



## EMPLOYEE PERCEPTION ABOUT THE EFFECTIVENESS OF ORGANIZATIONAL CULTURE: A STUDY OF L&T LTD.

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### Abstract

The strategic importance of managing organizational culture has been a central theme in organizational literature for past many years. Whether we can accurately define it or not, we all know that Organizational culture exists. It's that ethereal something that influences how work gets done, critically affects project success or failure, says who fits in and who doesn't, and determines the overall mood of the company. It is something that differentiates any organization from all others and makes it unique, something that gives a distinct identity to it.

Larsen & Toubro Limited is a technology, engineering, construction and manufacturing company and is a respected name in India's private sector. The major objective of the study was to analyse the employee's perception about the effectiveness of their organizational culture and the study showed positive results. It was concluded that the main focus of the organization is on creating a culture of continuous learning, competitiveness and excellence.

**Key words:** Culture, Identity, Perception.

### Introduction

The concept of organizational culture has received increasing attention in recent years both from academics and practitioners. The strategic importance of managing organizational culture has been a central theme in organizational literature for past many years. Whether we can accurately define it or not, we all know that Organizational culture exists. It's that ethereal something that hangs in the air and influences how work gets done, critically affects project success or failure, says who fits in and who doesn't, and determines the overall mood of the company. It is something that differentiates any organization from all others and makes it unique, something that gives a distinct identity to it.

Organizational culture depends on, and in turn effects, the behaviour of humans beings who are part of an organization and the meanings that the people attach to their actions. Culture includes the sum total of the organizational values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture has an effect on the way people and groups interact with each other, with clients, and with stakeholders. It can be said that this system of shared meaning is, on closer examination, a set of key characteristics that the organization values. Research suggests that there are six primary characteristics that, in aggregate, capture the essence of an organization's culture.

**Innovation and risk taking-** The degree to which employees are encouraged to be innovative and take risks.

**Attention to detail-** The degree to which employees are expected to exhibit precision, analysis, and attention to detail.

**Outcome orientation-** The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve those outcomes.

**People orientation-** The degree to which management decisions take into consideration the effect of outcomes on people within the organization.

**Team orientation-** The degree to which work activities are organized around teams rather than individuals.

**Aggressiveness-** The degree to which people are aggressive and competitive rather than easy going.

Culture often becomes the focus of attention during periods of organizational change – when companies merge and their cultures clash, or when growth and other strategic changes mean that the existing culture becomes inappropriate, and hinders rather than supports progress. In more stable environments, cultural issues may be responsible for low morale, absenteeism or high staff turnover, with all of the adverse effects these factors can have on productivity. So, for all its elusiveness, corporate culture can have a huge impact on an organization's work environment and output. That is why so much research has been done to pinpoint exactly what makes an effective corporate culture, and how to go about changing a culture that isn't working. It has to be remembered that just knowing what the desired organizational culture looks like is not enough. Organizations must create plans to ensure that the desired organizational culture becomes a reality.

This is the very reason why there should be a continuous assessment of an organization's culture to ensure that it is promoting and reinforcing the organization's mission and goals rather than hindering them.

### Brief Literature Review

According to Mintzberg (1973), 'Culture is the soul of the organization-beliefs and values and how they are manifested. I think of the structure as the skeleton, and as the flesh and blood. And culture is the soul that holds the things together and gives it life force'.

Organizational culture was once seen as “how things are done around here” (Drennan, 1992) but has since evolved into a facet of management with a robust range of literature affording a far deeper understanding. Schein’s definition (1985) remains one of the most often used and can be summed up as the learned product of group experience which affects the behavior of individuals. Organizational culture is differentiated from organizational climate in that it is not as overt. Organizational culture is also differentiated from organization structure in that structure has more to do with the relationships between individuals in an organization.

The discussion on the term ‘organizational culture’ has gained importance as a way to comprehend and to be aware of human behavior. The concept of organizational culture has been a very common issue of research since 1980.(Solkhe, 2013).An Organization’s Culture reflects it’s core values. Values have long been considered important to explaining action in and around organizations (Barnard, 1938; Weber, 1905/2002). For instance, organizations have been thought to reflect the values of their members (O’Reilly, Ghatman, & Galdwell, 1991; Ostroff& Judge, 2007), especially their founders and executives (Hambrick & Brandon, 1988; Simon, 1947). Scholars and practitioners have exhorted leaders to cultivate core values (GoUins & Porras, 1994; Ouchi, 1980) and to embed these values in organizational artifacts, symbols, and practices (Hatch, 2004; Martin, 1992; Schein, 1985).

Researchers have found a strong linkage between the Organizational Culture and Organizational commitment. For an organization to have a sustained competitive advantage in the product and labor market, highly committed employees are required. Organizational commitment refers to an individual’s feelings about an organization as a whole.(Joo and Shim,2010).

Today’s fierce competition requires firms to transform themselves to be ready to change and adapt. To survive and thrive in such a world, an organization must always be ready to adapt. Thus, many organizations strive to have a learning culture to create and transfer knowledge for survival (Garvin 1993). Organizational learning culture refers to ‘an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights’ (Garvin 1993, 80).

### About the organization and the study

Larsen & Toubro Limited (L&T) is a technology, engineering, construction and manufacturing company. It is one of the largest and most respected companies in India’s private sector. Larsen & Toubro receives its employees and conveys the message that being a Larsenite is a badge of honor. Both the current and past employees are made to feel proud in the fact they do work for or have worked for Larsen & Toubro. To keep this tradition alive, they have very strict selection criteria and a rigorous selection process. In the Larsen & Toubro family, an employee can envision his future and move ahead with the organization by his side. The employee throughout his career has the challenge of being at the forefront of cutting edge technologies. The employees in Larsen & Toubro will have the freedom to initiate and realize his/her goals. It is for sure that an employee of Larsen & Toubro will reap the benefits, as the world watches. Energy, free spirit, and commitment to human values have played a significant role in the success story of Larsen & Toubro so far.

The study was undertaken in Larsen and Toubro, Faridabad(Haryana) in four departments and focused on middle level employees. The major objective of the study was to get a critical insight into the employee’s perception about the effectiveness of their organizational culture. Primary data was collected with the help of structured questionnaires and direct interactions with 60 respondents and an attempt was made to analyze their perceptions about their organizational culture. Convenience Sampling was used for the study which is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

The survey was conducted through a structured questionnaire administered to respondents covering the vital aspects of the Organization Culture. The questionnaire consisted of both closed and open ended questions. Likert five point scale was used to allow the individuals to express how much they agree or disagree with a particular statement. The responses were recorded and supplemented with direct interactions with a few respondents. However, a small sample size, non-probability sampling technique and human errors might have proved to be some limitations associated with this study.

### Data Analysis and Interpretation

The data collected from the respondents was tabulated and analysed.

#### 1. The degree to which your organization encourages and emphasizes(responses in percentages)

	Parameter	Very High	High	Medium	Low	Very Low
a	Innovation & Risk taking	25	45	20	10	0
b	Precision analysis and attention to detail	30	40	10	10	10
c	Emphasis on results rather than techniques	40	20	20	10	10
d	Considers how its decisions affectes people	20	30	30	20	0
e	Importance to Teams over individuals	30	30	20	20	0
f	Aggression and healthy competitiveness among peers	20	40	20	10	10

	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
2	I would be very happy to spend the balance of my career with my current organization	30	40	10	10	10
3	I am happy with the way in which employees are rewarded for their accomplishment	20	40	10	20	10
4	I find the communication patterns in my organization to be effective.	30	40	15	10	5
5	Employees performance goals are aligned with that of the organization.	50e	20	10	15	5
6	My working environment is friendly and cooperative	40	30	10	10	10
7	My organization structure promotes integration and coordination	30	30	20	20	0
8	I feel encouraged to come up with new and better ways of doing things.	40	30	10	10	10
9	My organization allows employees to make mistakes and learn from it	40	30	10	10	10
10	I feel good about the learning opportunities that are provided in my organization	30	20	10	20	20
11	In my organization Training and development programmes are regularly and timely conducted	40	30	0	30	0
12	I receive required guidance and assistance to move in the set career path.	40	30	10	15	5
13	In my opinion all the resources required for effective performance are readily available to me	30	20	40	10	0
14	Adequate support is provided by seniors in completion of challenging tasks.	40	30	10	10	10
15	There is a friendly and cooperative atmosphere.	50	30	10	10	0

The overall results of the study clearly showed that the organization fosters a good culture which focuses on positive aspects like innovation and taking calculated risks along with an emphasis on positive values like mutual support, friendly atmosphere and synergy in team work. The respondents also seemed to be happy with the general working environment and communication patterns followed at their workplace. Nevertheless, some respondents did feel that the culture could be made even better if there was an enhanced focus on providing better learning opportunities to the workforce. They felt that the training programmes need to be made more customised and the frequency and quality of training could be enhanced and enriched. A few respondents also felt that the rewards system can be fine tuned further to make the culture truly motivating. The Organization might need to change the reward system to encourage the behaviors vital to the desired organizational culture.

## Conclusion

After undertaking the study and interacting with the employees, it was concluded that L&T has a positive work culture where employees feel motivated to work and realise their true potential. The culture encourages the employees to grow as individuals and learn to work as an effective team member. The organisation structure and strategies promote a healthy communication between various levels of the organization so that timely decisions can be made. It would be appropriate to say that though the employees perceive their organization's culture to be effective, there is always a scope for betterment. While there is a need to maintain the good aspects of the culture, care should also be taken to get a regular feedback from the employees and the other stakeholders to proactively bring the necessary changes in the corporate culture to make it more enriched and healthy so that it can better support the accomplishment of the business goals.

Moreover, it should always be remembered that the most important aspect of a strong corporate culture is a shared vision, of what the company is and will be, that is clearly understood and embraced by the entire organization. It is the shared belief in the company's vision that makes people go the extra mile when no one is looking or that makes someone take an hour out of their day to help set up a new employee so the employee can be productive quickly. It is this belief

that causes people to deliver their best effort, day in and day out, whether they get the credit for it or not. This shared vision is the “glue” that binds all the other cultural factors, big and small, into a cohesive whole, and keeps the team focused and moving forward with a common purpose, against all odds.

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