Impact of Organizational Culture on Employee Engagement and Effectiveness in Indian Manufacturing Company

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Abstract

Engagement of employees is considered as a robust indicator of outcomes that are highly valued by any business in any sector of the industry. Therefore, employee engagement and effectiveness could prove to be an excellent parameter to assess the health of the organization as such with regards to satisfaction, innovation, commitment, retention and productivity. Organizations that are observed to have a positive organizational culture tend to offer rewards to their employees which in turn leads to the creation of an environment that is enabling, allowing employees to grow, develop and function at their utmost potential. This particular study was carried out to understand the impact of organizational culture on employee engagement and effectiveness within the Indian manufacturing sector. This study was outlined on the basis of the structural approach theory and adopted a secondary research methodology where the data for the study was gathered through secondary sources derived from researches conducted by researchers in the past and available from scholarly sites. The study outlines four types of organizational culture which included; power culture, role culture, achievement culture and support culture. Each of the said cultures had a varying impact on the engagement and effectiveness of the employees. The findings of this research indicated that the culture of the organization had a largely positive and significant impact on engagement and effectiveness of employees. It was also observed that employees who were empowered to utilize their discretion at their organizations tend to project higher levels of enthusiasm and this is clearly a trait of an employee who is thoroughly engaged.

Keywords: Employee Engagement, Organizational Culture, Performance, Productivity, Manufacturing

Introduction

As a social unit, an organization has the capacity to draw people from different backgrounds to work towards achieving a common objective. Different people enter the organization with diverse beliefs, values and notions about how to execute tasks. It has been affirmed by Hofstede et al. (2010) 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. Therefore, considering the differing viewpoints, beliefs and values, it becomes imperative for an organization to outline a common culture and strive to nurture it amongst all their employees. Organizational culture usually exists in the observed and prevalent practices being followed by an organization and the manner in which people recognize that which occurs within the organization. With the help of organizational guidelines (documents) and by perceiving the way how activities are carried out within an organization, the organization culture of an organization can be interpreted (Kuscu et al., 2015).

Culture within organizations could be observed to either be supportive or unsupportive or it could also be positive or negative. Those organizations that

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exhibit a positive organizational culture tend to appreciate their employees with rewards and thus facilitate the creation of an environment which is enabling. Employees in organizations with such an environment generally grow, develop and function at their utmost potential (Robbins & Judge, 2012). It has been found by French and Holden (2012) that an organizational culture which is positive cushions the adverse effects of bad news during a process of organizational change. It simply implies that when employees believe that they are working in a positive organizational culture, they respond in a better manner to change and facilitate the change management process. Innovation within organizations is driven by employees and it is they who take the organization ahead where it is perceived that the organizational culture is rather supportive (Davies & Buisine, 2018). Negative work-home spill-over effects are lowered by supportive organizational cultures and they provide employees with a flexible work from home options that not only retain but also attract new high quality talent (Sok et al., 2014). Four different types of organizational culture have been proposed through the structural approach theory and these four types comprise of person, task, role and power culture (Handy, 1993). The theory of organization culture as presented by (Schein, 2010) finds frequent mention in research studies.

Culture in organizations is considered as one amongst the most significant factors that results in the creation of a competitive advantage and continues to remain as it impacts the organizational performance and behavior either negatively or positively (Bogdanowicz, 2014). It is therefore significant that managers within organizations, academicians and consultants to widely accept this fact. An organizational culture impacts commitment and satisfaction of the employees (Messner, 2013), performance (Uddin et al., 2012), as well as employee engagement. The organizational objectives and purpose is what influences the organizational culture and substantially impacts the morale of the employees, their retention and engagement levels (Tsai, 2011). The objective here is not just to become a good employer, but it is more about ensuring that the employees are more committed towards the organizational vision, mission and strategy. An organizational culture which is highly effective also leads to create superior levels of engagement and effectiveness amongst the employees which essentially is translated into high levels of productivity (Kotter & Heskett, 2011). Superior levels of employee engagement (EE) are critical to the organization (Ugargol & Patrick, 2018). Employees who are engaged remain committed and dedicated to their work, work with renewed enthusiasm and are thoroughly absorbed within the tasks they execute. Employee engagement is also impacted by resource availability and behaviour of the leader. Nonetheless, prevalent literature, mostly from developed nations stands testimony to the integral role that organizational culture plays towards increasing employee engagement and effectiveness.

Findings from researches that have been conducted in the past with respect to impact of organizational culture on employee engagement and effectiveness within successful firms have proven a direct association between robust organizational cultures and high employee engagement (Nongo & Ikyanyon, 2012). The notion of organizational culture takes into its ambit all facets of organizational life and impacts everything that is done by an organization. However, it has not been accorded the required research impetus. A look into the prevalent literature revealed that progress has definitely been made in associated domains such as organizational change (Kotter & Heskett, 2011), organizational socialization (Danielson, 2004), organizational leadership (Schein, 2004), and organizational climate (Schneider, 1999), however, there is scant research that concentrates on organizational culture and employee engagement within the manufacturing sector in India. Of late, the manufacturing sector in India has been accorded much focus and attention by the government of India. Keeping in mind the significance of this sector and the quantum of opportunities and employment that can be generated by the sector, several initiatives have been undertaken by the government to nurture growth of the Indian
manufacturing sector. Since, India has the advantage in terms of human resources with a large number of highly educated people and availability of skilled labour, there is ample potential for development in this sector (Mehta & Rajan, 2017). The recently initiated campaign by the Indian government, aptly named as the ‘Make in India’ campaign is by far the largest initiatives to have been undertaken by any government with a view to draw more foreign investors to India and commence manufacturing (Chaudhari, 2015). Appropriate infrastructure such as; robust network of railways and roads to ease transportation of products within the nation and electricity is being provisioned by the government of India. Further, there has been a relaxation in terms of laws that are conducive for labour, acquisition of land are being laid down to facilitate foreign investors to commence operations in India (Shukla et al., 2017). The primary objective is to facilitate manufacturing of goods with zero defects so that none of the goods that are exported are rejected.

Considering that the manufacturing sector in India is currently on an upward swing, and that the government of India is attempting to boost this sector, it becomes imperative to ensure employee engagement within the manufacturing sector for higher productivity and superior performance. From this perspective, it is necessary to understand whether the culture of the organization in the Indian manufacturing sector makes any impact on employee engagement and effectiveness. This review paper will essentially attempt to find whether there is any association between organizational culture and employee engagement and effectiveness within the Indian manufacturing sector.

Literature Review

Organizational Culture

Different authors have defined organizational culture in diverse manners. However, a large number of such definitions have a common denominator which projects that the culture as a concept is something which is shared within organizational members. According to Abbas(2017) organizational culture can be deemed as a value system that is held and acted by organizational members which differentiates one organization from another organization. It is said to be a design of basic assumptions that have been discovered, developed or invented by a specific organization as it learns to handle its challenges related to internal incorporation and external adaptation. Those, that have known to have functioned well to be taken as authentic and thus can be transferred through learning to new members within the organization, as the right manner to view, think and feel in association to those challenges (Al Shehri et al., 2017). Diverse cultural models prevail within literature. These would comprise of the cultural model presented by Cooper(1982), cognitive levels of culture presented by Schein(2010) and cultural parameters as depicted by Deal et al.(2000). Out of these, a model which is largely prominent is the framework of culture as presented by Handy(1987). This framework recognized four different types of organizational culture which comprised of achievement culture, power culture, support culture and role culture.

Owing to organizational culture’s subjective nature, it becomes a challenging prospect to accurately define organizational culture’s specifications. Irrespective of the fact that not one theory has been accepted in a uniform manner, it has been generally agreed that organizational culture has been conventionally defined and structured socially. This comprises of behaviours, beliefs, morals as well as values aligned with diverse organizational levels and integrating each facet of organizational life (Uddin et al., 2013). Organizational culture as it has been outlined by (Schein, 2010), as a phenomenon of an organization on the whole and pertains to the rite and rituals, natural settings, organizational values and climate. As per (Martins & Terblanche, 2003), culture is intricately linked with beliefs and values that have been shared by organizational members. Organizational culture links the norms, beliefs, values and principles of the organization to its employees and such assumptions are incorporated within them.
as a set of behavioural standards and activities. Organizational culture was positioned by Klein (1996), as the crux of activities within an organization that makes an overall impact on the effectiveness and engagement of employees. This in turn improves the quality of the services and products offered by the organization. Schein (2010) also adds that organizational culture can be summed up as a dynamic force in the organization that revolves, engages and is interactive and is moulded by behaviours and attitudes of the management and employees. At the same time, there have been other scholars in the past who have elucidated organizational culture as experiences which are mutual and rely on the societal as well as behavioural activities.

**Types of Organizational Culture**

Power culture has been defined as a kind of culture that is considered on the basis of control and power that originated from the key leader and generally functions in an informal manner on the basis of some procedures and rules. It has been observed by Handy (1993) such kind of power matches the figurehead and could lead to what has been identified by Cooper (1982), as power distance where individuals with less power exhibit high levels of willingness to embrace the disparity in power distribution without any question, and deem it as normal. On the other hand, role culture can be considered as a kind of culture that has the traits of bureaucracy since, work is being overseen by small group of managers or a single manager at the top. Within this type of culture, roles are perceived to be more significant as compared to the personnel executing the role and people have authorities who have been clearly delegated within a structure that is highly defined (Handy, 1993). Achievement culture on the other hand focusses on the organizational mission and on finishing the task. This tends to produce a robust sense of purpose within employees and generally supersedes every other consideration. Priority is accorded to ends instead of means and expertise of an individual is greatly valued. Lastly, support culture is a kind of culture that is consensual with a limited management control. Support culture is one where people are known to contribute on the basis of their sense of solidarity and commitment. Individual associations are characterized on the basis of trust and mutuality and the organization essentially functions to cater to the requirements of its members. In an organization with a culture of support, it is expected that individual employees influence one another through assistance and support (Schein, 2010).

**Employee Engagement and Effectiveness**

Within a contemporary organization, employee engagement and effectiveness is a major issue as it is directly associated with organizational performance. There have been several researchers Alfes et al. (2013), Anitha (2014), Randall and Paul (2014) who on the basis of their research have concluded that employee engagement makes a positive impact on employee performance. This could be attributed to the fact that employees who are engaged have more scope to be loyal to the organization Preko and Adjetey (2013) and thus, enhanced performance Amah (2012) can be consistently realized in the organization. Definition related to employee engagement continues to evolve (Macey & Schneider, 2008). It has been well defined as the subsequent employment and expression of an individual's preferred self, within their work-related tasks. Thus, encouraging work connections to themselves and personal presence (emotional, physical and cognitive) and active, full role performances. As an outcome, employees who remain engaged have been observed to direct more efforts within the work they are supposed to execute for the simple reason that they easily relate to it. It would comprise of a 'fulfilling, positive and affective state of motivational work associated well-being that can be perceived as a solution for burnout in jobs' (Vance, 2006). Therefore, employee engagement can be simply an investment of a single facet of the self; it signifies an investment involving several dimensions such as; cognitive, physical and emotional.

On the basis of a study that was conducted by Parent and Lovelace (2015), it was found that in situations where employees are engaged, there is scope for
everybody to benefit from it as employees believe that they can utilize their skills, establish relations that are fruitful and augment the efficiency through the associations that have been developed. It has been further emphasized by Allen(2012) that employees who are engaged tend to be consistent in their performance which fosters invention and drives the organization ahead. It has also been found through the Allen (2012) survey, as reported within the Harvard Business Review that around 30% of employees from any organization are engaged actively, while 20% of employees remain disengaged. The findings of a study conducted by Rothmann and Baumann(2017), employees tend to express themselves in an emotional, physical, mental manner, and execute their tasks effectively when they are engaged. The author concludes that employees who are disengaged tend to be withdrawn from executing their roles and try to protect themselves physically, mentally and emotionally. At the same time, employees who are engaged tend to be psychologically present at their work. A research conducted by Blessing White (2013) in India to assess the level of engagement of Indian employees found that 37% of employees were engaged.

**Research Methodology**

A huge amount of data has been created and accumulated by using information from already prevailing literature, with a view to execute a research. This whole procedure has become very common in the current day, in the realm of research related studies (Andrews et al., 2012; Schutt, 2012). Keeping these factors in mind, data for this research was accumulated from secondary sources by reviewing research papers presented by researchers in the past. The sources of the information will be mostly from scholarly and academic repositories such as; JSTOR, Sage Journals, Elsevier, Taylor and Francis, ScienceDirect and other prominent scholarly sources.

**Impact of Organizational Culture on Employee Engagement**

A study was conducted by Ilyasa et al.(2018), on 563 employees to assess the impact of organizational culture on employee engagement and effectiveness. The findings from this study revealed that there is a direct positive impact that organizational culture has on employee engagement. As an outcome, the organizational culture influences engagement and fosters innovation, knowledge sharing amongst employees. Organizational culture also has a direct positive impact on employee effectiveness. This eventually leads to innovation amongst employees. A study was conducted by Kalia and Verma(2017), within the hospitality sector in Himachal Pradesh in India to evaluate organizational culture and employee engagement. The findings from their study revealed that organizational culture plays an integral role in enhancing the overall rate of employee engagement. Out of the several dimensions pertaining to organizational culture, the authors found that experimentation and autonomy were substantially associated with every dimension of employee engagement. Diverse organizational culture dimensions were observed to be associated more with dedication and vigour as opposed to the parameter pertaining absorption, on employee engagement. At the same time, absorption and dedication was predicted by trust, while collaboration only made an impact on the dimension of absorption related to employee engagement within the employees in the hospitality sector.

Another study was carried out by Pratima Sarangi and Nayak(2016), with regards to the impact of organizational culture and employee engagement within the manufacturing sector in India. The study involved around 200 employees and the results indicated that the present level of employee engagement and aspects related to work warranted an improvement to ensure employee engagement in an effective manner. On the basis of the survey and analysis that was conducted, it was found that employees had diverse opinion and confidence with regards to the organizational culture. It has been stated by Lockwood (2007), that organizational success is driven by employee engagement. Superior levels of employee engagement in an organization results in talent retention, fosters loyalty amongst customers and
improves the performance of the organization. It is also a vital link to customer satisfaction, organizational reputation and value of stakeholders on the whole. There were several factors that could influence employee engagement and these comprise of organizational culture, communication, style of management, respect and trust, organizational reputation and leadership. According to research, it has been found that a workforce that is fully engaged is largely effective, provides superior levels of customer satisfaction, realizes greater levels of productivity and lowers the rate of attrition. All these factors eventually translate into organizational performance (Buhler, 2006).

A research conducted by (Bhavani et al., 2015), revealed that organizational culture is one of the factors that drives employee engagement within an organization. This particular study was conducted in the Automobile manufacturing sector in India. The findings also indicated that organizational culture not only played a vital role in employee engagement but employee engagement was also instrumental in driving organizational success. The authors found that employee engagement within the automobile manufacturing sector resulted in growth in rate of productivity, higher level of retention, trust amongst clients and overall profitability. Employees who perceived that the organizational culture is one where much emphasis is given to their well-being and health had more scope to remain engaged and remain in their present employment for longer periods. This could lead to large gains for the organization who then deliver more in an effective manner on the basis of enhancements in productivity and performance while lowering attrition, absence and cost of recruitment. An organizational culture which is conducive to employees allows the employees to value specific aspects related to their job. In such scenarios, their levels of engagement are highly impacted in a positive as well as negative manner, as opposed to those who do not accord any value to the aspect.

A study that was conducted by Agrawal and Tyagi (2010) revealed that the organizational culture that existed within the manufacturing sector in India was largely of collaboration and experimentation. Collaboration pertains to extending assistance and seeking assistance from internal as well as external collaborators. It would imply working in tandem with each other to resolve any challenges that exist while developing a team spirit. This kind of culture does create employee engagement and results in team work, enhanced communication, knowledge transfer and resource sharing. All these eventually translate into organizational enhancement and success. A multilevel investigation that was executed by Krog (2014) across 35 organizations in Norway revealed that organizational culture did make an impact on employee engagement and that there was a moderate association between employee engagement and clan culture. In the same vein, hierarchy culture as well as market culture did not reveal any large negative association with employee engagement. However, the researchers were unable to clearly identify that specific organizational cultures that influenced employee engagement and factors that determined and manifested in terms of employee engagement.

Discussion and Conclusion

The findings from this secondary research revealed that organizational culture had positive and substantial impact on employee engagement. Organizational culture tends to develop a robust sense of purpose and commitment amongst employees. According to Al Shehri et al.(2017), organizations with achievement oriented cultures or those with collaborative cultures do not allow rules and regulations to impede the manner in which work is executed. As an outcome, employees within such organizations have the liberty to use their discretion while working. Findings from this research indicate that employees who are empowered to use their discretion within the workplace exhibit superior levels of enthusiasm which is an attribute of an employee who is engaged and lower degrees of fatigue (Saavedra & Kwun, 2000). Therefore, it can be inferred that when an organization has a culture of collaboration or achievement, employees are facilitated to utilize their discretion that tends to augment their individual
levels of engagement. Therefore, an organizational culture which is collaborative or achievement oriented can positively influence engagement within the employees.

This paper indicated that several diverse attributes pertaining to organizational culture can have substantial positive influence over employee engagement which in turn could impact organizational performance. Organizational culture is a system of approach which is rather open that has interactive as well as inter-dependent links with performance of the organization. The sophisticated and broad nature of this research could also extend value to studies pertaining to organizational culture and employee engagement by offering significant viewpoints in the realm of organizational culture, employee engagement and its overall impact while initiating extended discussion on the development of an effective framework between organizational culture, employee engagement and how it impacts organizational performance on the whole. Nonetheless, this research also has its own limitations considering that the research was executed by perusing literature from research conducted in the past. Also, considering that there are not many studies that have been executed within manufacturing sector in India. Therefore, it would be beneficial to conduct an empirical research that considers any particular industry from the manufacturing sector to obtain more pertinent and reliable results.

References


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