FACTORS INFLUENCING ORGANISATIONAL CLIMATE

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ABSTRACT
The study of the climate of an organisation is necessary for an insight into important dimensions such as communication, cooperation, creativity, employee satisfaction, morale, etc. All these factors determine the effectiveness of the organisation. Organisation is likely to be more effective if there is two-way communication and employees are cooperative and have better perception of the organisation. Employees’ perception about the climate influences the employees’ involvement and commitment to the organisation. So the perception of the employees about the organisational climate helps the organisation to achieve the goals of the organisation. Therefore, the research question addressed in this study is: How organisational climate influences the perception of employees and their involvement in an organisation?

Keywords: Organisation; Climate; Organisational effectiveness

INTRODUCTION
The study of the climate of an organisation is necessary for an insight into important dimensions such as communication, cooperation, creativity, employee satisfaction, morale, etc. All these factors determine the effectiveness of the organisation. Organisation is likely to be more effective if there is two-way communication and employees are cooperative and have better perception of the organisation. Such employees have higher job satisfaction and feel committed to the organisation. Their productivity will also be higher. Thus, good organisational climate is instrumented to higher employee satisfaction, better human relations and higher productivity. The role of climate in employee’s satisfaction and organisational effectiveness can be shown with a hypothetical model that specifies the relationship between the major sets of variables. Along with structure, technology, external environment and managerial policies and practices exert important influences on climate. The emerging climate represents the arena which is influenced by managerial policies, organisation structure and technology and external environment. When climate is conducive to the needs of individuals, we would expect goal directed behavior to be high. The ultimate behavior or outcomes are determined by the interaction of individuals needs and perceived organisational environment. The feedback regarding resulting level of performance contributes not only to the climate of the particular work environment, but also to possible changes in managerial policies and practices. Thus, climate has an important influence on
performance and satisfaction of the employees. If the climate is favorable, there would be greater organisational effectiveness.

OBJECTIVES OF THE STUDY

The present study has undertaken the following Objectives:

- To identify the factors that influence organisational climate,
- To study the techniques in improving the organisational climate

METHODOLOGY

The study is carried out through primary and secondary data. The primary data are collected through survey method. Survey is conducted using well formulated questionnaire. Simple random sampling is applied for generating data. Samples for the purpose of the study are selected systematically. Totally 616 questionnaires are distributed among the total employees of the select Bank who are around 8,000. Out of the distributed questionnaires, 116 are not usable. Only 500 of them are found suitable for primary data analysis. Hence the exact sample size is 500. The secondary data were collected from Books, Journals, periodicals, websites and company manuals, files and records.

REVIEW OF THE LITERATURE

According to Newman (2010), Joyce and Slocum (2010), the structure of the organisation can influence employees’ perceptions of their climate. Steven P. Brown and Thomas W. Leigh (1996) stated that perceptions of motivating and involving psychological climate were related to job involvement, which in turn was related to effort. Effort was also related to work performance.

The perceptions of organisational climate and organisational change on the part of 10 senior business leaders in the life insurance industry who self-identify as exhibiting transformational leadership style is discussed and suggests that how to prepare for and adapt to their rapidly changing competitive environment and providing new or alternative strategies for identifying and developing business leaders (Willett, Scott R., Ph.D., 2009). The employees perceived the organisational climate of their organisation to be at a moderate level and Continuance commitment to organisation appears to be the lowest of the three components of the organisational commitment. (Fauziah Noordin, Safiah Omar, Syakirarohan Sehan, Shukriah Idrus, 2010).

The relation between the dimensions of organisational climate, perceptions of support for innovation and performance is moderated by organisational slack and a strong connection exists between the different dimensions of organisational climate and perceptions of support for innovation (Antonia Ruiz-Moreno Víctor J. García-Morales, Francisco Javier Llorens-Montes, 2008). There is a positive and strong relationship between diversity management and organisational climate dimensions: policies and procedures, discrimination, gender issues, equality in conditions of employment, discrimination and employment equity (Tjale, Tsedile Ethel, 2005).

Peter Kangis, and D. Gordon and S. Williams (2000) showed a consistent association between climate and performance, independently of sector, companies performing above average showed higher values on climate dimensions than those performing below average. Mark A. Shadur Rene Kienzle, John J. Rodwell (1999) collected data from 269 employees of an information technology company and examined the relationship between employee...
perceptions of involvement and organisational climate. The authors stated that employee involvement is composed of three essential variables, namely, participation in decision making, teamwork, and communications.

Mathis Schulte, Cheri Ostroff, Angelo J Kinicki (2006) used a sample of 1,076 employees from 120 branches of a US-based bank indicated that individuals' perceptions of the climate accounted for a large percentage of variance in individuals' satisfaction. The results suggest that the overall climate in a work unit has some influence on individual attitudes, after accounting for individuals' idiosyncratic perceptions of the climate. Patterson M, Warr P, West M (2004) stated that company productivity was more strongly correlated with those aspects of climate that had stronger satisfaction loadings. Managers' perceptions of climate would be positive and linked to company productivity than non-managers.

Zhang Zhen, Ma Li, Ma Wenjing (2003) explored the relationship between organisational climate and employee involvement in organisations in Mainland China. After clarifying the constructs of organisational climate and employee involvement, the study conducted one way ANOVA and regression analyses to examine how organisational climate influenced employee involvement in organisations. The results showed that significant geographical difference was found in employee involvement. Non bureaucratic, supportive and communicative climates were the strongest predictors of the employee involvement.

Victoria Bellou, Andreas I. Andronikidis (2009) showed that efficiency, reflexivity, innovation and flexibility, supervisory support and quality were among the most prominent characteristics affected by organisational climate, whereas outward focus and pressure to produce were least affected. Moreover, the only differences revealed between managerial and non-managerial employees were in the areas of involvement and efficiency.

Tengku Marini (2007) revealed that male staff perceived organisational climate more favorable as compared to females. Meanwhile the friendly, precise and attentive style was found to be the predominant communication styles among the staff and the predominant organisational climate was achievement oriented climate. Male and female officers are influenced in a similar manner by organisational climate variables, although the magnitude of that influence varies by gender and suggest that climate variables have a greater impact on job satisfaction than individual level variables (Marie L. Griffin, 2001).

Young, Scott Alan (2000) found that agreement within work groups with respect to climate perceptions may not be as critical as agreement in organisational values and goals. Ali Dastmalchian( 1986) stated in his study that different environmental characteristics have different associations with organisational climate and the relationships between organisational environments and climate are not similar to those found between environments and structure.

Lawrence R. James and Allan P. Jones (1974) focus on the extent to which organisational climate duplicates other organisational and individual domains. Descriptive measures of organisational climate have organisation-specific variance and constitute organisational attributes (John A. Drexler 1976) several organisational process variables (but no structural variables) were significantly related to the climate of the organisation as perceived by scientists. Perceived climate in turn was shown to be significantly related to measures of organisational performance and to job satisfaction (Edward E. Lawler, III, Douglas T. Hall and Greg R. Oldham 1974).
Johnson, Joyce J. (2000) used a sample of 8,126 employees in a large government service agency using an anonymous survey measuring nine aspects of quality culture and ten aspects of organisational climate. Results show that supervisors perceived all nineteen aspects of the culture and climate measured on the survey significantly more positively than did non-supervisors.

Cooper, Michelle A. (1997) discussed the impact of participation in decision making on staff perception of organisational climate/culture, commitment, and influence on work. There was no statistically significant difference for perception of climate/culture compared to results from the same questionnaire administered one year before but commitment and influence on work were significantly lower.

Schnake, M. E. (2011) used a sample size of 269 employees of an information technology company and revealed that affective response affects the dimensionality of perceptual measures of organisational climate. James F. Gavin (1975) conducted a study of 140 managerial level bank employees to determine the extent to which climate perceptions could be accounted for by measures of personal and organisational variables. Findings fail to support the expected interaction of personal and organisational measures but do indicate that personal and organisational variables alone accounted for significant amounts of variance in climate perceptions.

Most of the studies show that there is a relation between organisational climate and employees’ performance. So there is a need for the organisation to provide conducive climate to the employees. Organisations find it difficult to understand what type of climate that the employees preferred because employees perceptions differ from time to time and from situation to situation.

To bridge the gap, the researcher has made an attempt in the study to provide information about the climate variables and employees’ perceptions towards such variables taking into account one of the multinational organisations namely Standard Chartered Bank.

Factors Influencing Organisational Climate

Organisational climate is a manifestation of the attitudes of organisational members towards the organisation. These attitudes are based upon such things as management policies, supervisory techniques, the ‘fairness’ of management, labor’s reactions to management, and literally anything that affects the work environment. Lawrence James and Allan Jones have classified the factors that influence organisational climate into five major components:

1. Organisational Context: The management philosophy of an organisation will be evident from the goals, policies and functions of the organisation and the manner in which the goals are put into operation. For instance, the reputation of a particular company regarding the treatment of employees would provide some indication of the managerial philosophy regarding the utilization of human resources. This philosophy of management is expressed by policies, rules, regulations and, of course, by the actions of managers. The reaction of the employees and the degree to which they agree within management’s philosophy is critical to the development of a favorable climate. If management is able to match employee’s goals to organisational goals, it is most likely to put a positive influence on climate. The management’s attitude towards employees is indeed a major determinant to the overall organisation climate.

2. Organisation Structure: An organisation structure is the framework of authority-responsibility relationships in an organisation. It clarifies who is to supervise whom and who
is responsible to whom. It serves as the basis of inter-personal relationships between the superiors and the subordinates and the peers (people of same rank in the organisation). The organisation structure followed by management is critical organisational climate. If the top management feels the need of giving greater importance to the subordinates, it will follow a decentralized structure. There will be fewer layers in the organisational hierarchy and participative decision-making will be encouraged. The organisational climate will be inductive to the development of the employees. But if the top management like to maintain a greater degree of consistency in decision-making, it would follow a centralized structure. This would enable greater control over decisions; and organisational climate will encourage centralized information management and decision-making.

3. Relationship between superior and subordinates: Every employee has to interact with his superior or boss for necessary instructions and guidance. It is the immediate superior who allows (or disallows) the subordinate to participate in decision-making, gives assignments, does performance appraisals, conducts performance reviews, interprets policies, determines pay increments, and decides who has the potential to be promoted. These functions are inherent in managing and every manger is concerned with these functions. The relationship between superior and subordinate is not only of an interpersonal nature, but it also represents the primary interface between the organisation and the employee. All mangers must therefore be aware of the possible influence on climate when deciding the type of leadership (autocratic or participative to be provided to the subordinates. The effectiveness of a leadership style is determined mainly by the particular situation. In other words, the leadership style must suit the situation faced by the manger. If it is not so, the motivation level of the workers will be low, they will feel frustrated and dissatisfied and productivity may also go down. If the workers are not satisfied with the type of leadership provided, effective communication will be hindered and their morale will also be low. Therefore, every manager must consider the likely impact of this style of functioning on the organisational climate.

4. Physical environment: It has been observed that office decor, office size and the physical space allotted to a person at work (private office or general office) etc. have an important influence to the development of a favorable attitude towards the job. Noise has also been considered instrumental in influencing the climate of organisation. High level of noise may bring a bad feeling and lead to frustration, nervousness and aggression and thus have a negative effect on the organisational climate. Some degree of immunity to noise may be possible when it is a steady part of the external environment. Therefore, noise to a tolerable extent may not adversely affect the organisational climate.

5. Values and Norms: Over a period of time every organisation develops a culture of its own. Culture is the social or normality glue that holds an organisation together. It expenses the values or social ideals and beliefs that organisation members come to share. In the words of Bro Utal, “Organisational culture is a system of shared values (what is important) and the beliefs (how things work) that interact with a company’s people, organisation structures, and control systems to produce behavioral norms (the way we do things). The above quotation suggests that organisations have different cultures goals and values, managerial styles, and norms - for carrying out activities. We have already discussed as to how organisational goals and managerial styles influence the organisational climate. Now we shall study the impact of values and norms.
Techniques for Improving Organisational Climate

The following techniques may be helpful in improving the organisational climate:

(i) **Open Communication**: There should be two-way communication in the organisation so that the employees know what is going on and react to it. The management can modify its decisions on the basis of employees’ reactions.

(ii) **Concern for People**: The management should show concern for the workers. It should work for their welfare and improvement of working conditions. It should also be interested in human resource development.

(iii) **Participative Decision-making**: The employees should be involved in goal setting and taking decisions influencing their lot. They will feel committed to the organisation and show cooperative attitude.

(iv) **Change in Policies**: The management can influence organisation climate by changing policies, procedures and rules. This may take time, but the change is long lasting if the workers see the change in policies procedures and rules as favorable to them.

(v) **Technological Changes**: It is often said that workers resist changes. But where technological changes will improve the working conditions of the employees, the change is easily accepted. There will be a better climate if the management adopts improved methods of work in consultation with the employees.

**How Managers and Employees in Influence Climate?**

Management plays an important role in shaping the climate the organisation. It does so by determining organisational goals, laying down organisational structure and pattern of communication and decision-making processes and also shaping of organisational norms and values. Besides, management also has direct control over the physical environment under which the employees work. In fact, management’s control over these comments means that management has the ability to affect changes in climate through adjustments in any of the components. Given the nature of the make-up of an organisation’s climate, the real effect of any action by management can never be accurately predicted. Nonetheless, management must take the initiative in improving the subordinate-manager relationship and the organisational climate The role of managers in establishing a favorable climate is primarily action-oriented while the employees’ role is one of reaction. The employees also exert their influence on organisational environment. They do so by trying to control their environment and bring about changes that will make their lot more endurable.

**CONCLUSION**

The organisational climate leans upon job satisfaction, continuous motivation and training and leadership qualities of employees. Communication technology motivates to work in a challenging work environment. The leadership qualities create supportive spirit, optimistic interpersonal relationship and conducive work environment. On the whole the employees are satisfied with their work environment and job and feel proud of belonging to their organisation.

**SUGGESTIONS**

When the climate is worker oriented the employees will direct their behavior to attaining organisational goals. Positive working conditions such as proper motivation, warm environment, a differential reward system, orientation for new workers, co-operation among
co-workers, job variety, opportunity for growth and development, supportive monitoring and belonging to a team influence the employees' perceptions. Therefore, measures to initiate such a climate are justified. The following suggestions are offered to make the organisational climate more conducive and effective:

- The top level management is suggested to improve the motivational factors such as core values and supervisor’s efficiency.
- Positive work environment can be made through providing challenging work as employees have weak perceptions on such work environment factor of the organisational climate.
- The organisation should take special measures to support the work groups and encourage the team spirit among employees.
- The management should encourage employees to work on their interested project which increases their efficiency and job satisfaction.
- The organisation has to develop training methods and training premises for employees to improve their knowledge, skills and abilities and to do a quality job.
- The organisation has to increase opportunities for personal growth and development of the employees.
- The organisation has to help the employees in selecting the best suited career in their job.
- Communication must be transparent and sufficient for smooth performance of employees.
- Management must encourage the employees to participate in decision making which brings good communication between subordinates and superior and to achieve organisational goals and objectives.
- The organisation has to provide various conducive work environment like work schedule options, motivating factors, career development, training methods, communication system and leadership style to suit the various needs of different categories of employees based on demographic factors.

SCOPE FOR FURTHER RESEARCH

A comparative study of employees perception of organisational climate variables between departments, between branches, between nations of the organisation can be studied for future research in addition to organisational climate variables of public sector can be compared with private sector.

SOCIAL RELEVANCE

The study provides useful information to the Organisation, employees, Employers, Government and society.

REFERENCES


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