

# The Effects of Organisational Culture on Employee Retention in SMEs in Ireland

In Partial Fulfilment of the Requirements for the Degree of Master of Arts in Human  
Resource Management

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## **Abstract**

### **The Effects of Organisational Culture on Employee Retention in SMEs in Ireland**

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This research project seeks to examine what effect organisational culture can have on the retention of employees within an organisation. The study proposed to investigate “SME’s in Ireland that comprise of 99.8% of the total number of enterprises in Ireland in 2015” (CSO, 2015) and understand how organisational culture effects employee retention. Previous research has predominantly been on large corporate organisations. This research will be extended to include SME’s in Ireland.

Organisations are now realising that retention is a key strategy for organisations against the race for talent. The focus of the study is to gather current research on SMEs in Ireland.

The research project will include a comprehensive review of past literature on this topic. A critical analysis on the academic researchers’ opinions of past studies. The research will explore key areas that contribute to organisational culture and retention.

This study uses a qualitative approach as primary research. Four semi-structured interviews were conducted with participants from the different organisation. The participants will retain anonymity and all information will be treated as confidential.

One of the main findings of this study is employees are now viewing organisational culture as a key contributor to organisational success. Employees are valuing how as individuals they can contribute to the mission and vision and success of the organisations.

The limitations of the study were taken into considered while also providing recommendations based on the findings for both the organisation and future research.

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## **Abbreviations**

CIPD	Chartered Institute of Personnel and Development
CSO	Central Statistics Office
HR	Human Resources
RTE	Raidió Teilifís Éireann
SME	Small Medium Enterprises

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## **CHAPTER 1: Introduction**

Organisational culture has always been a subject of much debate amongst academia and practitioners. Making it a topic that has rarely been out of the spotlight in recent years. Lok and Crawford (2004) suggests that Organisational Culture has a direct impact on companies' performance. They show a link between good cultural practices on motivating employees (Lok and Crawford , 2004). Employees are viewed as the most important asset of any organisation, and with organisations being faced with more challenges in retaining their employees than before due to employee loyalties changing over the years. Retention is becoming a major focus for organisations. While employees are becoming more demanding in their requirement for employment. Finance incentives were once used as a motivator to retain employees previously, employees are now looking for more factors to encourage them to stay such as challenging work, work-life balance, personal development and flexibility.

The purpose of the dissertation focuses on the effects of organisational culture on retention within small to medium enterprises (SMEs) in Ireland. The study will investigate “SME’s in Ireland that comprise of 99.8% of the total number of enterprises in Ireland in 2016” (CSO, 2019) and understand how organisational culture effects employee retention. Previous research has predominantly been on large corporate organisations. Therefore, it is clear there is a need for further research in this area and this research will be extended to include SME’s in Ireland.

The aim of this chapter is to provide the background and motivation for this research and will provide an introduction to the study by identifying of the aims and explanation of the research model.

### **Background and Motivation for the Research**

This dissertation will look at organisational culture and specifically if it has an effect on employee retention in SMEs in Ireland. The concept behind the study began due the high level of employment in Ireland and demand for competition is growing increasingly harder and harder. Attracting, hiring and retaining talented people is critical for SMEs as one person could

have a positive impact on a small business, making those employees even more valuable to retain.

According to Bussin (2018) the words used to summarise the business world today are “turbulent, competitive, unstable, unpredictable” with the key word been used is “retention”. Therefore, retention strategies are key for organisations.

The research question is valuable to study as SMEs employ 1,011,005 individuals in Ireland from the latest CSO Business Demography Results 2016 (CSO, 2019). The studies shows there is a gap in the literature when studying organisational culture in SMEs.

Further, the researcher has experience working with Human resource management in a SMEs and faces the challenges of organisational culture and retention throughout the course of their daily work challenges. This has added to the interest in researching the topic in further detail. The 2018 CIPD survey (HR Practices in Ireland) of more than 500 respondents, has also shown that the top priority for organisations of all sizes is the focus on retention, engagement and development of employees (CIPD, 2018).

The purpose for proceeding with this research is to contribute to the knowledge and understanding of organisational culture and effects it may have on areas of the organisation.

### **Research Aim and Objectives**

The aim of this study is to explore if there is a direct relationship between organisational culture and employee retention in SMEs in Ireland. Exploring what factors influence organisational culture and if this has an effect on employee retention.

It is important to review previous researchers’ literatures on this topic and also topics related to this study. There are two main areas of research, which are organisational culture and employee retention, while focusing on SMEs in Ireland

#### *Research Objectives*

- To evaluate what is the organisational culture.

- To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations.
- Examine if there is a link between organisational culture and employee retention within SMEs in Ireland.

### **Research Question**

The research question to be investigated is: What effect does organisational culture have on employee retention in SMEs in Ireland?

### **Structure of the Study**

To assist with gaining a clearer understanding of the study, This research study encompasses of six chapters.

Chapter One: Introduces the research area and outlines the background and justification of the study. It explains the aims and objectives of the study and research question.

Chapter Two: Investigates the existing sources of literature relevant to organisational culture and retention. It will examine what is organisational culture, the sources of culture, models of culture frameworks and what makes a culture strong or weak. It will also focus on retention and the cost it of turnover to an organisation. This chapter will discuss the research question, aims and objectives of the study.

Chapter Three: Explores and explains the methodology. The justification of qualitative method and the process of data collection will be discussed.

Chapter Four: The outline of findings from the primary data collection

Chapter Five: The final chapter will discuss the findings of the research, recommendations and conclusion are detailed.

As discussed the next chapter will discuss the literature review.

## **CHAPTER 2: Literature Review**

### **Introduction to Literature Review**

The purpose of this chapter is to examine the research that has been conducted to date on organisational culture with a focus on the effects it has on employee retention in small medium enterprises (SMEs) in Ireland in order to provide an understanding of the research and to identify and narrow the gap in the literature about this particular subject (Booth et al., 2012).

The literature review includes several peer reviewed publications on organisational culture, such as journals, periodicals, and other published materials (Callahan, 2014).

The following keywords were used to search for relevant articles from online databases: organisational culture, organizational culture, corporate culture, employee retention, business profitability, mission and values, leadership styles.

In order to be effective and successful in accomplishing the purpose of this research, the researcher has to evaluate and critique academics research carried out previously on the topics of organisational culture and retention. The research will define key concepts of organisational culture and retention. This chapter will focus on what is organisational culture, it will examine the sources of culture, the model of culture frameworks, it will look at strong and weak cultures and in the final section it will look at retention and the cost of turnover to the organisation. The final conclusion will outline the main observations the literature review provides and identify the gaps which this study will aim to fill.

### **What is Organisational Culture**

Research into organisational culture is one that has grown with interest over the last two decades due to its effect and potential impact on organisational success. While a great deal of research has been carried out on organisational culture, to a great degree the focus has been placed on defining organisational culture. Researcher's found that due to the elusive nature, it leads to a difficulty in understanding the meaning of culture (Duncan, 1989).

Despite research been carried out since the 1970's there is no single definition of organisational culture. As part of this research a number of definitions of organisational culture will be examined.

Organisational culture is the set of beliefs, norms and shared values (Schein, 2010), that define the boundaries between one organisation and others (Ortega-Parra and Sastre-Castillo, 2013). That can determine employees' attitudes and behaviours (Smircich, 1983) and is shared among members (Glisson and James, 2002).

Deal and Kennedy (1982) instigated the concept of organisational culture, whose values and philosophy can influence the employees' behaviour within the organisational to an overall greater success. With one of the most simple and most popular definitions attributed to Mullins (2007) "how things are done around here" that is a known jargon used within organisations. It has been found that a definition of culture is ambiguous, diverse and complex and dealing with numerous perspectives. With no common definition been accepted (Øgaard, Larsen and Marnburg, 2005).

While there is widespread disagreement amongst researchers about the meaning, researchers frequently agree that organisational culture is multifaceted (Schein, 2010) and plays a role in shaping behaviours in the organisations and deeply rooted values and beliefs that are shared by employees in an organisation. Deal and Kennedy (1982).

Organisational culture is now identified as a key factor for any organisation to be successful (French and Bell, 1999). It has been found to influence all management practices (Kabanoff, 1993). It has become a popular concept due to the significant relationship between organisational culture and organisational outcomes, such as increased competitive advantage, financial performance and firms effectiveness (Jiang, 2008; Certo and Certo, 2009; Denison and Mishra, 1995).

There is a long history of research that has been carried out on the effectiveness of organisational culture on organisations results. (Roethlisberger and Dickson, 1939; Silverzweig and Allen, 1976). Despite this, researchers such as Schein (2006) have recognised that organisational culture only became part of management strategies during the 1980's due

to the publication of Peters and Waterman (1982) book 'In search of Excellence' that changed the focus on strategy to accept the importance of the "soft" features of business such as organisational culture.

A substantial amount of research focuses on the strategic importance and value that organisational culture can bring to a business no matter what their organisational type is and it has been found to have a long term impact on the performance of the organisation (Kotter and Heskett, 1992).

Lok and Crawford (2004) discuss how employee's satisfaction and commitment can be enhanced by the culture of an organisation. This has led to an increase in the focus of research on how the culture can have strategic implications and the benefits of the organisational effectiveness, for example performance, innovation and change (Denison and Mishra 1995; Denison et al., 2003; Fey and Denison, 2003; Kotter and Heskett; 1992). This research signifies that importance and argues that organisational culture can have effect throughout all aspects of the organisational. The impact can be seen on the performance of the organisation, employee engagement and the retention of employees.

### **Sources of Organisational Culture**

Organisational culture can originate from a number of different sources, it has been found that ultimately the primary source of the organisation's culture is its founders and leaders (Martínez-Canas and Ruiz-Palomin, 2014; Schein, 2010). Reflecting the values, beliefs, and actions of their senior leaders (Baron & Hannan, 2002; Kotter and Heskett, 1992).

The founders have typically considerable influence on a organisations culture in the early stages as they impose their personal experiences, values and culture into the organisation (Baron and Hannan, 2002; Detert et al., 2000). This can be done through employee selections, hiring individuals who have the knowledge and skills to perform the job and matching the organisations way of thinking and values to the individual. Introducing new employees to the principles of the organisational culture through socialization as a process of adaption. Founders behaviours reflect the organisations culture and therefore, they act as a role model

for the organisations that filter their visions, beliefs and attitudes down through the organisation. Organisations have been compared to tribes and families, each have their own way of getting things done, not all will work but some will (Handy, 2000).

Over time and as the organisation grows, the organisation culture adapt and can be influenced by learning from different employees and groups. As new employees join the organisation, it brings new beliefs and assumptions into the organisation through their attitudes, interests and perceptions.

In SMEs, the manager's are in most cases the founders, which imply that decision making is shorter than in larger organisations and SMEs are seen to have a more organic culture than would be found in larger organisations (Tidor et al.,2012).

Organisational culture can have an impact on profits, recruitment and employee morale. Management and the employees of an organisation need to put more focus on how important and powerful organisational culture is. It can lead to increased loyalty towards the organisation (Shahzad et al. 2012).

### **Models of Culture Framework**

The classification of organisational culture is one that has changed and developed over the years. Academics have designed several methods to analyse the dimensions of organisational culture and also new models are emerging.

Hofstede (1980) cultural dimensions theory looks at the cultures that exist in regions and nations and how they might influence business behaviours. Four dimensions of culture were identified, with another been added later. SMEs in Ireland would need to take into consideration the effects national culture would have on organisational culture such as the Irish cultural differences but also the cultures of employees within the organisation.

Deal and Kennedy (1982) model is based on two dimensions and identifies four generic types of organisational cultures; the tough-guy/macho culture, the work-hard/play-hard culture,



the bet-your company culture and the process culture. This model argues that no certain type of culture is the more superior to an organisation to another.

Handy (1993) defined organisational culture by using four types of classification; the power culture, the role culture, the task culture and the person/support culture. Handy recognises that in SMEs, it is probable that individual personalities and managers/leaders will be the driving force behind developing the organisational culture while in larger organisations the culture will become self-reinforcing and institutionalized over time. Handy approach has limitations as his four culture types are seen as a fixed style rather than something that can evolve over time.

Schein (2004) model of organisational culture identifies three levels of organisational culture.

- Artifacts and behaviours
- Espoused values
- Underlying Assumptions

Artifacts are visual to the eye such as organisational structures such as office buildings, dress codes. Espoused Beliefs are the organisations strategies and core values of the organisation. Underlying Assumptions are the beliefs and behaviours that are unconscious and deeply embedded in the organisation.

Schein(2004) found that the culture of an organisation had major affect on the emotions of the people that were in the organisation and how this can impact their perform in the organisation (Handy, 1993). Schein (2004) stated that the term level meaning the degree to which the cultural phenomenon is visible to the observer. According to Schein (2004), the culture of the workplace decides the way individuals interact with each other and behave with people inside and outside the company. The culture of an organisation does not happen overnight, it is cultivated over time and changes as the organisation grows and expands.

Further frameworks go on to develop the concepts of organisational culture such as Hampden-Turner (1990) who identified four types of culture to describe organisational culture; role, power, task and atomistic cultures. O'Reilly, Chatman and Caldwell (1991)

described organisational culture using seven primary characteristics; innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation aggressiveness and stability. The models above give an overview of the different concepts that exist between theorists and how they can fit organisations in different situations and evolve over time.

### **Strong and Weak Cultures**

A strong or weak culture within an organisation is another way of describing the impact culture can have on organisational life. In strong cultures, employees share similar views of the organisational beliefs, values and traditions as those within the organisation and how new employees are quick to assume these values (Kotter and Heskett, 1992). In an organisation with a strong culture, employees know what is expected of them. It is a culture is a powerful force for managing behaviour, it empowers employees about the work they do and therefore leads to a high level of motivation amongst employees (Deal and Kennedy, 1982). Research also indicates that organisational culture generates higher levels of commitment and performance in employees (Martins & Martins, 2003). However, Kotter and Heskett(1992) conducted research that identified ten large companies with strong cultures yet illustrated a weak level of performance.

A weak culture is individualistic, made up of many cultures where values, norms and beliefs have little influence on the employee's behaviour. Subcultures can develop within organisation; they are frequently seen in larger organisation's but can be seen in smaller organisations. Formation of subcultures tend to occur to reflect common challenges, circumstances or interactions facing employees (Robbins, 1990). Individual differences are considered the root of subcultures.

A weak culture can lead to lack of motivation within the organisation and create conflict due to having little or no strategy implementation, having no priorities and employees unable to know what to expect in the future. While organisations can secure strategic advantages having a strong culture (Collins and Porras, 1994; Gordan and DiTomaso, 1992) While Griffin,

Philips and Gully (2015) states that strong cultures are not always better than weak cultures, strong cultures can be resist change and build a barrier to progress. A weaker culture should be able to adapt more quickly to different circumstances (Griffin et al., 2015).

## **Retention**

Employee retention is becoming more crucial to organisations than ever before in Ireland. Ireland has an unemployment rate of 4.8% according to the Central Statistics Office (CSO, 2020), which is the lowest level in 13 years (RTE, 2019). These figures are pre-covid19. This coupled with globalisation has given rise to more movement within the workforce (Zineldin 2000). The most valuable asset of an organisation is the constant, productive and loyal employees (Elliott, 2004). Retention of employees is vital for the future of organisations and needs to be managed in order to meet the business objectives of organisations (Frank et al. 2004)

Zineldin (2000) regards retention to be defined as “a commitment to continue to do business or exchange with a particular company on an ongoing basis”. Organisations need to focus on ways to motivate and encourage employees to remain and perform in the organisation for a long period of time (Hausknecht, Rodda and Howard, 2009). Cascio (2014) views retention as initiatives which the management apply to prevent employees from leaving the organisation.

Retention is a complicated area and there is no single formula that will retain each individual employee within an organisation (Chandrashu and Sinha, 2012). Previous research has indicated several key factors that organisations use to influence employee retention such as creating exciting work cultures, providing career advancement, enabling responsibility within the organisation, professional training and development, good management practices, attractive salaries and incentives and good communication (Chitsaz-isfahani and Boustani, 2004). Ghapanchi and Aurum (2011) also agrees that certain factors affect retention include remuneration and benefits, training opportunities, organisational culture. While employees expect salaries and benefits as a given, these days therefore they are not motivated by them (Henricks, 2006; Smither, 2003).

More often employees leave organisations over issues relating to interpersonal relations, organisational culture, lack of training and development and lack of career development (Chatterjee, 2009). It is important for the retention of employees for organisations to develop the organisational culture and design and implement the appropriate policies, practices and processes for employees to develop and remain in the organisation. Policies are important to provide regulatory guidelines to the organisation but also to allow for correct managerial communication methods. Organisations need to be cognitive of the affects that these policies can have on the way in which employees reaction to challenges at work and their commitment to the organisation as a whole, in this lies the challenge of addressing the individual needs of the employees (Mello, 2010).

Organisations need to design and implement retention strategies not only from the first day of employment in the organisation but from the beginning of the recruitment process that is visible by the potential employee through job descriptions, recruitment process, selection and onboarding. This makes up the foundations of retention strategy.

Several studies suggest that the person-organisation fit perspective is of importance in order to influence employee attraction and retention with the compatibility between people and the organisations (Kristof-Brown, Zimmerman & Johnson, 2005).

### **The Cost of Turnover to an Organisation**

Irrespective of the size of an organisation, employee turnover is an issue that can cause worry for SMEs, turnover can be an occurrence that can be a recurring event that can have significant impact on the organisation.

According to CIPD (2019), employee turnover refers to the percentage of employees who leave an organisation over a set period of time, usually on a year- on-year basis. This covers all leavers through both voluntary and involuntary ways such as retirement, redundancy and resignations, dismissals. SMEs need to be aware of the reasons why people are leaving and to be able to predict a rate of turnover in order to try to keep this number low to reduce any impact it may have on the organisation.

85% of HR Leaders surveyed as part of the 2019 PwC HRD Pulse survey stated that attracting and retaining key talent was their top HR Challenge for 2019 (PwC Ireland, 2019).

SMEs can pay a high price when it comes to losing employees through voluntary turnover. Organisations can lose ground with the current employees and also with potential employees. Voluntary turnover can have a negative impact on employee morale, as individuals can feel they are left behind, and production can decrease and the level of service provided by employee can lower.

In the 2019 HR barometer report, it was found that the recruitment cost of a replacement employee averaged €14,450 which was an increase of 10.3pc from 2018 (FORA, 2019). This can include costs for recruitment, selection, reference checks, security clearance, hiring of temporary workers, relocation packages, training and induction expenses (Kotzé and Roodt, 2005).

While in some sectors that experience skills that are relatively easy to find in the labour market, SMEs are able to continue to sustain a high level of service while recruitment and training of new employees takes place despite having a high turnover rate. Some SMEs that require skills that are relatively scarce to find in the labour market and rely on recruitment that may take several weeks and is costly to the organisation can be problematic for the organisation. Not only causing a shortage of workers, but also a risk of losing knowledge and experience, for which SMEs have to find an answer. This loss of knowledge and experience increases, there is also the risk that employees will take confidential information to the competitors also, the increased the importance of retaining talent (Frank et al., 2004; Walker, 2001). Lucas' (2013) report that some employers underestimate the expense of high employee turnover. It requires the SMEs to look into new ways into competing and attracting new candidates. This has seen organisations moving away from best practices and looking into the culture of the organisation, highlighting their organisations individual culture as a selling point for retention and recruitment.

As SMEs in Ireland are looking at new ways to compete and retain talent as previously organisations would use financial motivators to retain employees. Organisations that focus

on training and developing their employee's careers have higher levels of employee loyalty which leads to their retention (Gberevbie, 2010).

## **Conclusion**

The literature review contained a brief discussion and synthesis of the various literature in the area of organizational culture. The topic of organisational culture is broad and can be studied under many different areas.

It is evident from the literature review that organisational culture is a strong driving force throughout all areas of the organisation. Organisational culture can influence employee's commitment having positive and negative impact on profits of the organisation, recruitment strategy and employee retention and employee satisfaction.

The literature review included a critical analysis and synthesis of literature related to the conceptual framework of an organizational culture theory that have emerged over the years that can fit different organisational styles. The literature review looked at retention and the costs of turnover to the organisation and the effect organisational culture can have on retention. Organisational Culture can have many effects from motivation of employees, to attracting customers, improving operational effectiveness and increasing the finance performance of the organisation(Hartnell et al.,2011). This can cause challenges for SMEs and have devastating effect on their organisations.

The literature reviewed is not exhaustive and perhaps further readings are needed. With the help of previous studies and academics theories that have been outlined has assistance to identify the research questions for this study. Having addressed the current strengths and limits in the literature, including the lack of recent studies referring to organisational culture in SMEs in Ireland. The limitations are seen as an opportunity for further research into the gap. In the next section, the researcher will examine the aims and objectives of the research question.

## **Research Aims and Objectives**

This research study is focused on understanding organisational culture and how it affects employee retention. The dissertation title is as follows: The Effects of Organisational Culture on Employee Retention in SMEs in Ireland.

The aim of this dissertation is to analyse sources of existing research on studies carried out on organisational culture and employee retention from around the world and from this, carry out primary research to assess the effect of organisational culture on employee retention within small to medium enterprises (SMEs) in Ireland. The aim is to create an understanding of organisational culture, retention and the effects it can have on SMEs in Ireland.

### The Objectives

- To evaluate what is the organisational culture.
- To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations.
- Examine if there is a link between organisational culture and employee retention within SMEs in Ireland.

The research question investigated here is: “What effect does organisational culture have on employee retention in SMEs in Ireland?”.

Questions will be answered using semi-structured interviews with participants who have worked in SMEs and have voluntarily left the organisation. Inherent within this study, is the following sub-questions that will be developed to the research further.

- How important is organisational culture to organisations?
- Is there good or bad communication within organisation?
- What is the management style?
- Does organisational culture and retention work together?

The research aims within this chapter are the main purpose of this research on organisational culture and retention. Using such aims, the researcher hopes to discover how an organisation in Ireland value culture and how it effects retention levels within organisations. Following, in the next chapter, the methodology chapter will discuss research philosophy, data collection and data analysis in which have been conducted as part of this research.



## **CHAPTER 3: Research Methodology**

### **Introduction**

The purpose of this chapter is to explore the effects of organisational culture may have on employee retention on SMEs in Ireland. The chapter will discuss how the research will be conducted and achieved. This chapter will describe the philosophical approach and the research methodology, explaining how the research was conducted with justification into how the sample was chosen. It will also discuss the advantages and disadvantages to using a qualitative, a quantitative or a mixed method approach for the collection of data that has been considered by the author.

This chapter will discuss the research design of the study and the data gathering process and the limitations and ethical considerations will be examined.

The objective of this chapter is to provide a research framework which was used to achieve the research aims and objectives.

The aim of this study is to explore if there is a direct relationship between organisational culture and employee retention in SMEs and examine if as a result there is any effects from organisational culture on employee retention.

### **The Objectives**

- To evaluate what is the organisational culture.
- To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations.
- Examine if there is a link between organisational culture and employee retention within SMEs in Ireland.

The researcher will use of the “Research Onion” (Saunders, Lewis and Thornhill 2012). In order to verify the research objective. Saunders, Lewis, and Thornhill (2012) developed the research onion as a guide to analyse the layers that must be covered when developing and designing an effective methodology. A diagram of the Research Onion is illustrated below:

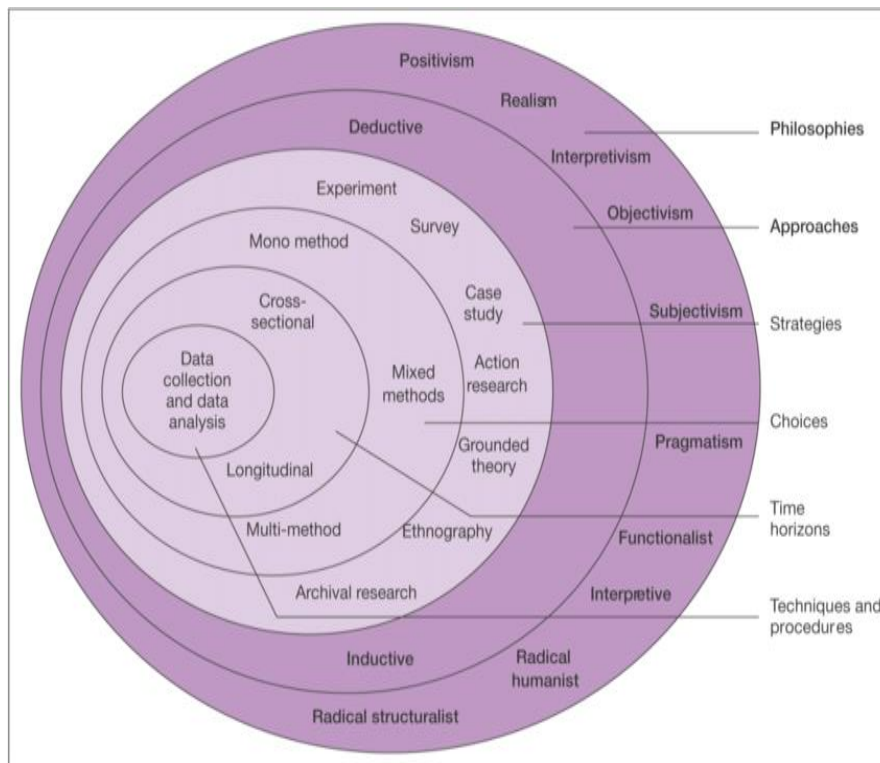


Figure 4. The research 'onion' (Source: Saunders et al., 2007)

## Research Philosophy

Research philosophy is the systems of beliefs, concepts and assumptions that is held by a researcher about the way in which data is gathered and used in the most effective way to produce knowledgeable findings. According to Saunders et al.,(2009) “research philosophy refers to the development of knowledge and the nature of that knowledge”.

The three types of research philosophical approaches researchers use are ontology, epistemology and axiology (Crossan, 2003; Saunders et al(2009).

Saunders et al;. (2009) discourages the assumption that one philosophy is more deserving but recognises that each has their benefits, and this must be taken into consideration when choosing the philosophy dependent on the research questions to be answered.

Ontology is the study of being, things that exist and possibilities about the nature of reality. It illustrates the relationships between concepts. Ontology has two aspects that are objectivism and subjectivism. Objectivism represents the position “that social entities exist in reality external to social actors concerned with their existence” (Saunders et al., 2009). The

aspect of subjectivism expresses that opinion that "social phenomena are created from the perceptions and consequent actions of those social actors concerned" (Saunders et al., 2009).

Axiology is the study of principles and values, ethical and aesthetics. The study of axiology places important on value itself, to understand why we are doing what we doing.

Epistemology is the study of the nature and is often referred as the theory of knowledge. it is the rationality of belief and how we think, why we do what we do and determines the truth from false. The two aspects of epistemology are positivism and interpretivism (Saunders, Lewis, and Thornhill, 2009). Positivism believes that social norms shapes human behaviours while interpretivism believes that humans are complex and have individuals' views on social reality.

The researcher has chosen the approach of epistemology for this research project after consideration of all the approaches using the aspect of interpretivism. It was chosen as the most accurate and reliable way of gathering data in order to answer the research question.

With the use of interviews this approach underlines the aims of interpretive research to study the ideas, attitudes and the way they interpret the social world.

### **The Research Approach**

The second layer of the research onion focuses on the research approach and the two primary approached to conducting research. The two approaches are deductive and inductive. According to Blumberg et al (2011), the decision to use either a deductive approach or an inductive approach to research primarily relies on the beginning and the end of the research.

Deductive research approach is hypothesis-driven study and moves from theory to data through testing the significance of hypotheses through to a theory been accepted, rejected or revised (Locke, 2007; Nola and Sankey, 2007). Deductive approach is generally associated with quantitative research. In contrast, the inductive research approach involves the constructions of theories through collection and analysis of data. It begins without any

preconceived ideas of the research findings and illustrates the meaning of the data through the development of summary themes and categories (Thomas, 2003).

This study will take on an inductive approach, it provides an appropriate and efficient way of analysing qualitative data as it begins with specific observations and moved to broad generalizations and theories. This approach is less structured and more flexible and open-ended.

### **Research Design**

Research Design according to Saunders et al (2016) will outline how the research question will be answered. This study focuses on the effect of organisational culture on retention in SMEs in Ireland. To conduct this study, qualitative research has been chosen as the most suitable approach as exemplified by Burton-Wylie and Wagstaff (2018).

According to Barnham (2015) qualitative research is engaged when a more in depth understanding of individuals perceptions, behaviours and motivations. Similarly, Robson (2002) states that qualitative data are characterised by their richness and fullness as the researcher can “explore the topic in as real a manner as possible”. This study is about organisational culture and retention and therefore it must be explored from within to get a better understanding. With the use of qualitative research this allows for the flexibility to use open-ended questions and discussion.

### **Methodological Choice**

The two basic research methods that are frequently used in research are quantitative and qualitative research. Both methods are individual techniques used for data gathering and analysis, an overlap can occur with these methods (Creswell, 2009; Taras, Roney and Steel, 2009; Eriksson and Kovalainen, 2008). A third method was introduced known as mixed methods. This mixed methods refers to the mixing of quantitative and qualitative data within the same research investigation.

Barnham (2015) describes quantitative research as offering hard and factual data while qualitative research is portrayed as softer that provides deeper insight.

Quantitative research is the collection of knowledge to qualify the problem through generating statistical and mathematical and numerical measurements to formulate facts and uncover patterns, averages, tests casual relationships. Quantitative data collection is a more structured method than qualitative data collection.

Qualitative research is the use of in-depth methods to get a better understanding of attitudes, behaviours and motivations through analysing information through the study of language and behaviour in a natural setting. Qualitative data collection can vary from the use of unstructured to semi-structured techniques.

### **Justification for Choosing Qualitative Method**

The objective of this study is to conduct an exploratory study on the effects of organisational culture on retention within SMEs in Ireland. The researcher will use qualitative research method in order to uncover the opinions, behaviours, values, thoughts and feelings of the individuals (Bryman and Bell, 2011) and capture their experiences as they are experiencing it (Corbin and Strauss, 2008).

This research method will allow for more in depth knowledge to be received from the respondents and has the flexibility to allow for the researcher to explore individuals' responses in real time. According to Taylor et al. (2015) qualitative researchers design their interviews on a more related day to day conversation rather than a formal interview process. Qualitative research takes on the questions type of 'what is', 'how' and 'why' to explain the phenomenon been studied.

Furthermore, the added justification of using qualitative research approach is that there is a gap existing in the current literature and it is requiring further investigation to understand the effects of organisational culture has on retention in SMEs in Ireland.

## **Research Instrument**

There are various methods of qualitative research tools in which the researcher can choose to pick from such as observation, group interviews, focus groups and online questionnaires.

The researcher will use pre-arranged semi structured interviews to gather the research from the sample. It will be one to one interview. The researcher is using this instrument in order to get closer to the participant and getting a more meaningful and in dept information and understanding of the culture of the organisations directly from the interviewee that they may not feel comfortable putting on a survey. The flexibility of this method, in comparison to structured interviews allows for the uncovering of information the respondent regards as important (Gill et al., 2008).

## **Time Horizon**

The time horizon is cross sectional, the research is concerned with a specific data at a specific point in time. The research was carried out with 4 participants exploring the research question - Does organisational culture's influence and effect employee retention in SMEs in Ireland? The disadvantage of cross sectional can mean that the timing of the snapshot is not guaranteed to be representative.

## **Data Collection**

With consideration to the purpose of the research to examine the effect of organisational culture on employee retention. The researcher has chosen the primary data collection to be a qualitative approach as it was regarded as most appropriate as it allows the researcher to get a better understand the experiences of the participants (Barrett and Twycross, 2018).

The research was conducted by semi structured, in depth interviews. As it is the most direct approach to gathering detailed data regarding organisational culture. The researcher used

open ended questions that required the participants to elaborate on their answers. It also allowed for the interviewer to probe further into the responses.

Due to covid-19 restrictions in place in Ireland during the research period, the interviews were held over a video communication program and correspondences through email to ensure the safety of both the researcher and the participants.

The interviews were recorded through a video communication program that the researcher and also by phone as a precautionary backup. The interviews were transcribed following the interviews to ensure all data was captured.

#### *Advantages of Semi Structured interviews*

Semi structured interviews can be conducted in a number of ways namely, face to face, telephone, email, video, individual and group interviews. The most common type of semi structured interviews been individual, face to face and in-depth interviews (Dejonckheere and Vaughn, 2019). A clear preference for face-to-face is the methodical recommendation (Cachia and Millward, 2011) but due to covid-19 restrictions this was unable to happen as planned.

They are cheap to carry out and can take approximately 30 – 60 minutes to complete. The interviews are prepared and scheduled in advance and have a flexible and adaptive structure. Semi structured interviews allow for the interviewer to probe responses and are not confined to a set list of questions. The interview has the ability to explore data that may be complex or open ended.

#### *Disadvantages of semi structured interviews*

Semi structured interviews are time consuming. From the initial set up stage of preparing for the interview - preparing the interview questions, creating documents for consent to participate and communication to schedule the interview all requires time. Once the interview has been scheduled and carried out, the transcribing of the interviews is time consuming to analysing of the information.

The interviewer requires good communication and interviewing skills. The interviewer requires the skill of developing the right questions through the correct wording and also to have the skill of probing in order to get the information required.

Bias which is commonly known as any influence that may cause falsification of the results of a study (Polit and Beck, 2014) can be introduced by the interviewer.

### **Secondary Data**

This work also involves secondary data collection from library tools, and numerous peer-reviewed publications on organizational culture, such as journals, newspapers and other written materials (Callahan, 2014).

Secondary data plays a complementary part in this study, while it is a challenge to use secondary data in order to fit with the purpose of this study and the research question. There is a strong set of data readily available for the researcher to use. This study along with literature review, analyses the current studies and offers validation.

### **Collection Process**

Each participant was supplied with a participant information sheet consent form that was signed and received before commencing the interviews. The participant information sheet consent form and information sheet outlined:

The title of the research contact details for the researcher and supervisor, the method in which the interview will be conducted and recorded, the intention of the research.

The participant's will be required to read and confirm they consent to taking part in the research before commencing of the interview. All participants are guaranteed anonymity and confidentiality.



A video conference call was scheduled for each participant and a time slot of 40 minutes was allocated. Participants represented different levels of seniority within organisations and also different types of organisations.

The interview plan had 26 guide questions that included the opportunity for the participant to introduce themselves, the role they had, length of service.

The main questions covered the main subjects that were most common in the literature, namely:

- Organisational culture – what is it.
- Organisational Mission and Vision and values
- Contributions to culture
- Relationship with Management
- Communication style of the organisation

In order to identify similarities and/or differences, the interviews were then analysed into themes that had arisen in previous research and literature.

The data from the recordings of the interview were transcribed to analyse the information in greater detail in an inductive approach, it provides an appropriate and efficient way of analysing qualitative data.

### **Protection of Data & Ethical Consideration**

The researcher will ensure that they conform with the ethical guidelines in conducting this research. Data obtained during the recording of interviews, signed consent forms were encrypted and held on a password protected computer. Data was anonymised to protect all participants and identifiable information about the participants were coded and encrypted to ensure participants confidentially.

All interview recordings will be retained by researcher until the exam board has issued results, following this the consent forms and audio recordings will be deleted and destroyed.

The researcher will ensure that they conform with the ethical guidelines in conducting this research. This is important for the participants to ensure that their relationships with current or past employees are not affected through the results of the research. This will be done by ensuring there is informed consent by the participants, providing anonymity and confidentiality and conforming with GDPR.

### **Validity and Reliability**

The validity of the study is how rational, trustful, robust and useful the research is to contributing to new knowledge. There are ongoing debates amongst research about whether concepts such as validity, reliability and generalisability are suitable for evaluating qualitative (Noble, H and Smith, J, 2015). To ensure the data is trustworthy the researcher will maintain accurate record keeping, ensure that the researchers bias does not reflect within the data collected, will explore similarities and differences across the data collected to illustrate multiple viewpoints.

### **Sample**

The study intends to reach a sample size of 8 -10 participants who are working or have worked in SMEs in Ireland. Due to snowball sampling, the sample size of 8 -10 that was intended to be reached was not successful in been reached. 4 participants took part in the research interview.

The criteria for inclusion in this study will be that they are full time workers who have resigned from or joined a SME organisation in the last 12 months. The reason the researcher is focusing the study on SMEs and not MNC as employee retention and turnover is likely to have an larger impact on the organisational cultures within SME. The researcher will have greater accessibility to SME rather than MNC.

## **Data Analysis**

Evaluation of data is a dynamic and contested part of qualitative methods with a small amount of theoretical treatment (Savage, 2000). The researcher must clearly focus on research question, aim and objectives of the research when analysing the data, this will enable the researcher to be open to new issues or aspects that may emerge from the data (Quinlan, 2011)

The use of thematic analysis will be carried out on the interview data. This is a flexible method as prior to the analysis of the data the researcher will not be aware if there is any themes or patterns gathered. The use of Braun & Clarke (2006) Six phases of thematic analysis will be used.

Data recorded during the interviews was listened to a number of times and also transcribed, read and re-read to ensure that the researcher recorded any key ideas and themes that was evidence during the interviews. Coding was attached to any words, phrases, sentences that were of a common theme when questions about organisational culture and employee retention. Microsoft excel was used for coding the transcripts to analyse. This process is iterative and themes and categories can change throughout if necessary.

The final phase of data analysis is to interpret the themes and weave them together to generate a discussion and narrative that will be included within the research findings chapter.

## **Limitations of Method**

Qualitative research methods have been used for this study. However, the researcher is aware that there are many benefits to using this method there is also limitations associated with qualitative research and semi structured interviews. The researcher aims to overcome these methods.

The limitations of using qualitative research method is that is it time consuming to gather as it produces large quantities of data and to analysis the data. The results produced may not be generalized and may be unique due to the research. Qualitative research happens in the

natural setting it can be difficult to repeat studies (Wiersma, 2000). Would another researchers conclude the same information if using semi-structured and in-depth interviews

Interpretation of the data may be more easily influenced due to the researcher's own bias. It may question that reliability of the results. Due to individuals' attitudes, preferences and beliefs it maybe harder to measure the findings as the results can be very diverse and harder to reach precise conclusions. There is also the limitation of the researchers, the competency and logistical and resources all need to be taken into consideration before conducting qualitative research in other gather high quality data.

## CHAPTER 4: Research Findings

### Introduction

This chapter will present the findings of the data that emerged from the primary research that was conducted with the use of semi-structured interviews on participants who had voluntarily left their positions within SMEs within a period of the last 12 months.

### Aim of Research

The aim is to carry out primary research to assess the effect of organisational culture on employee retention within SMEs in Ireland.

The objective and findings were focused on collecting data that corresponds with the research objectives.

- To evaluate what is the organisational culture.
- To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations.
- Examine if there is a link between organisational culture and employee retention within SMEs in Ireland.

### Data Analysis

The semi-structured interview used a guideline of interview questions that can be seen in appendix C and transcripts are available on request. All participants are anonymous. Below is a table which represents the participants.

**Table 1: Demographic of Interviewees**

Identification	Level	Type of Industry	Length of Service	Organisation Size
Participant 1 (P1)	Senior Manager	Software	6 years	180
Participant 2 (P2)	Accountant	Finance	19 years	38

<b>Participant (P3)</b>	<b>3</b>	Finance Manager	Manufacturing	13 years	190
<b>Participant (P4)</b>	<b>4</b>	Office Manager	Agriculture	2 year	6

**Table 2: Reason for leaving Organisation's**

	<b>Reasons for leaving organisation</b>
<b>Participant 1 (P1)</b>	Overlooked for promotion, better opportunity at a bigger organisation
<b>Participant 2 (P2)</b>	Organisational downsize, lack of career progression available
<b>Participant 3 (P3)</b>	Career Development
<b>Participant 4 (P4)</b>	Lack of recognition and progression

### **Research Findings**

This section presents the findings in line with the research question that attempts to identify if organisational culture effects employee retention within SMEs in Ireland. The thematic analysis approach was adopted in order to present the findings in this study. Braun and Clark (2006) thematic analysis system to identify patterns and themes in qualitative data has been used while remaining open to new ideas emerging from the data been reviewed. The starting point is for the researcher to analyse the data to see if any patterns and themes emerge with the end point is reporting the meaning of the themes. The theory will be used to identify the main characteristics of culture that the participants shared and patterns that emerge from the data gathered in order to answer the research question. This six step framework is the most popular thematic analysis approach as it give a clear and useable approach to analysing data (Maguire and Delahunt, 2017).

In analysing the interview data, four main themes emerged from the data that will be discussed. They are as follows:

- Organisational Culture
- Well Defined Mission and Vision
- Communication
- Leadership Style

### **Theme 1: Interpretation of Organisational Culture to the individuals**

Findings from this study showed that organisational culture was perceived differently across the participants. All participants were asked for their definition of organisational culture “good work practices” “Linchpin of the organisation” to “the environment in which we work” and “The culture is what everything revolves around within the organisation” (P1,P2, P3, P4).

All participants stated that organisational culture was very important to both the individuals and the organisations. Two of the participants stated that it is very important as you spend so much time at work, adding that it needs to be a happy and nice place to work (P1, P2).

The participants identified that they had experienced a good culture in their previous organisations. Participant number one(P1) described the culture as mix of good and bad due to the transient work force due to the nature of their business. Participant number two (P2) described their organisational culture as having subculture, they went on to explain that the organisation was trying to introduce a new culture to new employees that was one of focus and target drives. While the longer serving employee felt they were a cost to the business and no longer the most valuable asset for the organisation.

Participant number three (P3) describes the culture as very good and key to the organisation. Everything revolves around the organisational culture. Ethics, operation model and mission all feed back into the culture.

Participant number four (P4) feels there is a good culture due to the size of the organisation - six employees. When asked if they had an emotional attachment to the organisation, all participants agreed that they did. P1 stated “yes, until they were overlooked for a promotion”. P2 felt a very strong emotional attachment to the organisation as they entered the organisation working on the factory floor and work their way through the levels to become a senior team member.

When asked the question “Do you believe organisational culture plays a major part in the success of the organisation. All participants said yes. The participants all had varying reasons for their answers that included the legacy of the organisation, having the right culture and right people within the culture is key to success.

P1 went on and said “*if you feel invested in what a company is trying to achieve and you feel apart of it, you will stay and help them achieve it*”. P2 said “*If you have the right culture in place the team will work better together and going in the same direction*”. P3 linked the success of the organisation back to the founders stating “*culture is key to the organisation, it derives from the founders intent to leave a legacy for the employees*”. P4 discusses organisation having the right culture that would eliminate a toxic and blame culture within an organisation.

## **Theme 2: Well Defined Mission, Vision and Values**

The study identified mission, vision and values as a key strategy of the organisations to develop an organisational culture that will be effective and enhance performance throughout the organisation.

The question that was put to the participants was - Do you know the mission, vision and values of your organisation and what is the purpose within organisations?

P1 discussed the feeling of been invested in what the organisation vision is and what they are trying to achieve and their strategy, If you are invested and you will be onboard and willing to help to achieve this.

The participants indicated that the mission and vision of the organisation worked towards creating an organisational culture that had a clear direction and commitment from the organisation to the employees and stakeholders. P2 states “*individuals are made aware of the mission, vision and values of the organisation in order to be able to see what effects their individual contribution has on the success of the organisation*”. P4, findings the mission and vision are used to ensure that the employees are working together towards the right direction



in order to achieve the results that the organisation envisions. It helps to align the resources and solved problems that will achieve a successful future for the organisation.

The participants indicated that the mission, values and vision are used to give clear guidance for decision making and ensure that the decisions are always aligned with the organisation's mission and vision for the future. The participants indicated that the use of mission, values and vision within the organisations helps to increase efficiency and reflect the organisational culture.

When participant three was asked about the mission and vision of the organisation, p3 pointed out that within their organisation culture and mission were something that was regularly communicated and part of the daily communication from management. Through the website, illustrations when you enter the building and throughout the offices. The message was clear and made regularly due to the importance within the organisation.

### **Theme 3: Communication**

Communication was found to be a key contributor to the culture of the organisation when participants were asked the question - What contributes to the culture of the organisation? Participant number four discussed communication throughout the organisation, top down and bottom up and the importance of having it two ways. P1 suggested that along with openness and multicultural organisation that communication was very important to the organisational culture. The participants all agreed that leadership communication was very important but also the organisation giving the employees a voice.

Three of the participants indicated that feedback from management was one sided, top down only. Individuals were never asked or given the opportunity to give their opinion or have a voice. P1 stated "*within the organisation that regular one to one meetings were held and opportunity to set up ad hoc meetings to deal with anything or situations that may arise*". All three other participants stated they had annual appraisal meetings and that was all.

The participants were asked how they would describe communication within the organisation. Participants responses were good communication, P1 said *“regular with both communication from the top down and the bottom up”*. P2 stated the communication within their organisation was poor, *“information would be heard on the grapevine from other employees before management would make an announcement”*. Announcements tend to always be bad news. Any good news updates would usually be followed by bad news. P3 described the communication as *“reasonable”*, but there was an issue of transparency. The management were aware of the issues and were working on resolving it. P4 described the communication within the culture as good, communication worked both ways and both employees and management were *“respectful of everyone’s voice been heard”*.

All participants confirmed that the organisations had policies and procedures in place. Three participants stated that while there was policies in place, the organisation used them when suited with one participant stating *“yes, if people know about them”*.

#### **Theme 4: Leadership Style**

The final theme that emerged for the data analysis was leadership style within the organisations. Leadership style emerged as key when asked what do you think contributes to the culture of the organisation? P2 states *“the staff and management of the organisation”* P1 links openness and communication of management to the culture. P3 stated that *“the leadership vision and communication”* contribute to the culture. Whilst P4 connects engagement with the employees and communication style to the leadership style of the organisation that all contribute to the overall organisational culture.

The findings when looking at the leadership style when it comes to the promotion of professional growth and development of its employees had varied levels of engagement. P1 described an organisation that links their professional development of individuals to the annual appraisal process, employees decide what professional development they would like to engage in and why and the organisation will review and support if applicable to the business needs. In contrast to P1, the organisation that P2 discussed did not show support for

professional development within the organisation, results were not recognised. P3 identifies a support for professional development from the leadership team and organisation through mentorship programs and P4 was supported for professional growth as long as they could justify the business case and the organisation could see return on investment. All participants felt supported when it came to receiving support from the organisations to enable them to do their jobs.

The leadership teams of the organisation were very visible within the organisations. P1 and P4 stating that due to business models, the leaders were out of the office selling with P1 stating *“that when they were in the office there was a closed-door policy”* whilst P4 stated the leaders had an open door policy. P2 stated that *“the leadership team were in the office full time and operated an open-door policy”*. P3 confirmed that the leadership team were in the office 60% of the working week, when asked if there was an open-door policy, the answer was a mix of yes and no, the organisation is still very hierarchical.

## **Summary**

The participants taking part in the interview were from different levels within organisations. Generally, the results were similar due to a number of similarities within organisations. The themes that emerged were organisational culture, well defined mission, vision and values, communication and leadership style. In summary the four themes play a critical role in the organisational culture of organisations and how employees are treated and feel about the organisation. The findings will be discussed in further detail in the next chapter.

## **CHAPTER 5: Discussion, Conclusion and Recommendations**

This chapter will discuss the findings detailed in chapter four that was received during semi structured interviews carried out on four participants from separate organisations. The main themes that were identified in the findings of the research will be examined and linked back to the literature of organisational culture and its effect on employee retention. The discussion will try to determine if there is any difference or similarities in the findings from this study compared to the research from academic literature carried out previously. The chapter will discuss the sample demographics and the limitations of the research will be evaluated. The researcher will highlight the conclusion and will make recommendation for future research and a personal reflection statement will be included in this chapter.

The research question investigated here is: “What effect does organisational culture have on employee retention in SMEs in Ireland?”.

### **Objective 1: What is organisational culture?**

The first objective was to evaluate what is organisational culture. The researcher wanted to gain an understanding of an employee’s perception of organisational culture on both an individual basis but also their perception on the overall organisation.

The first theme that emerged from the research data collected was organisational culture. The findings indicated that all participants had a different meaning to what organisational culture meant to them. This was in line with findings from Schein (2010) that there is continued disagreement amongst researchers about the meaning of organisational culture. The researcher expanded their knowledge by the exploration the meaning of organisational culture. The findings of the study, correspondents with the literature of Denison and Mishra (1995) which states that culture can have strategic effects on the organisational effectiveness, performance and innovation. The research findings all agreed with the findings in the literature review that organisational culture was very important to both the individuals as they spend majority of their day at work and also the effects on the organisation itself to enable it to achieve its potential. The results provide evidence to suggest there was the presence of sub cultures in the SMEs in the study. While larger organisations can be found to have

several “sub-cultures” within the overall organization culture due to the multiple units and departments. SMEs have different dynamic and it may not be so frequent. Two of the organisations in the study are close to 200 employees which may lead to the explanation of the sub cultures.

The results found that all individuals interviewed all had a emotional attachment to the organisations in the study, this agrees with Schein (2004) findings that the culture of organisation has effect on the emotions of the individuals. This leads to the findings that there was a psychological contract present which is of mutual beliefs and unwritten expectations between the employer and the employee.

The present study confirmed the findings that organisational culture plays a role in the success of the organisation. This agrees with the literature from Lok and Crawford (2004) in regards to employee commitment enhancing the organisational culture. The strategic importance and value of organisational culture is found to have effect on the performance of the organisation (Kotter and Heskett, 1992).

**Objective 2: To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations**

The second theme that emerged from the findings was a well-defined mission, vision and values of an organisation. It was identified as a key strategy to developing an organisational culture. Research has identified several sources of organisational culture, but the main influence is the founders and leaders of the organisation (Schein, 2010). The findings state that the culture of the organisation originates in the founder and his legacy for the employees.

The mission, values and vision of the organisation are used to create a culture and maintain it in the organisation, it provides a clear direction and vision for the organisation and is a guide for all decision making. The literature highlights that strong cultures employees share the same views of the organisation’s beliefs, values and traditions. Employees know what is expected of them. This is reinforced by the mission and vision and also the organisational culture. It encourages high levels of motivation amongst employees (Deal and Kennedy, 1982).

The research findings indicated that the mission and vision are aligned with decision making within the organisation. Campbell et al., (2001) describes the role of the mission as been: the strategic one and the cultural one.

Mission statements are used as a strategic tool within organisation, to match the believes of the organisation to the values of the employees to encourage emotional commitment towards the organisation (Babnik et al., 2014) Researcher have found a gap between the desired culture that includes the expectation of values and behaviours an employee has and the espoused culture which the behaviours and values that is encouraged by management (Babnik et al., 2014). The mission and vision is not only important to the employees and management of the organisation it is also important to external stakeholders and customers to build their brand.

The findings are in accordance with previous research that leadership style has an effect on organisational culture in creating and maintaining it. The way in which managers lead within the organisation can have effect on organisational culture and retention. Leadership support is a key consideration when employees decided to leave or stay in an organisation. As stated by (Mills, 2008), “people do not quit organizations; they quit leaders”.

### **Objective 3: Examine if there is a link between organisational culture and employee retention within SMEs in Ireland**

The literature presented in chapter two considered the varies definitions for organisational culture set of beliefs, norms and shared values (Schein, 2010), That can determine employees’ attitudes and behaviours (Smircich, 1983). From the results it is clear that there is a number of important factors that contribute to the culture of the organisation that can effect retention. In agreement with the findings, Chatterjaee (2009) states that an organisations culture can have an impact on staff retention.

From the results, it is clear that the management of the SMEs had a lot of influence on the culture of the organisation, including the management style and communication. Chatman

and Jehn (1994) argues that larger organisations have less influence from the founders and top managers than a SMEs.

In line with previous studies, the results suggest that each organisation have their own strategy for dealing with retention within the organisation. Organisations use the culture for employee buy in and commitment through the use of good communication, leadership style, great environment to work in, competitive salaries and benefits.

Our understanding of the relationship between organisational culture and retention in SMEs in Ireland is constrained by lack of research focused on SMEs.

## **CONCLUSION AND RECOMMENDATIONS**

The purpose of this study was to investigate the question: What effect does organisational culture have on employee retention in SMEs in Ireland?

### **The Objectives**

- To evaluate what is the organisational culture.
- To develop an in-depth understanding as to how organisational culture is created and maintained in the organisations.
- Examine if there is a link between organisational culture and employee retention within SMEs in Ireland.

Primary research was carried out with four qualitative interviews been conducted on individuals who had left SMEs voluntarily. The interviews were video recorded and analysis using inductive approach.

### **Limitations**

The sample of participants was small for a study on organisational culture, due to time constrains this was out of the researcher's control. Two of the participants were employed at management levels with the organisation and the researcher felt that this caused some

bias when questions were asked in regards the leadership and management with the organisation.

### **Summary of Findings**

The findings that have emerged from the research will be discussed below.

The main finding of the study is that organisational culture plays a major part in the success of the organisation. It has influence over the daily running of an organisation, whilst it can have a different meaning and impact on individuals and organisations.

Leadership and management of organisational culture is key to the having strong culture. Founders/managers have a greater influence on SMEs in Ireland than larger organisations.

Retention within organisation is now becoming a key strategy for organisation as replacement of employees can have both financial and emotional cost.

### **Based on the findings of the study, the following conclusions are drawn.**

The researcher evaluated all aspects of organisational culture and how it is created and is seen both within organisations and from external preceptive.

Despite the limitations the study, the results demonstrated a strong effect that organisational culture has on organisations. Both good and bad.

In conclusion It is evident from the findings that organisational culture has an effect on employee retention within SMEs in Ireland.

### **Recommendations**

The following recommendations are to improve the current practices based on research findings.

Implementation of a Retention Strategy to ensure that turnover levels remain low as this is concern for all organisations. The retention strategy would include organisational culture,



employer brand, values of the organisation. An understanding of employees needs would be build into the strategy. The development of managers to help improve retention within the organisation. The retention strategy would begin at the recruitment stage.

Implementation of a Communication Strategy to improve communication throughout the organisation. Developing clear messaging and engaging the employees. Including the organisation mission and values in the communication strategy.

### **CIPD Personal statement and reflective journal**

This dissertation is the final step to completion of the MA Human resource Management programme in the National College of Ireland, Dublin.

I decided that I wanted to complete my MA in HRM when I was working full-time and had successfully completed a CIPD Diploma in HRM and a BA in Human Resource Management in the National College of Ireland.

I experienced many challenges along the way and I have learnt so much about myself and my capabilities all while gaining invaluable knowledge of HR throughout the master's program.

The research has helped me to develop skills in the area of primary and secondary research. I enjoyed conducting my research in the area of organisational culture as it is a topic that is of great interest to me. The research also made me increase my knowledge, not only on my chosen topic of organisational culture but also other topics that have left me with the desire to continue to gain and learn new knowledge on these areas in the future.

Throughout this study, I was on maternity leave and therefore had to ensure that I was organised which from time to time was difficult trying to find a balance while also dealing with the restrictions COVID-19 had enforced on Ireland caused many challenges trying to complete a dissertation while on lockdown. The biggest challenge I faced was time management. I had selected a qualitative research method, I underestimated how time-consuming the interviews with the participants would be. To overcome this challenge, I created a Gantt chart of tasks and timelines. This allowed me to meet the strict deadlines I

set out for myself; It has taught me many life lessons such as prioritisation of tasks, time-managing skills and ability to focus and acquire information from many sources.

I am extremely proud of what I have achieved during the master's program. It has left me with a great sense of achievement, and I feel completion of this research at masters level will stand to me both personally and professionally.

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## **Appendix A: Participant Information Sheet**

### **The Effects of Organisational Culture on Employee Retention in SMEs in Ireland**

**Dear Participant,**

I would like to invite you to take part in a research study. Before you decide you need to understand why the research is being done and what it would involve for you. Please take time to read the following information carefully. Ask questions if anything you read is not clear or if you would like more information. Take time to decide whether or not to take part.

#### **WHO I AM AND WHAT THIS STUDY IS ABOUT**

My name is Melanie Roe, I am a part time student at National College of Ireland pursuing my Master of Arts in Human Resource Management. This study will be part of my master's dissertation research. The aim of this study is to investigate the relationship that organisational culture has on employee retention within SMEs in Ireland. The analysis will conclude by evaluating the data obtained whether there is or not a substantial relationship between organisational culture and employee retention. On successful completion of this research I will be awarded with a degree in Master of Arts in Human Resource Management.

#### **WHAT WILL TAKING PART INVOLVE?**

This will involve taking part in semi-structured interviews. These interviews will be audio taped and seek to gather information on organisational culture and retention. Questions will be directed towards your thoughts on the organisational culture and if you believe it effected your choice to leave the organisation. It is estimated that these interviews will take approximately 30 minutes to complete.

#### **WHY HAVE YOU BEEN INVITED TO TAKE PART?**

This study is to determine the effects of organisational culture on employee retention, you have been invited to take part as you have resigned from a SME within the last 12 months.

### **DO YOU HAVE TO TAKE PART?**

Participation in this study is completely voluntary and you have the right to refuse participation, the right to refuse to answer any question and the right to withdraw at any time without any consequence whatsoever.

### **WHAT ARE THE POSSIBLE RISKS AND BENEFITS OF TAKING PART?**

The researcher does not foresee any risks from taking part in this study. The data collected will be treated with strict confidants,

### **WILL TAKING PART BE CONFIDENTIAL?**

Every effort will be made to guarantee confidentiality of the participant. Participant names will not be recorded and all data pertaining to that participant will be assigned a code. The audio tapes will be stored on password protected laptop, and typed transcripts will be held within password-secured documents. Confidentiality of information provided is subject to legal limitations.

### **HOW WILL INFORMATION YOU PROVIDE BE RECORDED, STORED AND PROTECTED?**

The interview will be recorded and the recordings will be stored on an encrypted hard drive and any data that is no longer required will be destroyed or erased in a safe and secure way. Signed consent forms and original audio recordings will be retained in until after my degree has been conferred. A transcript of interviews in which all identifying information has been removed will be retained for a further two years after this. Under freedom of information legalisation, you are entitled to access the information you have provided at any time.'

### **WHAT WILL HAPPEN TO THE RESULTS OF THE STUDY?**

The findings from this study will be used only for the purpose of submitting the dissertation.

### **WHO SHOULD YOU CONTACT FOR FURTHER INFORMATION?**

Student: Melanie Roe

Email: [x16128711@student.ncirl.ie](mailto:x16128711@student.ncirl.ie)

Supervisor: Dr. Julius Nyiaung

Email: [julius.nyiaung@ncirl.ie](mailto:julius.nyiaung@ncirl.ie)

## Appendix B: Consent Form

### The Effects of Organisational Culture on Employee Retention in SMEs in Ireland

#### Consent to take part in research

- I..... voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves in a recorded video interview with a series of questions.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained by researcher until the exam board has issued results, following this the consent forms and audio recordings will be deleted and destroyed.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years.
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Melanie Roe, Student National College of Ireland, Master of Arts in Human Resource Management. Contact email : [X16128711@student.ncirl.ie](mailto:X16128711@student.ncirl.ie)

Signature of research participant

Signature of researcher I believe the participant is giving informed consent to participate in this study

\_\_\_\_\_

\_\_\_\_\_

Signature of participant

Date

Signature of researcher

Date



## **Appendix C: Semi Structured Interview Questions**

The Research method used for this study is semi-structure interviews. Below are the questions that will be used as a guideline for the interview. Due to the semi-structured nature of the interview, the researcher will allow for discussion. Transcripts can be obtained if requested.

Semi-Structured Interview Questions (Not all questions were included in all interviews carried out):

1. How long had you been with the organisation?
2. What is your position within the company?
3. How many people worked in the organisation?
4. Do you know the mission and values of the organisation?
5. What does organisation culture mean to you?
6. How would you characterise the dominant culture in your old organisation?
7. How does the organisation promote the professional growth and development of its employees?
8. How are employees recognised for their results?
9. How do managers and employees share feedback?
10. Do you feel you received appropriate support to enable you to do your job
11. How much time do the owners/leaders/founders spend in their office?
12. How do you like to be managed?
13. During the all stages of the recruitment process from advertisement of job to interview to hiring, do you feel you got a idea of what the organisational culture of the organisation was?
14. Do you feel you received appropriate support to enable you to do your job
15. How was the working environment generally?
16. Did you feel emotionally attached to the organisation?
17. Do you have anything else you would like to say
18. Do you think the organisation had a strong culture?
19. Do you think communication is highly regarded?
20. How do you describe the management style here?
21. What do you think contributes to the culture of the organisation?
22. Are there any driving factors towards cultural within your organisation?
23. Is the culture within the organization, affecting how individuals work together?
24. Do you believe organisational culture plays a major part in the success of the organisation? And why?
25. Is there anything else you would like to add in terms of cultural for this interview?