% annually in Private Telecom Sector. This research aims to contribute to the literature by understanding Turnover Intentions of Indian telecom professionals as there is a deficiency of research in this area. To carry out the research, a sample size of 105 respondents ie. 35 each from the three chosen Organizations was taken out of which 95 responded and filled the questionnaires. Findings of this research prove a very high negative correlation between Organization Culture and Turnover Intentions of employees in private Telecom Sector. It also indicates that there is no association between any of the psycho- demographic variable under study and intentions of employees leaving the Organization. Based on the findings, some problems have been identified in the culture of private telecom sector which lead to high turnover rates in this particular sector.*

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## INTRODUCTION

### Relationship between Organizational Culture and Turnover Intentions

Colie (2001) reported that hospitals with lower turnover clearly indicated more positive Organizational Culture than the others. Culture within these hospitals had a strong mission, empowerment of leaders, participative management, patient focus, reward orientation, visible/accessible leaders and support education. Although not empirically tested, the importance of Organizational culture to retain employees is noted.

## HISTORY

Although the concept of organizational culture was popularized in the early 1980s, its roots can be traced back to the early human relations view of organizations that originated in the 1940s. Human relations theorists viewed the informal, nonmaterial, interpersonal, and moral bases of cooperation and commitment as perhaps more important than the formal, material, and instrumental controls stressed by the rational system theorists (see Chapter 3: *Overview of the Management and the Organizational Effectiveness Literatures*). The human relations perspective drew its inspiration from even earlier anthropological and sociological work on culture associated with groups and societies (see Geertz 1973; Mead 1934; Durkheim 1964; Weber 1947, 1958). Attention to organizational culture lost ground as organizational science, and social science in general, became increasingly quantitative. To the extent that research on organizational culture survived, its focus shifted to its more measurable aspects, particularly employee attitudes and perceptions and/or observable organizational conditions thought to correspond to employee perceptions (i.e., the level of individual involvement, the degree of delegation, the extent of social distance as implied by status differences, and the amount of coordination across units). This research, referred to as *organizational climate* studies, was prominent during the 1960s and 1970s (Denison 1990). The renewed interest in organizational culture that emerged in the late 1970s and resulted in the four books mentioned above suggested that a deeper, more complex anthropological approach was necessary to understand crucial but largely invisible aspects of organizational life. This renewed interest in organizational culture represented a return to the early organizational literature but it went far beyond this literature in contributing important new insights and ways of thinking about the role, importance, and characteristics of organizational culture. Also, research on the effect of culture on organizational performance and investigations into how organizational cultures are created, maintained, and

changed received greater attention. The main difference was that organizational culture was now viewed less as a natural, organically emergent phenomenon and more as a *manipulable and manageable* competitive asset.

### **DETERMINANTS OF CULTURE**

There are various factors that contribute towards the development of organizational culture. These include: -

#### **HISTORY AND BACKGROUND**

History of the Organization and the roots from which the Organization originates has a great impact on determining the culture of the Organization.

#### **OWNER/FOUNDER**

Often the owner or founder will have an enormous role in establishing its culture, although the impact will wane over time. Organizations dominated by the owner or founder will tend to have a power culture.

#### **SIZE**

Culture often changes as an organization grows. For example, as the number of staff and functions of an organization expand, a move towards role culture is often seen.

#### **ORGANIZATIONAL ENVIRONMENT**

In a rapidly changing environment, task culture may be appropriate. In a static environment, role culture may be preferable. A challenging environment (for example, in times of dictatorship or other challenge, power culture may be appropriate.

#### **NATIONAL CULTURE**

Different nationalities may work better in different organizational cultures.

#### ***Function and Purpose***

Different cultures may be appropriate for different functions or purposes. For example, as previously examined, a task culture may be more appropriate for campaigning and role culture for service delivery.

### **GOALS OR OBJECTIVES**

Quality of service delivery is more likely to be achieved under role culture, whereas successful campaigning is more likely under task culture. A power or task culture is more appropriate for growth goals.

### **STAFF**

Different individuals prefer working under different organizational cultures. It may be counterproductive for an organization to attempt culture change if key staff would feel uncomfortable or alienated in the desired culture.

### **TECHNOLOGY**

The move towards increased use of technology tends to push organizations towards role culture, with associated procedures and protocols.

### **POLICIES**

An organization's policies also become part of its culture, and impact strongly on its work. It follows that these should be formulated and agreed carefully, with full staff consultation.

### **1.2 EMPLOYEE TURNOVER**

The impact of turnover has received considerable attention by senior management, human resources professionals, and industrial psychologists. It has proven to be one of the most costly and seemingly intractable human resource challenges confronting organizations. There are direct and indirect costs associated with employee turnover. Direct costs include the time involved in recruitment, selection, and training of new personnel as well as the costs associated with advertising expenses and manpower. The time a manager spends in the selection process could otherwise be devoted to other management responsibilities of his or her everyday function. Indirect costs include the increased workloads as coworkers pick up the slack until new

employees are hired and trained as well as the decreased productivity associated with low employee morale.

### **COSTS OF TURNOVER**

Analyses of the costs associated with turnover yield surprisingly high estimates. The high cost of losing key employees has long been recognized. However, it is important for organizations to understand that general turnover rates in the workforce can also have a serious impact on an organization's profitability, and even survival. There are a number of costs incurred as a result of employee turnover. These costs are derived from a number of different sources, a few of which are listed below.

1. Recruitment of replacements, including administrative expenses, advertising, screening and interviewing, and services associated with selection, such as security checks, processing of references, and, possibly, psychological testing.
2. Administrative hiring costs.
3. Lost productivity associated with the interim period before a replacement can be placed on the job.
4. Lost productivity due to the time required for a new worker to get up to speed on the job.
5. Lost productivity associated with the time that coworkers must spend away from their work to help a new worker.
6. Costs of training, including supervisory and coworker time spent in formal training, as well as the time that the worker in training must spend off the job.
7. Costs associated with the period prior to voluntary termination when workers tend to be less productive.

8. In some cases costs associated with the communication of proprietary trade secrets, procedures, and skills to competitive organizations.
9. Public relations costs associated with having a large number of voluntary or involuntary terminations in the community spreading gossip about the organization. Increased unemployment insurance costs.

Using an example from the health care industry, Cascio (2000) calculated that the cost of replacing 288 employees per year (in a hospital with 200 beds employing 1200 persons with a turnover rate of 2&percent; per month) was \$2,888,295.52 when all sources of costs were analyzed. Moreover, a recent Business Week (1998) study estimated that the replacement costs alone are over \$10,000 for about half of all jobs and approximately \$30,000 for all jobs. These estimates highlight the considerable costs that can be associated with turnover.

## REVIEW OF LITERATURE

The literature on organizational culture very much relevant to the management of private sector business organizations. Given a rapidly changing environment and continuing insights into organizational effectiveness, science organizations, as most other organizations, are seriously rethinking what they do and how they can best define and accomplish their goals and objectives. Once goals are defined, it is necessary to address the type of culture that is necessary to advance these goals and objectives and ensure the successful implementation of the necessary changes. In addition, the organizational effectiveness literature has been increasingly emphasizing the importance of culture in motivating and maximizing the value of its intellectual assets, particularly its human capital. This is particularly important in knowledge intensive organizations, such as publicly funded scientific laboratories. This review of the organizational culture literature makes it clear that (1) culture is essential for both successful organizational change and maximizing the value of human capital (2) culture management should become a critical management competency, and (3) while the right culture may be a necessary condition for organizational success, it is by no means a sufficient condition. An important challenge for managers is to determine what the most effective culture is for their organization and, when

necessary, how to change the organizational culture effectively. Organizational culture became a business phenomenon in the early 1980s, triggered by four seminal books:

- Ouchi's (1981) *Theory Z: How American Business Can Meet the Japanese Challenge*
- Pascale and Athos's (1982) *The Art of Japanese Management: Applications for American Executives*
- Deal and Kennedy's (1982) *Corporate Cultures: The Rites and Rituals of Corporate Life*
- Peters and Waterman's (1982) *In Search of Excellence: Lessons from America's Best Run Companies*

### 3.1 OBJECTIVES OF STUDY

The objectives of the study are as follows:

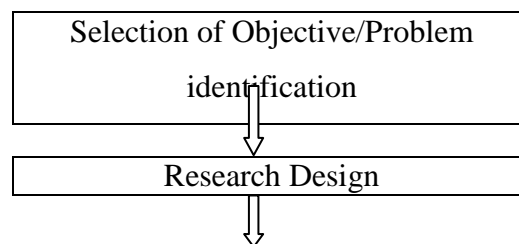
1. To study the Organizational Culture in private Telecom Sector.
2. To study the Intentions of the employees to leave the Organization.
3. To find out the impact of Culture on Turnover Intentions.
4. To investigate the relationship between Turnover Intentions and psycho-demographic Variables (Age, Gender, Qualification, Marital Status, Work-experience and Level).

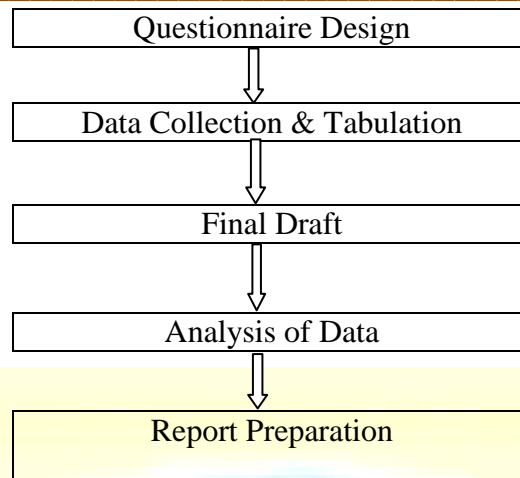
### 3.2 HYPOTHESIS

In order to facilitate and expand our understanding and learning from the research project, following hypotheses have been framed:

1. There is a Correlation between Organizational Culture and Turnover Intentions.
2. There is no significant difference between Psycho-demographic Variables and Turnover Intentions.
- 3.

### 3.3 THE ROADMAP FOLLOWED:





### 3.4 RESEARCH METHODOLOGY

The research project involves collection of data from the top, middle and lower level employees of Pvt. Telecom Sector of **Chandigarh, Panchkula and Mohali i.e.,** the Tricity, regarding their perception about the Culture of their Organization and about leaving or continuing with the job. The following section describes in-depth the approach and methodology adopted for this research project.

### 3.5 DATA COLLECTION PROCEDURE:

The research project is a descriptive study. Keeping in view the ambit of the research, primary data collected from prospective clientele forms major part of the whole research project. Secondary data will be used for defining and redefining of the research problem. For the purpose to carry out this research a sample survey was used extensively. A sample survey method includes a structured questionnaire given to Human resource department of various organizations and designed to elicit specific information. A field survey was conducted to get the questionnaires filled. An extensive survey of literature was conducted from the following sources:

1. Books
2. Journals
3. Newspapers
4. Internet



The secondary data will be collected from Books, Journals, Newspapers, internet, research studies etc. to understand all the facets of perception of the employees towards their Organization Culture.

### 3.6 DATA COLLECTION TOOL:

The data was collected with the help of filled standard questionnaire developed by UdaiParik on Organizational Culture by the employees working in the selected three Organizations in Pvt. Telecom Sector and one more questionnaire on Turnover Intentions was developed.

### 3.7 SAMPLING

1. The research was carried out in Tricity i.e. Chandigarh, Panchkula and Mohali.
2. It was carried out in Pvt. Telecom Sector. The three Organizations are:
  - a. Vodafone India
  - b. BhartiAirtel
  - c.
3. Number of respondents- 95 i.e. 30 respondents each from Vodafone India and BhartiAirtel and 35 respondents from Idea Telecom.

### 4.1 ANALYSIS & INTERPRETATION:

Data was analyzed by applying the statistical tools like t-test of variables, mean, standard deviation, Pearson correlation coefficient and other appropriate tools in SPSS. Necessary tables encompassing SPSS output is included in the paper at the appropriate places. The Confidence Level of 0.05 is assumed for the study. The results were interpreted accordingly and based on those results, recommendations were provided.

### 4.2 RELIABILITY

#### Reliability Statistics

Cronbach's Alpha	N of Items
.865	65

The above Cronbach's Alpha value is 0.865 that makes the data highly reliable which is used in carrying out this research study.

## OBJECTIVE TESTING

### Objective

To study the Organizational Culture in private Telecom Sector

The key of scores as provided by UdaiParek is as:

Table: 1

	low	high
Openness	13	17
Confrontation	10	16
Trust	10	16
Authenticity	10	14
Pro-action	12	18
Autonomy	11	16
Collaboration	13	17
Experimenting	11	16

### Organizational Culture Overall

Organization	Mean	N	Std. Deviation
Vodafone India	16.62917	30	1.099316
BhartiAirtel	16.22083	30	1.249432
Telecom	15.30000	35	1.854099
Total	16.01053	95	1.556308

Table: 2

The total average mean value of Organization culture in the 3 organizations under study is 16.01 which shows the prevalence of strong culture in private telecom sector.

**Organizational culture across different dimensions**

Serial number	Culture Dimension	Mean value (total)	Standard deviation (total)
1	Openness	16.77	1.795
2		15.93	1.931
3	Confrontation	16.36	1.862
4		15.73	2.141
5	Trust	16.34	1.998
6	Authenticity	16.22	1.846
7		15.45	2.513
8	Proaction	15.29	2.946
	Autonomy		
	Collaboration		
	Experimentation		

**Table:3**  
**In private Telecom Sector**

According to the key provided:

**Strong culture** is prevalent in dimensions like: **Trust, Authenticity & Autonomy**

Moderate culture is prevalent in dimensions like: **Openness, Confrontation, Proaction, Collaboration & Experimentation.**

**Weak culture** is not prevalent in any dimensions.

Organi		openness	confro	trust	authe	proacti	autono	collaborati	experim
zation			ntation		nticity	on	my	on	entation

1	Mean	16.97	16.27	16.93	16.53	16.97	16.67	16.53	16.17
1	S.D.	1.542	1.639	1.363	1.737	1.402	1.322	1.961	1.744z
2	Mean	16.90	16.27	16.43	15.87	16.30	16.80	15.63	15.57
2	S.D.	1.709	1.574	1.633	2.224	1.512	1.669	2.456	2.897
3	Mean,	16.49	15.34	15.80	14.91	15.83	15.34	14.37	14.31
3	S.D.	2.063	2.313	2.260	2.147	2.606	2.071	2.602	3.538

**Table: 4**

Where

Organization 1- Vodafone India

Organization 2- BhartiAirtel

Organization 3- Telecom

As it is very much evident from the above tables that Vodafone India has the strongest culture amongst the organizations under study and Telecom has the weakest culture amongst the organizations under study.

### Objective 2

**To study the Intentions of the employees to leave the Organization**

### Turnover Intention

Organization	Mean	N	Std. Deviation	Median
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Vodafone India	12.20	30	2.797	11.50
BhartiAirtel	14.40	30	2.93 I	15.00
Telecom	17.46	35	1.975	18.00
Total	14.83	95	3.363	15.00

**Table: 5**

The total average mean value of turnover intentions in private telecom sector is 14.83 which is very less. As it is very much evident from the above tables that Vodafone India has lowest total average mean value of turnover intentions and Idea Telecom has highest average mean value of turnover intentions.

### Objective 3

**To find out the impact of Culture on Turnover Intentions**

**Correlations between overall organizational culture & overall turnover intentions**

		Turnover Intention	Overall culture=
Turnover Intention	Pearson Correlation	1	-.498(**)
	Sig. (2-tailed)		.000
Overall culture =	Pearson Correlation	-.498(**)	1
	Sig. (2-tailed)	.000	

**Table: 6**

This table clearly shows the strong negative correlation (49.8%) between the overall organizational culture and overall turnover intentions. Hence **hypothesis 1 is true** and can be accepted.

**Correlation between turnover intentions and different components of organizational culture**

	Openness	confrontation	trust	authenticity	proaction	autonomy	collaboration	experimentation
Pearson Correlation	-0.156	.251(*)	-.352(**)	-.522(**)	-.311(**)	-.307(**)	-.481(**)	-.429(**)
Sig. (2-tailed)	0.130	0.014	0.000	0.000	0.002	0.002	0.000	0.000

**Table: 7**

As the above table clearly indicates, there is a strong negative correlation between turnover intentions and different components of organizational culture except with **Openness and Confrontation** at 5% significance level.

**Objective 4**

**To investigate the relationship between Turnover Intentions and psychodemographic Variables (Age, Gender, Qualification, Marital Status, Workexperience and Level)**

Demographic Variable	Sum of Squares	df	Mean Square	F	Sig
Gender Between Groups	3.911	11	.356	1.497	.148
Within Groups	19.710	83	.237		
Total	23.621	94			
Marital Between Groups	3.363	11	.306	1.282	.249
Within Groups	19.795	83	.238		
Total	23.158	94			
Age Between	7.022	11	.638	1.088	.381

	Groups					
	Within Groups	48.704	83	.587		
	Total	55.726	94			
Level	Between	6.300	11	.573	.912	.533
	Groups					
	Within Groups	52.121	83	.628		
	Total	58.421	94			
Experience	Between	9.517	11	.865	1.442	.170
	Groups					
	Within Groups	49.788	83	.600		
	Total	59.305	94			
Qualificaton	Between	3.192	11	.290	1.313	.232
	Groups					
	Within Groups	18.344	83	.221		
	Total	21.537	94			

**Table: 8**

### ONE WAY ANNOVA

There is no significant difference between the turnover intentions and any of the psycho-demographic variables at 5% level of significance. Hence 2m1 hypothesis is true and can be accepted. The value of means of turnover intention across different psycho demographic variables is given in the following table.

Demographic variable		Mean	N	S.D.	Median
Gender	Male	14.47	51	3.177	15.00
	Female	15.25	44	3.558	15.00
Marital Status	Married	14.36	55	3.379	14.00

	Unmarried	15.48	40	3.274	15.50
Level	Top	14.25	20	3.385	13.50
	Middle	15.33	30	3.698	1600
	Low	14.76	45	3.142	15.00
Experience	0-5	15.18	39	2.937	15.00
	5-10	14.85	33	3.759	13.00
	More than 10	14.22	23	3.503	14.00
Qualification	Undergraduate	14.67	33	3.323	15.00
	Postgraduate	14.92	62	3.408	15.00
Age	21-30	14.24	34	3.056	14.00
	31-40	15.50	38	3.524	16.50
	41-50	14.61	23	3.474	14.00
	Above50	-	-	-	-

**Table: 9**

### 5.1 FINDINGS

- There is a strong culture prevalent in Private Telecom Sector.
- A very significant correlation is found between Organizational Culture and the turnover intentions of employees working in private telecom sector, significant at 5% level of significance.
- No significant difference was found in the turnover intentions of employees at different hierarchical positions (top level, middle level and lower level).
- No significant difference was found in the turnover intentions for male and female employees
- No significant difference was found in the turnover intentions for married and married/single employees.



- No significant difference was found in the -turnover intentions for the employees possessing different educational levels ( Graduation, Post Graduation).
- No significant correlation was found between the turnover intentions and Age of the employees.
- No significant correlation was found between the turnover intentions and Total Work Experience of the employees.

## 5.2 INTERPRETATION OF THE FINDINGS & CONCLUSION

As the research clearly indicates the strong negative correlation between Organizational Culture and turnover intentions amongst the employees of private telecom sector in tricity (Chandigarh, Panchkula and Mohali), so there should be some other factors which make the turnover rate of private telecom Sector very high. These other factors can be the opportunity of better paying jobs in the market, demographic reasons, unrealistic expectations of the people in private telecom sector, not so enriched jobs, high stress involved in the jobs in this particular sector etc. Also, contrary to the general notion, this research proves that Intentions of the employees to leave the job has nothing to do with the psycho- demographic variables like marital status, age, gender of the employee, level in the Organizational hierarchy, qualification and work experience of the employees.

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