ORGANIZATIONAL CULTURE & EMPLOYEE ENGAGEMENT: WHAT’S THE RELATIONSHIP?

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Organizational Culture & Employee Engagement: What’s the Relationship?

As a leader, which is more important to you?

That your organization is performing the way it needs to in order to meet your business objectives? Or that your employees are well engaged in their jobs? Chances are both are important. Both impact each other, and both are important parts of the organizational system. Organizational culture is an organizational-level construct that measures organizational behaviors and practices as a whole. Culture gives you the big picture of how your organization is functioning and can be used to predict performance on important metrics such as profitability, growth, innovation, quality and customer satisfaction. A survey of organizational culture often contains items from this overall perspective such as, “Our strategy leads other organizations to change the way they compete in the industry” and “Innovation and risk taking are encouraged and rewarded” (The Denison Organizational Culture Survey).

Employee engagement, on the other hand, measures your individual employees’ level of engagement with their jobs and their organization. Most employee engagement surveys are designed to look at an individual’s behaviors and satisfaction with their particular job. These types of surveys best predict individual-level performance and often include items such as: “I am passionate about my work,” and “My manager gives me the tools and resources I need to do my job.” As a leader or manager, it’s important to know the extent to which your employees are engaged. However, if employee engagement is all you look at, you only see part of the picture.

Understanding employee engagement is most valuable when understood within the context of the strengths and weaknesses of the organization. If we look at employee engagement alone, without considering the culture that employees work in, we potentially leave ourselves blind to the strategic strengths and weaknesses in the organization that impact employee performance and ultimately organizational performance. For instance, consider an organization that measures employee engagement and finds that both the Research & Development department and the Sales Department are highly engaged in their work. They may feel confident that all is well within those departments and that value is being created for their customers. What the survey may not be telling them, however, is that while both departments are working well individually, neither department is communicating with the other. This, in turn, is creating serious challenges for their new product development process and impacting future business opportunities and growth. In fact, it is easy for an organization to have very high engagement scores but also be facing serious issues such as silos, misalignment or distrust in the larger organization. Typical employee engagement measures often say little about how the organization works as a whole - making it difficult to define a path forward without knowing the broader context of the organization.

Our Approach to Employee Engagement

We provide leaders and managers the tools necessary to ensure that the characteristics of their organization (their culture) serve to inspire employees to reach that heightened positive state toward their job and organization we know as engagement. At the core of our approach is the Denison Organizational Culture Survey (DOCS) which measures the overall health of an organization. With proven links to organizational performance such as profitability, growth, innovation, customer satisfaction, employee satisfaction and quality, the DOCS provides an objective, reliable measure of the organization’s strategic strengths and weaknesses. The Denison Employee Engagement Module is a brief and reliable measure of employee engagement that helps leaders and managers understand how their individual employees feel about their work and the impact that the culture has on their attitudes toward their job. By pairing these two surveys, organizations can align their efforts and gain greater clarity about their employees’ individual performance and the organization’s performance.
Engagement is an Outcome of a Healthy Culture

We believe employee engagement is an outcome of a healthy culture, but as a research-based company, we needed to do the work to prove it: What aspects of culture most strongly relate to employee engagement? To answer this question, we looked at a sample of 9,464 individuals in 90 organizations who completed both the Denison Organizational Culture Survey and the Denison Engagement Content Module to try to uncover key relationships.

First, we explored the overall relationship between culture and engagement to assess: “Do organizations with stronger cultures also have more engaged employees?” We divided the 90 organizations that used both the DOCS and the Engagement Module into the top 10 and bottom 10 scoring organizations based on their overall DOCS scores. We then compared the Engagement Factor scores of these two groups. Scores on the Denison Employee Engagement Module are calculated by giving each organization an overall Engagement Factor. This Factor is a percentile score that tells the organization how “engaged” the individuals of the organization are compared to the other organizations in our Engagement Normative Benchmark. The results showed compelling evidence of the connection between culture and engagement. The bottom 10 organizations on DOCS overall had an Engagement Factor in the 11th percentile while those in the top 10 were in the 83rd percentile compared to the Engagement Benchmark Database (see Figure 1). This clearly demonstrates that organizations with stronger cultures also have a highly engaged workforce.

Figure 1: The Denison Organizational Culture Model and Employee Engagement Factor

In a sample of 90 organizations using the Denison Organizational Culture Survey and the Engagement Module, we found firms with low scores on culture also had lower engagement scores. Conversely, organizations with strong culture scores had significantly higher engagement scores. This suggests a strong relationship between the health of an organization’s culture and their employee’s individual level of engagement.
Using multiple regression analysis we found that the Vision, Core Values, Capability Development and Empowerment indexes were the strongest predictors of engagement.
We again saw the strong impact of the item, “Leaders and managers practice what they preach.” The Core Values index, which contains that item, was the strongest predictor of engagement. This suggests that of all the factors that can influence employee engagement, the behaviors embodied in Core Values, can have the most significant impact.

This includes: having “a clear and consistent set of values that governs the way we do business,” “having a characteristic management style and a distinct set of management practices,” and of course having “leaders and managers practicing what they preach.” Each of these are important to the pride, enthusiasm and commitment of your employees and are important areas to focus on if you find your employee engagement scores are low.

The significant relationships found here suggest that employees’ perceptions of how the organization as a whole functions in the areas of Mission, Adaptability, Involvement and Consistency are important predictors of individual-level engagement. As we would expect, the indexes in the Involvement trait are important to an employee’s level of engagement. However, the significant relationships that exist between employee engagement and other indexes such as Core Values and Vision point to the importance of looking beyond the more traditional understanding of engagement, to a more comprehensive understanding of organizational practices.

Healthy Culture → Engaged Employees

At the end of the day, organizations value what brings about the results they most desire: improved performance and overall effectiveness. The best way to accomplish this is not by looking at employee engagement alone, but also by gaining an understanding of the organizational context and culture the employees work within. It is the combination of a healthy culture and engaged employees that is most critical to improving your organization’s effectiveness and the experiences of the people in it.

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