

A Study on the Influence of Organizational Culture and Leadership Style on Employee Retention in the Private Healthcare Sector in Chennai

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Abstract

Employee retention has become a significant challenge in the private healthcare sector due to demanding work conditions, emotional labour and increasing competition for skilled professionals. Organizational culture and leadership style play a vital role in shaping employees' work experiences and their intention to remain with an organization. This study examines the influence of organizational culture and leadership style on employee retention in private healthcare organizations in Chennai. The study adopts a descriptive and explanatory research design. Primary data were collected from 175 healthcare employees using a structured questionnaire. The population of the study comprised approximately 3,800 employees working in selected private healthcare institutions in Chennai. Statistical tools such as descriptive statistics, correlation analysis and multiple regression analysis were used. The results reveal that supportive organizational culture and transformational leadership style have a significant positive influence on employee retention. The study provides practical implications for healthcare administrators to improve retention through cultural and leadership interventions.

Keywords: Organizational Culture, Leadership Style, Employee Retention, Healthcare Sector, Chennai

1. Introduction

The healthcare sector is one of the most critical service industries, where employee performance directly influences patient care quality and organizational reputation. Chennai has emerged as a major healthcare hub with numerous private multi-specialty hospitals, diagnostic centres and specialty clinics. Despite growth, private healthcare organizations face persistent employee turnover, especially among nurses, technicians and allied health professionals. Organizational culture defines shared values, beliefs and practices that guide employee behavior, while leadership style determines how managers influence and

motivate their teams. A supportive culture and effective leadership are essential for retaining skilled healthcare employees who operate under high pressure and emotional demands. This study explores how organizational culture and leadership style influence employee retention in private healthcare organizations in Chennai.

2. Review of Literature

Previous studies highlight organizational culture as a key determinant of employee satisfaction and retention. Clan and people-oriented cultures have been associated with higher commitment and lower turnover. Leadership style, particularly transformational leadership, has been found to positively influence motivation, job satisfaction and intention to stay. Studies conducted in the healthcare sector indicate that supportive leadership reduces burnout and enhances retention. The limited empirical research focuses on private healthcare organizations in Chennai, creating a contextual gap addressed by this study.

3. Statement of the Problem

Private healthcare organizations in Chennai experience high employee turnover despite technological advancements and competitive compensation. Employees face long working hours, shift duties and emotional stress. Inadequate organizational culture and ineffective leadership practices further aggravate retention issues. There is a need to empirically examine how organizational culture and leadership style influence employee retention in this sector.

4. Objectives of the Study

1. To examine the prevailing organizational culture in private healthcare organizations in Chennai.
2. To identify the dominant leadership styles practiced in the private healthcare sector.
3. To analyse the relationship between organizational culture and employee retention.
4. To examine the influence of leadership style on employee retention.
5. To suggest measures to improve employee retention in private healthcare organizations.

5. Hypotheses

- **H₁**: Organizational culture has a significant influence on employee retention.
- **H₂**: Leadership style has a significant influence on employee retention.

6. Research Methodology

6.1 Research Design

The study follows a descriptive and explanatory research design.

6.2 Population and Sample

- Population size: Approximately 3,800 employees working in selected private healthcare organizations in Chennai.
- Sample size: 175 respondents.
- Sampling technique: Stratified random sampling (Doctors, Nurses, Technicians, Administrative staff).

6.3 Data Collection

Primary data were collected using a structured questionnaire based on a five-point Likert scale. Secondary data were sourced from journals, books and reports.

6.4 Tools for Data Analysis

- Percentage analysis
- Descriptive statistics
- Pearson correlation analysis
- Multiple regression analysis

7. Data Analysis and Interpretation

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	68	38.9
	Female	107	61.1
Age	Below 30 years	52	29.7
	31–40 years	83	47.4
	Above 40 years	40	22.9
Profession	Doctors	28	16.0
	Nurses	79	45.1
	Technicians	38	21.7
	Admin staff	30	17.2

Source: Primary Data

Interpretation:

The demographic profile indicates a workforce dominated by nurses and female employees, reflecting the typical composition of private healthcare organizations. The majority of respondents belong to the 31–40 age group, indicating a professionally experienced segment.

Table 2: Descriptive Statistics of Key Variables

Variable	Mean	Standard Deviation
Organizational Culture	3.71	0.66
Leadership Style	3.78	0.63
Employee Retention	3.59	0.69

Source: Computed Data

Interpretation:

The mean values suggest that respondents moderately agree that their organizations maintain supportive cultures and leadership practices and they exhibit a moderate intention to stay.

Table 3: Correlation Analysis

Variables	Org. Culture	Leadership Style	Retention
Organizational Culture	1		
Leadership Style	0.584	1	
Employee Retention	0.621	0.647	1

Source: Computed Data

Interpretation:

Organizational culture and leadership style both show a strong positive correlation with employee retention. This supports the assumption that better culture and leadership reduce turnover intention.

Table 4: Regression Analysis – Influence on Employee Retention

Predictor	Beta	t-value	Sig.
Organizational Culture	0.312	4.86	0.000
Leadership Style	0.418	6.54	0.000

Source: Computed Data

Model Summary:

$R = 0.702$

$R^2 = 0.493$

$F = 83.92$ ($p < 0.01$)

Interpretation:

The regression model explains 49.3% of the variation in employee retention. Both organizational culture and leadership style significantly influence retention, with leadership style having a stronger impact. Hence, H_1 and H_2 are accepted.

8. Findings of the Study

- Supportive organizational culture positively influences employee retention.
- Transformational and participative leadership styles significantly enhance retention.
- Leadership style has a stronger impact on retention than organizational culture.
- Nurses and technicians are more sensitive to leadership and cultural factors.

9. Suggestions

- Healthcare organizations should promote people-oriented and supportive cultures.
- Leadership development programs should be introduced for clinical supervisors.
- Transparent communication and employee participation should be encouraged.
- Workload and shift scheduling should be reviewed to reduce burnout.

10. Conclusion

The study concludes that organizational culture and leadership style play a crucial role in retaining employees in the private healthcare sector in Chennai. Organizations that foster supportive cultures and adopt effective leadership practices are more likely to retain skilled healthcare professionals, reduce turnover costs and enhance service quality. Strengthening internal culture and leadership capabilities is essential for sustainable healthcare management.

11. Limitations and Scope for Future Research

- The study is limited to private healthcare organizations in Chennai.
- Sample size is restricted to 175 respondents.
- Future studies may include public healthcare institutions, larger samples, or longitudinal designs.

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