

Exploring The Impact of Organizational Culture and Employee Engagement on Organizational Performance. Using Organizational Communication as Mediator. (Evidence from Manufacturing Sector).

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Abstract: *This study examines the relationship between employee engagement and organization culture to find out what instigates employee engagement. Multiple researches have highlighted that there ought to have researches that holistically cover the rather important issues of the subject without having to have the same results. Hence, to fill in this gap, this research puts across a conceptual framework to comprehend the effects of organizational culture on employee engagement and organizational performance using organizational communication as mediator since this plays an important part in fostering an exceptional environment that can enhance the capabilities of employees and organizations. Furthermore, primary source of data was collected from 200 respondents using Likert Scale questionnaire. SPSS 17 has also been used for Factor analysis, Cronbach's alpha, correlation and regression analysis. However, there has, so far, been no consensus in terms of results, thus more in-depth research on this area of employee engagement at work, organizational culture, and communication is needed.*

Keywords: *Organizational Culture, Employee Engagement, Organizational Performance, Organizational Communication, Manufacturing sector*

Introduction

1.1 Background of the study:

Due to the ever-changing business environment in the era of globalization, businesses face numerous difficulties. It requires corporations to improve their competitiveness by enhancing the efficacy of various organizational issues in order to achieve sustainability and stability (Dhir et al., 2020). In a world where access to technology and finance is not a differentiating factor for businesses, if you have an efficient and skilled workforce, human resources become the most competitive edge instrument you have, and it is an essential component of a successful firm (Moro et al., 2021). The personnel, being a valuable asset, must be used effectively and efficiently to benefit the company. Workforce is the integral part of any company so in order to increase their productivity; firms are relying on the fact that their employees are engaged. An essential idea in organization's structures as accelerated stages of worker engagement is carefully related to accelerated stages of a group of workers' dedication and productiveness (Likert 1961; Katz & Kahn, 1966). It is considered significant as it plays a crucial role in improving performance of an organization; contribute to increased productivity, better work practices, decreased uncertainty, reduced employees' turnover and formation of better customer relationships. Furthermore, this idea has ignited a good discussion of interest among different organizations and employees due to the fact that working employees are highly engaged in their work as they are fully invested in their job. This shows their commitment and enthusiasm towards the

organization as they are willing to go beyond the commitment contract to ensure the success of the organization (Kampaso and Sridevi, 2010). The connection of an employee with the organisation is known as Employee Engagement (EE). Khan (1990) has highlighted that workers use their sentimental, cognitive, and physical abilities in order to perform in the organisation. EE is demonstrated as the focal point that stresses on accomplishing goals as an organisation. Considering the organizational success, a well-established organizational culture can be pivotal. Robbins (2002) stated that OC is a scheme of agreement and apprehension which is shared by the employees of the organisation, which makes the company stand different from other organizations. In order to evaluate any company's achievements, one must have a look at their culture which generates such EP which is effective. Robbins (2002) outlined that there are 7 indicants that define the OC, that include the spirit of taking risks, being attentive towards the details, team-centric, human-focused, result-centric, being aggressive, and having the quality of being stable. In order to clear the mixed responses obtained from previous researches, this research is conducted to evaluate the impact of organizational culture and employee engagement on the employees of manufacturing sectors of Hyderabad specifically.

1.2 Problem Statement:

Employees are considered to be an integral part of an organization that contribute in day to day operations to make an organization successful and achieve its goals (Abdullahi et al., 2020; Wambugu, 2014). For employees to do such actions, it's important that they are motivated and committed to their jobs. On the other hand, employees are seen to meet tight deadlines and pressure and adapt quickly to changing environment. This happens when organizations consider organizations first and employees second and this constant demand for productivity leads to distress and increased employee turnover. There are various factors contributing to this issue such as organizational culture and the level of engagement levels. Such organizations focuses on organizational profits and not aligned with the well being of employees.

1.3 Research gap

This research suggests that job satisfaction directly and indirectly influences workplace attitudes, behaviors, and performance outcomes (Bednarska and Szczyt, 2015). This research focuses on the relationship between employee engagement, job satisfaction, and organizational performance among manufacturing sector employees, aiming to contribute to existing literature. Despite the growth of manufacturing sector employees, there's a lack of empirical studies on their job satisfaction. Therefore, this paper aims to develop and test a model of the mediating role of manufacturing sector employees' job satisfaction on organizational performance, while suggesting research avenues for further exploration.

1.4 Research objectives:

1. To find out the effect of organizational culture that is mediated by organizational communication on organizational performance.
2. To find out the effect of organizational culture on organizational performance.
3. To find out the effect of organizational engagement that is mediated by organizational communication on organizational performance.
4. To find out the effect of organizational engagement on organizational performance.

1.5 Research Hypothesis:

H1: Organizational culture has a significant and positive impact on organizational performance.

H2: Employee Engagement has a significant and positive impact on organizational performance

H3: Organizational communication mediates the relationship amidst of Organizational culture and

Organizational performance

H4: Organizational communication mediates the relationship amidst Employee engagement and Organizational performance.

1.6 Significance of the study:

This research here basically aims to serve as a reference for the companies in order to find more details about the determinants of EP. Moreover, it's also for giving more insights on the organizations. This research opts to obtain a solution and provide solutions for the impacts of Organizational culture and EE on EP with Organizational communication being a mediator here.

LITERATURE REVIEW.

2.1 Theoretical Framework:

Here it is stated that an engaged team of employees can gain organization competitive advantage over other companies in order to survive in current economic conditions and engaged employee's performance is important rather than performance of non-engaged employees that have effect on the status organization's performance.

JD-R Model:

In this research the Job demands-resources (JD-R) model is used to find out the effect of organizational engagement on organizational performance. This model is explained by Arnold Bakker and Evangelia for employee's well-being that has an influence on their engagement in organizations. The cause of choosing this model is because of the following reasons:

Job demands encompass emotional and physical strains that are mostly experienced by employees those are excessive workload, bad working environments, tight deadlines, no clarity in roles, strained relationships, and also emotional labor, these all can must be eliminated in order to improve effectiveness of the organization.

.2.1.1 Organizational culture and organizational Performance:

Denison cultural model:

In this research Denison cultural model is used in order to examine the impact of organizational culture on organizational performance. The reason in order to choose this model is because of the following reasons: Confirmation of its reliability and validity.

This model studies how organizational culture has an impact on organizational performance.

2.2 Employee Engagement and Employee Performance:

As stated by Young (2012), Employee engagement is a critical element as it shares a connection with productivity of the employee and overall organizational performance. According to Vance (2006), Employee engagement is considered to be a state where employees feel satisfied, content and dedicated towards their work.

2.3 Organizational Culture and Employee Performance:

Maryati et al (2019) unveiled that the link between culture and performance is affected by the way that organization searches for important facts and vital information. Stewart (2010) stated that the principles and core values of OC affect the workers greatly who are employed in the organization. Similarly, Lau et al. (2020) initiated that OC constructs the conduct and attitude of all the workers, including the fact that OC affects the EP immensely.

2.4 The Role of Organizational Communication as a Mediator:

Organizational communication serves as a vital mechanism through which organizational culture and employee engagement influence organizational performance. For instance, research by Nguyen et al. (2019) explored the mediating role of communication in the relationship between organizational culture and employee engagement in the hospitality industry. Similarly, a study by Chen et al. (2020) investigated the mediating effect of organizational communication on the relationship between leadership styles, organizational culture, and employee engagement in Chinese manufacturing firms. Moreover, recent research has highlighted the importance of communication channels and practices in fostering employee engagement and organizational performance. For example, Wang and Jiang (2021) examined the mediating role of internal communication channels, such as social media platforms, in enhancing employee engagement and performance in technology firms.

2.5 Mechanisms of Organizational Communication in Enhancing Employee Engagement and Organizational Performance:

Organizational communication plays a pivotal role in shaping employee engagement and ultimately influencing organizational performance. A study by Riggio et al. (2020) emphasizes the importance of transparent and authentic communication in fostering employee trust and commitment. By providing clear and honest information regarding organizational goals, strategies, and performance, leaders can cultivate a culture of openness and alignment, thereby enhancing employee engagement levels.

Moreover, the advent of digital communication platforms has revolutionized the way organizations interact with their employees. Research by Smith and Mounter (2021) explores the impact of social media and collaboration tools on employee engagement, highlighting their potential to facilitate real-time communication, knowledge sharing, and employee participation in decision-making processes.

METHODOLOGY

3.1 RESEARCH APPROACH:

The purpose of this research is to find out the effects of organizational engagement & organizational culture on organizational performance using organizational communication as a mediator. For this research, a quantitative research approach is chosen which is based on the claims and hypothesis of the researcher. For this precise research, employees from manufacturing sector are chosen for research to gather data and to know their perception about the factors that improves the organizational performance from different aspects.

3.2 RESEARCH VARIABLE:

Research variables are the method by which the relationship between the variables is understood.

Dependent Variable: Organizational Performance

Independent Variable: Organizational Engagement, Organizational Culture.

Mediator: Organizational Communication

3.3 RESEARCH DESIGN

This study adopted descriptive research design because it has collected data through questionnaire survey. Our research is centered on the manufacturing sectors of Hyderabad. The respondents of this study are the employees of Hyderabad's manufacturing sectors which have been running efficiently on a global scale.

3.4 SAMPLE SIZE:

According to the general rule of thumb, greater reliability is acquired when opted for a larger sample size as small sample size can pose a question of reliability. The variables of our study are 4 in total.

Employee engagement and organizational culture as independent variables, organizational performance as dependent variable and organizational communication as mediator. Each variable comprises of 4 items resulting in a total of 20 items with 10 respondents associated with each items, it results in a sample size of 200 respondents.

3.5 RESEARCH INSTRUMENT:

According to Victor Jupp (2006), questionnaire is known as bunch of carefully crafted question which are same for the targeted respondents to collect the required data. This research is conducted through five point Likert scale that is measured as:

- ☐ Strongly disagree.
- Disagree.
- Neutral.
- Agree.
- Strongly agree.

3.6 RESEARCH MODEL

$$EP = c + \beta_1 (EE) + \beta_2 (OC) + \beta_3 (EE) + \beta_4 (ORC) + e$$

Whereas, constant (c), Employee performance (EP), Employee Engagement (EE), Organizational culture (OC), Organizational communication (ORC) and error (e).

1 Demographics and Respondents:

4. Data Analysis

4.1. Demographics and respondents:

Overall, 240 electronic questionnaires were available from Google Forms on random sampling of the various sectors of the manufacturing sectors at Hyderabad. Further, in this study only 200 completed forms have been selected for this research. The demographic variables included in the survey are age, gender, education level, tenure of service, the sector in which respondents are employed, and the type of ownership that best describes their organization. From the 200 participants, 88 were males, or 44%, and 112 females, amounting to 56%. This represents a significantly higher proportion of women than men. In age, the largest group is represented by the 20-25 group of 133 participants, or 66.5%, with the next largest group coming from the 26-35 group with 56 participants, or 28%, and the last coming from the respondents aged 35 and over who were 11, or 5.5%. The tenure of the respondents was such that 88 respondents (44%) had less than one year of experience, 70 respondents (35%) had between 1 to 3 years of experience and 42 respondents (21%) had an experience above 3 years. The education levels of the respondents were variegated with the 121 respondents (60.5%) holding undergraduate degrees 20 respondents (10%) having finished the MBA and 53 respondents (26.5%) coming within the bracket of having other education qualifications. Respondents were employed in the following industries: textile industry, 52 respondents; garment and leather industry, 17 respondents; chemical industry, 21 respondents; automobile industry, 30 respondents; pharmaceutical industry, 26 respondents. An additional 54 respondents fell into the "other" category. Lastly, in terms of business ownership, 123 respondents (61.5%) operated in companies that were privately owned, 68 respondents (34%) operated in multinational companies, and 9 respondents (4.5%) reported working in companies that operate on the Pakistan Stock Exchange.

4.2 Cronbach's Alpha:

The following table provides an analysis of the internal consistency of the several items included in this study to measure their corresponding constructs. Cronbach's Alpha is used to determine the reliability of the items and the degree to which they are consistent in their measurement of the underlying constructs. A value above 0.7 in Cronbach's Alpha would mean that the items have good

reliability, while below 0.7 indicates poor internal consistency among the items. The Cronbach's Alpha values for the constructs in this research are: 0.795 on organizational performance, 0.767 on organizational culture, 0.790 on employee engagement, and 0.81 on organizational communication. These values, in fact, are more than the minimum value of 0.7. Based on this finding, it is concluded that this data collected is highly reliable as stated by Hier et al. (2006).

Reliability Statistics of organizational performance

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.795	.798	4

Reliability Statistics of organizational culture

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.767	.767	4

Reliability Statistics of employee engagement

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.790	.794	4

Reliability Statistics of organizational communication

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.813	.815	4

4.3. Correlation Coefficient

Correlations

		OC	EE	OP	OCO
OC	Pearson Correlation	1	.550**	.676**	.642**
	Sig. (2-tailed)		<.001	<.001	<.001
	N	200	200	200	200
EE	Pearson Correlation	.550**	1	.507**	.622**
	Sig. (2-tailed)	<.001		<.001	<.001
	N	200	200	200	200
OP	Pearson Correlation	.676**	.507**	1	.535**
	Sig. (2-tailed)	<.001	<.001		<.001
	N	200	200	200	200
OCO	Pearson Correlation	.642**	.622**	.535**	1
	Sig. (2-tailed)	<.001	<.001	<.001	
	N	200	200	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation between Organizational culture and Organizational performance is also equally significant and positive linear relationship between organizational culture and the level of engagement was established to be 0.676, which is very close to +1. This as indicate that there is a fairly good and strong relationship between the two. Likewise, organizational engagement and employee performance

are positively correlated linearly, with correlation value 0.507. However, this will mean a slightly lower value but it will in no way be a meaningless correlation. Communication engagement proves to relate positively with organizational culture and also to engage employees. Communication's correlation with culture is positive and moderate, at 0.642, as is its correlation with engagement, at 0.622. Coefficients of determination reveal rather high positive and significant direct relations in both issues.

4.4 Regression Analysis:

In this study the quantitative research was carried out through regression analysis in order to determine the effects of the independent variables; organizational communication and employee engagement on the dependent variable; organizational performance. The findings of this study are presented in the following table.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 ^a	.483	.478	.48187

a. Predictors: (Constant), OC, EE

Also from the model, we are able to determine how variation in output variable depends on the input variables incorporated in the model. The results of the estimation also reveal that the R-Squared coefficient has given the extent of exogenous variables to explain the changes in the dependent variable and it is moderate being 0.483. Higher value of R-squared indicates model has more variability as far as its purpose to explain the relation between two variables are concerned.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.503	1	40.503	166.897	<.001 ^b
	Residual	48.051	198	.243		
	Total	88.555	199			
2	Regression	42.811	2	21.406	92.187	<.001 ^c
	Residual	45.743	197	.232		
	Total	88.555	199			

a. Dependent Variable: OP

b. Predictors: (Constant), OC

c. Predictors: (Constant), OC, EE

The ANOVA table in a regression model tells us about the significance of the overall model. P-value comes from the particular kind of confidence interval tied to the model's importance. As for this model, it equals to 0.000 and is significantly less than the significance level of 0.05. This means that the model is quite statistically significant, and appropriate for the study at hand. Further, the F-ratio measures the predictive accuracy of the model by including a variation in the data. For prediction-quality models the F-ratios should always be greater than one. Here, the value of F-ratio is 92.187 which is significant, indicating that the applied model is reliable and the dependent variable is less variant.

5. Conclusion:

In the past twenty years, experts in business organizations have noted the evolution of the competitive environment and as a result, have directed their concerns towards the high-performance work design practices aimed at enhancing workers' creativity and engagement levels. It has been highlighted in

research that the more engaged the workers are, the better the overall performance of the organization becomes. In addition, when the company has a good communication structure, the employees are in a better position to perform their duties efficiently and work towards the success of the entire organization. This creates a positive organizational culture which promotes efficient management of the organizational success.

5.2 Managerial Implication: Manufacturing in Pakistan contributes significantly to product development, resource provision, and job creation, hence its significance in the economy. This study underscores the need to develop internal atmosphere in the sector more positively. Further findings maintain that cultivating a effective environment that helps management in the improvement of production quality, reduction in defects, and improvement in staff behavior through the instillation of strong cultural values.

5.3 Recommendations and results:

As shown above in chapter 4, hypothesis section organizational culture and employee engagement hypothesis is accepted as they have significance less than 0.05. The result indicates that organizational culture and employee engagement have a positive and significant impact on organizational performance. Furthermore, the data collected for moderator and mediator also shows that these two factors have positive influence on organizational performance as studied through the data collection and analysis. Our study was focused on the manufacturing industry of Hyderabad Sindh, Pakistan. We would recommend targeting different audiences in the future for diversified results.

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