



The Impact of Employee Loyalty Towards Organizational Culture on Organizational Performance Reference to Private Banks In Coimbatore City

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ABSTRACT

Organizational Performance Management and Measurement is one of the most popular terms in today's business. The idea of managing organizational performance is being widely accepted and adopted all over the world. It spread rapidly from the private sector to the public sector in the developed world and has recently found its way in many developing countries. Organizational performance is generally assessed with financial indicators such as return on investment or profit per share. This narrowness of criteria for measuring organizational effectiveness is in fact a phenomenon of range restriction having consequences on the way managers organize work and manage people in organizations. In this paper, it is argued that the greater the range among the performance criteria, the greater the worth of the work experience. The aim of the study is to find the impact of employee loyalty towards organizational culture on organizational performance, and also find the relationship between these three variables at end of the factors affecting employee loyalty also determined. To achieve the aim of the study, questionnaire survey was used. The results show that there is a positive and significant impact of employee loyalty towards organizational culture on organizational performance.

Keyword: Employee loyalty, organizational culture, Job satisfaction, Employee commitment, organizational performance.

INTRODUCTION

Organizations have an important role in our daily lives and therefore, successful organizations represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions

similar to an engine in determining the economic, social and political progress.

Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions.

Precisely for this reason, in the last 22 years, there were 6 Nobel prizes awarded to researchers who have focused on the analysis of organizations and institutions. Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance. Although the concept of organizational performance is very common in the academic literature, its definition is difficult because of its many meanings. For this reason, there isn't a universally accepted definition of this concept. In the '50s organizational performance was defined as the extent to which organizations, viewed as a social system fulfilled their objectives (Georgopoulos&Tannenbaum, 1957: p. 535). Performance evaluation during this time was focused on work, people and organizational structure. Later in the 60s and 70s, organizations have begun to explore new ways to evaluate their performance so performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources (Yachtsman& Seashore, 1967: p. 379)

Many Performance Management systems borrow from or utilize some of the new approaches such as “Balanced Scorecard”, “Total Quality Management (TQM), best practice “Benchmarking”, or Business Process Re-engineering (BRP). Performance Measurement must be considered as part of the overall Performance Management system and can be viewed as the process of quantifying the efficiency and effectiveness of actions.

Research Questions:

The following research questions were formulated for the study:

1. Which factors affecting determine the employee loyalty of bank executives
2. What are the factors impacts towards organizational commitment on organizational performance?
3. There is any relationship between these three variables among the bank executives

Research Objectives:

The objective of the study follows as:

1. to analysis the influence of socio- economic profile of the respondents towards organizational performance of bank executives.
2. To analysis the effectiveness factors affecting among organizational performance in bank executives.
3. To examine the whether any relationship between the variables among the bank executives

PROBLEM OF THE STUDY:

There are some theoretical explanations in the respect relationships or the impact of employee loyalty towards organizational culture on organizational performance global context. Further the literature emphasize that most of the studies have investigate the relationship between the organizational performance management, employee loyalty and organizational commitment individually. Also these relationships have been examined in the western context. To fill this research gap, it is very important to conduct a research study to identify the impact of employee loyalty towards organizational culture on organizational performance.

LITERATUREREVIEW

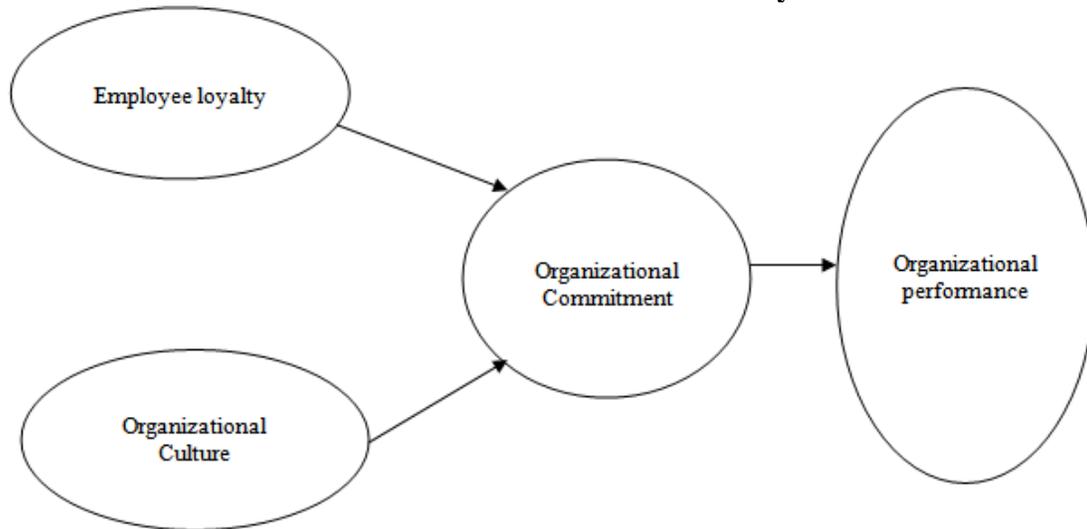
In the early 1990s, the business world brought a holistic approach to the concept of performance. It's recognized as the balanced scorecard and it was an important turning point for performance management.

The balanced scorecard is a worldwide accepted management accounting tool which proposed that non-financial performance measurements should also be measured with financial performance measurements, so institutional performance is measured in a multi-dimensional way which results in a better focusing on the institution's strategies. The Balanced Scorecard considers the value of intangible assets along with tangible ones and enables performance management system to reach its aims. (Kaplan and Norton, 2004¹) The BSC turns an organization's visions and strategies into actions. Through the Balanced Scorecards, institutional strategies are adopted by other organizations and the institution's internal integrity is ensured. The BSC turn the strategies set by top managers into explicit, clear and focused strateg.

Al-Tamimi (2011)² finds out that large banks perform better than small banks, so the most important performance indicator of that study is the bank size. Furthermore, in earlier studies researchers provide evidence to the importance of performance management and measurement to perform more successfully.

(Epstein & Westbrook, (2001)³ Wisner, Epstein, &Boozy, 2006; Davila, Epstein, &Shelton, 2006) (Deville at al., 2014) studied on performance measurement in hierarchical organizations. Differently, there are studies showing how to implement performance measurement systems in public sector.

Parker, 2000)⁴ states that performance criteria should be clearing, reliable and healthy, as well as easily understood by everyone. So, the system must be designed clearly and simply, so it can be understood easily to see if the targeted performance is reached or not. At the BSC, the performance criteria associated with each other are grouped using multiple dimensions. The BSC should include financial and non-financial criteria in a single report and in a "balanced" way. Therefore, when measuring corporate performance, a balanced weight is given to performance criteria in all the dimensions of Balanced Scorecards.

Theoretical Frame work of the study:**Determinants of Employee loyalty****Employee loyalty:**

Employee loyalty can be defined as employees who are devoted to the success of their organization and believe that being an employee of this organization is in their best interest. Not only do they plan to remain with the organization, but they do not actively seek for alternative employment opportunities.

Organizational Culture:

A cultural institution or cultural organization is an organization within culture/subculture that works for the preservation or promotion of culture. The term is especially used of public and charitable organizations, but its range of meaning can be very broad.

Organizational Commitment:

Organizational commitment is the bond employees experience with their organisation. Broadly speaking, employees who are committed to their organisation generally feel a connection with their organisation, feel that they fit in and, feel they understand the goals of the organisation

Organizational performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives)

Hypotheses of the study:

On this discussion the present study the researcher framed following hypothesis:

1. There is a positive relationship between employee loyalty and organizational culture, organizational commitment, organizational performance.

2. There is no significance relationship between the employee's commitment and organizational performance

RESEARCH METHODOLOGY:

It is a science of studying how research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology.

It is also defined as the study of methods by which knowledge is gained.

A. Research Design

Descriptive method for used this research, aims to investigating the factors influencing of organization performance in private bank executives in Coimbatore.

B. Study area

Coimbatore district was selected as the locale of the study (figure 3) owing to the reason that it is one among the industrially developed and commercially vibrant districts of Tamil Nadu. Coimbatore city is identified as one of the fast developing metros of India. It is poised for a spectacular growth in the near future. The city is endowed with large number of engineering goods, textiles, foundries, agro-based industries and educational institutions. The Coimbatore district is popularly known as Manchester of South India

C. Study Population

The research targets to select employees of banking sector in Coimbatore city. The banking sector

considered for this study are HDF CICI, and AXIS, from the three major private banks sector have been selected Based on the top ten private banks in Coimbatore report from the Reserve bank of India report on 2017. Among these elected three it professional those who are having more than five years of experience have been considered for the research as respondent

Sampling Technique/ Sample frame work

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Sample size

The researcher to selected Sample size of 200employees working in private sector bank, were taken for the this research

Validity of the Instrument

The study followed the departmental guideline in writing this work, after which the supervisor read through and offered valuable corrections which were affected by the researcher. The study therefore adapted content validity to validate the research instrument.

Reliability Statistics

Cronbach's Alpha	No. of Items
.716	10

The measuring instrument measures what it is purported to measure at an alpha value of 0.716

DATA COLLECTION:

The research used both primary and secondary data for this research. Data was collected through Structure-designed questionnaire. The questionnaires on 5-point (Liker) scale were selected to evaluate employee loyalty, Organizational culture, organizational commitment and organizational performance. The research was used in SPSS software for analysis of data which is effect of organization commitment on employee loyalty with the help of both in dependents, dependent variables.

STATISTICAL TOOLS USED:

The researcher can used statistical tools like measure the sample characteristics, mean, median, mode, standard deviation, were used. Linear regression model was applied in this research to measure the relationship between dependent, independent variables.

DATA ANALYSIS AND INTERPRETATION;

Table: 1 Socio economic profile of the respondents:

Particulars	No. of Respondents / Frequency	Percentage (%)
Gender:		
Male	135	67.5
Female	65	32.5
Age:		
Under 21	63	31.5
22-32	25	12.5
33-43	45	22.5
44-54	35	17.5
Above 55	32	16.0
Marital Status:		
Married	43	21.5
Un-Married	157	78.5
Educational Qualification:		
SSLC	45	22.5
HSC	47	23.5
UG	41	20.5
PG	32	16.0
Other	35	17.5
Income		
Below 15000	53	26.5
15001-25000	38	19.0
25001-35000	46	23.0
35001-45000	38	19.0
Above 45000	25	12.5
Experience		
Below 5 years	56	28.0
5-10years	39	19.5
10-15years	41	20.5
15-20years	43	21.5
Above 20 years	21	10.5

Source: Primary data

Interpretation:

From the above table shows that gender of the respondents belongs to that 67.5% of the respondents are male remaining 32.5% are female respondents. From the total number of sample collected was research 200, 135 respondents male which shows that more number of males was interested in participating in the research and 65 respondents are female. The age group of the respondents between 63 numbers of the respondents was participated (31.5%) is the highest rate in age of the respondents. Marital Status of the respondents 43 are married remaining 157 are un-married. Educational qualification of the respondents level is HSC is the highest number of the

Respondents was participated in this research i.e. frequency is 47 and the percentage is 23.5%. Income level of the respondents is below 15,000 is the highest rate in this research of 53 respondents in

26.5%.experience of the respondents below 5 years of 56 frequency in the research 28.0% is the highest rate from the experience of the respondents.

TABLE 2 Correlations with variables:

Variables	Employee Loyalty	Attitude about the employee	Organizational commitment	Attitude about the company.
EMPLOYEELOYALT Y Pearson Correlation Sig. (2-tailed) N	1	.702	.463	.370
		.001	.005	.009
	200	200	200	200
Organizational Culture Pearson Correlation Sig. (2-tailed) N	.702	1	.306	.250
	.001		.010	.012
	200	200	200	200
Organizational Performance Pearson Correlation Sig. (2-tailed) N	.463	.306	1	.393
	.005	.010		.008
	200	200	200	200
	.009	.012	.008	
	200	200	200	200

Correlation is significant at the 0.05 level (2-tailed).

Interpretation:

Employee loyalty and organizational culture shows that negative and significant relationship to 0.984 significant level with a correlation value of -0.02. Organization Performance this positive and significant relationship with employee loyalty with correlation value 0.163 at 0.105 significant levels. Employee loyalty positive end significant relationship with correlation value 0.070 at 0.489 significant levels as shown in table

Table: 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.691 ^a	0.631	.601	.062

a. Predictors: (Constant), employee loyalty

The value of R square in table 4.1 is 0.631. This value indicates that there is almost 63% variation in independent variable (employee loyalty) due to one unit change in independent variable

Table:4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463 ^a	.527	.521	.046

a. Predictors: (Constant), organization Culture

The value of R squares .527, which shows that there is almost 52.7% total variation in independent variable (employee loyalty) due to one unit change in independent variable (Organizational performance)

FINDINGS, SUGGESTION AND CONCLUSION:

Major Findings:

1. It is found that there is positive significant relationship between the variables of organizational culture and employee loyalty,
2. Organizational culture has a positive significant relationship with employee loyalty with the correlation value is 0.163 at 0.05 Significant level.

3. Organizational performance has also a positive significant relationship with the correlation value 0.070 at .489 significant levels.
4. The dependent variable i.e. employee loyalty due to one unit change independent variable. The R values and table is 4.1 and 0.631. This value indicates that there is almost 63% variation.
5. Employee loyalty and organizational culture due to one unit change from the R value is 2.527, which shows that there is almost 52% total variation in employee loyalty to organizational Performance.
6. The demographic factors such as gender, age, marital status, income, education and source of information is taken and using mean table and analysis of variance, the difference is analysed for weighted service quality and found that there is significant difference is found. The null hypothesis framed is accepted.
7. It is found that there is significant correlation between employee loyalty dimensions. The correlation analysis shows positive correlation between the employee loyalty dimensions such as organizational culture and organizational performance. From this we find that the null hypothesis framed is rejected.

It is found that there is significant influence between correlation between employee loyalty and internal factors dimensions and the respective constructs. By using regression analysis Organizational culture. The analyse shows that there is significant influence of the dimensions towards the factors, thus the null hypothesis framed is rejected.

SUGGESTIONS:

From the analysis it is provided that employee loyalty, impact of organizational culture on organizational Negative and significant relationship with employees' loyalty. Organization should responsible that to give benefit and incentive their employee so that they can improve their behavior and must loyal with their organization.

The findings of the research conclude that there is a significant impact of organizational culture on employee loyalty. All of the two hypotheses have been accepted in this study that there is a positive relationship between employee loyalty, organizational

culture and organizational performance, there is a negative relationship found between owner's attitude and employee loyalty in banking organization.

CONCLUSION

The main objective of this study is to identify the impact of Employee loyalty towards organizational culture on organizational performance. Significant relationship with employees loyalty. Organization should responsible that to give benefit and incentive their employee so that they can improve their behavior and must loyal with their organization. The findings of the research conclude that there is a significant impact of Employee loyalty towards organizational culture on Organizational performance.

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