

Review Article

The Effect of Organizational Culture and Stress on Employee Loyalty: A Study from IT Industries

D. Mallikarjuna Reddy¹ & P. Ramya²

¹Assistant Professor, Department of Mathematics, School of Science, GITAM Deemed to be University- 502329, India

²GITAM Hyderabad business school GITAM Deemed to be University- 502329, India

Received Date: 11 January 2020

Revised Date: 23 February 2020

Accepted Date: 26 February 2020

Abstract - This article focused on the attentiveness of stress at the workplace by investigating the effect of organizational culture and stress on employee loyalty. In view of increasing competition and coupled with technological development, the present study is motivated by the importance of employee loyalty in accomplishing the objectives of organizations and lacking such research for organizational culture in Hyderabad. Here, the challenge was to fill the gap among organizational culture, stress at working place, and employee loyalty. At the same time, the perceptions of organizational culture and stress have been studied in ancient times, though few studies provide detailed insights among the organizational culture, stress, and employee. This research, therefore, understood this interaction within IT industries. The data was collected from the survey by structured mailed questionnaires from IT employees within IT industries located in Hyderabad. The analysis was done by using SPSS. The study found that the relationship between culture, stress, and employee loyalty found to be significant. The results of the study reveal that the IT industry exhibits a rational and development culture that is encouraging. The study also suggests that there is a scope to change the work policies, trim down the stress levels of the employees and improve the organizational loyalty of employees in the IT field.

Keywords - Organizational Culture, Organizational Performance Stress, Loyalty, correlation; IT industry.

I. ORGANIZATIONAL CULTURE AND IT INDUSTRY

The word culture has been originated from the Latin word colure or culture, meaning motivating, encouraging, growing, and also caring. Organizational culture is a system of shared assumptions, values, and beliefs which hold back how people behave in organizations. Culture is how organizations do things and accomplish their tasks. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the members to behave in the organization. In simple, “organizational culture is defined as the organization’s immune system [1]. In business terminology, other phrases similar to corporate culture, workplace culture, and

business culture are used interchangeably. Organizational culture leads to an increase in the productivity of the organization, and the employees can achieve their goals effectively with their efficiency [2]. Information Technology (IT) sector, the performance of an organization and loyalty of employees, may be dependent on many parameters of organizational culture [3] and also may be stress-related issues [4-5]. Normally, an organization's loyalty, etc. depends on employees' job performance [6]. Thus, the firm's objectives are achievable by paying attention to the individual performance of the employee loyalty again is enhanced by the culture and low stress, etc. Directly synchronized towards the organizational goals.

Employees of IT need an open environment where they share their novel ideas, participate in decision-making by helping each other as they are the important constituent of the economy of a country. Therefore the author has been chosen the IT area Hyderabad as the study domain. In the present state of affairs, IT is equally challenging with well-established cities such as Bangalore. The city Hyderabad, the capital city of Telangana, is attracting well-established brands and is working enthusiastically to keep the city and its residents connected at the fastest pace without any interruptions [7]. The sector is playing a vital role in putting the country on the global map as almost 11 percent of the nationwide exports are contributed by Hyderabad alone. IT exports stood at Rs 85,470 crore in the year 2016-17, with a growth rate of 13.85 percent. Apart from Indian-born IT companies like Tech Mahindra, Infosys, Wipro, Cognizant, TCS, Hyderabad is also home to many multi-national companies like Google, CA Technologies, Amazon, Apple, IBM, etc. Hyderabad's IT industry currently has 14.5 lakhs of employees. Hyderabad has become one of the high-flying zones for IT in India [7].

II. PROFESSIONAL STRESS

The fact of job (or professional) stress has acquired universal dimensions that has implications for economies and which range from the low commitment of employees to their jobs, lost productivity, stress-related suits, and health care expenses which from individual perspectives manifested in an undesirable physiological and



psychological conditions such as morbidity, mortality, depression, and anxiety [4-5]. Accordingly, there is a demand for HR experts to promote employee physical and psychological health, related professional attitudes such as loyalty (commitment) and performance, etc. [8]. Unexpectedly, the focus has always been on the assessment of the capabilities of individuals and their resources to cope with these consequences rather than tackling the root cause of the problem, which derives from the prevailing cultures of the organizations[8]. As a result, the concepts of organizational culture, job stress, and employees commitment are interwoven and dynamic variables that require the utmost attention of human development managers. The fore studies on job stress revealed role stressors and the specific task being performed by the employees, such as role conflict, role ambiguity, and role overload related to emotional exhaustion, depersonalization, job commitment, and turnover [9].along with. Therefore, this underscores the importance of organizational culture as antecedents of job stress, Job Commitment, and Job Performance in the workplace [10]. Therefore that can be understood that different cultural work contexts impact the level of stress and the level of job commitment in organizations.

III. ORGANIZATIONAL LOYALTY

The loyalty of employees is continued anxiety for the firm’s success, development, and welfare. This has led employers to concentrate on the development of their human capital to convey more with less investment [11]. Then, if employees’ loyalty is their degree of recognition with the missions and goals of the organizations and the willingness to remain in it, it follows, therefore, that the employers should board on activities that will enable them to retain the skilled, talented, and committed workforce [12]. Earlier studies revealed that four general antecedents like personal characteristics, occupational characteristics,

experience, and position-related characteristics had been identified [13]. However, one has come across contradictory findings and results with respect to organizational loyalty and occupational stress [14]. Therefore, The study on the correlates of culture, occupational stress, and employee loyalty showed that organizational culture statistically influences job stress and found a negative correlation between job stress and job commitment [15]. Therefore from this discussion, the analysis and understanding of the dynamics of organizational culture, job stress, and employee loyalty variables are warranted to explain the impact on each other.

A. Conceptual Structure for the study

Several theories of organizational culture exist in the literature. But this study has been taken from CVF (Competing Values Framework) to make aware of the process under study [16]. This framework has the text of validity conducted on its significance in explaining and assessing culture where the interests on relating it to organizational commitment.

The proposed CVF was to assess organizational culture from two dimensions structure and focus. The structural dimension expands from the control on one end to the flexibility on the top end. It reveals the variations of organizations that strive for consistent patterns of behaviors and those that attempt to allow their employees to fashion out their own behavioral pattern; the focus dimension ranges from external focus with emphasis on the capacity of the organization to perform optimally in its environment and an internal focus that emphasizes internal factors of the organization such as employee commitment and satisfaction [17]. The CVF as depicted in [18] includes five important cultures (see Table-1)

Table 1. Type of culture with description

S.No	Type	Brief Description
1	Group Culture,	Characterized by high flexibility with an internal focus. The culture here emphasizes the importance of group dynamics that explains itself in cohesiveness, participatory decision-making, and considerable support among employees of the group
2	Developmental Culture,	Externally focused with an emphasis on flexibility, and its orientation is that of change and adaption
3	Rational Culture,	Externally focused control with the attainment of goal as seen significant so as to instill control on the employee actions and direct their behaviors towards the external environment. The culture gives premium to productivity, competition and achievement, and fast response in accomplishing tasks.
4	Hierarchical Culture	Emphasizes internally-focused control. There is an emphasis on coordination and uniformity aiming at internal efficiency. The formalized structure and strict adherence to rules and policies tend to regulate employee behaviors and equally provide job security to the employees.
5	Balanced Culture	Combines the attributes and values of each of the CVF. This concept of cultural balance within the CVF was introduced in order to equip the organizations towards managing the advantage of environmental shifts

B. Objectives

The magnitude of work in the lives of individuals is evidence of the fact that any event in an organization that could result in negative emotions may have serious

behavior on the organizational loyalty. In the context of a few types of research that have demonstratively linked culture and stress to employee commitment in organizations, this study, therefore, intends to investigate:

first, is there a significant relationship between organizational culture and stress on employee loyalty and performance? Then second, to what extent do the interactions between organizational culture and stress affect the organizational loyalty of employees? Therefore, the objectives and hypothesis were set up as follows.

a. Objective :

To study the relationship between organizational culture and stress. and its effect on employee loyalty

b. Objective :

To know the effect of the interactions between organizational culture and stress on the loyalty of employees.

C. Hypotheses

- To study the relationship between organizational culture and stress. And its effect on employee loyalty;

- To know the effect of the interactions between organizational culture and stress on the loyalty of employees.

D. Methodology

There are about 300 IT companies spread over in and around Hyderabad city in the state of Telangana. There were millions of software employees working for these companies. The relevant data for the assessment of the organizational culture, workplace stress, and employee commitment was collected from the survey by structured mailed questionnaires from 385 employees. The elements of organizational culture were measured by using instruments developed by Zammuto and Krakower [16]; stress at the workplace place was assessed with the help of the instrument by Chang [19], and to measure loyalty instrument by Meyer, and Allen was used [20]. Analysis was carried out using SPSS software.

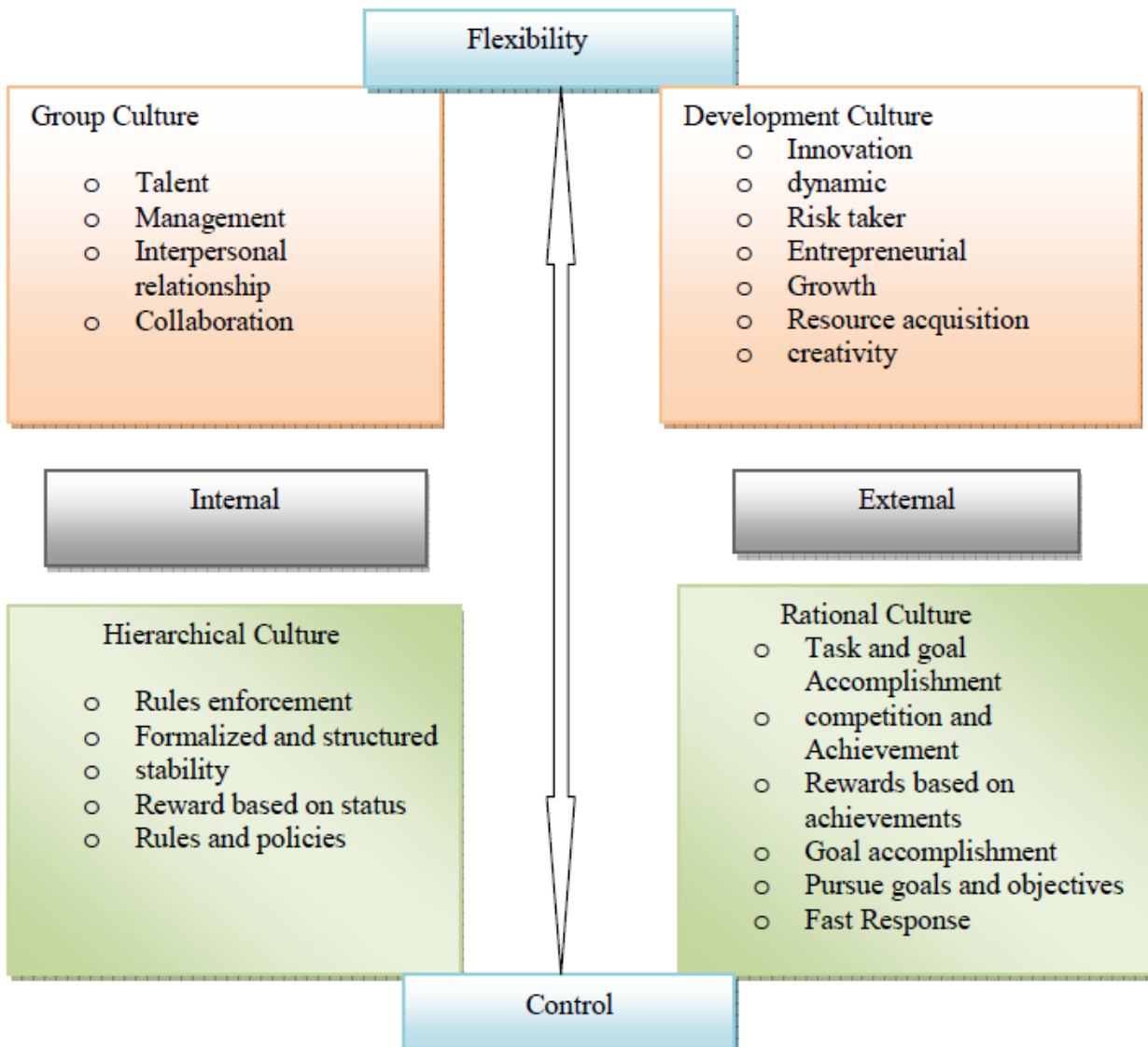


Fig. 1 Source: Parker and Brandley (2000, p. 128).

IV. RESULTS, DISCUSSIONS, AND FINDINGS OF THE STUDY

A. Perception of organizational culture:

This part gives the perception of 385 IT employees of IT companies who returned the questionnaire complete in all respects. The perception is about the organizational culture which is in existence in their industries. Their responses on ten dimensions of organizational culture were analyzed. The findings converged in the belief of the IT employees and their agreement with the elements that place for the different types of organizational culture that is in existence in their organization derived from conceptual structure CVF discussed above. The statistical analysis and findings of the strength of agreement and the ranking types of organizational culture that existed in IT companies are presented in Table 3. It becomes evident from the statistical analysis in Table 3 that there was consensus in the department on how the job is to be production-oriented. The OCP-1, which had to follow a dynamic process OCP-7, and that the department staff shared much about themselves OCP-6. These dimensions had Mean ± SD scores of 4.36±1.06, 4.25±1.01, and 4.16±1.05, respectively. Items OCP-9 and OCP-3 have the weakest agreement that the department is formalized and structured place. Two dimensions, i.e., OCP-9 and OCP-3, indicate the willingness of the employees in the industry to involve personally. The Mean ± SD scores for OCP-9 and OCP-3 were 3.85±1.13 and 3.93±0.93, respectively. Clearly, It can be inferred that the culture of the IT industry is production-oriented and dynamic, and therefore it operates in a development mode, indicating the

occurrence of rational and development culture, which is encouraging.

Table 2.

SNO	Dimensions	Description
1	OCP1, OCP2 and OCP3	Rational culture
2	OCP4, OCP5, and OCP6	group culture;
3	OCP7 and OCP8	developmental culture;
4	OCP9 and OCP10	Represented Hierarchical culture.

B. Perception of Stress

Data Analysis of occupational Stress in Table 4 indicates the relationship between the existence of stress about their job and the workplace. The data reveal the strength of IT employees in respect to the existence of the stress in this paper and indicate that the largest agreement among the respondents is on JSP10 has too many assignments to complete at a time since The Mean ± SD scores were 4.25±1.07, which reflects that the departmental culture was unsympathetic.

C. Loyalty (Commitment)

The data spread in Table 5 reflect that the dimensions of job loyalty, i.e., items LEP2 and LEP7, expressed the weakest agreement in respect of service satisfaction and with the opportunity to make an impact in my department. The Mean ± SD scores were 3.02±1.02 and 3.16±0.96, respectively, showing that the concern for service satisfaction was negligible. The employees were dissatisfied with service as well as the opportunity to make an impact in the organization.

Table 3. Perception of organizational culture

Organizational culture. Items	1	2	3	4	5	Mean	SD
OCP1.The department is production oriented	21	9	20	95	240	4.36	1.06
	5.5	2.3	5.2	24.7	62.3		
OCP2.The concern of the department is to get the job accomplished	23	7	52	124	179	4.11	1.09
	6.0	1.8	13.5	32.2	46.5		
OCP3.The department is involved personally	18	7	51	217	92	3.93	0.93
	4.7	1.8	13.2	56.4	23.9		
OCP4.The department is personalized	6	8	25	242	104	4.12	0.73
	1.6	2.1	6.5	62.9	27.0		
OCP5.The department is extended family	9	31	60	104	181	4.08	1.07
	2.3	8.1	15.6	27.0	47.0		
OCP6.The departmental staff share much about themselves	21	9	35	144	176	4.16	1.05
	5.5	2.3	9.1	37.4	45.7		
OCP7.The department is dynamic	7	30	29	114	205	4.25	1.01
	1.8	7.8	7.5	29.6	53.2		
OCP8.The department is a risk-taker.	28	8	44	166	139	3.99	1.10
	7.3	2.1	11.4	43.1	36.1		
OCP9.My department is formalized and structured place	28	28	31	187	111	3.85	1.13
	7.3	7.3	8.1	48.6	28.8		
OCP10.The department is governed by bureaucratic rules	19	9	28	219	110	4.02	0.94
	4.9	2.3	7.3	56.9	28.6		

Note: upper cell value frequency, lower cell value percentage

Table 4. Perception of the occupational stress .

stress items	1	2	3	4	5	Mean	SD
JSP1 Limited time was given for completion of my work	20	11	35	172	147	4.08	1.03
	5.2	2.9	9.1	44.7	38.2		
JSP2 There is no clear work orientation	57	30	67	171	60	3.38	1.26
	14.8	7.8	17.4	44.4	15.6		
JSP3The goals and objectives of my job are ambiguous	26	12	27	265	55	3.81	0.95
	6.8	3.1	7.0	68.8	14.3		
JSP4Lack of social support by colleagues at work	12	30	15	328	-	3.71	0.74
	3.1	7.8	3.9	85.2	-		
JSP5Ambiguity in the nature of job role	13	27	228	117	-	4.17	0.69
	3.4	7.0	59.2	30.4	-		
JSP6Many assignments are given without enough material to accomplish them	23	86	36	230	10	3.31	1.04
	6.0	22.3	9.4	59.7	2.6		
JSP7Guidelines for accomplishment are often not followed	43	31	14	268	29	3.54	1.11
	11.2	8.1	3.6	69.6	7.5		
JSP8Assignments that are above my skills are assigned	70	23	24	213	55	3.42	1.32
	18.2	6.0	6.2	55.3	14.3		
JSP9Many assignments are given with limited time to accomplish	10	9	39	205	122	4.09	0.86
	2.6	2.3	10.1	53.2	31.7		
JSP10 I have too many assignments to complete at a time	18	12	38	104	213	4.25	1.07
	4.7	3.1	9.9	27.0	55.3		

Table 5. Perception of the loyalty (Commitment)

Loyalty items	1	2	3	4	5	Mean	SD
LEP1 My job is pleasing to me	24	34	26	162	139	3.93	1.15
	6.2	8.8	6.8	42.1	36.1		
LEP 2The condition of service is satisfactory	35	17	136	145	52	3.02	1.02
	9.1	4.4	35.3	37.7	13.5		
LEP3 I am pleased with my colleagues	12	25	24	180	144	4.09	0.99
	3.1	6.5	6.2	46.8	37.4		
LEP4The rewarding system of the department is satisfactory	8	16	81	172	108	3.92	0.92
	2.1	4.2	21.0	44.7	28.1		
LEP5I am pleased with my colleagues interactions	17	12	14	107	235	4.38	1.01
	4.4	3.1	3.6	27.8	61.0		
LEP6My career progression is satisfactory	13	18	43	144	167	4.13	1.01
	3.4	4.7	11.2	37.4	43.4		
LEP7I am pleased with the opportunity to make an impact in my department	11	29	51	201	93	3.16	0.96
	2.9	7.5	13.2	52.2	24.2		
LEP8I am pleased with the welfare package for the staff	3	20	38	144	180	4.24	0.88
	.8	5.2	9.9	37.4	46.8		
LEP9My department is performing well	25	16	26	169	149	4.04	1.09
	6.5	4.2	6.8	43.9	38.7		
LEP10I am pleased with my department	3	11	41	135	195	4.32	0.84

D. Relationship between Organizational Culture, Stress and Employee loyalty

To examine the correlation between three domains, i.e., Organizational Culture, Stress, and Employee Loyalty, the highest mean for organizational culture and work stress and the lowest mean for loyalty (commitment) were considered. To test their correlations, item OCP1 explains that the structures of the organization were formalized, item OCP7 explains that the employees were governed by

bureaucratic rules. Items of organizational culture OCP1 and OCP7 represented the rational culture and development culture of the organization. Item JSP10 “I have too many assignments to complete at a time” was selected for job stress, while items LEP2 “The condition of service is satisfactory” and LEP7 “I am pleased with the opportunity to make an impact in my department” were selected for job commitment (Table 5).

Table 6. Perception of organizational culture.

Sample Subjects(N) =385		JSP10 Stress	LEP2 Loyalty	LEP7 Loyalty	OCP1 Culture	OCP7 Culture
JSP10 Stress	r	1	-.120**	-.271**	.287**	.012
	Sig.p-value		.009	.000	.000	.408
LEP2 Loyalty	r	-.120**	1	.044	-.037**	.033**
	Sig.p-value	.009		.197	.000	.0.000
LEP7 Loyalty	r	-.271**	.044	1	.288**	-.096*
	Sig.p-value	.000	.197		.000	.029
OCP1 Culture	r	.287**	-.037**	.288**	1	.098*
	Sig.p-value	.000	.094	.000		.027
OCP7 Culture	r	.012	.033**	-.096*	.098*	1
	Sig.p-value	.408	0.000	.029	.027	
P-value significant at *.05 levels **at0.01 levels						

V. CONCLUSION

The results and findings of the study reveal that the IT industry exhibits a rational culture and department culture that is encouraging. It is a very complex task to determine the most appropriate Culture for all organizations. The observations of the study showed that the culture of the IT companies did not contribute significantly to the needs of the employees. The culture of rules and regulations dominated some times. It was found that the relationship between culture, stress, and employee loyalty found be significant. The employee has hectic work to do with less time for accomplishment. The assessments of employee loyalty then make public that the employees were pleased with the promotion system of the industry. The study also suggests that there is a scope to change the work policies, trim down the stress levels of the employees and improve the organizational loyalty of employees towards the work in the IT field.

Hence, all IT organizations should Endeavour to evolve and develop a culture that is strong and supportive, prioritizes the promotion of strong loyalty and reduction of stress, and enhances organizational performance. This kind of analysis is useful even for the quality of service guarantee in IT industries.

ACKNOWLEDGMENT

Two Authors are thankful to all IT professionals who participated in this study to confer their response promptly from various IT companies situated in Hyderabad Region, Telangana, India.

REFERENCES

- [1] Watkins, M. Help newly hired executives adapt quickly. *Harvard Business Review*, 85(6) (2007) 26-30.2007.
- [2] Anjum, D., & Sharma, A., Study of Organizational Culture and Organizational Performance: A Study of Jammu And Kashmir Bank, Rajouri District., 3(5) (2014) 2014.
- [3] Durgadevi, R.andVasantha,S., Organisational Culture and its Impact on employee Performance, (A Study with Reference to IT Sector Chennai). *Indian Journal of Public Health Research & Development*, April-June., 8(2) (2017).
- [4] Chang, S.I., Work Role Stressor and Turnover Intentions: A Study of IT Personnel in South Korea. *Zeitschriftfür Personal forschung*, 22 (2008) 272-290.
- [5] Daniels, K., Perceived Risk from Occupational Stress: A Survey of 15 European Countries. *Occupational and Environmental Medicine*, 61 (2004) 467-470.
- [6] Tsui, P. L., Lin, Y. S., & Yu, T. H., The influence of psychological contract and organizational commitment on hospitality employee performance, *Social Behavior and Personality: an international journal*, 41(3) (2013) 443-452.
- [7] Mallikarjuna Reddy Doodipala Ramya Patlolla A study of organizational culture on organizational performance in it sector from Hyderabad *International Journal of Engineering & Technology*, 7 (2.32) (2018) 545-549
- [8] Hart, P.M., and Cooper, C., Occupational Stress: Toward a More Integrated Framework. In: Anderson, N., Ones, D.S., Sinangil, H.K. and Viswesvaran, C., Eds., *Handbook of Industrial, Work & Organizational Psychology*, Sage Publications Ltd., Thousand Oaks, 2 (2001) 93-144
- [9] Kazue, D. and Stephen, T.T.T., Convergence and Divergence of Role Stress Experience of Locally Hired Japanese and Non-Japanese Host Country Staff: A Qualitative Study. *The International Journal of Human Resource Management*, 22 (2011) 218-231.
- [10] Elenkov, D. and Fileva, T., Anatomy of a Business Failure: Accepting the Bad Luck Explanation vs. Proactively Learning in International Business. *Cross-Cultural Management: An International Journal*, 13 (2006) 133-141.

- [11] Denison, D.R., and Mishra, A.K., Toward a Theory of Organizational Culture and Effectiveness. *Organizational Science*, 6 (1995) 204-223.
- [12] Matthew, J. and Ogbonna, E., Organizational Culture and Commitment: A Study of an Indian Software Organization. *The International Journal of Human Resource Management*, 20 (2009) 654-675.
- [13] Matthew, J. and Hawel, D., A Causal Model of the Antecedents of Organizational Commitment among Professionals and Non-Professionals. *Journal of Vocational Behavior*, 34 (1998) 299-317.
- [14] Lee, J.A., Organizational Justice: A Mediated Model from Individual Well-Being and Social Exchange Theory Perspectives, (2009)
- [15] Olulana, B.S., The Correlates of Organizational Culture, Job Stress and Organizational Commitment. *Asian Journal of Business and Management*, 3 (2015)155-164.
- [16] Zammuto, R.F., and Krakower, J.C., Quantitative and Qualitative Studies of Organizational Culture. *Research in Organizational Change and Development*, 5 (1991) 83-114.
- [17] Cameron, K.S. and Quinn, R.E., *Diagnosing and Changing Organizational Culture Based on Competing Values Framework*. Josey Bass, San Francisco, (2006)
- [18] Quinn, R.E. and Spreitzer, G.M., The Psychometrics of the Competing Values Culture Instrument and an Analysis of the Impact of Organizational Culture on Quality of Life. In: Woodman, R.W. and Pasmore, W.A., Eds., *Research in Organizational Change and Development*, JAI Press, Greenwich, 5 (1991)115-142.
- [19] Chang, S.I., Work Role Stressor and Turnover Intentions: A Study of IT Personnel in South Korea. *Zeitschrift für Personalforschung*, 22 (2008) 272-290.
- [20] Meyer, J.P., and Allen, N.J.H., *Commitment in the Workplace: Theory, Research Application*. Sage, London., (1977).