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## The Interrelationship between Motivation, Organizational Culture and Engagement. The Next Challenge for 21st Century Leaders

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**The Interrelationship between Motivation, Organizational Culture and Engagement. The Next Challenge for 21st Century Leaders**

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## **The Interrelationship between Motivation, Organizational Culture and Engagement. The Next Challenge for 21st Century Leaders**

**JEL Classification:** J24; M54

**Keywords:** *motivation; engagement; organization culture; empowerment; leadership*

### **Abstract**

**Research background:** The huge research interest in the interrelationship between motivation, organizational culture, and engagement can be explained psychologically and economically. Psychological reasons include work individualization, increasing interest in positive psychology, and the role of human resources, perceived as a key resource in enhancing business competitive advantage. The economic reason is “engagement deficit” resulting from low employee engagement rates in organizations. Business organizations around the world pay a heavy price for unengaged and uncommitted employees. Leaders today are exerting tremendous pressure on their workforces to achieve optimal results. It is, therefore, becoming increasingly important for organizations to attract, engage, develop and build loyalty among their employees, based on their organizational culture, to gain a competitive edge in today's global marketplace.

**Purpose of the article:** The article's main purpose is exploring the interrelationship between three variables: motivation and organizational culture, which are independent variables, and engagement which is the dependent variable. This is important in the light of 21<sup>st</sup> century leaders' challenges to establish a solid organizational culture to engage their employees.

**Methodology:** Methodology is based on a multidisciplinary literature review in the fields of organizational psychology and management theory, including nearly 100 articles, reports and books.

**Findings:** Building an engagement organizational culture means leaders must understand the interrelationship between organizational culture and engagement and its contribution to achieving business goals. Managing organizational culture

requires leaders to focus on human aspects like motivation and employee values. The engagement organizational culture lies, profoundly, at the center of the ethical value-based organizational culture.

## **Introduction**

The main goal of this paper is examining the essence of an organizational culture, specifically an ethical culture which relates respectfully to the organization's employees. Such a culture is a basis for cultivating employee motivation and fostering employee engagement to their work and workplace (Drucker, 1999; Hamel, 2001; Hamel & Breen, 2007; Kotter & Heskett, 1992; Polowczyk, 2012; Zak, 2017). The article can help raise business leaders' awareness of the importance of organizational culture and employee engagement to their own success and shareholder interests, and help convince them of the essentiality of such an attitude. The result can be heightened priority for embedding an ethical culture into business strategy and various work plans, especially human resources work plans, without shortcuts.

## **Method of Research**

The article is based on literature research focusing on the interrelationship between employee motivation, organizational culture, and engagement. Recent years have seen growing interest in greater employee involvement that leads to more motivation. Despite numerous attempts to define relationships between motivation, company culture, and engagement, many questions are still open. This study is based on qualitative research of papers, books, and reports from the fields of management theory, organizational culture, and psychology. The research sample comprised nearly 100 works. The literature analysis was carried out through the content and conclusions review. The comparison method and critical analysis have been applied to identify the main research approaches and perspectives to the interrelationship among motivation, organizational culture, and engagement of personnel in companies.

## **Intrinsic motivation theories as the basis for engagement**

All the leading traditional motivation needs' theories researchers explored the dimensions of needs, personal traits, values, conscious, and

emotions (Latham & Pinder, 2005). Researchers agree motivation is based on fulfillment of mental and physical needs.

Traditional theories were convinced that extrinsic motivators, such as reward, punishment, external controls, and incentives, were required to generate employee performance, perseverance, and productivity (Martinez, (2016). The human relations movement introduced a new view of employee motivation which tried to understand the dynamic of extrinsic and intrinsic motivation, and the self-concepts of performance and influence of human dynamics (Steers, Mowday, & Shapiro, 2004). Intrinsically motivated activity occurs because the behavior is interesting and spontaneously satisfying. Intrinsic motivation is linked to a person's innate propensity to explore the environment, shape their abilities, and conquer optimal challenges. When intrinsically motivated people experienced a sense of choice and fully endorsed their current activity (Güntert, 2015) a variety of theories began to emerge, led by the self-determination theory (SDT) as introduced by Deci and Ryan. SDT is a general approach to human motivation and personality that addresses motivation quality as well as its quantity or intensity (Ryan & Deci, 2000).

SDT is considered a breakthrough in work motivation (McGregor & Doshi, 2015). It was defined as Motivation 3.0 in the evolutionary drive process which presumes humans also have a third drive to learn, create, and improve the world (Pink, 2009). Other important intrinsic motivation theories are the 'flow' theory developed by psychologist Mihaly Csikszentmihalyi (1990), and the Job Demands Resources theory (JDR) that explains the model and concept of work engagement (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). The JDR model, the most cited theory in this field consolidated by Baker and Demerouti (2014), delineates how job resources (e.g. autonomy, feedback, supervisor support) and personal resources (e.g. self-efficacy, optimism, and resilience) directly influence work engagement, which in turn influences important downstream outcomes and financial returns. These resources stimulate work engagement, as defined by Schaufeli, Bakker, and Salanova (2006, p.701): "A positive, full feeling, work related state of mind that is characterized by vigor, dedication and absorption".

## **Organizational culture**

Organizational culture is an important factor in employee motivation (Latham & Pinder, 2005; McGregor & Doshi, 2015). More than 150 definitions of culture have been identified, and two main disciplinary foundations of organizational culture: sociological (organizations have cultures)

and anthropological (organizations are cultures) (Cameron & Quinn, 2011). Most writers agree the concept of culture refers to the assumed values, underlying assumptions, expectations and definitions that characterize organizations and their members (Cameron & Quinn, 2011; Kotrba et al., 2012; Kotter & Heskett, 1992; Migliore, 2011; Schine, 2010). While debates continue regarding this issue, managers have accepted culture as a fact of organizational life and it has become an integral aspect of many organizational development programs (Balthazard, Cooke, & Potter, 2006). Organizational culture can be considered the organization's operating system (McGregor & Doshi, 2015). Successful American companies like Walmart, Southwest Airlines, and Apple highlight their organizational culture as a key factor in their success. The researchers concluded that these firms' successes are linked more to values, personal beliefs, and vision, than market forces, competitive positioning, and resource advantages. They mentioned that all successful industry leaders have a distinctive, readily-identifiable organizational culture (Kotter & Heskett, 1992).

### **Organizational benefits of a high engagement culture**

Kahn (1990), the leader of the employee engagement movement, offered employee engagement as a new approach to employee motivation. He described it using a behavioral perspective based on three dimensions of physical, emotional, and cognitive engagement. There are numerous descriptions of engagement, but the most recent is Zak's (2017, p.86): "having a strong connection with one's work and colleagues, feeling like a real contributor, and enjoying ample chances to learn".

Engagement researchers are in relatively full agreement regarding the positive contribution of employee engagement to the organization (with some observations). These include a source of competitive advantage (Macey et al., quoted in Albrecht et al., 2015); improved job satisfaction, motivation, and performance (Guest, 2014); boosted creativity, innovation, and efficiency (Paul and Fenlason, 2014); significant financial implications of an engaged workforce (Oehler, Stanoch, & Hamelle, 2015); engagement based on trust empowers employees to take risk, essential to the 3M innovation process (Paul and Fenlason, 2015); reduced employee turnover, greater customer satisfaction and employee productivity (Attridge, 2009); higher satisfaction levels and greater productivity (Kahn, 1990). However, it remains unclear why people want to be engaged with their organization. Guest (2014) argued that several approaches to organizational engagement focus on organizational, rather than employee bene-

fits and offer employees nothing in return. He concluded that any approach seeking to promote employee engagement must offer employee benefits. He suggested that Social Exchange Theory and reciprocity lie at the heart of much organizational behavior and provide a framework for considering how an organizational engagement policy might develop.

## **Building and managing an engagement culture**

Building an organizational engagement culture means an organization's managers not only understand employee needs, but must implement an ethical value-based organization culture. The employee daily check-in is not only physical, but also mental and emotional. Managers need to ensure employees are truly engaged (Bedarkar & Pandita, 2014). Managing any organizational culture requires managers to focus on the human aspects and employee motivation and values. Managers should build the engagement culture on the basis of a collaborative, recognition-based approach, flexible working arrangements, trust, and clear direction, recognition, participation in decision making, and appreciation by their organizations (Dasgupta, Suar, & Singh, 2014; Fagley & Adler, 2012; Latham & Sue Chan, 2014; Locke & Latham, 2002; Lundby, Moriarty, & Lee, 2014; Reis, Trullen, & Story, 2016; Sijbom, Janssen, & Van Yperen, 2015), motivational language (Sullivan, 1988), and creating a fearless culture among employees. The growing body of research suggests that in a culture of fear employees often remain silent, fearing negative personal and professional consequences. This inhibits their speaking up even regarding routine problems or suggestions for improvement (Kish-Gephart, Detert, Trevino, & Edmondson, 2009). Tension and stress are also considered serious factors in worker demotivation (Bandyopadhyay, 2014; Hunter, 2012). Therefore the organization's center is its ethical values culture. Organizations fostering ethical values can retain compatible, engaged, and more committed employees, when a good fit exists between the employee and organization, particularly between individual and organization values (Huhtala & Feldt, 2016).

Zak (2017) suggested building a culture of trust as an effective basis for fostering employee engagement. Neuroscience research shows we can stimulate the production of oxytocin, a brain chemical that facilitates teamwork, through eight key management behaviors (Zak, 2017).

The ideal employee shares many values with the organization. When individual and organizational values overlap, both parties benefit. The smaller the overlap between individual and organizational values, the more staff members find themselves making a tradeoff between desirable

and necessary work (Maslach & Leiter, 2008). Engagement is also supported by an organizational culture inclined towards democracy and employee empowerment (Taneja, Sewell, & Odom, 2014). Empowerment means enabling people rather than simply delegating authority or sharing power. This creates conditions that heighten motivation for task accomplishment by developing a strong sense of personal efficacy through identifying conditions that foster powerlessness, and removing them by both formal organizational practices and informal techniques of providing efficacy information (Conger & Kanungo, 1988). Motivation may also be influenced by the atmosphere among workers. Passive leadership can directly influence incivility and its spiral circulation in the organization (Porath & Pearson, 2013). Incivility includes showing little interest in another's opinion, eye rolling, and checking email (Andersson & Pearson, 1999). Creating an environment of cognitive ease allows an employee to be in a good mood, to like what he sees, believe what he hears, trust his intuition, and feel the current situation is comfortably familiar (Kahne-man, 2011, p.60).

### **The managers' challenge of establishing an engagement culture**

Establishing an ethical organizational culture is linked with change in management perception. Corporations must place greater emphasis on flexibility, creativity, ability to perform a rapid strategic change, cooperation between units, and true empowerment of workers at all levels (Drucker, 2000; Hamel, 2001). Self-management should be created to empower the workers and grant a larger degree of autonomy to help achieve their mission (Drucker, 1999; Hamel, 2001). The intangible constraints today in industrial firms exist in the management model rather than the company's business or operative model. Therefore the 20th century generic management method which supports a regular management hierarchy, the need for specialization, a pyramid of authority, clear objectives, planning on the basis of predictions, supervision over compliance to programs, motivation through rewards for meeting objectives, and so on, cannot serve companies in the 21st century. The time has come to discuss ways to change thinking and undertake a management revolution (Hamel & Breen, 2007).

### **Conclusions**



Organizational culture, by nature invisible, resembles oxygen. We can see the resultant behavior, but often not the underlying forces behind it. Although it is difficult to change employee culture and its characteristics, it is possible to gradually connect them to an organization's values, especially if there is congruence between organizational and employee values. This drastically improves employee value-driven behaviors (Huhtala and Feldt 2016; Maslach and Leiter, 2008). Managers should pave the way to an employee-centric ethical culture. They should understand their employees' physical and mental needs and what motivates and demotivates them. They must build trust and serve as role models for their employees. Managers who can meet these challenges will benefit from a loyal and engaged workforce who will go the extra mile. This mission is challenging and can be long-term (Kotter & Haskett, 1999) but can also preserve their organization for generations (Collins & Porras, 1995).

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