

## **Cultural Varsities in Tier III Cities and its Impact on Operational Efficiency and Job Satisfaction of Employees in MNCs – A case study of Shimoga**

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### ***Abstract***

The pulse of globalization is seen extending not only to the cities but also to semi urban areas or tier III cities in Karnataka which are emerging as one of the potential sites for their operations. The underutilized skilled manpower in these areas are acting as attractive resources for service operations which are providing the operators with benefits of economies in their operations due to cheaper labour cost. The major concerns for these organizations (MNCs) is efficiency mapping, quality assurance, consistency in operations, mapping organizational culture with socio-cultural values prevailing in these areas and ensuring consistency in the operations. The study makes an evaluation of these aspects and finds that organizations operating in the study area are finding these sites as profitable and experiencing a positive responses from the potential manpower, though the major issues concerning them are to looking for mapping cultural values with organizational objectives and provide employees with the utmost satisfaction helping them to match their efficiency with organizational requirements.

**Key words:** Cultural varsities, Efficiency Mapping, Functional Dynamics, Quality assurance

### **Introduction**

Due to initiatives for globalization and objectives of the government to provide for inclusive growth of all sectors of the economy, the rural economy are emerging as centers for potential business in eyes of not only the domestic business centers but also for international business houses. As a part of this the rural economy is experiencing a major turnaround as a number of initiatives have been taken up the service operators, especially the financial services, health care, and logistics operators to move into these markets which ensures them with advantages of low cost sites and centers for quality manpower. In this background for the purpose of this study one of the emerging business sites i.e. shimoga was selected, which is basically a tier-III city which is expiring good participation from the financial services which are finding this center as center with quality resources for their operations. The following paragraphs makes an evaluation of what major factors are affecting or influencing their operations and identifies how the satisfaction of employees working on these sites are influenced by their cultural values and tries to identify the major issues of concern for service operators (MNCs – Multi National Companies) operating here.

## An Overview of earlier Works

Jain et, all (2006)<sup>1</sup> opined that India has a rich potential once the shackles of the conservation is removed, as most of the values that govern its operations are hindered due to poor orientation and lack of focus as most of the policies are controlled either by the political leaders or by the religious leaders. Gahukar (2004)<sup>2</sup> in his study identified how adoption of modern technology in Indian agriculture which is the locus of employment in India as more than 60% of its population still depends on agricultural activities can increase productivity on one hand and increase the level of industrialization especially those for which primary resources of production are agriculture. Garc (2012)<sup>3</sup> in his study highlights how individuals cultural values conflicts with organizations expected values and in turn affects their effective continuance and commitments expressed on the job especially when working in the MNCs, and concludes that the employees commitment is evaluated based on high level of sacrifice and seeking low job/work alternatives. Friedman (2007)<sup>4</sup> in his study identified the need for adoption to knowledge of global business trends, cultural sensitivity, business knowledge, understanding local employment practices, technical skills, and innovation which are becoming increasingly important, especially for a Multinational Corporations (MNC) which moves from domestic to international markets as a part of cross docking strategies. Carolina (2004)<sup>5</sup> in his study observed the importance of understanding cross-cultural evidence which indicates the employee involvement, team works, and other management practices in their subsidiaries by the parent MNCs so as to formulate and implementation of different management strategies in their foreign subsidiaries. Further he also identified the importance of the human resource management practices as a mechanism that would facilitate these MNCs in implementation of formulated management strategies in their subsidiaries, especially with the help of integration. Chiang and Hsu (2010)<sup>6</sup> in their study observed that adoption of high involvement work system and providing due consideration for work-life conflict can help them to resolve the conflicts among the employees and the management and enhance the satisfaction levels on the job at the same time also provides for increased productivity if not so very significantly atleast above marginal growth in their

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<sup>1</sup> Jain, L C et al. Understanding India from a Business Perspective: Opportunities and Challenges for MNCs, *Vikalpa*, 31(3), Sept 2006

<sup>2</sup> Gahukar , Are Indian Foods from Genetically Modified Crops Safe?, *Journal of Food, Agriculture & Environment*, 2(2), March 2004

<sup>3</sup> Garc, M Antonia, Organizational Commitment in Mnc Subsidiary Top Managers: Antecedents and Consequences, *International Journal of Human Resource Management*, 23(15), Sep 2012, pp. 3151-3177

<sup>4</sup> Friedman, Barry A, Globalization Implications for Human Resource Management Roles, *Employee Responsibilities and Rights Journal*, 19(3), Sept 2007, pp. 157-171

<sup>5</sup> Gomez, Carolina, The Influence of Environmental, Organizational, and HRM Factors on Employee Behaviors in Subsidiaries: A Mexican Case Study of Organizational Learning, *Journal of World Business*, 39(1), Feb 2004, pp. 1-11

<sup>6</sup> Chiang, Yun-Hwa & Hsu, Chu-Chun High Involvement Work System, work-family Conflict, and Expatriate Performance - Examining Taiwanese Expatriates in China, *International Journal of Human Resource Management*, 21(11), Sept 2010, pp. 2013 – 2030

productivity is ensured. Chiang and Birtch (2005)<sup>7</sup> in their study identified the need for the Organization operating in multiple economies have to adopt a dynamic reward system as the reward system followed in one country may not be acceptable to employees working in other countries, and conclude with the help of empirical analysis that while preferences for certain types of rewards remain relatively divergent, differences in preferences for both reward systems and the criteria by which rewards are allocated would be diminishing across boundaries as the convergence in the reward system across boundaries are always difficult.

It is obvious from the above studies that MNCs are playing a major role in bring in turnaround in economy by creating employment opportunities for the population hailing from these areas and identifies few of the issues that these MNCs face in facilitating their employees in accomplishing their objectives. But no comprehensive studies are done to address what factors are influencing the satisfaction of the employees and how their satisfaction is influenced by their demographics. Hence, the present study is an attempt towards filling this research gap.

### **Sources of Data and Sample Size**

The required and relevant data are collected from primary sources by administering the questionnaire to the employees working in service organization operating in tier-III cities i.e. Shimoga. The questionnaire was designed to study the factors that are significantly influencing their performance and satisfaction on the job. Other necessary materials are collected from secondary sources such as journals, websites, etc. For the purpose of the present study, 100 respondents were selected using purposive sampling method.

### **Objectives of the Study**

The important objectives of the study are presented below.

- a. To study the factors influencing performance and satisfaction of employees working in service organization in tier-III cities.
- b. To study the level of significance the organization and socio-cultural values have on employee satisfaction.

### **Statistical Tools used for Data Analysis**

The responses obtained from the investor-respondents are tabulated using SPSS and are processed using Excel. To analyse the data and to interpret the analysis, weighted averages method is adopted. With these details about the objectives and methodology, an analysis is made in the following paragraphs to evaluate the employee satisfaction and performance efficiency of employees working in MNCs in tier III cities.

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<sup>7</sup> Chiang, Flora F T & Birtch, Thomas A, A Taxonomy of Reward Preference: Examining Country Differences, *Journal of International Management*, 11(3), Sept 2005 pp. 357-375

### Demographic Profile of the respondents

Some of the important aspects relating to the demographics of the investor-respondents are tabulated and presented below (Table – 1)

**Table - 1: Demographics of the Investor-Respondents**

Income per month	Frequency	Distance from home	Frequency
Less than 5000	40	less than 5 Km	2
5000 - 10000	56	5 to 10 km	8
10000 - 15000	2	10 to 15 km	44
15000 - 20000	2	15 to 20 km	42
Total	100	20 to 25 km	4
Experience in years	Frequency	Total	100
Less than 5	42	Social status	Frequency
5 - 15	54	SC and ST	14
15 above	4	Backward Classes	32
Total	100	Upward Classes	54
Educational Qualification	Frequency	Total	100
Intermediate or below	36	Marital status	Frequency
Under graduate	38	married	24
UG with professional Qualification	26	unmarried	76
Total	100	Total	100
Age	Frequency	Sex	Frequency
20 - 30	60	Male	62
30 - 40	28	Female	38
40 and above	12		
Total	100	Total	100

**Source:** Primary data

From the above the following becomes obvious.

01. Looking at the income levels it can be observed that majority of the respondents are in the income group of less than 10,000 indicating the objective of the service organization to move into these low economy sites is reduction of their labour cost and one in the higher income group are in the supervisory role or managerial role even these employees salary are as low as within 20,000 which most of the times in is the minimum salary for a class C worker in MNCs operating in urban areas.
02. Looking at the quantum of experience it can be observed that fair amount of employees are with experience more than 5 years, who are especially those who are relocating themselves to their home towns from different places indicative a good development as the regional interest of qualified peoples can be protected.
03. From the perspective of qualification it can be observed that people with educational qualification as low as PUC and SSLC are also getting employed here, especially in the

voice processes (collections and customer services) are indicating the potential of these service centers to create employment.

04. Looking at the age, social status it can be observed that majority of youth and people from middle age (i.e. up to 40 years) and people from backward communities are finding their place in these centers indicating the efficiency of MNCs to attract manpower from all sections of the society and a fair participation is also found by those who are married.
05. From perspective of distance from job sites we can also observe that a fair number of employees travel a long distance irrespective of their sex, this is indicative that social class, distance from job, education are not acting as barriers for employees to work in these centers.

With this background the respondents were asked to respond for the factors that were used to determine the level of satisfaction for working in these MNCs, which is summarized and presented in table – 2, followed by a brief evaluation of the same.

**Table: 2 – Employees evaluation of level of satisfaction towards their job and their roles**

Factors	Level of agreeability					Weighted Values	Weighted Average Value
	SDA	DA	NAN DA	A	SA		
Uncertainty about duties and responsibility	2	2	0	76	20	206	2.06
Don't have the resource to perform job	22	76	0	2	0	-116	-1.16
Job demands skills that I have not mastered	0	94	0	2	0	-94	-0.94
Great deal of conflict in the organization	0	20	14	66	0	126	1.26
Conflict between family values and what job demands	2	16	6	74	2	140	1.4
High level of competition in the job	2	8	44	42	4	128	1.28
More job specification than what could be done reasonably	2	2	0	76	20	206	2.06
Job provides for clarity in current duties and what it demands in future	22	76	0	2	0	-116	-1.16
Don't find enough time away from job to discharge social obligations	0	92	0	2	0	-94	-0.94
Job is always found repetitive, tedious and boring	0	20	12	68	0	128	1.28
Experience conflicting demand among what People often want to make out of me	2	14	6	76	2	146	1.46

**Note:** Strongly Disagree (SDA), Disagree (DA), Neither Agree nor Disagree (NANDA), Agree (A), Strongly Agree (SA)

Weights Assigned: SDA (-2), DA (-1), NANDA (1), A (2), SA (3)

**Source:** Survey data

A close observation of the above table reveals the following.

The employees working in these centers find that there is a high degree of uncertainty in the job which they execute and their employability depends upon the ability of the organization to sustain the service contracts with them (with a weighted average score of 2.06 the respondents express their acceptance to this statement), whereas on checking if they are lacking with the level of competency demanded by the organization to in them to cope with the requirements of the job, the respondents strongly disagree (with weighted average score of -1.16) and feel that it is the organization which is underutilizing their potential as most of the times the jobs performed by them is repetitive, tedious and boring (with weighted average score of 1.28) and there is less scope of them for them to be innovative and perform beyond the scope defined by the job though they possess reasonably greater level of skills that they master than what job demands from them (with weighted average score of -0.94). On checking for the influence of socio-cultural values on their performance it can be found that there is a reasonable influence of the organizational culture on the family values as it is found, that organizational values are always conflicting with the value system prevailing in the society (with weighted average score of 1.40). Further due to lack of clarity in the described role to be performed in the organization (with weighted average score of -1.16) leads to conflicts in the organization (with weighted average score of 1.26) making the environment competitive (with weighted average score of 1.28), and most of the times on execution and evaluation it is found by the employees that job specification is very high than what could be reasonably performed by them (with weighted average score of 2.06) which is indicative that the organization focus is more towards performance optimization than employee sustainability. Further, it is also found that though the employees always encounter a situation of conflicting interest among their stake holders (with weighted average score of 1.46), they feel that they could make out a reasonable time off their job to accomplish their social obligation (with weighted average score of -0.94) and feel that the only requirement here is to see it that there is clarity and focus on the job which would make them more efficient and help them to discharge their duties more efficiently.

## **Conclusion**

From the above evaluation it becomes very obvious that the cultural values are no more a barriers for the human resources to work anywhere across the globe. Majority of the rural population have overcome their ethno centric barriers and have become flexible to make themselves available for any organizations to perform diverse responsibility and what they are seeking for is the opportunities to utilize their skills optimally. For the organizations (MNCs) the semi-urban areas or the tier III cities, due to their overall transformation and access to modern technology and education are emerging as centers of competence and economic sites for their operations. Proper focus and integration can help them to optimally utilize the opportunities by capitalizing on the rich resources available in these sites.

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