



## **IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE ENGAGEMENT**

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### **ABSTRACT**

*Business organizations in recent years have emerged to take more formal approaches to strategic management, along with the integration of such strategic processes with managing of human capital. Since the development of the theory of Resource-Based View of the firm, developed by Barney in 1991, the skills, talents and competencies of people are perceived as 'capital' more than ever before, and as the most powerful assets in the organisations. Now, HR systems and HR practitioners across the world began developing a number of functional strategies that can help them achieve competitive advantages. There is growing trend towards building and establishing positive organizational culture and inculcating employee engagement within the organization, mainly as part of gaining an edge over the major competitive players in the market. This paper aims to present a review on the impacts of organisational culture on employee engagement, by reviewing relevant literatures in the field of organisational culture and employee engagement.*

### **INTRODUCTION**

In today's fiercely competitive business contexts, organizations are forced to take strategic steps in each and every aspect of business decisions so as to ensure sustainable profitability and sustainable competitive advantage. As human capital represents for the most valuable assets in a firm (Philips, 2005), a number of HR related strategies emerged in very recent years including knowledge management, organizational learning, employee engagement, high performance work system (HPWS) and so on, that have also gained wider acceptability for boosting the organizational performance.

There has been a considerably high spike in the amounts of academic researches published in recent years in the field of employee engagement, and its importance for achieving competitive advantages. Employee engagement has been studied as an outcome



of strategic leadership (Wang & Hsieh, 2013), employee-customer identification and customer orientation (Anaza & Rutherford, 2012) and the performance management (Gruman & Saks, 2011). However, how organisational culture may impact employee engagement, and as a result on competitive advantage hasn't been well explored. This piece of research work will critically evaluate how organisational culture can activate employee engagement.

## **ORGANISATIONAL CULTURE**

Organizational culture is a pattern of values, assumptions, beliefs, and norms that are formed and established within a firm to influence employees in the firm to guide and shape their behaviour (Schermerhorn, Hunt & Osborn, 2005). As McShane & Von Glinow (2004) pinpointed, organizational culture as a basic pattern of shared values, beliefs and assumptions that are more strategic and right way of thinking and acting on problems and opportunities that the firm faces at different times.

Based on Schein's definition for organizational culture, Herzog and Leker (2011) emphasized that external adaptation and internal integration are critically important for developing and establishing shared norms across the organization. These assumptions, norms, and values are not only shared between the members of the organisation, but also guide each members to think and act in proper ways to seize opportunities and to solve problems that they encounter while being in the organisation.

People, and more importantly their competencies and capabilities, are highly-valued assets for business organisations, and therefore, utilizing these resources more effectively and optimistically has become the basic underpinning of strategic HRM. People in MNCs are more likely to belong to different cultures, and life-styles. But, being within an organisational culture setting, they all tend to behave, think and act in a uniform way towards achieving the organisational goals (Peedikayil & Manthiri, 2018). Employees are influenced by cultural artifacts like rituals, legends and ceremonies that are the main components of organisational culture. Since organisational culture is closely linked to organisational performance (Peedikayil & Manthiri, 2018), culture is extremely precious



thing that is the basic reason why managers work hard on inculcating a better and rewarding organisational culture.

## **EMPLOYEE ENGAGEMENT**

Employee engagement is a kind of work attitudes that lead employees to feel positive attitude and emotions toward their work. Employees who are engaged are also found to be personally meaningful. They also consider their work load to be manageable and do have hope about the future of their job. Most literatures quoted a brief and meaningful definition for employee engagement “as a positive, fulfilling, and work-related state of mind that is characterized by vigor, dedication, and absorption” (Armstrong, 2012, Meyer, Gange & Parfyonova. 2010). Employee engagement, a relatively young academic discipline (Cross, 2008), is about deeper commitment of employees to the organization. It leads to their belief about what the organization stands for and they become prepared to go above and beyond what is expected of them to deliver outstanding performance. It is therefore, Cook (2008) stressed that employee engagement is not a physical contract, but a psychological element.

As employee engagement is an employee’s cognitive and emotional state directed towards attaining organizational goals and objectives, they as a result exhibit attentiveness and mental absorption in their workplaces and thus they also exhibit a deeper and emotional connection and commitments to their workplace environments. This is a very effective instrument for managers to ensure that employees are motivated towards their fuller potential in terms of productivity and performance. Employees who are engaged are also found to be involved, motivated and committed with passion, vision, enthusiasm, focused effort and energy which in turn help them grow further to develop their skills, abilities and experience so as to become high achievers in performance (Armstrong, 2012).

### **Impacts of Organisational Culture on Employee Engagement**

This review article is based on the research question ‘what are the major impacts of organisational culture on employee engagement, and as a result on competitive advantages’. Mone and London (2009) pointed that employee engagement is an increasingly important tool for enhancing high performance work system within business



organisations. Marrelli (2010) also stressed that employees who are engaged are found to become high-performance workers. Macey, Schneider, Barbera and Young (2011) have also considered employee engagement as an important driver of high performance working system.

Highly engaged employees are found to have a passion for their work and feel deep connection to their company, whereas disengaged employees tend to put time, but not energy or attention in to their work. A study conducted among 8000 business units found that companies with high-level of employee engagement experienced higher level of customer satisfaction and these employees were found to be highly productive (Robbins & Judge, 2011). But, what makes them engaged and thus to become high-performers is an important question to be considered.

Literatures have well documented about what drives to employee engagement. Crawford, Rich, Buckman and Bergeron (2013) considered primary psychological drivers for engagement and they listed job challenge, autonomy, variety, feedback, fit, development opportunities and reward and recognition as the major drivers to employee engagement. As psychological antecedents, they also considered social support, transformational leadership, workplace climate, leader-member exchange, organizational justice and job security as drivers to engagement.

**Figure 1: Drivers of employee engagement**



Source: Federman, 2009

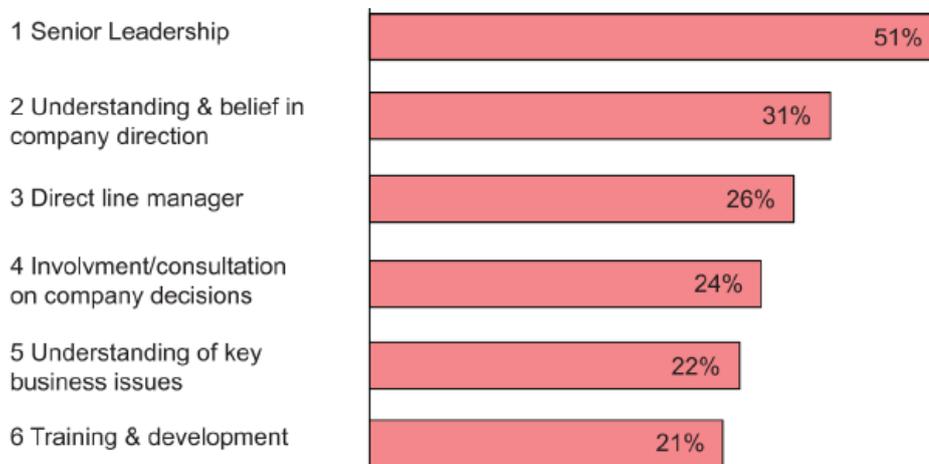


As depicted above, Federman (2009) presented a conceptual framework to understand what drives to employee engagement. He outlined nine major factors that drive to the engagement, namely culture, success indicators, priority setting, communication, innovation, talent acquisition, talent enhancement, customer/business cycle and incentives and acknowledgements. These are outlined in the figure above. Out of these factors, organizational culture has been considered as the most important drive to employee engagement, and this gives quite direct answer to the basic research question- how does culture affects employee engagement.

The conceptual model developed by Sarangi and Srivastava (2012) based on constructions of Van-den Berg and Wilderomin in 2004 illustrated how organizational culture and communication directly affect employee engagement. Their study emphasized that both culture and communication are the two factors that drive to employee engagement. Organizational culture and its impact on engagement can be recognized from 1) autonomy, 2) external orientation, 3) inter-departmental cooperation, 4) human-resource orientation, and 5) improvement orientation. The dimensions of communication that also drive engagement are 1) organizational integration, 2) supervisory communication, 3) personal feedback, 4) corporate information, 5) communication climate, 6) media quality and 7) subordinate communication. To summarize, the study of Sarangi and Srivastava takes organizational culture in to account as major driver to employee engagement apart from communication that too affects engagement.



**Figure 2: Six driving forces of employee engagement**



Source: Tomlinson, 2010, p. 27

As shown above in Figure 2, based on Towers Perrin Employee Engagement report, Tomlinson (2010) described six driving forces to employee engagement. He identified leadership, understanding and belief in company direction, which is to say its 'culture', direct line manager, involvement, understanding of key business issues and training and development. Out of these six drives, as is outlined below, he stated that 'culture' after leadership plays crucial role in developing engagement. Though different literatures have identified varying factors to drive to engagement, they all reach to a common consensus that culture is a very significant factor to lead employees to become engaged.

### ***Essence of employee Engagement***

Simon (2009) identified five most important essentials of employee engagement. They are:

- A positive attitude toward the organization,
- Belief in the goods and services the organization offers to customers,
- A perception that the organization enables the employee to perform well enough,
- A willingness to behave altruistically and to be involved in active team-playing
- A willingness to go beyond the requirements of the job.

Simon (2009) holds the view that, since engagement requires these above mentioned essentials, a shared vision in the organization can certainly enhance engagement. It is how the culture can enable and enhance employee's engagement. As he



argued, leaders in the top in an organization require putting in efforts to engage people with their hearts by socializing shared vision and shared values as they can play significant role in creating intellectual and emotional engagement in employees. A persistent endeavor for inculcating the shared assumptions and values among the people in an organization and socializing these values to all those including newcomers to the firm will also function as a strategic tool to reinforce culture among them and thence to make them engaged.

## **DISCUSSION**

Literatures have clearly illustrated about how organizational culture affects employee engagement. From the literatures reviewed so far, it becomes very evident that there is positive correlation between organisational culture and engagement and that there are direct and indirect mentions about how organisational culture enhances employee engagement. Culture is one of the major drives of engagement and this explains why and how culture affects engagement. Literatures have also ascertained the effect of organizational culture on employee engagement.

The cultural dimensions of engagement are multifaceted. Employee engagement relates to contributing of authentic involvement in the organization. Certain aspects of HR practices such as recruitment, hiring, training etc affect engagement (Berry, 2004). Trust is an important aspect of organizational culture. Trust in senior management and trust in leadership are also significant factors that affect employees' engagement. Macey *et al*, (2011) are of the opinion that trust of employees on management and leaders is a crucial factor that drives engagement. Trust, belief, perception etc are major components of organizational culture and people with trust about the shared norms and belief will be greatly involved and engaged in their workplace.

Halm (2011) illustrated certain ways of how culture supports engagement. He asserted that organizational culture transitions power, shares information among members, provides aligned intrinsic and extrinsic rewards, accepts the values of individual, allows members to operate with increased flexibility, facilitates socialization for employees, creates human resource development programs etc to make employees engaged and reinforce a culture of 'persistent engagement'. Shuck, Rocco and Albornoz (2011) held the



view that culture not only affects the engagement, but rather, engagement itself becomes a culture in organization when the culture includes employees' initiative and personality, direction and goals, employees' integration in to the company and management support etc. They also suggested that, often, employee's direct management ability can play important role in the development of engagement encouraging cultures (Shuck, Rocco and Albornoz, 2011).

## **CONCLUSION**

HR policies, leadership and management strategies are the three major dimensions of organizational culture and all these dimensions directly enhance employee engagement. Though different literatures illustrated various drives for engagement, all these literatures have considered 'culture' as the most significant driver for engagement. As far as the essence of engagement is concerned, shared belief and assumptions are found to guide employees actively engage in organizational activities. Out of some strategies to enhance collaboration, organizational socialization is a strategy that not only attracts newcomers to the common shared values of the firm, but also makes them engaged. In short, the correlation between culture and engagement is very positive and that organizational culture largely affects employee engagement. Based on reviews of literatures, this article concludes that the major impact or organisational culture on employee engagement is that engagement itself becomes a culture within an organizational setting. It is because, culture includes employees' initiative and personality, direction and goals, and employees' integration in to the company and management support.

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