

Toward Harmonious Organizations: Exploring the Influence of Organizational Culture on Employee Happiness and Retention

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Abstract: Organizational culture refers to the general assumptions and rules that employees share to help them process information and overcome problems. Workplace harmony has become an important aspect in retention behaviour and sustainable organization. In addition, happiness (the emotional/psychological well-being of employees) has become a popular area of focus in recent times. This research aims to study the effect of organisational culture on employee retention with the mediation of employee happiness and organisational commitment. The present research is quantitative above-mentioned & descriptive in nature. It is on the basis of primary data of 378 employees working in different service and corporate sector organizations. A variety of statistical tools, techniques, and methods were employed to analyze the data. The findings show that an organisation's culture influences the employees' happiness, organisational commitment and employee retention. The study shows that employee happiness and commitment have a positive mediating influence on the relationship between organizational culture and retention behaviour. In today's corporate world, the harmony and happiness of employees influence not only their happiness level and commitment but also their retention. As a result, the research shows in countries where harmony and humane organisation are present, ..

Keywords: Organizational Culture, Employee Happiness, Organizational Commitment, Employee Retention, Workplace Harmony, Human-Centric Organizations, Employee Well-Being, Organizational Behaviour..

Introduction

In recent times organizations have found it difficult to retain their employees. Increased problematization of issue caused by competing entities, changing employee mindsets, evolving work milieu. Businesses are not focusing only on their financial performance now but they have become more human-centered for managing them. Emotional well-being, happiness, and a peaceful work environment have become more essential than ever. Also, the association of the employees with the organisation is affected by the organisational culture (Shah & Sarkar, 2017).

Organizational culture (OC) refers to the values, Tugrul Belge, norms, and practices of the members of an organization. The way employees react and contact one another within their organisations. "Organizational culture" will create a sense of belongingness at the workplace and

improve employee morale, psychological well-being, and attachment to the organisation. Organizations where cultures are characterized by transparency, collaboration, and communication and that which supports its employees are likely to have very high retention rates and low turnover intention (Suherman et al., 2024).

The association between employee happiness and effectiveness, engagement and retention has made it a popular construct in organisation studies. Happiness in the workplace includes a broad spectrum of positive emotional experiences, satisfaction with the organisation's climate, relationship with co-workers, and meaningful work experiences. Employers can benefit from more commitment and loyalty from employees who feel happy at workplaces. As a result, today's organisations stress the need to make sure emotional well-being and workplace harmony to sustain human capital (Nursalimah et al., 2025).

In the same way, an employee's emotional attachment or psychological link with the organization is dealt with organizational commitment. The framework by Meyer and Allen indicate that the best predictor of retention of employees is affective commitment. The employees who find alignment between OC and organizational values usually show a greater commitment to the organization and have lower turnover intent. According to a study, organizations that have a supportive culture can boost the engagement levels as well as commitment levels of employees (Fulmore et al., 2024).

The growing interest in harmony at work expresses philosophical and humanistic ideas of balance, mutual acknowledgment, and group welfare in organizations. Systems used in the modern workplace are designed to improve employees' loyalty and retention in organizations, which is not only about money. When it comes to organizational retention and loyalty, often the fulfilment of emotions, servant leadership and organizational relatedness and cultural congruence. A positive workplace culture encourages psychological safety and creates conditions to ensure that the people have a sense of value and respect which enhances long-term organizational attachment (Tyagi, 2021).

Although many studies have addressed OC and retention behaviour, in a limited number of studies employee happiness and organizational commitment have simultaneously been taken as mediating mechanism. Furthermore, many studies have focused on performance-oriented organisational outcome but less emphasis has been given on humanistic and harmonious organisational outcome. The purpose of the current research is to examine how organisational culture helps retention through inter-connected dimensions of employee happiness and commitment.

The research enhances our understanding of the interdisciplinary organization of humanistic workplace ideology through the embedding concepts of organizational behaviour. It offers organisations useful ways to build sustainable and balanced workplace settings that could enhance employee well-being as well as commitment and retention-related organizations' outcomes.

Literature Review

Over the years, the organisational culture has been considered as an important determinant of employee behaviour and organisational effectiveness. According to the authors Shah and Sarkar (2017), the organisational culture influences the employees' attitudes, interpersonal relationship, motivation and behavioural pattern inside the organisation. Their theoretical study highlighted that engagement by management in trust and collaboration along with employee participation results in positive organizational commitment and lessens the turnover intentions of employees.

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The culture of an organization is an important aspect of any organization. More importantly, it plays a major role for HRM practices which enable managers to utilize human resources effectively. Enhanced employee's stay intention can be achieved through a positive perception towards OC (Galindo, 2022). When employees feel fairly treated and recognised in organisations, they are likely to stay with the organisation. Employees are more likely to stay in an organisation when their value system is in coherence with that of the organisation.

The culture of an organization is not just an emerging agent it is an agent that improves talent management as well as retention. The contemporary research evidence supports this idea. The study conducted recently by Suherman, Arminarahmah, and Martini (2024) studied the comparison of retention friendliness and cultures from two firms of technology industry.

A worker's happiness has likely become an important psychological construct relevant to its work productivity and organisational sustainability. The capacity of the employee to experience happiness at work is manifested through emotional satisfaction, positive interactions with others, meaningful engagement, and a balance in work and non-work roles. According to study findings systematic review conducted by Nursalimah et al. (2025), inclusive organizational cultures boost employee engagement and happiness. The review highlighted the importance of open communication, inclusive management, and organizational values as key to employee happiness and engagement.

Wahyudi et al. (2023) believed that supportive HR practices and wholesome organisational cultures contribute to retention by creating workplace satisfaction and good feelings. According to their qualitative research, employees are more attracted to organisations which promote work-life balance, provide opportunities for development and have good systems of communication. These systems bring more happiness among employees and increase organisational loyalty.

Organizational commitment is also an important factor for employee retention at organisations. Fulmore, Nimon and Reio (2024) argue that the culture of an organization can strengthen employees' emotional identification with organizational values and goals, thus positively impacting affective organizational commitment. Employees who have favorable relationships within the organization display psychological attachment and motivation to maintain membership in the organization.

According to Tyagi (2021), when the OC matches the levels of the employees, managerial-level effectiveness occurs, and it helps engage and retain the employees. Employees have a higher level of commitment in institutions which have participative leadership, recognition and mutual respect. As a result, workplace culture and retention behaviour can interfere with the organisational commitment.

As new concept of harmonious organization is emerging, organizational ethics must encompass employee well-being and emotional fulfilment. There is a growing awareness among the organizations that ensuring a balanced and psychologically healthy work environment is necessary for sustainable organisational green. Positive workplace cultures not only improve productivity and effectiveness but also enhance relationships and build a collective organisational identity.

The review of the literature highlights the strong relationship between specifically organizational culture, employee happiness, organizational commitment and employee retention. Certain studies have only explored employees' happiness and commitment as mediation to harmonious organizational environments. The study attempted to fill this gap by studying the effect of OC in facilitating retention through behaviour of emotional and psychological environment at the workplace

Objectives:

To critically discuss the role of organizational culture of employee's satisfaction in modern organisations.

To explore how employee satisfaction and the intention to stay are related.

To examine the variation in the relationship between organizational culture and employee retention by looking at the intermediary effect of employee happiness and organizational commitment.

Methodology

The present study is of a quantitative and a descriptive type which is designed to investigate the relationship between OC and employee happiness and retention in modern companies. The data will be collected by using structured questionnaires that would be given to employees from different service and corporate sectors both from convenience sampling and purposive sampling techniques. Demographic information is part of the questionnaire, along with items on a Likert scale for the organizational culture, employee happiness, organizational commitment and employee retention. This study employs 378 respondents in order to have sufficient reliability and valid result of this study. The secondary data will be drawn from peer-reviewed journals, research article publications, books and online academic databases to bolster the theoretical dimension of the study. Descriptive statistical, correlation statistical, regression and SEM will be used to analyse collected data and examine the relationships among data and test the mediating of employee happiness and organizational commitment. The study takes a holistic and humanistic approach to learning about sustainable practices that maintain a harmonious work environment and employee retention.

Results and Analysis

The current study investigated the influence of OC on employee happiness, organizational commitment, and employee retention of employees working in the sector.

Table 1 Reliability

Variable	Number of Items	Cronbach's Alpha
Organizational Culture	10	0.891
Employee Happiness	8	0.874
Organizational Commitment	8	0.862
Employee Retention	6	0.847
Overall Scale	32	0.913

The reliability results of the measurement scale have been shown in the table 1 above. As the values of Alpha for all the variables is greater than the acceptable limit of 0.70, the scale shows excellent reliability. The questionnaire has high reliability as its overall reliability is 0.913 which shows that all the items are consistent.

Table 2 Descriptive

Variable	Mean	Standard Deviation
Organizational Culture	4.08	0.61
Employee Happiness	3.96	0.68
Organizational Commitment	3.88	0.72
Employee Retention	4.01	0.65

As per the descriptive statistics mentioned in Table 2, employees usually held positive attitudes towards organizational culture, happiness, commitment and retention. The OC had the highest mean score (4.08). This indicates that employees view their OC environment positively. The average score of employee retention is 4.01 which is good. This indicates that the employees were ready to stay connected with the organization for a longer time. A relatively low value of standard deviation in all the cases indicates that the respondents' opinions did.

Table 3 Correlation

Variables	Organizational Culture	Employee Happiness	Organizational Commitment	Employee Retention
Organizational Culture	1			
Employee Happiness	0.721**	1		
Organizational Commitment	0.684**	0.746**	1	
Employee Retention	0.701**	0.778**	0.792**	1

The results in Table 3 showed that the relationships among all study variables were strong and positive. Besides, the study indicates that OC was significantly strong and positive correlated with employee happiness ($r = 0.721$), organizational commitment ($r = 0.684$), and employee retention ($r = 0.701$). Just like that, organizational commitment and employee happiness showed a significantly strong association with employee retention. So, according to the results, positive organizational culture play a significant role in improving the happiness and organizational commitment of the employees which will subsequently improve their retention level.

Table 4 Impact of Organizational Culture on Employee Happiness

Model	R	R ²	Adjusted R ²	F Value	Significance
1	0.721	0.520	0.518	407.62	0.000
Predictor Variable			Beta	t-value	Sig.
Organizational Culture			0.721	20.19	0.000

Above table 4 indicated that OC significantly predicts employees' happiness ($\beta = 0.721$, $p < 0.001$). The R² value of 0.520 indicates that OC explain the 52.0% variation in the happiness of employee. Organizations with values and norms promoting communication and engagement of employees contribute significantly to workplace happiness and emotional well-being.

Table 5 Impact of Employee Happiness and Commitment on Employee Retention

Predictor Variable		Beta	t-value	Sig.
Employee Happiness		0.412	10.84	0.000
Organizational Commitment		0.486	12.17	0.000
Model Summary	Value			
R	0.819			
R ²	0.671			
Adjusted R ²	0.668			
F Value	382.14			
Significance	0.000			

According to the results showed in Table 5, the employees' happiness and organizational commitment affect employee turnover significantly. The impact of organizational commitment ($\beta = 0.486$) is said to have a stronger effect than employee happiness ($\beta = 0.412$). The model explained 67.1 percent of the variance of employee retention, indicating that emotional attachment and psychological attachment are important aspects of employees' willingness to remain with the organisation.

Table 6 Path Coefficient

Hypothesized Path	Standardized Estimate	p-value	Result
Organizational Culture → Employee Happiness	0.73	0.000	Supported
Organizational Culture → Organizational Commitment	0.69	0.000	Supported
Employee Happiness → Employee Retention	0.41	0.000	Supported
Organizational Commitment → Employee Retention	0.49	0.000	Supported

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According to the SEM analysis, OC influences employee satisfaction and commitment which impacts employee retention decisions. The findings in Table 6 indicate the mediating impacts of happiness and commitment on the relationship OC and employee retention. Results indicate that congruent organizational arrangements raise emotional well-being and psychological attachment with a retention outcome for employees.

As per the overall findings of the study, an organization's culture, by promoting workplace harmony, makes employees happier and more committed and encourages them to stick with the organizations for the long-term. The internalization of positive organizational values, positive communication and supportive leadership climate all significantly contribute to employee emotional satisfaction and organizational attachment. Moreover, happiness and organizational commitment were identified as important mediating variables that connect OC with employee retention. As a result, companies that embrace workplace harmony and humane management practices are likely to achieve sustainable retention and stability.

Discussion:

As per the study, an impact of OC on employee happiness, organizational commitment, and retention is significant. When work culture is supportive, employee well-being, sense of belonging and psychological attachment improves. Further, the findings indicate that happiness and organisational commitment of employees act as an important mediating factor in enhancing retention behaviour. Employees show greater loyalty and are more likely to stay with organizations that have mutual respect, positive communication and employee-centred practices. The result provides information which confirms modern humanistic organizational theories which propose that workplace peace, emotions and a long-term employee-organizational relationship helps the organization to grow and survive.

Conclusion

As per the study, OC enhances employee happiness, organizational commitment and retention in the contemporary organizations. A favorable OC facilitates workplace harmony that enhances the employee's emotional wellness, satisfaction and psychological attachment to the organization. It also established the mediating role of happiness and organisational commitment on retention behaviour. The organizations that cultivate leadership and communication with mutual respect and employee-centric practices can achieve the sustainable retention of their employees. Hence, the organization must create human-centric OCs for workplace harmony.

Recommendations

Organizations are required to emphasize developing select workstations that leave their employees pleased and improve the union of workers with the business. The administration should launch a well-being initiative for workers that enhances the emotional contentment and association degree of staff. The management must create an open means of communication to strengthen the bond and association of worker with the association. The administrators must give recognition and respect to the workers so as to raise the degree of association and emotional satisfaction of the workers. Management should adopt participative leadership to enhance engagement and satisfaction levels of employees. Management must formulate policies for better work-life balance maintenance by the workers for enhancement of their contentment.

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