

## Impact of Organizational Culture on Employee Engagement and Effectiveness

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**Abstract:** Human resources brings knowledge, skills and abilities to the organization that is why employees are organizational resources. Thus, employee's commitment and loyalty are very crucial for organizational growth and sustainability. The commitment towards organizational goals and enthusiasm of achieving the organizational goals is termed employee engagement. The employee effectiveness is associated with the ability to complete the desired result. The organizations having positive employee orientation wherein employees are given freedom for experimentation of various idea and are consulted for decisions are found to be engaged and are able to put extra efforts for the fulfillment of the business goals.

This paper studies the relationship of organizational culture and employee engagement and effectiveness.

**Keywords:** organizational culture, employee engagement, employee effectiveness.

### INTRODUCTION:

An organization works as a unit which can bring people of various backgrounds together to achieve a common target. Employees are assigned various roles depending on their expertise and competencies (Louis, 1958). The structure of an organization divides its workforce into different task and then achieves coordination among them (Mintzberg, 1981). People have complex nature. If one approach a situation in one way other approach it in different way Each person has different believes, ethics and opinions about how to perform their jobs (Schermerhorn,2015). It has been observed that every individual is in possession of a manner through which they act, feel, and think, which they tend to learn over the course of their life (Hofstede, 2010). Hence, bearing in mind the different ethics, opinions, and believes it becomes vital for an organisation to form a common culture that attempts to encourage and foster all the employees. The organizational culture encompass organization's aspirations, rationale, guiding principles which keep on providing guidance to its member that in turn could be visible in their behaviour, their self-image, working style as well as their interactions with others further their aspirations (Robbins, 2003). The organisational culture is composed by the objectives and goals which subsequently effects the determination, retention,

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and engagement of the employees (Brenyah, 2017). Organization culture also promotes job satisfaction (Belias et al, 2014). This makes them more committed towards the firm’s mission. Engaged employees tend to be more productive and committed towards their work and are completely absorbed within their duties which make the highly efficient for the organisation (Harter et al, 2002)

**ORGANISATIONAL CULTURE:**

Many authors have defined organisational culture in different manners. However, mostly all these definitions have a common attribute which projects that as a concept the culture is shared within all the members of the organisation. The Organizational culture can be understood as guiding value system that is adopted by its members that forms the boundary of itself differentiating from other organization (Abbas, 2017).

The culture is said to be a basic design of suppositions that have been recognised, invented and developed by a particular organisation as it learns to tackle its issues related to the internal incorporation and external adaptations (Schein,2022). The cultural dynamics model proposes the expression, understanding and realization, symbolic representation and its interpretation by its member that also provides the guidance for the behavioural standard (Hatch, 1993).On account of the organisational culture’s personalized nature, it becomes difficult to anticipate the accurate specifications of the culture. Though there has not been any theory which has been accepted in a uniform manner, it has been accepted that the organisational culture has been traditionally defined and socially structured. This includes the morals, beliefs, conduct as well as values oriented with different organisational levels and combined with every facet of the organisational life. Organizational culture was defined by Klein (1996), as the crux of activities within an organization that makes an overall impact on the effectiveness and engagement of employees. Implying that the culture effects the quality of the services and products produced by an organisation. Hence, a proper and positive organisational culture is crucial for any organisation for establishing an evolving growth pattern.

**EMPLOYEE EFFECTIVENESS:**

In the age of modern organizations, employee engagement effects the performance of the firm. There have been several researches conducted by Alefset al. (2013), Anitha (2014), Randall and Paul (2014) and based on their findings one can conclude that employee engagement has a positive influence on employee performance. It has been consistently noticed by the organisations that engaged employees have more scope to be true and devoted to their work which makes the organisations profitable. The definition of employee engagement is still evolving. It has been well defined as the extent to which employees feel passionate about their job sand the expression of an individual’s preferred self, within their work- related tasks.This encourages employees to connect themselves to their work. As a result, engaged employees have been detected showing more efforts in the work they have been assigned for the simple reason that they can easily relate to it. According to Gallup’s study in 2020 the organizations having highly engaged employees are 17% higher productivity and 21% higher profitability even after switching to remote working environment due to Covid pandemic. Measuring employee effectiveness helps the organisation in attaining awareness about what is the employee’s perception about the areas to improve in the organisational culture. Regularly measuring engagement can dodge hurdles before they become a problem. Asking employees for feedback is another way of measuring and improving engagement levels as it shows that their opinions are valid and the management cares about their work. Once the effectiveness data is collected it is to be shared with the leaders, managers, front-line employees so that every person gets the chance to contribute to making a better culture. Doing this gives the management a chance to understand how the organisation is performing compared to the industry benchmarks and be aware if the organisation is or isn’t progressing. Hence, employee effectiveness can be called an investment which compromises of various dimensions of physical, emotional, and cognitive elements (Kahn,1990).

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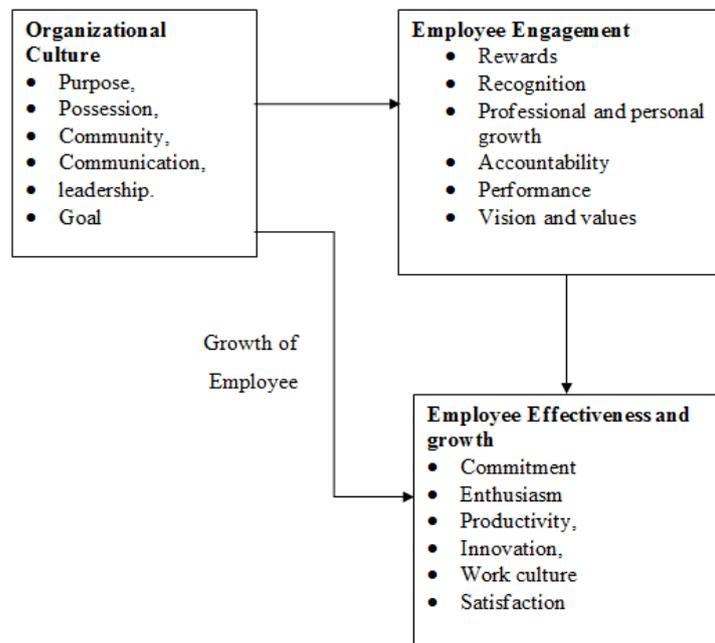
**IMPACT OF ORGANISATIONAL CULTURE ON EMPLOYEE EFFECTIVENESS AND ENGAGEMENT**

There have been a number of studies which show that there is a direct positive relation between the organisational culture and employee engagement and effectiveness. As a result, the organisational culture effects the engagement, helps in the growth of innovation and sharing of knowledge among the employees (Chandler, 2000). The culture of an organisation also has a direct positive relation with the employee effectiveness with results in the increase in new innovative techniques and efficiency (Abdi,2014) . Out of the various dimensions concerning the organisational culture, experimentation and sovereignty are considerably related with every dimension of employee engagement. Employees have different beliefs and judgements regarding the organisational culture (Valencia,2010). As it is discussed above that the organisational success depends on the engagement and effective working styles of the employees, superior levels of engagement can result into talent retention, increased loyalty among customers and workers as well as better overall performance. It also plays an essential link to organisational reputation, customer satisfaction and the value of stakeholders as a whole (Kaliannan et al., 2015). There are various factors in an organisation which can affect employee engagement which consist of communication, organisational culture and climate, style of management, trust and respect, organisational goodwill, leadership quality of the managers as well as the mutual understanding and relations of the employees. According to certain researchers it has been found that the workers who are fully devoted and engaged are effective to a great extent, provide higher levels of customer satisfaction, and result in greater levels of productivity using fewer resources. All these factors in the end are a part of a great organisational performance which is crucial for every firm.

**Objectives:**

1. To study the elements of Organizational culture.
2. To study the influence of elements of organizational culture on employee engagement
3. To study the influence of elements of organizational culture on effectiveness of employee
4. To study correlation between organization Culture and employee.

**Conceptual Model**



**Research Methodology**

The descriptive research design is used for analysing and studying the process.

The descriptive study is a fact-finding investigation with adequate interpretation. The descriptive study aims at identifying the various characteristics of a problem under study. It reveals potential relationships between variable and setting the stage for further investigation later. The results of such research are not usually useful for decision making by them, but they can provide significant insight into a given situation.

**Size of population**

The total population size was 500. Out of the total population 106 taken as sample.

**Method of Data Collection:**

**Primary Data:**

Primary data is directly collected form employees by using a structured Questionnaire. The pre-decided number of samples have been selected based on the simple random method. The employer consists of 500 employees, Out of total 106 sample have been selected randomly for the present study.

**Secondary Data: -**

The secondary data was collected from the company record and company website etc.

**Sampling Technique:**

The sampling technique selected for the study is simple random sampling technique. It is one of the most useful techniques used by respondent to select sample from total population.

**Statistical tool and Techniques:**

The collected data have been analyzed with the help of tools like mean, mode median and percentile and frequency test by using SPSS

**Hypothesis**

H1: There is influence of the elements of organizational culture on employee effectiveness

H2: There is correlation between organizational culture and employee engagement

**Data analysis**

**Reliability**

**Case Processing Summary**

		N	%
Cases	Valid	106	100.0
	Excluded <sup>a</sup>	0	.0
	Total	106	100.0

a. Listwise deletion based on all variables in the procedure.

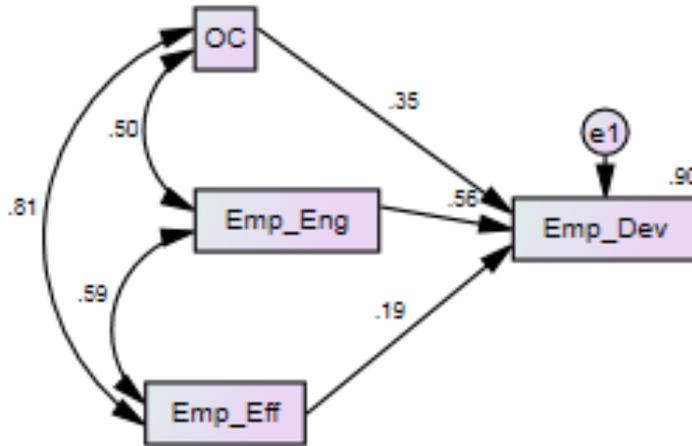
**Reliability Statistics**

Cronbach's Alpha	N of Items
.890	18

Reliability test is performed and Cronbach’s Alpha value is .890 which is greater than .0.7 questionnaire is for further data analysis .

**Factor analysis**

Estimated Model



Five fit indices (CMIN / DF, PNFI, GFI, CFI, RMSEA) have been used to assess the model fit of the measurement model.

**CFA RESULTS**

Fit indices	Observed	Criteria of acceptable fit	Result
CMIN/DF (Minimum discrepancy as indexed chi-square)	3.434	Less than 5	Good fit
CFI (Comparative fit index)	1.000	More than 0.9 for good fit, between 0.9 to 0.8 for borderline fit	Good fit
GFI (Goodness of fit index)	0.992	More than 0.9	Good fit
PNFI (Parsimonious Normal fit)	0.229	More than 0.5	Marginally missed
RMSEA (Root Mean Square error of approximation)	0.793	Less than 0.08 for adequate fit, between 0.08 and less than 0.1 for borderline fit	Good fit

**Interpretation:**

The measurement model consisted of 10 items from 3 independent variables emerged after EFA. The final measurement model obtained has been close to good fit as CMIN/df= 3.434 Comparative fit index [CFI] = 1.000 root mean square error of approximation [RMSEA] =.793, GFI =0.934, NFI=0.229.

All the fit indices suggest a good fit between the hypothetical model and the sample data. Except for PNFI which has marginally missed the threshold, since the measurement model is valid, we proceed to assessment of structural modelling.

**Reliability and Validity**

Reliability is the ability of the scale to produce consistent results. It is the extent to which items of a construct gel well in defining the underlying construct.

Validity is the ability of the scale to measure what it is supposed to measure. It is the extent to which items of a construct define the underlying construct.

Since the hypothetical model reflects/ highlights linkages between latent constructs, construct validity and reliability are used to measure the internal consistency and trustworthiness of the measurement scale.

**Construct validity and reliability**

Construct validity is the extent to which a set of measured items actually reflect the theoretical latent construct that they are designed to measure. It includes (1) Convergent validity [(Factor loadings), Average Variance extracted (AVE)]; (2) Discriminant Validity.

**Factor loading**

The size of the factor loading is an important indicator of convergent validity. Factor loadings that are significant with loading values above 0.5 indicate convergent validity.

**Factor loading and Average Variance Extracted chart**

Measured Indicators	Direction of causal flow	Construct	Factor loadings
Goal	<--->	ORG_CUL	0.774
Communication	<--->	ORG_CUL	0.840
Community	<--->	ORG_CUL	0.749
Possession	<--->	ORG_CUL	0.866
Purpose	<--->	ORG_CUL	0.860
Performance	<--->	EMP_EN	0.121
Professionalgrowth	<--->	EMP_EN	0.516
Commitment	<--->	EMP_EN	0.860
Workculture	<--->	MP_EFF	0.860
Productivity	<--->	MP_EFF	0.860

**Interpretation:** Majority of the constructs have factor loadings above 0.5 and are significant at 0.1% level of significance. Hence construct validity is supported.

\*Note: For Performance factor loading values have missed the threshold of 0.5, however they have been retained and continued in the analysis for their importance in theoretically defining the construct.

**Average variance extracted (AVE)**

Average variance extracted (AVE) is another important indicator of construct validity. As a rule of thumb, AVE of 0.5 or higher suggests adequate convergence. Average variance extracted for all construct is above the threshold mark of 0.5. Hence construct validity is supported.

**Construct reliability**

Cronbach’s Alpha is a very commonly used technique of internal consistency. It is a measure of internal consistency among items of a construct. Alpha score above 0.7 indicates reliability. In the current case all construct reliability score above 0.7. Hence reliability is supported.

**Table No.10 Construct reliability**

Construct	No. of items	Cronbach's Alpha	Average Variance
OC	6	0.844	0.49
EEng	8	0.655	0.38
EEff	4	0.751	0.67

**Interpretation:**

Construct of model should be unrelated. Discriminant validity assesses the extent to which a construct is truly distinct from other constructs in the model. High discriminant validity provide evidence that a construct is unique and different from the rest and have phenomenon that other measures do not. Discriminant validity exits if average of Average Variance Extracted is greater than  $r^2$  between two constructs or said in other words, the square root of AVE should be larger than the correlations between constructs.

**Discriminant Analysis**

Construct		Construct	Correlation	Correlation Square
ORG_CUL	<-->	EMP_EN	0.499	0.249
EMP_EN	<-->	MP_EFF	0.588	0.345
ORG_CUL	<-->	MP_EFF	0.813	0.660

**Interpretation:**

Interpretation: Discriminant analysis result shows that average variance extracted of two constructs is more than  $R^2$  between two constructs for all constructs.

**Hypothesis Testing and results:**

In this section an effort has been made to test the hypotheses proposed under the study on which the structural equation modelling has been carried out. It is to be noted here that, the below mentioned hypotheses have been tested using SPSS software and applying Pearson's Correlations Coefficient. Students 't' statistics has been carried out to test the significance of the coefficient.

H0: There is no influence of the elements of organizational culture on employee effectiveness

H1: There is influence of the elements of organizational culture on employee effectiveness

The necessary calculations have been provided in below table.

**Correlations**

		OC	Emp_Eng	Emp_Eff	Emp_Dev
OC	Pearson Correlation	1	.499**	.813**	.785**
	Sig. (2-tailed)		.000	.000	.000
	N	106	106	106	106
Emp_Eng	Pearson Correlation	.499**	1	.588**	.846**
	Sig. (2-tailed)	.000		.000	.000
	N	106	106	106	106
Emp_Eff	Pearson Correlation	.813**	.588**	1	.805**
	Sig. (2-tailed)	.000	.000		.000
	N	106	106	106	106
Emp_Dev	Pearson Correlation	.785**	.846**	.805**	1

	Sig. (2-tailed)	.000	.000	.000	
	N	106	106	106	6

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Interpretation-**Based on the values mentioned above correlation between Organizational Culture and Employee Effectiveness been observed to be positive correlation of .813 with sig. value 0.000. Thus the significance value is less than 0.05 suggest acceptable relationship between Organization culture and employee Effectiveness. The strength of correlation is significant. ***This observation will stand constant in further hypotheses as well.***

Ultimately, in case of hypotheses-H1, null hypotheses has been rejected with conclusion of positive correlation between organizational Culture and employee effectiveness.

**H0:** There is no correlation between organizational culture and employee engagement

H2: There is correlation between organizational culture and employee engagement

Now in case of Organizational Culture and Employee Engagement ( $r=0.499$ ,  $Sig.=0.000$ ) suggest considerable correlation. Secondly in case of organizational Culture and employee Development ( $r=0.785$ ,  $Sig.=0.000$ ) suggest considerable correlation.

Ultimately, in case of hypotheses-H2, null hypotheses has been rejected with conclusion of positive correlation between organizational Culture and employee engagement.

**CONCLUSION:**

In the light of the above discussion, the author would like to conclude that there are enormous opportunities in the concept of organizational culture affecting the employees of the organizations in a positive way to improve their effectiveness and engagement. Provided the shortfalls are resolved through tailor-made solutions and proper automation.

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