# 1. Organizational Culture and Employee Engagement- A Contemporary Approach

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*Abstract:*

*Employees are organizational resources because they provide the organization with knowledge, skills, and capacities. Employee loyalty and dedication are therefore essential to the expansion and longevity of a firm. Employee engagement is the phrase used to describe the zeal and dedication to accomplishing company goals. The capacity to achieve the intended outcome is correlated with staff performance. Positive employee orientation programs, in which staff members are free to try out new ideas and are consulted before making choices, have been shown to increase employee engagement and motivation to go above and beyond in achieving organizational objectives. This study examines the connection between employee effectiveness and engagement and company culture.*

*Keywords:*

*Employee Engagement, Work Culture, Leadership, Performance, Employee Recognition, Retention, Attrition.*

## 1.1 Introduction:

This chapter explores the crucial link between company culture and employee engagement. We'll delve into the definition of company culture, its impact on employee motivation and productivity, and effective strategies for building a positive and supportive work environment.

From fostering open communication to recognizing employee contributions, this topic provides practical insights and actionable steps for cultivating a thriving company culture that drives employee engagement and organizational success.

**Definition of Company Culture:**

Company culture is the shared values, beliefs, and behaviours that characterize an organization. It encompasses the atmosphere, the way people interact, and the overall work environment. Think of it as the personality of a company, shaping the experiences of employees and influencing their engagement, motivation, and job satisfaction. A strong company culture is not simply a set of rules; it's a living, breathing entity that evolves over time, reflecting the organization's history, leadership, and the collective experiences of its people.

**The Impact of Culture on Employee Engagement:**

A positive company culture is a powerful driver of employee engagement. When employees feel valued, respected, and connected to their work, they are more likely to be motivated, engaged, and productive. A culture that encourages open communication, collaboration, and professional development fosters a sense of belonging, contributing to higher employee morale and retention. Conversely, a toxic or unsupportive culture can lead to low morale, decreased productivity, and increased turnover, significantly impacting the organization's success.

**1.2 Strategies for Building a Positive Company Culture:**

**1. Strong Leadership:**

Leaders set the tone for the company culture. Authentic, supportive, and inspiring leaders are crucial for fostering a positive work environment. They should model the desired values, encourage open communication, and create a culture of trust and respect.

**1.2.1 Inspiring Examples of Leadership in The Workplace:**

I.      **Kiran Mazumdar Shaw -** Kiran is the founder of a biotechnology company in India, Biocon. She built Biocon from scratch by leveraging her entrepreneurial skills. Under her influence, the company is now a leading biopharmaceutical company in the global playing field.

II.     **Jeff Bezos-** Jeff Bezos is a popular name on this list. He built Amazon into a customer-centric company, through constant innovation to meet customer needs and providing exceptional service. Ultimately, Jeff is revolutionizing the e-commerce space.

III.    **Aditya Birla** - Aditya Birla, a stalwart in Indian business, exemplifies visionary leadership and strategic thinking. As the architect behind the Aditya Birla Group's global expansion, he transformed a traditional Indian conglomerate into a multinational corporation with a presence in 36 countries. Birla's ability to foresee market trends, identify growth opportunities, and adapt his business strategies accordingly underscore his visionary leadership. His commitment to innovation and sustainable business practices has not only driven the growth of his conglomerate but also inspired the broader business community.

**2.  Clear Values and Mission:**

An organization needs to communicate its values and mission clearly and consistently. This provides a framework for decision making, behaviour, and interactions within the organization. It ensures that employees are aligned with the company's goals and understand their role in achieving them.

**Example:** *NIKE* a world leader in sports footwear is having mission as **to bring inspiration and innovation to every athlete\* in the world. \*If you have a body, you are an athlete***.'**

The Nike mission statement includes a unique element: an asterisk and a footnote expanding on their language choice. It's concise yet answers a question that they know the athletic industry struggles to answer: What defines an athlete? It manages to simultaneously be informative and bring inspiration to their branding.

## 3. Open Communication:

- Companies must encourage open and honest communication at all levels. They need to create opportunities for regular feedback, both positive and constructive. Foster a culture where employees feel comfortable expressing their ideas, concerns, and suggestions without fear of retribution.
- Clearly communicating goals, objectives, and expectations provides the clarity all employees need to do their jobs well and with self-confidence.

## 4. Employee Recognition:

- Organizations should recognize and reward employee contributions. Publicly acknowledge achievements and hard work. This can take the form of formal awards, bonuses, or simple expressions of appreciation. Make employees feel valued and appreciated for their contributions.

## 5. Pillars of Employee Recognition

I. **Fulfilling -** recognition should be given in a consistent and reliable manner.

II. **Authentic** - recognition should be given genuinely and be tied back to specific achievements.

III. **Equitable** - recognition standards, values, and expectations should be fairly distributed across all employees.

IV. **Embedded in Culture** - recognition should be freely given and received up and down the company, not just from a manager to a report.

**V.** **Personalized -** recognition should be given in accordance with individual employee preferences.

### 1.2.2 Fostering Open Communication and Transparency:

Open and transparent communication is vital for a healthy company culture. It builds trust, reduces ambiguity, and fosters a sense of collaboration. Implement strategies like regular team meetings, open-door policies, and anonymous feedback mechanisms. Share information about company performance, goals, and decision-making processes, keeping employees informed and involved. This promotes a culture of transparency and accountability, encouraging active participation and a shared sense of responsibility.

### 1.2.3 Promoting Work-Life Balance and Employee Well-Being:

Prioritize work-life balance and employee well-being. Encourage employees to take breaks, prioritize their health, and spend time with loved ones.

Implement flexible work arrangements, remote work options, and generous leave policies. Invest in employee well-being initiatives such as fitness programs, stress management workshops, and mental health resources. A culture that prioritizes employee well-being fosters a happier, healthier, and more engaged workforce.

### 1.2.4 Examples of Work-Life Balance:

1. **Enact Flexible Leave Policies -** Rather than giving everyone a set number of sick days and vacation days, combine it all into paid time off — or PTO for short. This gives you and your team a chance to take days off when needed without having to justify how you're spending your time. Offering unlimited Paid Time Off is a hot topic in the startup world and it's becoming more popular among companies across the developed countries as well. If your employees are getting their work done, this allows them more freedom in their schedule.

2. **Encouraging Socialization -** Don't look down on employees for having water cooler conversations or chatting in between assignments — better yet, join in when it makes sense to do so! Encouraging regular socialization unrelated to work builds stronger relation increases employee's morale in the workplace.

3. **Offering Flexible Scheduling –** Not all employees should show up at 9.00am and leave at 5.00 pm. If possible, allow team members to set their own schedules and give them the freedom to **work from home** when needed. This asynchronous communication can be supported by using a collaboration software in your team.

4. **Encourage Creative Time at Work -** Google has seen great success from its 20 percent policy which allows engineers to spend 20 percent of their time on personal projects and ideas. You might not be able to justify allocating this much time to personal projects. However, you can still encourage your team members to be creative and work on things that bring them joy while on the clock.

5. **Implementing Regular Team Building Exercises -** Like water cooler chat and day-to-day socialization, implementing regular team-building activities can foster stronger relationships and help everyone to feel happier in and out of work. And if your team is hybrid – virtual team building activities allow you to include everyone, no matte where they are joining from.

6. **Create a "NO Work After Hour Policy" -** If you don't want to work on the weekend or have your team members working on the weekend, implement a strong "no work after hours" policy. Let everyone know that they're not expected to work on the weekends or in the evenings and give them time to rest.

**1.3 Recognizing and Rewarding Employee Contributions:**

A strong company culture recognizes and rewards employee contributions. Regularly acknowledge achievements, celebrate successes, and offer opportunities for growth and development.

This can be through formal awards, bonuses, promotions, or simply a genuine expression of appreciation. Make employees feel valued and appreciated for their efforts. This fosters a sense of pride and ownership, motivating employees to go above and beyond.

**Difference between Recognition and Rewards**

| Recognition | Rewards |
|---|---|
| ✓ Recognition is intangible | ✓ Rewards are mostly tangible |
| ✓ Recognition is mostly experienced | ✓ Rewards are simply consumed |
| ✓ Recognition holds emotional values | ✓ Rewards have economic values |
| ✓ Recognition is a surprise | ✓ Rewards are expected |

**1.3.1 Types of Rewards:**

There are two main categories of employee rewards: monetary and non-monetary rewards. Monetary rewards typically involve giving employees financial incentives and tangible tokens of appreciation, whereas non-monetary rewards focus on acknowledgment, appreciation, and experiences that enhance employee satisfaction and engagement**.**

**Monetary Rewards:**

As mentioned, monetary rewards involve rewarding employees for their achievements and contributions with tangible incentives. These rewards are a great way to incentivize and motivate outstanding performance, value-aligned behaviours, and employee loyalty.

**Monetary Rewards Come in Various forms, Including:**

- **Financial Compensation:** Bonuses, commissions, or profit-sharing can be given to individuals or teams based on their performance.
- **Gifts:** Tangible gifts such as gift cards, company swag, and generic merchandise are great for company-wide celebrations and special occasion**s.**

**Non-Monetary Rewards:**

Non-monetary rewards, on the other hand, are a cost-effective way to recognize and celebrate employees' contributions, achievements, and hard work. This type of employee reward does not involve tangible financial incentives; instead, it uses verbal and written recognition to reward employees.

**Non-Monetary Rewards Examples Include:**

- **Birthday Celebrations:** Sending birthday wishes though emails/recognition platform is hygiene and will not do the trick. Companies need to go the extra mile to make an employee feel special on their day.
  Give floating offs, send cake/pastries/cookies, arrange for a team party or get flowers delivered to their residence. Recognition can also be extended to special days like wedding anniversaries, job anniversaries, etc.
- **Monthly Newsletters with Employee Success Stories:** Employee success stories can be added to the company's monthly newsletters. Companies can also create a newsletter targeted to internal stakeholders of the company which only publishes these success stories.
- **The Performer's Hat:** A HAT/Badge/wrist band can be given to the top performer to wear through the day. The achiever gets a proud moment, and other employees will want to don the Hat in the upcoming month.

- **Social Recognition Program:** Foster a culture of appreciation and encourage peer-to-peer recognition through a digital recognition platform or internal communications channel.
- **Employee Awards:** Recognize outstanding performance or contributions with certificates, trophies, or public acknowledgment.

**Encouraging Continuous Learning and Professional Development:**

A culture of continuous learning is vital for organizational growth. Provide opportunities for professional development, including training programs, workshops, conferences, and mentoring programs. Encourage employees to pursue new skills and knowledge. Invest in their development and create a learning environment that fosters innovation and progress. This demonstrates a commitment to employee growth and creates a dynamic and forward-thinking workforce.

**Embracing Diversity and Inclusion in the Workplace:**

Creating a diverse and inclusive work environment is essential for a thriving company culture. Embrace differences, promote equity, and celebrate the unique perspectives and experiences of all employees.

Develop policies and practices that promote inclusivity and ensure that all employees feel valued, respected, and have equal opportunities for growth and success. A diverse and inclusive workforce fosters innovation, creativity, and a stronger sense of community.

**"Diversity and Inclusion are two interconnected concepts—but they are far from interchangeable. Diversity focuses on representation or the make-up of an entity. Inclusion is about how well the contributions, presence, and perspectives of different groups of people are valued and integrated into an environment. "**

- ***Matt Bush, Culture Coaching Lead at Great Place to Work:***

An environment where many different genders, races, nationalities, and sexual orientations and identities are present but only the perspectives of certain groups are valued or carry any authority or influence, may be diverse, but it is not inclusive.

**Examples of Diversity at Workplace:**

- employee who's a native Spanish speaker but doesn't feel entirely comfortable speaking any language other than English in workplace common areas
- the breastfeeding mother just returning to work who has no space to pump her breast milk
- the Muslim employee who feels insecure about maintaining his daily prayer routine on company grounds

**1.4 Measuring and Improving Employee Engagement Metrics:**

Employee engagement is the extent to which employees feel a passionate connection to the organization, are committed to their work, and put in the extra effort. Employee engagement metrics, thus, indirectly or directly measure how engaged your employees are.

There is no single employee engagement metric that tells you everything you need to know about employee engagement. A good dashboard will include a handful of metrics that help you learn about your employees, inform your decisions, and help you to have meaningful conversations with employees. Let's look at some of those metrics below:

**1. Voluntary Employee Turnover Rate:**

Highly engaged employees are less likely to voluntarily leave – and this reflects in organization's voluntary employee turnover rate. Turnover is one of the highest

costs for any organization, and a lower turnover leads to less disruption, greater productivity, and more cohesion. The more satisfied an employee is, the less likely they are to resign.

Voluntary turnover Rate =  # of employees left voluntarily in a given period   X 100

$$\overline{\text{\# of employees in the same given period}}$$

## 2. Employee Retention Rate:

Similar to turnover rate, employee retention looks at people who stay at your organization, which indicates their engagement. To calculate employee retention, use the formula below:

Employee retention Rate =  # of employees left voluntarily in a given period  X   100

$$\overline{\text{\# of employees in the same given period}}$$

A good employee retention rate cuts down on the costs of onboarding a new employee. It also increases productivity – the longer someone is with an organization, the better their understanding of internal processes. This allows employees to do things faster and with greater accuracy.

## 3. Absenteeism:

High employee absenteeism might indicate issues with employee engagement. Measuring the absenteeism rate helps you keep track of this. Workplace absenteeism is an indicator of many things, such as poor working conditions, poor governance, bad leadership, or a lack of work-life balance.

It can also be an indicator of employee satisfaction – as a high absenteeism rate correlates with low employee satisfaction.

$$\text{Absenteeism Rate} = \frac{\text{Number of Absent Days}}{\text{Number of available days in a given period}}$$

## 4. Employee Net Promoter Score (eNPS):

Employee Net Promoter Score is one of the most well-known HR metrics to measure employee engagement. Organizations often measure it through an employee engagement survey. This metric is measured by the question "On a scale from 1-10, how likely are you to recommend this organization as a place to work?" or "Based on your experience, how likely are you to recommend our organization to a friend or colleague?" Based on the responses, you can break it down into detractors, passives, and promoters,

## For Example:

- Promoters – Employees that respond either 9 or 10, which is an indication that an employee is satisfied.
- Passives – A score between 7 and 8 indicates the employee is neither happy nor unhappy but feels neutral. They won't recommend the company to a friend, but they won't bad-mouth them either.
- Detractors – Any employee that gives a score below 6, which indicates that the employee is not satisfied.

eNPS is calculated with Formula

## eNPS = % of Promotors (9s and 10s) - % of Detractors (0 to 6)

**5. Employee Satisfaction:**

While there is a clear distinction between employee satisfaction and engagement, they are intertwined, and both can be measured through similar metrics. Employee satisfaction takes into consideration external factors, such as working conditions, benefits, salary. On the other hand, employee engagement looks at things such as how an employee is intrinsically motivated and whether they buy into the company vision. One of the easiest ways to measure employee satisfaction is through a simple survey, which contains a combination of open-ended and closed-ended questions like

- Do you feel valued in your role?
- Do you feel that your job is allowing you to use your skills?
- Do you have a good relationship with your manager?
- Do you see a career path to advance your career within the organization?
- Do you feel the organization prioritizes your wellbeing?

Regularly measure and monitor employee engagement metrics to assess the effectiveness of your efforts. Use surveys, feedback mechanisms, and performance data to identify areas for improvement. Analyse the results and implement strategies to address any issues or concerns. Continuously strive to create a culture that fosters employee engagement, motivation, and job satisfaction. This ongoing process of measurement and improvement ensures that your efforts are aligned with the needs and aspirations of your workforce.

**1.5 Conclusion:**

Organizational culture contributes to 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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