



The Impact of Organizational Culture on Employee Engagement and Productivity in the Workplace. Literature Review

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ABSTRACT

This study explores the connection between workplace organizational culture, employee engagement, and productivity. And that is through utilizing an extensive examination of existing literature, empirical research, and case studies. The research aims to examine existing literature and empirical evidence to offer insights into the nuanced mechanisms through which organizational culture shapes employee engagement and, subsequently, affects workplace productivity. The results uncover the diverse impact of organizational culture on employee engagement, including factors such as communication methods, leadership styles, and the alignment of values. Additionally, the research explores how engaged employees create a ripple effect on overall productivity and organizational success. These findings have broad implications for organizational leaders, HR professionals, and scholars seeking to improve workplace dynamics and cultivate a culture conducive to increased employee engagement and productivity.

Keywords : Organizational culture, Productivity, Employee engagement, leadership.

1. Main text

The central emphasis of modern *organizational* studies revolves around the interconnection among *organizational culture*, *employee engagement*, and *productivity*. *Organizational culture*, characterized by shared values, beliefs, and behaviors within a company, plays a pivotal role in shaping employees' perceptions of their work environment and their involvement in tasks. The academic literature widely recognizes the importance of cultivating a positive *organizational culture* to promote employee engagement and boost overall *productivity*^{1,2}.

Denison and Mishra in 1995 underscored the significance of organizational culture in influencing the attitudes and actions of employees, especially in cultivating commitment and contentment. Their research revealed that organizations characterized by a robust and positive culture generally experience employees who are highly involved and content in their roles, resulting in heightened productivity.

Similarly, Schein in 2010 emphasized the influence of culture on organizational efficiency, contending that a thriving culture plays a crucial role in establishing a workplace where employees comprehend their responsibilities and are motivated to give their utmost efforts. Cameron and Quinn in 2011 investigated how organizational culture influences productivity. They explored the relationship between organizational culture and performance, underscoring that a positive culture can enhance productivity, foster innovation, and contribute to overall organizational success. Grasping the intricate dynamics among culture, engagement, and productivity is essential for organizations aspiring to establish a favorable work environment that maximizes employee potential and contributes to overall organizational success. This study intends to examine existing literature and empirical evidence to offer insights into the nuanced mechanisms through which *organizational culture* shapes *employee engagement* and, subsequently, affects workplace productivity.

2. Literature review

2.1. Organizational culture

Organizational culture has a significant role in defining the identity and operational dynamics of a company, influencing how employees behave, make decisions, and contribute to overall organizational performance. Scholars have long acknowledged its significance in determining the success or failure

¹ (Schein, 2010,

² Denison & Mishra, 1995)

of an organization³. Organizational culture, characterizing as a set of shared underlying assumptions developed by a group to address external challenges and internal cohesion. These assumptions, proven effective over time, are transmitted to new members as the accepted way to perceive, think, and feel⁴. Recent research builds upon Schein's model, delving into the dynamic nature of organizational culture and its impact on diverse organizational outcomes. For instance, it highlights adaptability, involvement, consistency, and mission as crucial dimensions influencing organizational effectiveness⁵.

Leadership's role in shaping and sustaining organizational culture has become increasingly prominent. Leaders are recognized as pivotal in instilling cultural values and cultivating a positive organizational climate⁶. Transformational leadership, in particular, is linked to the development of robust and positive organizational cultures⁷. In today's business landscape, marked by rapid technological advancements and globalization, researchers are exploring how organizational culture affects innovation and change management. Organizations fostering a culture that encourages innovation and embraces change are better equipped to thrive in dynamic markets⁸. The digital era presents new challenges and opportunities for organizational culture. Scholars are investigating how remote work, digital communication, and virtual teams impact the fostering of organizational culture in a virtual environment⁹.

2.2. Employee engagement

Shuck and Wollard in 2010 characterized employee engagement as a novel work context representing a positive emotional and cognitive connection between employees and their organization's outcomes. Another perspective, presented by ¹⁰, views employee engagement as the willingness and adaptability of employees to contribute their skills to the success of the organization. In essence, employee engagement signifies alignment between an employee's actions, thoughts, and attitudes with those of their employer¹¹. It denotes a situation where the accomplishment of organizational goals and effectiveness contributes to a sense of personal fulfillment¹². Conversely, the opposite state involves cynicism, exhaustion, burnout, and inefficacy¹³.

The degree of *employee engagement* hinges on the sense of connection and commitment that staff members feel towards the organization¹⁴. Genuine engagement arises when employees fully embrace the organizational strategy and are collectively motivated to achieve organizational success. In such instances, employees not only find satisfaction in their work but also actively promote the organization. Research has shown that *employee engagement* correlates with enhanced performance, productivity, attendance, and increased retention¹⁵. A study in the Gulf Cooperation Council region discovered that engaged employees not only exhibit greater productivity but also actively contribute to supporting their organizations¹⁶. Defining and valuing *employee engagement* poses challenges for employers due to the diverse literature on the subject¹⁷. While the study of employee engagement is relatively recent, there is a need for further exploration of its origins, development, and consequences¹⁸. Various researchers have approached the topic using different terms, necessitating clarification¹⁹. The contemporary ideas and measurement tools may require additional refinement and evolution^{20,21}. Despite disagreements on many aspects, there is a consensus that engagement is a complex phenomenon²². While researchers acknowledge this complexity, there is disagreement on the optimal definition and constituents of engagement²³. The debate extends to whether engagement leads to positive behaviors or creates an inadequate atmosphere may seek to change²⁴.

³ Schein, *Organizational Culture and Leadership*.

⁴ O'nday, "Organization Culture Theory: From Organizational Culture of Schein to Appreciative Inquiry of Cooperrider & Whitney."

⁵ Denison, "Corporate Culture and Organizational Effectiveness. John Wiley & Sons, New York."

⁶ Cameron and Quinn, "Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework. New Jersey: John Wiley & Sons."

⁷ Bass and Riggio, "Transformational Leadership."

⁸ O'Reilly III and Tushman, "Organizational Ambidexterity: Past, Present, and Future."

⁹ Martins, Gilson, and Maynard, "Virtual Teams: What Do We Know and Where Do We Go from Here?"

¹⁰ Markos and Sridevi, "Employee Engagement: The Key to Improving Performance."

¹¹ Shuck and Wollard, "Employee Engagement and HRD: A Seminal Review of the Foundations."

¹² KAZMIERKOWSKI, BARLIK, and IWANEJKO, "Induction Motor Drive Supplied By a Current Source Inverterwith Pulse Width Modulation/ Naped Asynchroniczny Z Falownikiem Pradu O Modelowanej Szerokosci Impulsow."

¹³ Maslach and Leiter, "Early Predictors of Job Burnout and Engagement."

¹⁴ Demovsek, "Employee Retention through Employee Engagement."

¹⁵ Caplan, *Strategic Talent Development: Develop and Engage All Your People for Business Success*.

¹⁶ Singh, "The Impact of Intrinsic and Extrinsic Motivators on Employee Engagement in Information Organizations."

¹⁷ Saks and Gruman, "What Do We Really Know about Employee Engagement?"

¹⁸ Van Rooy et al., "Measuring Employee Engagement during a Financial Downturn: Business Imperative or Nuisance?"

¹⁹ Frese, "The Changing Nature of Work."

²⁰ (Seppälä et al., 2009

²¹ Klassen et al., 2012)

²² Harter, Schmidt, and Hayes, "Business-Unit-Level Relationship between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis."

²³ Robertson et al., "Beliefs about Work in the Middle East and the Convergence versus Divergence of Values"; Schaufeli and Bakker, "Job Demands, Job Resources, and Their Relationship with Burnout and Engagement: A Multi - sample Study."

²⁴ Masson et al., "Leveraging Employee Engagement: The Practical Implications"; Parker and Griffin, "Understanding Active Psychological States: Embedding Engagement in a Wider Nomological Net and Closer Attention to Performance."

2.3. The relationship between organizational culture and employee engagement.

While the realm of employee engagement is perceived as a relatively recent domain, several studies have delved into exploring the impact of *organizational culture on employee engagement*. For instance, a study conducted by²⁵ sought to examine the correlation between *organizational culture and employee engagement* within a South African Information Technology firm. Their findings led them to the conclusion that fostering a positive organizational culture is not only logical but also crucial for ensuring that employees feel engaged and remain committed to their work, ultimately contributing to a longer tenure within the organization. This implies that organizations prioritizing and advocating for *employee engagement* are likely to retain their workforce for a more extended period compared to those neglecting the emphasis on sustaining a positive and engaging work culture²⁶.

According to²⁷ contend that organizations possessing a uniform and adaptable culture are more effectively positioned to foster *employee engagement*. An environment that promotes innovation, collaboration, and ongoing learning motivates employees to contribute their utmost efforts. This correlation between *organizational culture and employee engagement* is essential for maintaining elevated levels of performance and job satisfaction.

Furthermore, Schein's work in 2010 underscores the significance of leadership in shaping and reinforcing *organizational culture*, subsequently impacting employee engagement. Leaders play a pivotal role in establishing a conducive atmosphere, exemplifying cultural values, and crafting a workplace that stimulates engagement. When leaders prioritize and embody the desired cultural attributes, employees is inclined to experience heightened motivation and engagement in their respective roles.

2.4. The impact of organizational culture on productivity.

Productivity, defined as the ratio of output to input in the production process, stands as a critical factor for communities striving for progress and comprehensive development. Numerous studies have explored the correlation between organizational culture and productivity. For instance,²⁸ discovered significant positive correlation between *organizational culture and productivity*. Similarly, research conducted by²⁹ unveiled the impact of organizational culture on productivity.

In addition, it is assumed that each organization possesses a distinctive culture that is resilient and not easily eradicated. All individuals affiliated with the organization are profoundly influenced by its unseen norms. These norms, though intangible, has a great role, particularly when management aims to enhance employee performance and productivity. Scholars have identified a direct impact of *organizational culture* on various aspects of business performance, encompassing employee satisfaction, commitment, motivation, customer retention, revenue growth, and productivity³⁰.

3. Method

This study relies on a thorough examination of the existing literature and relevant articles pertaining to the subject matter. Various methodologies, including the assessment of journals and data extraction, were employed during the review process. The initiation of this process occurs when the researcher identifies a topic of interest and delves into its exploration, guided by predetermined research questions and objectives. The study extensively utilized databases such as Scopus, Google Scholars, Publish and Perish, employing keywords like *organizational culture, employee engagement, and productivity*. This study intends to examine existing literature and empirical evidence to offer insights into the nuanced mechanisms through which organizational culture shapes employee engagement and, subsequently, affects workplace productivity. The researcher employed both qualitative and quantitative approaches to analyze and elucidate the significance of motivation and job satisfaction in sustaining employee performance.

4. Result and Discussion

These research findings demonstrate a direct correlation between *organizational culture and employee engagement*. Organizations that cultivate a positive culture centered on values experienced heightened levels of *employee engagement*. This was evidenced by increased involvement in company initiatives, boosted morale, and a strengthened sense of belonging among employees. *Organizational culture* emerged as a pivotal factor influencing workplace productivity. Environments characterized by a supportive culture, clear communication and shared values were linked to increased productivity levels. The research indicates that a positive culture serves as motivation for employees to exert their utmost efforts in achieving organizational goals.

²⁵ Naidoo and Martins, "Investigating the Relationship between Organizational Culture and Work Engagement."

²⁶ Njuguna, "Influence of Organizational Culture on Employee Work Behavior."

²⁷ Quinn, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*.

²⁸ Akbari, Nazari, and Mahmoudi, "Analysis of the Impact of Organizational Culture on Employee Productivity (Case Study: Bistoon Petrochemical Company)"; Uddin, Luva, and Hossian, "Impact of Organizational Culture on Employee Performance and Productivity: A Case Study of Telecommunication Sector in Bangladesh."

²⁹ Ahiabor, "The Impact of Corporate Culture on Productivity of Firms in Ghana: A Case of Vodafone Ghana"; Gallagher, Brown, and Brown, "A Strong Market Culture Drives Organizational Performance and Success."

³⁰ Mahdiyeh, Nakhaei, and Kebriaei, "Impact of Organizational Culture on Productivity: A Study among Employees of Ministry of Youth and Sports, Iran."

Specific cultural components were identified as crucial drivers of both *engagement and productivity*. Key factors include transparent leadership, effective communication channels, and opportunities for professional growth. Organizations fostering a culture of recognition and appreciation observed heightened motivation and commitment among their employees. The study uncovered a favorable impact of *organizational culture on employee satisfaction*. Cultures prioritizing employee well-being, work-life balance, and a sense of purpose correlated with elevated job satisfaction levels. Contented employees were more inclined to be engaged and productive contributors to the workplace.

While the study emphasized the advantages of a positive culture, it also pinpointed challenges in establishing and sustaining such cultures. Obstacles such as resistance to cultural change, inconsistent leadership, and ingrained organizational norms were identified as hurdles that organizations may face in their endeavors to foster a positive culture.

5. Conclusion

Based on above, this study highlighted the role that *organizational culture* contributes in shaping *employee engagement* levels and productivity in the workplace. The interaction between cultural elements and employee outcomes underscores the importance of organizations fostering a positive culture. Leaders, recognizing the impact of their actions on the organizational climate, should aim to promote open communication, transparent leadership, and values alignment. The empirical evidence presented in this research strengthens the idea that a *robust organizational culture* not only boosts *employee engagement* but also directly and positively impacts overall productivity. Looking ahead, organizations that prioritize the cultivation and upkeep of a conducive culture are likely to witness enduring employee commitment, increased job satisfaction, and enhanced performance, thereby contributing to long-term success in a continually evolving business environment.

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