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Not Just About Salary: An Analysis of the Role of Organizational Culture on Employee Engagement

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ABSTRACT

This study aims to examine how Organizational Culture influences Employee Engagement. By conducting a comprehensive literature review, the research adopts an Organizational Culture perspective to explore the link between these two variables. The findings from the systematic literature review indicate that Organizational Culture plays a significant role in determining the level of Employee Engagement. However, the study also reveals a need for further research to pinpoint specific elements of Organizational Culture that can effectively enhance Employee Engagement, given the wide variety of Organizational Cultures. Future research could focus on developing more precise tools to measure relevant dimensions of Organizational Culture in relation to Employee Engagement and testing more sophisticated theoretical models to explain their connection.

Keywords: *Organizational Culture*, *Employee Engagement*

INTRODUCTION

Improving all of a company's resources, but especially its human resources, or personnel, is essential to its long-term viability (Amalia & Novie, 2023). Employees are the organization's most vital component, even though technology, equipment, money, and capital are also significant. They are in charge of running equipment, handling money, and carrying out business plans (Chairunnisa et al., 2023). Strong organizational success is largely dependent on employee engagement (Mansor et al., 2023).

The work environment and salary have the most effects on employee loyalty and performance, whereas compensation and welfare policies have a beneficial impact on employee engagement (Ho, 2023). Employee engagement may be impacted by more than just salary and compensation. Organizational culture is one of several elements that can affect employee engagement (Ganyang, 2019). In order to develop human resource policies that improve organizational performance, it is necessary to determine the aspects of employee engagement that have an impact on job satisfaction (Noercahyo, Maarif, & Sumertajaya, 2021).

This study aims to experimentally examine the ways in which numerous pertinent concepts and theories influence employee engagement. It is based on a strong theoretical foundation on organizational culture. This study aims to identify the processes that connect important facets of organizational culture with employee engagement by methodically reviewing a large number of prior empirical investigations. Thus, it seeks to offer a more thorough comprehension of the elements that have a major influence on employee engagement in businesses.

LITERATURE REVIEW

Employee Engagement

Employee Engagement represents the emotional, cognitive, and behavioral commitment employees have toward their work, colleagues, and organizational objectives (Guo & Hou, 2022). It is defined as

a positive, fulfilling mental state associated with work, characterized by vigor, dedication, and absorption (Schaufeli, 2002).

Vigor involves having high energy levels and mental resilience at work, along with a willingness to put in effort and persistence when facing challenges. Dedication refers to the sense that one's work is meaningful, as well as feelings of enthusiasm, inspiration, pride, and a readiness to tackle challenges. Absorption describes a state where an individual is fully engrossed in their work, leading to a feeling that time passes quickly and making it hard to disengage from their tasks (Schaufeli, 2002).

Employee Engagement in the workplace significantly boosts task performance and reduces absenteeism. Specifically, high engagement levels foster strong dedication, which plays a key role in lowering absenteeism (Neuber, 2021). High Employee Engagement also leads to reduced turnover, improved productivity, better customer service, increased customer loyalty, and ultimately higher business profits (Saks, 2020). Moreover, strong Employee Engagement is essential for companies to achieve their objectives (Satata, 2021).

Organization Culture

Every organization has its own culture. Organizational culture is a complex concept influenced by diverse theories in cultural anthropology, serving as a useful metaphor for understanding decline, adaptation, and major transformations within complex organizations (Allaire, 1984). It is also connected to strategy, structure, leadership, and high-performance work practices, though its importance may vary depending on different effectiveness criteria (Hartnell, 2019). Various factors can affect organizational culture, including the environment and the traits of its members, along with the influence of national culture that can permeate the organization (Szydło, 2020).

METHODOLOGY

This study employs a systematic literature review to explore the challenges of improving employee engagement and to identify effective strategies. The review focuses on key concepts, theories, and empirical studies related to organizational culture and employee engagement. Thematic sections will cover definitions, measurements, and the relationship between these two constructs, as well as strategies for enhancing engagement through culture.

RESULTS

Previous studies have demonstrated that Organizational Culture has a significant positive impact on different aspects of employee engagement, including Vigor, Dedication, and Absorption (Abduraimi, 2023). This research was conducted with 152 secondary education employees in North Macedonia. The results indicate that several components of Organizational Culture are strongly linked to the dimensions of Employee Engagement, such as vigor, dedication, and absorption. Thus, the study concludes that Organizational Culture positively affects these aspects of Employee Engagement both within the school context and beyond.
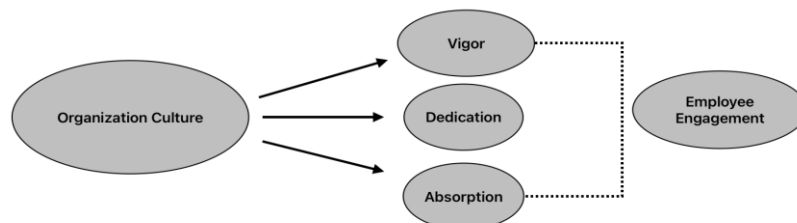

Figure 1. Conceptual Model

DISCUSSION

This research investigates the impact of organizational culture on employee engagement in secondary schools in the Republic of North Macedonia. The results show a positive relationship between different components of organizational culture and three aspects of employee engagement: vigor, dedication, and absorption. It was found that workplace freedom and autonomy enhance employee engagement, with organizational culture playing a significant role in engagement within nonprofit organizations. Promoting autonomy is crucial for strengthening both organizational culture and employee engagement (Abduraimi, 2023). Other studies support this idea, suggesting that an aspect of organizational culture, like leadership, can create a workplace environment founded on trust, openness, respect, and collaboration, which in turn fosters high levels of employee engagement (Kahle-Piaseck, 2022).

From the discussion above, it can be concluded that employee engagement levels do not always depend solely on compensation or salary. Other factors, especially those linked to organizational culture, also significantly influence engagement, encompassing different aspects within the organization. Therefore, it is vital for an organization to ensure that its culture promotes high employee engagement.

Practical implications for organizations include developing strong leadership, fostering a positive organizational culture, and implementing recognition and reward systems for highly engaged employees, as these factors are critical for enhancing overall employee engagement and commitment (Azmy, 2023).

Future research should further explore the role of organizational culture in employee engagement, especially considering the diversity in organizational culture resulting from differences in sectors, nationalities, gender, and other factors that shape organizational culture.

CONCLUSION

The study concludes that organizational culture significantly influences employee engagement beyond just financial rewards, highlighting the importance of a supportive and inclusive work environment. Key aspects of employee engagement—such as energy, commitment, and immersion—are positively impacted by organizational culture features like autonomy, leadership, and mutual respect. This indicates that when organizations nurture an environment built on these principles, employees tend to be more motivated, engaged, and productive in their roles.

Additionally, the findings suggest that organizations should focus on culture-building strategies that empower employees and promote trust and collaboration. Creating a strong, positive culture not only boosts employee satisfaction and decreases turnover but also enhances overall organizational performance. Future research could investigate the different effects of specific cultural elements across sectors and demographic groups, helping organizations customize cultural initiatives to effectively enhance engagement.

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