



# Impact of Organisation Culture on Employee Engagement - A critical survey of Selected Companies at Urban Bengaluru

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## Abstract

**Purpose :** The main purpose of the present research work is to know how far socio-economic characteristics of respondents impacts on organisational culture and employee engagement. Organisation culture reflects on how employees, customers, vendors and stakeholders experience the organisation and its brand (Kellie Wong, 2023). A highly principled organisation clearly impacts on employee engagement. Further, the study also conducted to know the factors impacting organisation culture and impact of organisation culture on employee engagement. The previous researches on organisation culture show that it very much impact in the mindset of employees and if employees positively acts, performance in terms production, efficiency definitely enhances.

**Design :** The study uses quantitative techniques like chi-square, contingency co-efficient, Kendalls co-efficient of concordance and ANOVA. A well designed questionnaire was administered as schedule after considering the size of the sample. The above techniques were performed to measure the significant variation in the data and degree of relationship.

**Research findings :** The study found that the socio economic characteristics of respondents varying significantly with high degree of relationship. The study found factors impacting organisation culture which includes in the order, organisational characteristics, goals and objective of organisation, founders and owners and leadership style. Further, the study found factor which drives employee engagement. These include organisational culture impacts on employee retention, impact on employee job performance and reduces employee anxiety, uncertainty and confusion.

**Key words :** Performance, culture, retention, leadership, trust, loyalty, purpose, vigour.

## Introduction:

Organisational culture is the eternal source of inspiration for employees, customers and stakeholders. It is one of significant source of competitive advantage and it affects organisational behaviour and corporate performance positively or negatively (Senior, B et al., 2006). The culture of an organisation affects employees satisfaction and commitment (Schein E, 2009) performance (Ahemd M. Safig, S. 2014). Cole (2012) believes

that the purpose and goals of any organisation influences its culture and significantly affect employee morale, retention and their level of engagement. A high level of employee engagement is necessary for the growth and development of any organisation. Better organisational culture engages the employees and become dedicated, loyal and committed to the overall growth of organization. Engaged workers work with dedication with vigour and get absorbed in the work (Richmen, A. et al., 2008). organisational culture can be defined as "system of values, beliefs, assumptions or norms that have long been in once, agreed upon, and followed by members of organisations as a guidance for behaviour and solving organisational problems (Mafruddoh, 2023). Culture possess in an organisation a set of experiences, philosophies, experiences, expectations and also the values contained will be in due course reflected in the behaviour of members (Habudin, 2020). Organisation culture as per Suharti et al. (2012) is a system of values held and conducted by members of an organisation which distinguishes the organisation from other organisations.

Organisation culture has a direct relationship with employee engagement. Employee engagement in the organisations found to be more useful in making the organisation more profitable. Organisation culture impacts the employees to be more punctual, devoted and more committed. The employees perception about the areas to be improved enhances when a good and effective organisational culture exists. Engaged employees are found to be committed, motivated, energetic and enthusiastic about solving the problems in the organisation. Employees are the assets of the organisation. Engaged employees are more energized and passionate about the work they do. Employee engagement is the most valuable parameter to judge the organisations health. Employee engagement could be realised if employees are more satisfied with their work, recognised for their hard and dedicated work, awarded and rewarded on the monetary and non-monetary basis (Dhanya Ravi, 3023). Innumerable researches are available to show that there is a direct positive relationship between the organisational culture and employee engagement (Hema Mirji, et al., 2023). Organisation culture effects the engagement, assists the growth and development of innovative techniques and efficiency (Choudler, 2000). A high level of employee engagement which in turn attains organisational success, improvises working styles of employees and further attain in the talent retention, enhanced loyalty among the employees. Organisation culture inspires employees to improve their behaviour, self image working style and interactions with others (Robins, 2003).

### **Significance of the organisation culture and employee engagement**

Organisation culture reflects how employees, customer vendors and stakeholders experience the organisation and its brand (Kellie Wong, 2023). Organisation culture is significant as it improves recruitment efforts, retains employees, and improves engagement. It affects all areas of business. Employees feel more comfortable, supported and valued if only if organisation aligns with employees. An organisation culture must align to the company objectives, develop better appreciation strategies, trust and should encourage team work. Engaged employees are committed, motivated, energetic and enthusiastic about problem solving. Employee engagement is most valuable evaluator to adjudge the organisations health. Employee engagement could be attained if employees are more satisfied with their work and recognised well for their contribution. The success of any organisation much depends upon effective style of working, superior level of engagement which in turn enhances employee loyalty, commitment and belongingness.

### **Review of literature**

Hema Miriji et al. (2023) stated about enormous opportunities in the concept of organisational culture affecting the employee of the organisations in a positive way to improve their effectiveness and engagement. It requires the adoption of tailor made solutions and proper automatic to remove the shortfalls.

Chandler et al. (2000) expressed there have been a number of studies which show that there is a direct positive selection between the organisational culture and employee engagement and effectiveness. Consequently organisational culture effects the engagement, helps in the growth of innovation and sharing of knowledge among the employees.

Dhanya Ravi (2023) is of the opinion that organisations culture has its own implication influencing employee engagement and retention, thereby directing the workforce towards progress of the organisation and

individual as well. Both factors are inter related as one of the aspect of the former will have an effect on the later. The author further stated that culture is not so easily subjected to change as it is the outlook of the management upon its employees that covers different dimensions like job design, delegation, pay and benefit, healthcare facilities, work life balance, training and development compensation in terms of monetary and non-monetary aspects will definitely motivate the employees. An ideal organisational culture will nurture knowledge, innovation and expertise of employees.

Shashank et al. (2023) reported that organisations should adjust to changing workplace dynamics, including remote employment and the distinct expectations of different generations. Maintaining engagement requires creating a work environment where employee well being is prioritized and giving employee a voice. The research suggested that organisations must understand the strategic value of establishing a healthy corporate culture.

## Research Methodology

A previously known questionnaire was administered as schedule after considering the size of the sample. Research methodology defines the path to be followed for the attainment of defined objectives. Based on the objectives of the study a questionnaire was prepared and the researcher herself conducted interview with the respondents. These respondents were chosen from manufacturing and service selected companies in Bengaluru Urban. Visited industrial area of Peenya Industrial Area I, readymade garment unit at Peenya Industrial Area II. The workers, clerks, managers were the participants in the study and data collected in a natural setting while the respondents were free either before or after the working hours. Organisational culture and employee engagement being dependent variables and other factors driving both organisational culture and employee engagement becomes independent variables. The study depended upon both primary and secondary data. Primary data collected through administering a well drafted questionnaire and schedule and secondary sources include journals, books and internet.

### Extent of driving factors of organisational culture:

$$\text{EDFOC} = \text{EDFOC}_{SA} + \text{EDFOC}_A + \text{EDFOC}_{SWA}$$

where  $\text{EDFOC}_{SA}$  = the total number of respondents expressed strongly agree in expressing their opinion a factors impacting a culture.

$\text{EDFOC}_A$  = the total number of respondents expressed agree in expressing their opinion a factors impacting a culture.

$\text{EDFOC}_{SWA}$  = the total number of respondents expressed somewhat agree in expressing their opinion a factors impacting a culture.

## Findings of the study

Table - 1 apotheosis data about the socio economic characteristics of respondents. Chi-square reveals whether there is any significant variation in the data and contingency co-efficient expresses about the significant relationship. Table - 1 reveals that there are 42 males and 8 females and 31 belongs to the age group of 31-40 years, 8 to the 21-30 years, 7 to the 41-50 years and 4 > 50 years of age. 30 studied upto UG, 12 PG and 4 each either professional or diploma and 31 respondents service falls in between 6 - 10 years followed by 8 to the 11-15 years, 7 to the 0-5 years and 4 > 15 years of experience. Monthly income data reveals 25 respondents drawing in between 25K-35K, 8 < 15K, 6 in between 35K-45K and 5 > 45K. The designation details reveals that 30 working as operational workers, 8 clerical, 7 manager and 5 senior managers. 38 are trained and 7 one waiting and 32 attended workshop and 10 are waiting. Chi-square statistic show that the characteristics are significant and highly related, and  $H_0$  is rejected and  $H_1$  is accepted since there is significant variation and high relationship between the variables.



Table-2 let slip data about factors driving organisation culture. To measure the extent of driving factors impacting organisation culture, Extent of Driving Factors of organisational culture (EDFOC) was framed and to measure the variation in the opinions expressed by respondents chi-square static and to know degree of relationship contingency coefficient was also framed. The opinions expressed was placed by following 3 point Likert scale with weights of 3, 2 and 1. The study reveals in the order about the factors impacting organisation culture. The first ranked impacting factor is organisational characteristics, the second ranked factor is goals and objective focuses and owners of organisational and the third ranked factor is leadership style. All the factors show significant variation in the data with high degree of relationship.

Table-3 emphasize data about impact of organisational culture on employee engagement to measure the same Kendall's co-efficient of concordance quantitative technique was performed. 3 point Likert scale was applied to present the respondents opinions. Organisation culture impacts on the employee retention stood highest and the second highest organisation culture impacts on the employee job performance and the third highest stood that reduces employees anxiety uncertainty and confusion. 'W' fails to accept  $H_0$  and accepts  $H_1$  and hence it is concluded that here exist highest degree of relationship between the variables.

### Conclusion:

Employee engagement describes employees emotional and intellectual commitment to the organisation. Organisational culture impacts employees and employees consequently become more loyal, committed and sincere and a bad organisation culture leads employees high turnover. It is found in Bengaluru that all organisations are taking suitable steps to see employees are more committed. The study found that all the socio-economic characteristics show significant variation with a high degree of relationship. The factors impacting organisation culture includes, organisational characteristics, goals and objectives of organisation, founders and owners and leadership style. Further, the study also found how organisational culture impact on employee engagement. The factors include impacting on employee retention, job performance and reduces anxiety, confusion etc.,

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**Table-1 : Socio economic characteristics of respondents**

| Demographics       | $\chi^2$ | TV @ 0.05 | df | Result of $\chi^2$ | "c"  | Result of c |
|--------------------|----------|-----------|----|--------------------|------|-------------|
| Gender             | 23.12    | 3.841     | 1  | Significant        | 0.56 | High Degree |
| Age                | 37.20    | 7.815     | 3  | Significant        | 0.65 | High Degree |
| Education          | 36.08    | 7.815     | 3  | Significant        | 0.64 | High Degree |
| Years of service   | 37.20    | 7.815     | 3  | Significant        | 0.65 | High Degree |
| Monthly income     | 28.60    | 9.488     | 4  | Significant        | 0.60 | High Degree |
| Designation        | 33.04    | 7.815     | 3  | Significant        | 0.63 | High Degree |
| Training           | 31.05    | 5.991     | 2  | Significant        | 0.61 | High Degree |
| Workshops attended | 21.26    | 5.991     | 2  | Significant        | 0.61 | High Degree |

Source: Field Survey

Note :  $\chi^2$  = Chi-square

'c' =  $\sqrt{(\chi^2 / \chi^2 + N)}$

Where 'c' = Contingency Co-efficient, N = Number of Observations

When the value 'c' is equal or nearer to 1, it means that there is high degree of association between attributes. Contingency co-efficient will always to be less than 1. High degree is considered here if 'c' is 0.50 and above.

**Table-2 : Factors impacting organisation culture**

| Factors driving organisational culture | Extent of driving |    |      | EDFD C | R    | X <sup>2</sup> | Result of x <sup>2</sup> | “c”  | Result of “c” |
|--|-------------------|----|------|--------|------|----------------|--------------------------|------|---------------|
|  | SA                | A  | SW A |        |      |                |                          |      |               |
| Working groups                         | 35                | 8  | 7    | 50     | XIX  | 137.52         | Significant              | 0.85 | High Degree   |
|  | 105               | 16 | 7    | 128    |      |                |                          |      |               |
| Leadership style                       | 46                | 2  | 2    | 50     | IV   | 253.16         | Significant              | 0.91 | High Degree   |
|  | 138               | 4  | 2    | 144    |      |                |                          |      |               |
| Organisational characteristics         | 49                | 1  | -    | 50     | I    | 286.14         | Significant              | 0.92 | High Degree   |
|  | 147               | 2  | -    | 149    |      |                |                          |      |               |
| Environment of the organisation        | 42                | 5  | 3    | 50     | VIII | 206.01         | Significant              | 0.94 | High Degree   |
|  | 126               | 10 | 3    | 139    |      |                |                          |      |               |
| Nature of business                     | 43                | 6  | 1    | 50     | VII  | 212.64         | Significant              | 0.90 | High Degree   |
|  | 129               | 12 | 1    | 142    |      |                |                          |      |               |
| Goals and objectives of organisation   | 47                | 2  | 1    | 50     | VII  | 212.64         | Significant              | 0.90 | High Degree   |
|  | 141               | 4  | 1    | 146    |      |                |                          |      |               |
| Management style of handling employees | 45                | 3  | 2    | 50     | V    | 240.15         | Significant              | 0.90 | High Degree   |
|  | 135               | 6  | 2    | 143    |      |                |                          |      |               |
| Stabilisation v/s innovation           | 38                | 8  | 4    | 50     | XII  | 163.02         | Significant              | 0.87 | High Degree   |
|  | 114               | 16 | 4    | 134    |      |                |                          |      |               |
| Safety v/s. risk                       | 38                | 7  | 5    | 50     | XIV  | 165.13         | Significant              | 0.88 | High Degree   |
|  | 114               | 14 | 5    | 133    |      |                |                          |      |               |
| Size of the organisation               | 39                | 6  | 5    | 50     | XII  | 176.26         | Significant              | 0.88 | High Degree   |
|  | 117               | 12 | 5    | 134    |      |                |                          |      |               |
| Industry regulation                    | 34                | 9  | 7    | 50     | XX   | 127.57         | Significant              | 0.90 | High Degree   |
|  | 102               | 18 | 7    | 127    |      |                |                          |      |               |
| National culture                       | 39                | 8  | 3    | 50     | XI   | 171.83         | Significant              | 0.88 | High Degree   |
|  | 117               | 16 | 3    | 136    |      |                |                          |      |               |
| Economic Environment                   | 38                | 7  | 5    | 50     | XIV  | 165.13         | Significant              | 0.88 | High Degree   |
|  | 114               | 14 | 5    | 133    |      |                |                          |      |               |
| Innovative Technology                  | 36                | 8  | 6    | 50     | XVII | 145.90         | Significant              | 0.86 | High Degree   |
|  | 108               | 16 | 6    | 130    |      |                |                          |      |               |
| Employee engagement                    | 44                | 5  | 1    | 50     | V    | 224.63         | Significant              | 0.90 | High Degree   |
|  | 13                | 1  | 1    | 143    |      |                |                          |      |               |

|                                 |     |   |    |     |        |        |             |      |             |
|---------------------------------|-----|---|----|-----|--------|--------|-------------|------|-------------|
| initiatives                     | 2   | 0 |    |     |        |        |             |      |             |
| Corporate social responsibility | 31  | 1 | 7  | 50  | XXII   | 100.36 | Significant | 0.81 | High Degree |
|                                 | 93  | 2 | 7  | 124 |        |        |             |      |             |
| Mergers and acquisitions        | 28  | 1 | 10 | 50  | XXII I | 78.57  | Significant | 0.78 | High Degree |
|                                 | 84  | 2 | 10 | 118 |        |        |             |      |             |
| Recruitment policy              | 26  | 1 | 14 | 50  | XXI V  | 66.92  | Significant | 0.75 | High Degree |
|                                 | 78  | 2 | 14 | 112 |        |        |             |      |             |
| Macro culture                   | 34  | 9 | 7  | 50  | XX     | 129.57 | Significant | 0.84 | High Degree |
|                                 | 102 | 1 | 7  | 127 |        |        |             |      |             |
| Compensation practices          | 39  | 1 | 1  | 50  | IX     | 168.29 | Significant | 0.87 | High Degree |
|                                 | 117 | 2 | 1  | 138 |        |        |             |      |             |
| Awards and rewards              | 37  | 8 | 5  | 50  | XVI    | 154.39 | Significant | 0.86 | High Degree |
|                                 | 111 | 1 | 5  | 132 |        |        |             |      |             |
| Employee welfare schemes        | 39  | 9 | 2  | 50  | IX     | 169.91 | Significant | 0.88 | High Degree |
|                                 | 117 | 1 | 2  | 138 |        |        |             |      |             |
| Founders and owners             | 47  | 2 | 1  | 50  | II     | 262.83 | Significant | 0.91 | High Degree |
|                                 | 141 | 4 | 1  | 146 |        |        |             |      |             |
| Technology                      | 35  | 1 | 5  | 50  | XVII   | 124.24 | Significant | 0.84 | High Degree |
|                                 | 105 | 2 | 5  | 130 |        |        |             |      |             |

Source: Field Survey

Note :  $\chi^2$  = Chi-square, c = Contingency co-efficient, df = 2, TV = 5.991

$$'c' = \sqrt{(\chi^2 / \chi^2 + N)}$$

C always near to 1. Closer to one shows high degree of relationship.

**Table - 3 : Impact of organisational culture on employee engagement**

| Organisational culture driving employee engagement   | SA | A | SWA | RT | RT <sup>2</sup> |
|--|----|---|-----|----|-----------------|
| Employees who are aware of organisational value tend to be faster and better               | 1  | - | -   | 1  | 1               |
| Organisational culture impacts in employees stability, vigor, absorption and more cheerful | 2  | 1 | -   | 3  | 9               |
| Organisational culture impacts on  | 20 | 3 | 2   | 25 | 625             |

|  |    |   |   |    |     |
|--|----|---|---|----|-----|
| employee retention   |    |   |   |    |     |
| It impacts on employee productivity  | 1  | - | - | 1  | 1   |
| Organisation culture makes the employees to use raw materials judiciously        | 1  | - | - | 1  | 1   |
| It enhances employee commitment  | 2  | 1 | - | 3  | 9   |
| Reduces employees anxiety uncertainty and confusion                              | 3  | 1 | 1 | 5  | 25  |
| Impacts an employee job performance  | 3  | 1 | 1 | 5  | 25  |
| Empowered employees job performance  | 6  | 2 | 1 | 9  | 81  |
| Empowered employees tend to be highly concentrated, self motivated and resilient | 1  | - | - | 1  | 01  |
| It impacts on sense of purpose, competence and feeling of determination          | 1  | - | - | 1  | 1   |
| Total  | 41 | 6 | 3 | 50 | 754 |

Source : Field Survey

Note : SA = Strongly Agree, A = Agree, SWA = Somewhat Agree, RT = Row Total

$$SSR = \sum RT^2 - (\sum RT)^2 / N$$

$$= 754 - (50)^2 / 10 = 754 - 250 = 504$$

Use the sum of squares (SSR) in the following formula to obtain Kendall's W.

$$W = 12 \times SSR / k^2 N (N^2 - 1)$$

$$= 12 \times 504 / 9 \times 10 (10^2 - 1) = 6048 / 8910 = 0.68$$

Test the significant of 'w' by using the  $\chi^2$  static

$$\chi^2 = k (n - 1) w$$

$$= 3(10-1) \times 0.68 = 3 \times 9 \times 0.68 = 18.36$$

**Decision:** At 9 df level of significance the TV = 16.919. The calculated value being 18.36 being higher than the critical TV and hence "w" fails to accept  $H_0$  and accepts  $H_1$ . Therefore it is concluded that there exist significant high degree of relationship between organisational culture and its impact on the employees.