IMPACT OF ORGANIZATION CULTURE ON EMPLOYEES’ JOB EFFICIENCY IN SOFTWARE INDUSTRIES IN INDIA

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Abstract

Numerous studies have been conducted by academics or practitioners to understand the influencing factors on Organization Culture. However, the absence of organization culture towards job efficiency in Information technology employees in India has remained as a gap in our knowledge. This study therefore aims to fill the gap. The main objective of the study is to examine the relationship between organization culture and employees’ job efficiency in the Information Technology industry employees’ in India. The objective of this study is to show that organization and job efficiency contribute to the body of organization behavior. This study uses quantitative methods by which the data is collected using the survey method of mailed questionnaires. There are five research questions which will be addressed by performing data analysis through Structural Equation Modeling (SEM). The main hypotheses of this study argue that there are significant positive relationships between organization culture and job efficiency. This study was expected to find the relation that contributes between organization culture and Job efficiency practices in Information Technology (IT) companies in India.

Key words: Information Technology, Organization Culture, Job Efficiency, Software Industry, organization behavior, Human resource

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1.1 Introduction:

In the era of globalization, organizations today are facing a significant challenge in attracting, motivating and retaining high performers. ‘One of the most critical challenges for any organization is finding, recruiting and retaining talented individuals’ (Kirkland, 2006). This comment is easily justified, as an organizational culture and employee’s morale must be worked into the business strategy and implemented in daily processes throughout the company as a whole. An organization culture indicator is something that serves as a measure for employee performance in the workplace. Psychologists and researchers have developed these occupational safety indicators to share with business managers and organization leaders, who may then be able to notice these indicators and take steps to reduce the stressors as much as possible. This can help to increase employee health, happiness, and productivity; it may even reduce work-related accidents. In general, an occupational stress indicator falls into one of a few relatively broad categories related to an employee’s role at work, and his or her relationship with colleagues and management.
1.2 Problem Statement
In the era of globalization as perceived by Kotter and Heskett (1992), organizations with adaptive cultures perform much better than organizations with cultures that do not adapt. An adaptive culture translates into organizational success; it is characterized by managers paying close attention to all areas of the business, particularly customers and initiating change when needed, as well as taking risks.

On another note, when an organization does not possess a healthy culture the company faces a lot of problems with respect to the coordination between its employees. Wood, Meyer, Allen and Adams have explained the significance of the socialization process in the context of employee learning and employee adjusting. Organizational socialization refers to the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in an organization. If a company’s dominant values are clearly communicated, job candidates and new hires are more likely to internalize these values quickly and effectively. Socialization is an important process for absorbing corporate culture as well as helping newcomers to adjust to co-workers, work procedures, and other corporate realities (Wood et al., 2004), (Meyer & Allen, 1991), and (Adams et al., 2002).

1.3 Purpose of the Study
This study examines the relationship between organization culture and job efficiency. To further advance our knowledge of employee intervention programs in organizations, this study also focuses on the examination of the intervening effect of organization culture and job efficiency. This study examines the relationship between organization culture and employee job efficiency in the information technology industry in India.

The individual employees were chosen as the unit of analysis in this study. The respondents are employees working in the Indian information technology industries. Participants in the study were selected from a range of positions within organizations (i.e., developers, analysis, managers, senior managers and executives) and the data was collected from 250 employees across the India.

1.4 Research Objectives
The general objective of this study is to examine the relationship between the organizational culture and job efficiency in software industries India.

1.5 Significance of the Study
Although there are empirical studies that have been carried out abroad with regards to the issues that cause for the employees in Information Technology (IT) industries, and these studies have been done in the Indian IT Industries, the result of this study would be to add to the body of knowledge of organizational behavior, specifically in the area of human capital management. Organizations aim to manage their human capital efficiently by providing a healthy working culture and being able to produce relationships between organizational culture and job efficiency practices that can help to boost employees’ work performance in the IT Industry.

1.6 Software Industry in India
Information technology in India is statured and in 1947, Information technology began in India. The information technology industry in India has gained a brand identity as a knowledge economy due to its IT and ITES sector. IT–ITES industry has two major components: IT Services and business process outsourcing (BPO). The growth in the service sector in India has been led by the IT–ITES sector, contributing substantially to an increase in GDP, employment, and exports. The
sector has increased its contribution to India's GDP from 1.2% in FY1998 to 7.5% in FY2012. According to NASSCOM, the IT–BPO sector in India aggregated revenue of US$100 billion in FY2012, where export and domestic revenue stood at US$69.1 billion and US$31.7 billion respectively, growing by over 9%. The major cities which account for an estimated 90% of this sector’s exports are: Bangalore, Chennai, Delhi, Mumbai, Hyderabad, Pune, Kolkata and Coimbatore.

Export dominates the IT–ITES industry, and constitutes about 77% of the total industry revenue. Though the IT–ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry’s share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to Gartner, the “Top Five Indian IT Services Providers” are Tata Consultancy Services, Infosys, Cognizant, Wipro and HCL Technologies.

This sector has also led to large-scale employment generation. The industry continues to be a net employment generator - expected to add 230,000 jobs in FY2012, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. Generally this sector is a dominant player in global outsourcing; however the sector continues to face challenges through increasing global competition, particularly from countries such as China and the Philippines. India's growing stature in the Information Age enabled it to form close ties with both the United States of America and the European Union. However, the recent global financial crises deeply impacted the Indian IT companies as well as other global companies. As a result, hiring has dropped sharply and employees are looking at different sectors like financial service, telecommunications, and manufacturing industries, which have been growing at a stable rate over the last 16 years. India's IT Services industry began in Mumbai in 1967 with the establishment of the Tata Group in partnership with Burroughs; The first software export zone SEEPZ was set up there in 1973, the old avatar of the modern day IT Park. More than 80 percent of the country's software exports happened out of SEEPZ, Mumbai in 80s.

1.7 Literature review

Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations; At the same time, although a company may have their "own unique culture", in larger organizations there are diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team. The organizational culture may also have negative and positive aspects.

Schein (2009), Deal & Kennedy (2000), Kotter (1992) and many others state that organizations often have very differing cultures as well as subcultures. According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, production, the market, technology, and strategy, types of employees, management style, and national cultures and so on. Corporate culture on the other hand refers to those cultures deliberately created by management to achieve specific strategic ends.

Frances Cairncross (2002) is of the following view while discussing dominant culture vis-à-vis sub-culture: sub-cultures can weaken and undermine an organization if they are in conflict with the dominant culture and / or the overall objectives. Successful firms, however, find that this is not always the case. Organizational culture refers to culture in any type of organization be it school, university, not-for-profit groups, government agencies or business entities. In business, terms such as corporate culture and company culture are sometimes used to refer to a similar concept.
1.8 Research Design

A research design is a specific plan for selecting sources and information from a list of all categories of information technologies companies in India in order to answer the research questions. This study requires the author to propose a framework for specifying the relationships among the variables of organization culture and job efficiency. For this reason, the researcher is employing quantitative methods in order to test the hypotheses.

1.9 Data Collection

The employee respondents were collected from popular ranking of Information Technology companies in India. The companies in India were selected based on the directory of Information Communication Technology (ICT) India (www.itida.gov.eg) listed in software status companies of India, 2013. The companies were located in Bangalore, India.

The survey analysis of employees in the information technology companies for the research is based on popular ranking companies in India. The data was collected through questionnaires through email survey and distribution of questionnaires to the employees. The population for this study consists of IT employees who have two years of experience in the field of software web design or working as software engineers from India. This population sampling refers to Cavana et al. (2001, p.252), who defines the sampling frame as a listing of all the factors in the population from which the sample is drawn. The unit of analysis for this study is thus the IT employees of the IT/ICT companies in India. The employees were selected randomly from each company listing. A total of 900 (India) were distributed. However, a total of 237 respondents were gathered respondents from India.

1.10 Sampling

The unit of analysis for this study is employees working for information technology companies in India. Too small a sample size would not be representative of the population (Salkind, 2000) and too large a sample size, would be prone to Type II errors. According to Sekaran and Bougie (2010), the sample size should be based on the suitable power of the statistical test. Power analysis takes into consideration several elements, notably sample size, significant criteria and population size. Therefore, there is a need to balance the power analysis with sample size, clinically significant effective sizes and adequate power. As suggested by Sekaran and Bougie (2010), the advantage of using power analysis is that it can be used to calculate the number of respondents to be used in any study. This study size is the largest sample size found from all the mentioned sample size determination processes.

1.11 Sampling Design

The process of selecting a sufficient number of elements from a population is called the sampling design. There are two major types of sampling designs, probability and non-probability sampling. As discussed in many statistics books on probability sampling, the elements (single members) in the population have some known chance or probability of being selected as sample subjects. In non-probability sampling, on the other hand, the elements do not have a known or predetermined chance of being selected as subjects. For this study, a prospective convenience sampling design was used because it provides delegate sampling for the purpose of a wider generalization (Sekaran, 2003). On this basis, the systematic sampling design involves drawing every nth element in the population starting with a randomly chosen element between 1 and n.

1.12 Sample Size

The sample size, as in the case of the sampling frame, will be drawn from the directory of the information technology companies in India and also from the list of companies involved, meaning that
there are a total of 900 questionnaires were send to respondents in the 237 were respondent that is 26.5% were respond that involved in this sample. Cavana et al. (2001, p.252) define the sampling frame as a listing of the groups in the population from which the sample is drawn. The above source has been used by many researchers in the past, such as Calvo and Rafael, (2010) and Connie (2009), and will also be used in this study. The population for this study consisted of information technology employees in India. The reason for selecting information technology employees for this research was to present the young generation, who prefer technology to traditional methods, with a basis from which to start their career as this research will help the young generation to analyze the problems in the working environment. The unit of analysis for this study is the information technology employees selected based on a directory of ICT and Software companies in India.

1.13 Data Analysis

As this study employs a survey method for data analysis, the author has used structural equation modeling (SEM) as the model for testing direct.

1.14 Data Analysis Procedure

After the data for the survey questionnaires was collected, a running number was assigned for each individual respondent before the data was entered into the computer for analysis. The running number functions as an identification code for each respondent for the purpose of checking their responses if there is a problem with the quality and validity of data collected. The collected data was analyzed using the statistical package for the social science (SPSS) 20.0 program and structural equation modeling (SEM) (George, 2003; Kline, 1998). IBM SPSS 20.0 software was used from UMK library for the analysis part.

1.15 Questionnaire Transaction

The population for this study consists of information technology employees in India. A total population of around 237 employees has been chosen based on the branches of the selective companies. The sample list was drawn from the directory of the information technology companies in India, also from the list of selective companies and branches. The target employees refer to managers, executives or middle executives, and process executives from each category of Information technology companies. The population sampling refers to Cavana et al. 92001, p.252, who defines the sampling frame as a listing of all the factors in the population form which the sample is drawn. The unit of analysis for this study is the employees for information technology companies and those who have at least one year’s experience at the company in the field of IT in India. The questionnaires was developed using past literatures from the American institute of stress (AIS), Survey monkey.com, Zarca interactive, Bottom line impact, Remusilites, Michael (2011) and NIOSH (national Institute for Occupational Safety and Healthy). The Five items to measure performance management, specifically relationship between organization culture, job stress, employees morale, employees intervention program, interpersonal conflicts and job efficiency, were used in the Information technology industries. Respondents were asked to use a Five-Point Liker-type scale to indicate the extent to which each item describes their capabilities. The Five Point Likert type scale ranges from Strongly Disagree (1) to Strongly Agree (5).

1.16 Limitations of the Study

Since previous research on organization culture is rather limited, this research was faced with a lack of empirical evidence, notably in the Indian context. Likewise, no textbooks on Indian or Indian organization culture are available which meant the use of foreign literature was necessary. As such, the research had to order on-line from the United States for the textbooks on organization culture which was time-consuming and costly. In my opinion, the subject matter of organization culture (OC)
and Employee Job Efficiency (EJE) as a research field is somewhat scarce; this makes it difficult to search for references easily and quickly.

1.17 Hypothesis Testing: Organizational culture had direct effect on job efficiency

![Figure 1: structural equation model between organization culture and employee job efficiency](image)

<table>
<thead>
<tr>
<th>Name of Category</th>
<th>Name of Fit Index</th>
<th>Level of acceptance</th>
<th>Model Fit Indices</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Fit Index</td>
<td>RMSEA</td>
<td>RMSEA &lt; 0.008</td>
<td>0.000</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td></td>
<td>GFI</td>
<td>GFI &gt; 0.90</td>
<td>0.995</td>
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</tr>
<tr>
<td></td>
<td>AGFI</td>
<td>AGFI &gt; 0.90</td>
<td>0.991</td>
<td>Achieved the required level</td>
</tr>
</tbody>
</table>

"Aano bhadraa krathavo yanthu vishwathaha" - "Let the noble thoughts come to all from all directions". Page No. 6

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### Table 1: Result summary of hypothesis testing between organization culture and employee job efficiency

The proposed research framework as illustrated in the following Figure 1 organization culture was independent variable and employee job efficiency as the dependent variable. The organization culture had direct impact on the employee job efficiency. The reliability testing had been accepted and it was significant (Cronbach’s alpha value was 0.873 and Cronbach’s alpha standardized value was 0.941) according to the (Dr.Phil chan, 2004) explained that if the reliability value was more than 0.70 then the study was significant and acceptable. The regression test had been accepted i.e., \((R^2 = 0.789)\) that’s means 78.9% of the respondent felt that organization culture had direct effect on the employee job efficiency. According to the (Dr.Phil chan, 2004) explained that if the regression test \((R^2)\) value was more than 0.70 then the study was significant and acceptable. In this test we used structural equation modelling (SEM) method to analysis the hypothesis. While doing the SEM, the primary goal of this exercise was to increase the goodness of fit. We have changed various relationships between the variables to ensure the best fit model had obtained. The following model given the result of the best fit model were also satisfactory (CFI=1.000, NFI= 0.998, TLI= 1.002, GFI=0.998, AGFI= 0.991, RMSEA=0.000).

Hypothesis posits that there was a positive relationship between organization culture and job efficiency. The results constructed that causal effects between value proposition was significant (\(\beta_5 = 0.888; p<0.05\)), signify H6 was supported. Refer table 6.22

Therefore, Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

<table>
<thead>
<tr>
<th>Incremental Fit Index</th>
<th>CFI</th>
<th>CFI&gt;0.90</th>
<th>1.000</th>
<th>Achieved the required level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NFI</td>
<td>NFI&gt;0.90</td>
<td>0.998</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td></td>
<td>TLI</td>
<td>TLI&gt;0.90</td>
<td>1.002</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td>Regression test</td>
<td>(R^2)</td>
<td>&gt;0.70</td>
<td>0.789</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td></td>
<td>Beta</td>
<td>&lt;0.05</td>
<td>0.888</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td>Reliability test</td>
<td>(P)</td>
<td>&lt;0.05</td>
<td>0.000</td>
<td>Achieved the required level</td>
</tr>
<tr>
<td>Durbin Watson</td>
<td>&gt;1.00</td>
<td>2.115</td>
<td>Achieved the required level</td>
<td></td>
</tr>
</tbody>
</table>
Hence, Hypothesis was significant i.e., organization culture had direct impact on employees job efficiency in information technology industries in India.

1.18 Summary of Findings

The first objective of this study is to examine the relationship between organization culture and job efficiency of the employees in the information technology industries in India. The results indicated that organization culture practices were significantly positively related to job efficiency. This supports Deal and Kennedy (1982) who found that the developments of a company are related to the way things get done around organization. Deal and Kennedy (1982) created the culture types and focused on how quickly the organization receives feedback. They divided the organization in to the categories, i.e., work hard & play hard culture, tough guy macho culture, process culture and bet the company culture.

1.19 Recommendations

Since the various variables in this study are being empirically tested for the first time in the India Information Technology industries, future studies can be extended into another service sectors. I would suggest the Indian BPO/ ITes/ KPO industries. In my opinion, using the Indian information technology industry as a benchmark for organization culture practices, future studies could also be directed into other big industries, such as banking, telecommunication, BPO, manufacturing, hotels and plantations. Future research will also need to address all the areas not addressed by the current research due to lack of time. More research needs to be conducted on other variables not addressed in this study. By closing the gaps in our understanding of how organizations behave according to their culture strategy, job stress practices and employee morale propositions in the India Software industries, everyone involved in this process will benefit all levels of an organization. To that end, this study has made both theoretical and practical contributions.

1.20 Conclusion

The results demonstrated that organization culture is an important contributing factor for effective culture practices and employee value propositions in influencing employee performance. In addition, this study also provides the critical insight that employee value propositions, while directly related to organization culture, also mediate the relationship between employee effective job practices and employee morale strategy. Hence, this emphasizes and reinforces the importance of the organization culture propositions for the successful accomplishment of employees’ performance in the software industries in India in the era of Information Technology.

1.21 Future Work

The research mainly conducted in Information Technology industries and there is large scope for this research in manufacturing industries, education industries, service sector and retail industries. The variables organization culture and employee job efficiency had their individual scope in every industry.
1.22 References


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