

The Significance of Organizational Culture and Employee Commitment in Employee Retention and Organizational Performance

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Abstract

This study examines the impact of organizational culture and employee dedication on staff turnover rates and overall organizational performance, particularly within the Indian setting. To comprehend the duration employees remain with the company, various types of commitment, such as emotional, continuance, and normative, according to Allen and Meyer, are utilized. The analysis of current studies reveals that organizational culture plays the most significant role in employee retention, followed by continuance and normative commitment. While emotional attachment is significant, it does not hold as much influence in the actual choice to remain. It is crucial for the effective functioning of an organization that it retains its employees, a factor influenced by both their cultural background and dedication to the company. It impacts aspects such as productivity, earnings, and the level of engagement shown by employees in their work.

1. Introduction

In a world that's becoming more connected and focused on talent, keeping employees has become a big priority for companies, especially in India, where there's a growing need for skilled workers. When employees leave too often, it causes problems like lower productivity, higher costs for hiring new people, and a loss of important knowledge. To ensure long-term growth for businesses, it is crucial to grasp the psychological and organizational factors that influence employee retention.

Company culture and how committed employees feel are often seen as major factors in building strong, long-lasting relationships between employees and employers.

This study looks at how these factors are linked and how, together, they affect how well an organization performs.

2. Theoretical Framework

2.1 Organizational Culture

The organizational culture encompasses shared values, norms, and practices that influence employees' behaviours and decision-making processes. It's an invisible factor, yet it greatly influences how individuals perceive their work environment and interact with others, including their superiors. Schein (2010) explains that culture grows gradually through the learning process within the organization and the actions of its leaders, and it plays a key role in forming the organization's sense of who it is.

According to Schein (2010), culture develops over time as employees learn and leaders act, shaping the organization's identity.

2.2 Employee Commitment

The model developed by Allen and Meyer in 1990 divides organizational commitment into three components. The initial type of commitment is affective, indicating a strong emotional bond and sense of belonging to the company. The second type is continuance commitment, which involves recognizing the expenses associated with resigning from the company. The third type of commitment is normative, where you feel a sense of duty

to remain loyal to the company. Every component plays a role in affecting staff turnover uniquely, impacting how companies develop their strategies to retain employees.

2.3 Employee Retention and Organizational Performance

Retaining employees goes beyond HR; it significantly impacts an organization's overall performance. By retaining employees, the company preserves their expertise, nurtures client connections, and enhances overall team collaboration. Retaining employees helps reduce expenses associated with hiring replacements, training fresh recruits, and managing decreased efficiency. Research indicates that higher levels of employee commitment lead to improved performance, increased creativity, and greater profitability for the company (Meyer et al., 2002).

3. Literature Review

Employee retention is a crucial subject in organizational research as it directly impacts a company's performance and its competitive edge. Studies have consistently highlighted that a solid company culture and strong employee dedication are pivotal in determining whether staff members choose to remain with the organization or seek opportunities elsewhere.

3.1 Organizational Culture as a Foundation for Performance

The culture within an organization is crucial in influencing the behavior of employees and the overall performance of the company. Recent research highlights that culture isn't a single idea but includes different focuses like support, innovation, and adaptability, and each of these influences performance in its own way (Bogale & Debela, 2024). In sectors such as healthcare and high-risk industries, fostering supportive and flexible cultures can boost collaboration, knowledge exchange, and innovation, leading to enhanced overall performance (Singh & Moyo, 2023; Aggarwal, 2024). Conversely, in societies where it's typical for people to leave their jobs, there may be a higher rate of employees quitting and a negative impact on the company's overall success in the long run (Sharma & Patel, 2024). Therefore, when the organizational culture is in harmony with the goals, it can offer significant benefits; however, if they are not aligned, it could pose a significant challenge.

3.2 Employee Commitment as a Mediator between Culture and Retention

Recent research indicates that the dedication of employees, particularly emotional dedication, is crucial in linking organizational culture to employee retention. Studies have shown that emotional attachment plays a crucial role in anticipating reduced intention to leave jobs across various industries and countries, as indicated by Palma-Moreira et al. (2024) and Galanis et al. (2024). Engaging in activities such as ongoing training, chances for career advancement, and having encouraging leaders all contribute to fostering emotional attachment among employees, leading to a decrease in staff turnover rates (Moreira et al., 2024; Palma-Moreira, Oliveira, & Ferreira, 2024). Moreover, considering various perspectives reveals that employees can demonstrate dedication to both the company, their supervisors, and their roles concurrently, and these varying forms of dedication impact their likelihood of retention (Kellerer, 2025). This reinforces the concept that solely relying on culture is not sufficient to retain loyal employees; what truly counts are the emotional bonds and sense of dedication.

3.3 Organizational Support, Development, and Psychological Safety as Cultural Levers

The culture within an organization plays a significant role in influencing the level of commitment shown by employees and their likelihood of remaining with the company, which is shaped by particular behaviors and routines. For instance, if employees sense that the organization backs them, provides opportunities for professional development, and encourages open expression, they are inclined to remain with the company. Studies indicate that receiving support in the workplace plays a significant role in decreasing the inclination to quit, and this link is reinforced by the level of dedication felt by employees (Galanis, Fragkou, & Katsiroumpa, 2024). Providing chances to learn, receive support, and transition between positions can enhance employees' sense of competence and belonging, ultimately strengthening their emotional bond with the company (Moreira et al., 2024). Recent studies (Mohammed, 2025) have shown that better employee retention is associated with a positive work environment and well-defined goals. Conversely, negative

workplace environments may decrease employee involvement, with current research indicating that a detrimental culture is a more significant factor in staff turnover than inadequate compensation across various work environments (Presbitero, 2025). The discoveries demonstrate how culture impacts employee retention by actively demonstrating support, development, and respect rather than just in a broad sense.

3.4 Contextual and Sectoral Variations in the Culture–Commitment–Performance Nexus

Although the culture-commitment-retention-performance pathway is strong, its effectiveness can differ across industries and situations. Studies in the healthcare field show that both culture and leadership significantly influence why employees choose to resign, with distinct cultural aspects accounting for variations in turnover rates among nursing practitioners across different countries (de Vries et al., 2023; Lay, Tan, & Li, 2025). In demanding environments such as law enforcement, fostering a culture of support enhances staff dedication, leading to lower turnover rates and consistent performance levels (Singh & Moyo, 2023). Nevertheless, the influence of these aspects may vary across different age brackets; younger employees typically prioritize learning and advancement chances, whereas older workers tend to prioritize job stability and equitable treatment (Moreira et al., 2024). This indicates that although the fundamental links among these elements remain constant, diverse approaches are essential based on the specific industry, cultural environment, and composition of the employees.

3.5 Gaps in the Literature

Despite the thorough investigations carried out on this topic, some key elements still lack sufficient attention. There is a notable difference in research focus, with more emphasis on Western companies and less attention given to Indian organizations, which function under unique cultural and economic circumstances. Another challenge arises from the absence of research that tracks changes over extended periods, which complicates grasping how culture and dedication evolve over time in contrast to studies that examine data at a specific moment. Ultimately, more comprehensive models that incorporate culture and the three types of commitment are required as current research lacks in exploring their collective influence on retaining employees.

4. Methodology

The research adopts a qualitative method that draws from prior studies and utilizes secondary information sourced from peer-reviewed journals, industry reports, and case studies centered on Indian organizations. The aim is to investigate and combine the latest findings on the interconnection between culture, commitment, retention, and performance. Sources for information consist of academic databases such as JSTOR, Scopus, and Google Scholar, as well as reports from SHRM India, Deloitte, McKinsey & Company, and other reputable journals. Additionally, research studies focusing on organizational behavior and human resource management are also valuable resources.

5. Analysis and Discussion

5.1 Organizational Culture as a Retention Driver

Studies show that the culture of an organization plays a big role in keeping employees. A positive organizational culture fosters a sense of belonging and purpose, which can significantly enhance employee satisfaction and loyalty. Furthermore, when employees feel aligned with the organization's values and mission, they are more likely to remain committed and engaged, ultimately driving better performance outcomes. Additionally, organizations that prioritize open communication and recognition within their culture tend to see lower turnover rates. By promoting a supportive environment where employees feel valued and heard, companies can create a strong foundation for long-term retention and success. When a company has a positive culture that includes trust, welcoming everyone, recognizing good work, and offering chances to grow, it helps employees feel happy and committed. This, in turn, fosters innovation and collaboration, leading to a more dynamic workplace. As employees thrive in such an environment, they are more likely to contribute their best ideas and efforts, propelling the organization forward. Companies in India, such as Infosys and TCS, have put a lot of effort into creating such cultures that focus on learning and supporting employees' well-being, which has helped them keep their staff more effectively.

5.2 Commitment Components and Retention

In reality, while having a strong emotional connection to the organization is great, in Indian workplaces, employees are more likely to stay because of financial reasons or a sense of duty. They often remain due to the security of their job or the belief that they should stay loyal. This is especially true in government-run organizations or family businesses where job stability and loyalty are seen as very important.

5.3 Impact on Organizational Performance

There is a clear and positive link between keeping employees and how well an organization performs. When employees stay, they help with:

- Increased productivity
- Lower costs for training new staff
- Better customer satisfaction
- More creativity and a more stable work environment

Additionally, businesses that focus on matching their culture with employees and building loyalty often see real improvements in sales, how efficiently they run, and how involved employees are in their work.

Organisations with High Employee Retention

Organisation	Evidence / What is Known	Key Retention Practices
Tata Consultancy Services (TCS) (India)	About 20% of TCS employees have a tenure of 10+ years as of 2023. (SightsIn Plus)	Strong career growth paths, structured programs for returnees (“Rebegin”), managing gender diversity, stable project assignments. (SightsIn Plus)
Edelweiss Life Insurance (India)	Retains ~92% of its high-potential employees despite high industry attrition. (The Economic Times)	Uses a “hate-to-lose” list of high performers, out-of-turn promotions, lateral moves, pay hikes, frequent pulse checks, leadership involvement. (The Economic Times)
Raymond Group (India)	Overall relatively low attrition (9-11%) among employees; they have dedicated assessment and development programmes for top talent. (The Economic Times)	Mentorship, rigorous assessments of high performance/career potential, global exposure opportunities. (The Economic Times)
Google (Global)	Known for low turnover / high retention compared to many tech companies. (ERE)	Extensive perks / benefits, strong work culture, focus on employee well-being, freedom in work, continuous learning. (ERE)
SAS Institute (Global)	Historically very low turnover rates (often around 3-5%); consistently rated among top “best places to work.” (ERE)	Excellent quality of life for employees, strong emphasis on culture, investment in employee development & work environment. (ERE)

Examples of Organisations with Excellent Organisational Culture

Organisation	What Makes their Culture Excellent
Tata Group / TCS (Tata Consultancy Services) (India)	It has deep-rooted commitment to employee welfare, progressive HR policies, strong learning & development culture, focus on well-being and values. (Sociabble)
Infosys	Emphasises continuous learning (corporate university, skill development), work-life balance, inclusivity, remote/flexible working options, strong support infrastructure. (Sociabble)

Organisation	What Makes their Culture Excellent
HCL Technologies	Its “Employees First, Customers Second” philosophy, open communication, empowerment, recognition and reward mechanisms are key traits. (Sociabble)
Google India	Innovation-driven environment, flexibility, wellness programs, growth opportunities. Employees are given autonomy, strong support, attractive perks. (Techfastic)
Godrej Group	Known for inclusivity, sustainability, progressive policies (e.g. gender diversity, employee well-being), allowing employees to engage in social/community initiatives. (Sociabble)
Hilton	Globally and in India, Hilton has been recognised for strong focus on employee well-being across mind, body, spirit; their diversity & inclusion programs are considered strong. (Sociabble)
Zoho Corporation	Autonomy, trust, low hierarchy, emphasis on balanced work-life, internal support, giving back to community. Employees tend to stay long due to the culture. (Amazing Workplaces)

Key Metrics & Findings from Research

Study / Context	What Was Measured	Key Quantitative Results	Implications
<i>Impact of Organizational Culture on Commitment of Employees: BPO sector, India</i> (Dwivedi, Kaushik & Luxmi)	Correlation between organisational culture and employee commitment; attrition in BPO sector (~55%) (SAGE Journals)	Culture dimensions such as trust, experimentation, collaboration etc. had significant relations with commitment. Employees in smaller BPOs showed higher commitment than medium or large BPOs. (SAGE Journals)	Strong organisational culture (via dimensions like trust, experimentation etc.) is positively associated with commitment; smaller, more intimate or agile setups may have advantages in building culture. High attrition in BPO underscores need for strong culture to drive retention.
<i>Analyzing the Impact of Organizational Culture on Performance: Hospitals in India</i>	Organisational culture types vs composite performance metrics (patient satisfaction, financials, employee satisfaction etc.) (psppjournals.org)	Private hospitals scored better on both culture and performance than public hospitals. (Exact numerical scores not always given, but the differences were statistically significant.) (psppjournals.org)	Culture types (Clan, Adhocracy, Market, Hierarchy) matter; private sector's culture more aligned with collaborative / flexible culture shows better performance.
<i>Impact of dimensions of organisational culture on employee satisfaction and performance level in select organisations (India)</i> (IIMB study, 2024)	Organisational culture dimensions, job performance, life & job satisfaction; used Structural Equation Modelling (ScienceDirect)	Found significant positive impact of organisational culture on job performance. Psychological Capital partially mediates this effect. Culture dimensions like relational and developmental culture have stronger associations. (ScienceDirect)	Organisational culture influences performance directly, but also via mediators like psychological capital. Measures of culture have strong predictive power for performance & satisfaction.
<i>The Influence of Organisational Culture on Employee Commitment: Civil Service Officials, Bangladesh</i>	Traits of culture (mission, involvement, adaptability, consistency) vs affective / normative / continuance	Significant positive correlations between organizational culture traits and all three types of commitment. (Exact r-values not always reported in the	Organizational culture is positively related to all dimensions of commitment; Hence commitment (affective, normative, continuance) increases when

Study / Context	What Was Measured	Key Quantitative Results	Implications
	commitment; correlation coefficients (SAGE Journals)	summary but noted to be meaningful.) (SAGE Journals)	culture is strong in mission, involvement, adaptability, consistency.
<i>Effects of Organizational Culture and Pay Levels on Employee Retention: Generational Difference</i>	How culture interacts with pay level and turnover intention; impact of culture & communication etc. (MDPI)	Found that positive culture reduces turnover intention even when pay is lower; hierarchical cultures moderate or weaken this effect. Good communication and matching culture to individuals' values reduces the intention to leave. (MDPI)	Culture can compensate partly for other less-preferred conditions (e.g. lower pay) by reducing turnover intention. Communication & culture fit are key levers.

- **Attrition rates** in the BPO sector in India have been observed to be as high as ~**55%** in some units. [SAGE Journals](#)
- In SHRM's global report: ~**83%** of employees who rate their workplace culture as good or excellent say they are motivated to deliver high-quality work, compared with **45%** among those who rate culture poorly. [SHRM](#)
- In the same SHRM report: Among employees with high-quality culture ratings, just **15%** are actively or soon looking for a new job; by contrast, **57%** of those with poor culture ratings are likely to leave. [SHRM](#)
- From "Employee Engagement And Retention Through 10 Key Numbers": **89%** of highly engaged employees say their organizational culture is positive. [LinkedIn](#)

6. Conclusion

This study shows that organizational culture and how committed employees are are key to keeping them in the company, which then has a big impact on how well the organization performs. Although having strong emotional commitment is good, in Indian companies, staying with the organization is more about feeling like they have to stay (continuance) and feeling it's the right thing to do (normative commitment). A clear and positive work culture helps employees stay loyal, lowers the number of people leaving, and makes the whole organization work better. For companies that want to succeed in the long run, making culture development and strategies that build commitment a top priority is really important.

7. Recommendations for Practice

- **Improve Cultural Alignment:** Make sure the company's main values are part of everyday work and how leaders act.
- **Help with Career Growth:** Give clear paths for moving up in the company and keep offering learning opportunities.
- **Acknowledge Contributions:** Create official ways to celebrate employees' work to strengthen their emotional and belief-based loyalty.
- **Provide Good Benefits:** Make sure the rewards are fair and address any worries about money that might make employees stay or leave.
- **Check on Culture and Loyalty:** Use regular employee surveys and interviews when people leave to understand how well things are aligning and where improvements are needed.

8. Limitations and Future Research

This study is limited by its reliance on secondary data and qualitative analysis. Future research should involve empirical methods such as surveys or interviews across diverse organizational settings in India to validate these findings. Longitudinal studies can also help understand how culture and commitment evolve over time.

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