

# The Impact of Work Culture Effectiveness on Employee Performance

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## ABSTRACT

Work culture is a fundamental determinant of employee behaviour, motivation, and organizational performance. This study examines the impact of work culture effectiveness on employee performance with specific reference to Larsen and Toubro Constructions (L&T), one of India's leading engineering and construction conglomerates. Using a descriptive research design, primary data were collected through structured questionnaires from 167 employees across various departments. Statistical tools including percentage analysis, chi-square test, Mann-Whitney U test, Kruskal-Wallis H test, Spearman's rank correlation, interval estimation, and weighted average method were employed for analysis. The normality test confirmed a non-normal data distribution, justifying the use of non-parametric methods. Findings reveal that 88% of respondents perceive work culture as having a strong positive impact on motivation, 81% affirm clear communication of organizational values, and 75% rate leadership effectiveness highly. Compensation and career growth are identified as critical performance drivers, while generational diversity presents both collaborative opportunities and challenges. The study concludes that an effective work culture significantly enhances employee productivity, efficiency, quality of work, and engagement. Targeted improvements in compensation structures, leadership development, and generational integration are recommended to further strengthen organizational performance.

**Keywords:** *Work culture, Employee performance, Organizational values, Leadership effectiveness, Larsen & Toubro, Construction industry, Non-parametric analysis*

## 1. INTRODUCTION

Work culture encompasses the shared values, beliefs, norms, and practices that govern employee behaviour within an organization (Schein, 2010). In today's competitive business environment, organizations increasingly recognize that a positive work culture is not merely a 'soft' organizational attribute but a strategic lever that drives employee engagement, productivity, and long-term sustainability. Organizational culture defines the psychological and social environment in which employees operate, and its effectiveness directly translates into measurable performance outcomes.

Larsen and Toubro Constructions (L&T), established in 1938, stands as one of India's most respected engineering and construction conglomerates. Its operations span airports, metro rail systems, highways, power plants, and smart city developments. Given the complex, multi-stakeholder, and project-driven nature of the construction sector, the role of organizational culture in shaping employee behaviour and performance is particularly critical. L&T's core values — integrity, professionalism, teamwork, and customer focus — create the cultural scaffolding upon which thousands of employees operate daily.

This study investigates the relationship between work culture effectiveness and employee performance at L&T Construction, focusing on dimensions such as organizational values, leadership style, compensation, career development, cross-generational dynamics, and employee motivation. It seeks to offer empirical insights that can inform HR strategy and organizational development at both the institutional and industry level.

## 2. LITERATURE REVIEW

A substantial body of scholarly work has established the centrality of organizational culture in driving employee performance. Schein (2010) conceptualized culture as a pattern of shared assumptions learned through problem-solving, which shapes perceptions and behaviours within organizations. Robbins (2013) further described culture as a system of

shared meaning that distinguishes one organization from another.

Fakhri et al. (2021) demonstrated that organizational culture accounts for approximately 46.8% variance in job satisfaction, and when combined with work motivation, explains 73.8% of employee satisfaction. Srivastava and Rao (2025) found that organizational culture's impact on employee performance is mediated significantly by High-Performance Work Systems (HPWS), including training, appraisal, and employee involvement, in India's service industry.

Aggarwal et al. (2024) identified that positive organizational culture enhances psychological capital — comprising optimism, resilience, self-efficacy, and hope — which in turn improves job performance and life satisfaction. Safril et al. (2026) confirmed that open, helpful, and well-structured cultural environments produce more productive and engaged employees. Kurniasih et al. (2026) extended this framework to sustainable performance, demonstrating that green organizational culture positively influences employee outcomes through job satisfaction and work engagement.

Denison (2021) employed a widely accepted four-dimensional model (involvement, consistency, adaptability, mission) to show that organizations integrating all cultural dimensions achieve higher employee engagement and goal alignment. Velmurugan et al. (2023) applied this model to the Indian IT sector and found that the involvement dimension most strongly predicts employee satisfaction.

Joshi et al. (2025) emphasized leadership as a critical mediator between culture and employee performance, concluding that alignment between leadership practices and organizational culture is essential for improved outcomes. Nambiyar (2023) found that flexible and participative cultures in hospital settings significantly enhance employee performance, while hierarchical structures tend to suppress motivation.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This study adopts a descriptive research design, which is appropriate for systematically describing phenomena as they exist in their natural context. The objective is to capture employee perceptions regarding work culture and its relationship with performance at L&T Construction.

#### **3.2 Sample and Data Collection**

The target population comprised employees across departments at L&T Construction. A non-probability convenience sampling technique was employed. The sample size of 167 was determined using the formula  $n = Z^2pq/e^2$ , with a 95% confidence interval ( $Z = 1.96$ ), estimated success rate  $p = 0.915$ , and margin of error  $e = 0.042$ . Primary data were gathered through a structured questionnaire incorporating closed-ended items using Likert, dichotomous, rating, and ranking scales.

#### **3.3 Statistical Tools**

Given that the Kolmogorov-Smirnov and Shapiro-Wilk normality tests confirmed non-normal data distribution ( $p = 0.000 < 0.05$  for all variables), non-parametric statistical methods were employed. The analytical toolkit included: (i) Percentage analysis; (ii) Interval estimation; (iii) Weighted Average Method (WAM); (iv) Chi-Square test; (v) Mann-Whitney U test; (vi) Kruskal-Wallis H test; and (vii) Spearman's rank correlation.

### **4. RESPONDENT PROFILE**

The sample of 167 respondents exhibited the following demographic characteristics: the majority (31%) fell in the 31–35 age group, indicating a mid-career workforce. Male respondents constituted 59% of the sample, reflecting the male-dominated nature of the construction sector. A significant 50% held postgraduate qualifications, pointing to a highly educated workforce. Nearly half the respondents (49%) possessed over five years of work experience, suggesting organizational stability. The Engineering/Technical department had the highest representation (31%), consistent with the technical focus of L&T's operations.

Demographic	Category	Frequency	Percentage (%)
Age Group	31–35 Years	51	31%
Gender	Male	99	59%
Education	Postgraduate	84	50%
Experience	Above 5 Years	81	49%
Department	Engineering/Technical	52	31%

Table 1: Demographic Profile of Respondents (Most Prominent Category)

## 5. DATA ANALYSIS AND KEY FINDINGS

### 5.1 Organizational Values and Leadership

A strong majority of respondents (81%) agreed that organizational values and ethics are clearly communicated across all levels, with 46% strongly agreeing. This finding underscores L&T's structured approach to values communication. Furthermore, 75% of respondents rated leadership effectiveness as 'High' or 'Very High', and 87% affirmed that the work environment is inclusive, reflecting a positive organizational culture.

### 5.2 Compensation, Rewards, and Career Growth

Compensation emerged as a pivotal performance driver: 84% of respondents confirmed that compensation influences employee performance (confidence interval: 78.4%–89.6%). While 59% rated their compensation adequacy positively, a noteworthy 35% remained neutral, indicating scope for improvement. Similarly, 68% expressed satisfaction with the reward and recognition system, though 25% remained neutral — suggesting that recognition practices need refinement. Career growth was unanimously valued, with 84% rating it as 'Important' or 'Very Important'. Remarkably, 98% reported high transparency in promotion and appraisal processes, a strong indicator of organizational fairness.

### 5.3 Cross-Generational Dynamics

The multigenerational workforce presented both strengths and challenges. Eighty percent of respondents reported strong collaboration across generations, and 62% affirmed that working with employees from different age groups enhances professional learning. However, 74% acknowledged the existence of generational challenges (confidence interval: 67.4%–80.7%), suggesting that targeted interventions for generational integration are needed.

### 5.4 Work Culture and Motivation

The study's most compelling finding is the near-unanimous recognition of work culture's motivational power: 88% rated its impact on motivation as 'High' or 'Very High', with no negative responses recorded. Additionally, 99% of respondents affirmed that a positive work culture helps reduce workplace stress (confidence interval: 97.5%–100%). These findings powerfully validate the theoretical assertion that cultural effectiveness is a primary antecedent of employee well-being and performance.

### 5.5 Job Performance Outcomes

Work culture was found to positively influence all four key performance dimensions: productivity (70% positive), efficiency (70%), quality of work (66%), and active employee participation (63%). Among work culture factors, Compensation & Benefits (77%), Organizational Values (73%), and Workforce Diversity (73%) received the highest positive ratings. Leadership style, career growth, and work environment showed higher neutral responses (41%, 40%, and 38% respectively), indicating areas with improvement potential.

Performance Dimension	Very High (%)	High (%)	Neutral (%)
Productivity	41	29	29
Efficiency	50	20	22
Quality of Work	51	15	34
Employee Participation	44	19	33

Table 2: Impact of Work Culture on Job Performance Outcomes

## 6. HYPOTHESIS TESTING RESULTS

### 6.1 Chi-Square Test

H<sub>0</sub>: No significant association exists between employee perception of management fairness & transparency and reward & recognition system effectiveness. Result:  $\chi^2(9) = 9.585$ ,  $p = 0.385 > 0.05$ . The null hypothesis is retained, indicating that these two dimensions operate independently in shaping employee perception at L&T.

### 6.2 Mann-Whitney U Test

H<sub>0</sub>: No significant gender difference exists in perception of the reward & recognition system. Result:  $p = 0.033 < 0.05$ . The null hypothesis is rejected. Female respondents (mean rank = 93.09) demonstrated a more positive perception of the reward system than male respondents (mean rank = 77.76), suggesting gender-differentiated experiences with recognition practices.

### 6.3 Spearman's Rank Correlation

Correlation analysis among management fairness, reward system effectiveness, work culture motivation, and interaction improving performance yielded p-values exceeding 0.05 for all pairs, indicating no statistically significant correlations. This suggests that these work culture dimensions function as relatively independent constructs rather than co-varying systematically.

### 6.4 Kruskal-Wallis H Test

H<sub>0</sub>: No significant difference across education levels in perception of interaction enhancing performance, inter-generational learning, and reward system effectiveness. All p-values exceeded 0.05, retaining the null hypothesis. Educational qualification does not significantly differentiate employee perceptions on these dimensions at L&T.

## 7. WEIGHTED AVERAGE ANALYSIS: IMPACT OF POSITIVE WORK CULTURE

Respondents ranked the impact of a positive work culture across four dimensions using a 5-point scale. The weighted average scores and resulting rankings are presented below:

Impact Dimension	Weighted Average	Rank
Employee Engagement	28.13	1
Increase in Job Satisfaction	22.20	2
Enhance Employee Performance	19.20	3
Organisational Effectiveness	17.67	4

Table 3: Weighted Average Scores for Impact Dimensions of Positive Work Culture

Employee engagement emerged as the highest-ranked impact dimension (WA = 28.13), followed by job satisfaction (22.20), employee performance enhancement (19.20), and organisational effectiveness (17.67). This hierarchy underscores the primacy of engagement as a pathway through which work culture translates into broader organizational outcomes.

## 8. DISCUSSION

The findings of this study converge with the broader scholarly consensus that organizational culture is a potent driver of employee performance. The extremely high agreement on work culture's stress-reduction role (99%) and motivational impact (88%) at L&T aligns with Fakhri et al.'s (2021) finding that supportive cultures substantially elevate satisfaction and morale. The near-universal perception of transparency in promotion processes (98%) represents a significant organizational strength that likely contributes to employee trust and commitment.

The gender difference detected in reward system perception (Mann-Whitney,  $p = 0.033$ ) is a noteworthy finding. Female employees viewed the recognition system more positively, which may reflect differential organizational experiences or socialization patterns. This calls for gender-sensitive approaches in reward program design. The absence of statistically significant correlations between management fairness, reward effectiveness, motivation, and interaction (Spearman's analysis) suggests that work culture operates through multiple parallel pathways rather than a single sequential process, consistent with Denison's (2021) multi-dimensional model.

The relatively high neutrality in perceptions of leadership style (41%), career growth (40%), and work environment (38%) signals latent dissatisfaction that, if unaddressed, may translate into disengagement. These dimensions represent the most significant opportunities for organizational intervention.

## 9. RECOMMENDATIONS

Based on the empirical findings, the following recommendations are proposed for L&T Construction's HR and organizational development strategy:

1. Enhance compensation structures through performance-linked increments and periodic pay reviews to convert neutral perceptions (35%) into positive ones.
2. Redesign reward and recognition programs with gender-sensitive elements, ensuring timely and equitable recognition across all employee groups.
3. Launch structured mentorship and reverse-mentoring programs to bridge generational gaps and maximize the 80% collaborative potential identified in this study.
4. Invest in leadership development initiatives to convert the 20% neutral leadership perception into active endorsement, particularly for mid-level managers.
5. Define clear, transparent career progression frameworks and increase access to professional development programs to address the 40% neutral stance on career growth.
6. Establish systematic employee feedback mechanisms and quarterly work culture reviews to ensure continuous alignment between cultural practices and employee expectations.

## 10. CONCLUSION

This study provides robust empirical evidence that work culture effectiveness is a significant determinant of employee performance at Larsen and Toubro Constructions. The organization demonstrates considerable cultural strengths — including transparent communication of values, inclusive leadership, high promotion transparency, and a near-unanimous belief in work culture's stress-reducing properties. These attributes collectively create a conducive environment for motivation, engagement, and high performance.

At the same time, the study identifies important developmental areas — particularly in compensation adequacy, reward recognition equity, leadership enhancement, and generational integration — that represent strategic priorities for L&T's HR function. The weighted average analysis revealing employee engagement as the primary channel through which positive work culture manifests its effects provides a clear focus for future interventions.

From a theoretical standpoint, the study's findings contribute to the growing literature on cultural determinants of organizational performance in the construction sector — an industry that has received comparatively less attention than IT or financial services. Future research could employ longitudinal designs or structural equation modelling to trace causal pathways more precisely.

## 11. LIMITATIONS

This study is limited to employees of L&T Construction and may not be generalizable to other construction organizations or industries. The cross-sectional design captures perceptions at a single point in time. Convenience sampling may introduce selection bias, and self-reported data is subject to social desirability effects. The relatively small sample size of 167 limits statistical power for subgroup analyses.

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