

# PERCEPTION OF EMPLOYEES TOWARDS ORGANISATIONAL CULTURE IN LIFE INSURANCE CORPORATION OF INDIA IN TIRUNELVELI DISTRICT

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**Abstract** *Culture, at the work place is a very powerful force, which is consciously and deliberately cultivated and is passed on to the incoming employees. It is a thread which holds the organisation together. The dominance and coherence of culture proved to be an essential quality of the excellent companies. Managers today are increasingly challenged with changing an organisation culture to support new ways of accomplishing work. As competition and pressure to perform to world class standards grow, companies are forced to find new and innovative ways to differentiate or face closure. Today's business scenario is undergoing rapid changes. The economic reforms and increasing global competition have forced organisations to search for better alternatives for organisational growth and excellence. This study aims at making meaningful inquiry and investigation on to the perception of employees towards organisational culture in Life Insurance Corporation of India (LIC).*

**Keywords** *Organisational Culture, Economic Reforms, Global Competition, Organisational Growth, Perception of Employees*

## INTRODUCTION

Culture, at the work place is a very powerful force, which is consciously and deliberately cultivated and is passed on to the incoming employees. It is a thread which holds the organisation together. The dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture, the more it was directed to the market place. The people way down the line know what they are supposed to do in most situations. Organisational culture is pervasive and powerful. For business, it is either a force for change or a definite barrier to it. Managers today are increasingly challenged with changing an organisation culture to support new ways of accomplishing work. The need to more with less is currently the biggest challenge. Business needs staff to deliver more. As competition and pressure to perform to world class standards grow, companies are forced to find new and innovative ways to differentiate or face closure. The time has come for businesses to walk the talk and acknowledge that employees are the greatest assets.

Today's business scenario is undergoing rapid changes. The economic reforms and increasing global competition have forced organisations to search for better alternatives for

organisational growth and excellence. This study aims at making meaningful inquiry and investigation in to the impact of organisational culture on the employee commitment in Life Insurance Corporation of India (LIC). The insurance sector in India has been witnessing mammoth changes and transformation in the recent years. For survival, growth and excellence the LIC have to focus on engaging employees with commitment to drive success.

## OBJECTIVES OF THE STUDY

Following are the major objectives of the study.

1. To assess the existing and preferred organisational culture in Life Insurance Corporation of India.
2. To examine the association between the organisational culture and the current level of employee commitment.

## Sampling Plan

LIC has grouped all its employees in to four groups. Under each group specific categories of employees are included. Proportionate random sampling method was used to select the respondents for this study. The details are given in Table 1.

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**Table 1. Distribution of LIC Employees in Tirunelveli District as on 31.03.2014 and the Sample Size**

Class	Designation	No of Employees		Sample	
Class I	Assistant Administrative officers	120	211	35	52
	Administrative Officers,	60		17	
	Assistant Divisional Managers	30		09	
	Senior Divisional Manager	1		-	
Class II	Development Officers	180	180	52	52
Class III	Assistants	250	550	73	160
	Higher Grade Assistants	300		87	
Class IV	Sub staff	60	90	18	27
	Record Clerks	30		09	
Total		1031	1031	300	300

Out of 1031 employees working in various branches of LIC in Tirunelveli District in different capacities, 300 employees were selected randomly in proportion to the employees from each strata.

pilot study to test the reliability and validity of the variables included in the interview schedule for the study. Based on the pilot study the final draft was made and the same was used for the purpose of the data collection.

## Data Collection

Interview schedule was used to collect the data from the respondents. Before using the interview schedule for the data collection, the interview schedule was used for the

## Respondent's Perception about Organisational Culture

The level of perception about organisational culture is necessary for the organisation improve the employee

**Table 2. Employees Perception about Organisational Culture**

	Perception about Organisational Culture	Mean Scores		't' Statistics
		Existing Culture	Preferred Culture	
1	Freedom for employees to depart from rules	2.3876	2.5243	-2.1124*
2	Freedom for employees to influence work decisions	2.2351	2.4134	-2.3452*
3	Freedom for the employees to plan their own work	2.6123	2.7412	-2.5211*
4	Opportunity for employees to bring forward ideas before decisions making	2.2523	2.4243	-2.1342
5	Freedom for the employees to impart decision according to their views	2.4231	2.6152	-2.1752*
6	Organization shows quick reaction to market developments	2.2653	2.5341	-2.1251
7	Organization investigates wishes and needs of customers	2.2178	2.4134	-2.1142*
8	organization resorts to active mobilisation of new customers	2.1342	2.5232	-2.0321
9	organization is working to improve the local market position	2.3214	2.5143	-2.2311
10	organization employees are trained to gather information about the expectations of the customers	2.5321	2.6241	-2.3451
11	organization has an edge over local competitors	2.4521	2.5761	-2.3114*
12	cooperation between departments	2.4523	2.5456	-2.2513*
13	exchange of useful information between departments	2.3987	2.4342	-2.2817*

14	departments support each other in resolution of problems	2.1435	2.3414	-2.0123
15	mutual communication between heads of departments	2.4123	2.5178	-2.1235*
16	Employees know the procedure and practice followed for the performance assessment	2.3621	2.4623	-2.0564*
17	performance appraisals are taken seriously	2.5872	2.6451	-2.3411*
18	employees obtain useful information about their functioning	2.3541	2.4726	-2.0564*
19	Employees recruitment and selection policy is transparent	2.4716	2.5133	-2.2287
20	Employees promotion and transfers are according to the	2.3214	2.5786	-2.2452*
21	employees closely monitor their working	2.5621	2.6415	-2.1524*
22	Employees' search for possibilities to improve the organization	2.3716	2.5132	-2.1287
23	Employees' take initiatives to improve the work process	2.2341	2.4254	-2.1432*
24	Employees initiatives are appreciated and rewarded	2.4623	2.5144	-2.2365
25	Employees opinions are considered for the new initiatives	2.3655	2.4567	-2.2341*
26	Information about departmental policies and goals is shared with the employees.	2.3812	2.5251	-2.1298*
27	Attitude towards communication in the organization is healthy	2.4556	2.5413	-2.1654*
28	Employees are given information about changes in the organization	2.4352	2.5517	-2.1543*
29	Organization's communication motivates and stimulates an enthusiasm for meeting its goals	2.5861	2.6514	-2.2761*
30	Subordinates feel responsible for initiating accurate upward communication	2.3521	2.5465	-2.0176*

\* Significant at five per cent level

commitment. The perception of the respondents about organisational culture is assessed by taking in to account 28 variables. The respondents are asked to rate these variables at the five point scale according to their level of perception.

The perception of the respondents about the existing and preferred organisational culture and their respective 't' statistics are given Table 1. It reveals that the highly viewed aspects in respect of existing culture among the respondents are 'freedom for the employees to plan their own work' and 'performance appraisals are taken seriously' since their mean scores are 2.6123 and 2.5872 respectively. As regards the preferred organisational culture the highly viewed aspects are 'freedom for the employees to plan their own work' and 'organization's communication motivates and stimulates an enthusiasm for meeting its goals' as their mean scores are 2.7412 and 2.6514 respectively. Regarding the organisational culture practiced in the Life Insurance Corporation, significant difference between the existing and preferred organisational culture have been noticed in the case of 21 out of 30 variables since their respective "t" statistics are significant at five per cent level.

### Important Aspects Relating to Respondents' Perception about Organisational Culture

The score of all the 30 variables are included for the Exploratory Factor Analysis (EFA) in order to narrate the variables into factors. Initially, the test of validity of data for EFA has been conducted with the help of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. Both these tests satisfy the validity of data for EFA since the KMO measure is greater than 0.60 whereas the chi-square value is significant at zero per cent level. The EFA has been executed to narrate the variables into factors. The results are summarized in Table 3.

The dominant perception factors identified by the EFA are autonomy, external orientation and interdepartmental cooperation since their respective Eigen values are 4.8687, 3.9108 and 3.0445. The per cent of variation explained by these factors are 21.18, 18.85 and 14.57 per cent respectively. The last three factors identified by the EFA are human resource orientation, improvement orientation

**Table 3. Perception of the Respondents Regarding Organisational Culture**

Important Aspects	No. of Variables	Eigen Value	Per cent of variance explained	Cumulative per cent of variance explained
Autonomy	5	4.8687	21.18	21.18
External orientation	6	3.9108	18.85	40.03
Interdepartmental Cooperation	4	3.0445	14.57	54.60
Human resource orientation	5	2.8917	13.77	68.37
Improvement orientation	5	2.4886	11.85	80.22
Organisational integration	5	2.4332	9.32	89.54
KMO measure of sampling adequacy : 0.7989		Bartlett's test of sphericity chi-square value: 86.49*		

\* Significant at five per cent level

and organisational integration since their Eigen values are 2.8917, 2.4886 and 2.4332 respectively. The per cent of variation explained by three factors are 13.77, 11.85 and 9.32 respectively. All the six perception factors identified by the EFA explain the service quality variables to an extent of 89.54 per cent. These six perception factors have been included for further analysis.

### Reliability and Validity of Variables relating to Perception of Organisational Culture

The scores of the variables in the factors leading to perception of organisational culture have been included to test the reliability and validity of variables in each factor. The Confirmatory Factor Analysis (CFA) has been administered for this purpose. The overall reliability has been estimated with the help of cronbach alpha test. The results are summarized in Table 4.

The standardized factor loading of the variables in each factor is greater than 0.60 which reveals the content validity. The significance of 't' statistics of the standardized factor loading of the variables in each factor reveals the convergent validity. It is also supported by the composite reliability and average variance extracted since these are greater than its maximum threshold of 0.50 and 50.00 per cent respectively. The cronbach alpha of all factors is greater than 0.60. These results indicate the reliability and validity of variables in each factor.

### Association between Profile of the Respondents and their Views about the Perception of Organisational Culture

The profile of the respondents may be associated with their views about the perception of organisational culture. The present study has made an attempt to examine it with the help of one way analysis of variance. The included profile

**Table 4. Reliability and Validity of relating to Perception of Organisational Culture**

Perception of Organic Farming	Range of standardized factor loading	Range of 't' statistics	Cronbach alpha	Composite reliability	Average variance explained
Autonomy	0.9148-0.6589	4.1589*-2.5087*	0.8149	0.7933	55.03
External orientation	0.8933-0.6345	3.8914*-2.3891*	0.7948	0.7769	53.39
Interdepartmental Cooperation	0.8711-0.6507	3.7118*-2.6034*	0.7833	0.7602	53.04
Human resource orientation	0.9045-0.6887	4.0337*-2.8224*	0.8027	0.7814	54.11
Improvement orientation	0.8804-0.6739	3.8046*-2.7118*	0.7766	0.7542	52.42
Organisational integration	0.8765- 0.6532	3.6914*-2.4891*	0.7231	0.6945	53.67

Source: Primary Data

\* Significant at five per cent level

**Table 5. Association between Profile of the Respondents and their Views about the Perception of Organisational Culture**

Profile Variables	F statistics					
	Autonomy	External orientation	Interdepartmental Cooperation	Human resource orientation	Improvement orientation	Organisational integration
Gender	3.7886	2.9667*	3.1784*	2.3786*	2.9098	2.4586
Age	2.4389*	2.8994	2.0789	2.2997*	2.4892*	2.3497*
Level of education	2.3909*	2.0448	2.1547	2.0894	2.7379	2.2394
Grade	2.8604*	2.3949*	2.7184*	2.4551*	2.7894*	2.4551*
years of experience	2.4546	2.7081	2.5088*	2.0997	2.4493*	2.3477*
Monthly income	2.5172*	2.8556*	2.9771	2.5443	2.5897*	2.5563

\* Significant at five per cent level

variables are gender, age, level of education, grade, years of experience and monthly income. The results are given in Table 5.

The significantly associating profile variables with the perception of organisational culture ‘autonomy’ are age, level of education, grade and monthly income, since their respective ‘F’ statistics are significant at five per cent level. The significantly associating profile variables with the perception of organisational culture ‘external orientation’ are ‘gender’ grade and ‘monthly income’ since their respective ‘F’ statistics are significant at five per cent level. The significantly associating profile variables with the factor ‘interdepartmental cooperation’ are gender, grade and years of experience since their respective ‘F’ statistics are significant at five per cent level. Regarding the ‘human resource orientation’, the significantly associating profile variables are gender, age and grade whereas in the case of ‘improvement orientation’ the associating profile variables are age, grade, years of experience and monthly income since their respective ‘F’ statistics are significant at five per cent level. As regards organisational integration’ the associating profile variables are age, grade and years of experience since their respective ‘F’ statistics are significant at five per cent level.

**Findings**

- Regarding the perception of the respondents about the existing and preferred organisational culture the highly viewed variables in respect of existing culture are ‘freedom for the employees to plan their own work’ and ‘performance appraisals are taken seriously’ since their mean scores are 2.6123 and 2.5872 respectively.
- In respect of the preferred organisational culture the highly viewed variables are ‘freedom for the employees to plan their own work’ and ‘organization’s communication motivates and stimulates an enthusiasm

for meeting its goals’ as their mean scores are 2.7412 and 2.6514 respectively.

- Regarding the organisational culture practiced in LIC significant difference between the existing and preferred organisational culture have been noticed in the case of 21 out of 30 variables since their respective “t” statistics are significant at five per cent level.
- The significantly associating profile variables with the perception of organisational culture ‘autonomy’ are age, level of education, grade and monthly income, since their respective ‘F’ statistics are significant at five per cent level.
- The significantly associating profile variables with the perception of organisational culture ‘external orientation’ are ‘gender’ grade and ‘monthly income’ since their respective ‘F’ statistics are significant at five per cent level.
- The significantly associating profile variables with the factor ‘interdepartmental cooperation’ are gender, grade and years of experience since their respective ‘F’ statistics are significant at five per cent level.
- Regarding the ‘human resource orientation’, the significantly associating profile variables are gender, age and grade whereas in the case of ‘improvement orientation’ the associating profile variables are age, grade, years of experience and monthly income since their respective ‘F’ statistics are significant at five per cent level.
- As regards organisational integration’ the associating profile variables are age, grade and years of experience since their respective ‘F’ statistics are significant at five per cent level.

**CONCLUSION**

The perception of the employees of the Life Insurance Corporation of India varies in respect of the existing and

preferred organisational culture. Moreover, the perception of the employees varies significantly in respect of the profile of the employees too. This throws light the steps to be taken to make the desired changes in the employees' performance and commitment towards their organisation.

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