INTRODUCTION

To know easily about the impact of organisational climate on the performance of the employees working with an organisation, it is necessary to discuss and separately regarding meanings and natures of the Organisation, Climate and Organisational Climate thereafter Performance and Impact on the performance of employees. The step by step discussion separately about the above mentioned words has been chronologically enumerated as under:

Organisation: There are two literary meaning of the word ‘organisation’ i.e. as noun an organisation is a group of more than one people working together on a common platform for accomplishment of common goal. And second meaning i.e. as verb is to systemize the resources, activities and functions of each resource and combine them in order to achieve the determined objective of an individual or group of individuals.

Human beings are, by nature gregarious. Community or group life has been one of earliest and most enduring features of human existence on this earth. This natural phenomenon of living the human beings in groups have generated a variety of groupings such as family, clan, community, friendship group, organisations, etc.

Organisations- business or social domain our lives. Our activities and behaviour are shaped by these organisations right from birth to death. Everyone deals in life with the organisations. There is no escape from them. Hospitals, schools, colleges, clubs, societies, local, state and central government, manufacturing and trading concerns are some of the organisation we are associated throughout the life. Our association with some of them are close and long while they are short lived or temporary with some others. The only alternative may be a complete return to nature which very few of us may choose. This association of human beings with organisations dominates in every country irrespective of the ideology and geographical differences.

An organisation needs a system of relationship among functions; it needs stability, continuity and predictability in its internal activities and external contracts. It requires harmonious relationship among people and processes.

All organisation have certain aims and objectives before them for which they strive and do their best to achieve them through their people who run and manage the affairs. In order to define the roles of their members, their behaviour and activities,
they develop certain rules and regulations, policies, practices and procedure, organisations are thus made of objectives, people and systems and procedures.

Different definitions of organisation make it clear that different scholars look upon organisation from different angles. Some regard it as a mechanism to achieve certain objectives by division of labour, authority, and responsibility among its members and coordinating their activities. Some regard it as a network comparison of human relationship in groups. Some others regard it as a system. These different approaches to achieve its objectives are reflected in different organisation theories which developed certain principles to guide managers in designing the organisation and making it an effective instrument of meeting business goals.

Organisations are social entities. It is very essential for everybody who likes to work with or manage, to know how they operate. We cannot present an all-comprehensive definition of organisation. We are giving hereunder some definitions of organisation as a system:

1. “Organisation is the pattern of ways in which large numbers of people, too many to have intimate face to face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purpose.”

2. The organisational is “the rational co-ordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility.”

3. Bakke, however gives a more elaborate definition of organisation. He defines it as “a continuing system of differentiated and co-ordinated human activities utilising, transforming and wedding together a specific set of human, material, capital, ideational, and natural resources into a unique problem solving whole engaged in satisfying particular human needs in interaction with other systems of human activities and resources in its environment.”
The above definitions present the following characteristics of an organisation:

(i) Modern organisations are **too large in terms of numbers of people in employment and in terms of the amount of investment.** Direct contact between employer and employees is not possible in modern organisation.

(ii) Modern organisation involves huge investment and **complicated technology,** their management and operation is a complex affair. It needs assistance from specialists at all levels.

(iii) There must be **mutually agreed purpose** because all activities in an organisation are goal-oriented.

(iv) There must be a **system of working** in all organisations. It means there must be well defined hierarchical levels, a chain of command, rules and procedures, and communication net works. So that consistency and uniformity in behaviour may exist.

(v) **Differentiation** is a must. A chain of systematic division of labour takes place by assigning authority and responsibility to an individual who is supposed to be specialised in the job and this leads to differentiation.

(vi) **Co-ordination** among various activities of a department and of the organisation is necessary for the harmonious functioning of the organisation. Co-ordination is done by the divisional head and the organisation head.

(vii) **Interaction with other systems** is also must. All systems are interdependent and exert influence on others and are influenced by others. Mutual dependence necessitates interaction and consequently adaptation.

Thus, the modern organisation is an ideal co-ordination of the functions of a number of people for attaining the mutually agreed purpose through a well defined system of working, i.e., hierarchical levels, chain of command, rules, and procedures and communications and through the principle of division of labour. It influences and is influenced by other social systems.
In the language of business as a noun meaning of the word ‘organisation’ group of people working as team comprising of members of management and employees working together within specific premises or area and apply coordinated and combined efforts of various individuals working in different departments of single business entity for accomplishment of the common objective. Another meaning in business language as verb an ‘organisation’ is combined and coordinated act of more than one person for achieving the predetermined goal in business.

Organisation is a principle of life. Without control over vital functions, coordination between organs, and regeneration of dead tissue, a living body would soon turn into a corpse. Many vulnerable species survive because of social organisation. Bees and ants build their colonies, antelopes moves in herds, and monkeys have their troops. In these, rudimentary specialization of functions, division of labour, and control and coordination through social cooperation increase the chances of survival of the members. If the naked ape has survived, multiplied, and come to dominate the earth, it is no small measure due to his organisational skills. These skills have given birth to several institutions of collective living-the family, the tribe, the caste or community, and eventually, the formal organisation.

Modern life is inconceivable without the invention of the formal organisation. Imagine the texture of life without corporations, political parties, academic institutions, governmental agencies, voluntary organisations, clubs, cooperative societies, institutions of worship and so forth. We often think of the chief difference between the developed and the developing societies as one of huge difference between their per capita incomes. But without the rich network of varied formal organisations in a developed society, their material prosperity would quickly vanish. Socio-economic development implies, as a necessary condition, the setting up and effective functioning of an immense variety and number of formal organisations. Not just business enterprises, but every other form of organisation must thrive if socio-economic development is to take place. This is because of the high degree of enterprises cannot prosper unless transport, communications, and energy supplying utilities perform effectively. And all these cannot thrive unless governmental regulatory agencies, financial institutions, training institutions, health institutions, etc. do their job properly.
The focus of the book is effective designs of all formal organisations operating in Third World setting rather than that of just corporations. Besides, all sizeable organisations regardless of type do have much in common (as discussed later), so that what is good for corporations can, under certain circumstances and within limits, be appropriate even for hospitals, universities, governments, and voluntary organisations - and vice versa.

Life in formal organisations is rather different from life in other social institutions like the family or the community. It is far more disciplined, structured, and impersonal, and difficult to adjust to for people socialised into informality, expectations of warm interpersonal relationships. Highly flexible time schedules, and much freedom of movement. For cultural, economic, social, and political reasons, and also due to unfamiliarity, managing formal organisations effectively is not always easy in developing societies. But then, for socio-economic development to take place, these organisations must work effectively. Before identifying their effective designs, let us first take a look at the nature of formal organisations.

**Formal organisations**

If corporations, hospitals, cooperative societies, clubs, government agencies, voluntary organisations and so forth are all organisations, what is common about them? In other words, how do we know whether something is an organisation or not an organisation? Is a family an organisation or not? What about a local community? Or a village or a city? Or the country as a whole? Or the whole world? Are these or are these not organisations? Many centuries back Socrates, the Greek philosopher, provided a handy way of defining things: find out the class to which the thing belongs, that is, its genus, and then identify the characteristics that distinguish it from other things that also belong to that class (its differentia). Thus, one could say that organisations are collectivities like the family, the community, etc, that is, they have more than one individual as a member. But they differ from other collectivities in respect of several characteristics:

Organisations are created by people, keeping in mind the pursuit of some specific purposes. A firm is set up to earn profits; a hospital is set up to treat patients; a
government agency is set up to provide some public service, etc. Communities and families are generally not set up- they emerge. And they do not pursue a particular charter of objectives, although they fulfill a very wide range of human needs and perform many functions.

Organisations have a formal structure to achieve their objectives. They have formally identified roles, such as that of chairman, marketing manager, industrial engineer, first line supervisor, machinist, etc. They have formally designated departments, such as of personnel and administration, finance, manufacturing, research and development, etc. They have a clearly established hierarchy: one or a few persons are known as the boss or bosses. They are formally granted powers of decision making, with some others reporting to them who may have more restricted powers, and so on down the line. They have specified work routines and systems. To be sure there are roles, division of work and some specialization by function, a pecking order of authority, and routines and rituals even in other collectivities like the family and the community; but these are usually informal and loose, not formalized.

Thus, a family is not an organisation but family business is; a city is not an organisation but its municipal corporation is; a society is not an organisation but its government is.

There is a second way of defining things, especially living or sentient things. We may ask what functions an entity performs in a system that other entities in the system do not perform. Like individuals, families, and communities too are part of a social system, but they meet those human needs that cannot easily, conveniently or economically be met either by individuals of families or the community. Steel or electronics or formal education leading to a qualification or public security or national defense or socio-economic development cannot be produced without organisations because only organisations have the sharp focus, structure, resources, and the know-how to assemble diverse inputs under one roof to produce complex products or services.

Thirdly, we may also identify the distinctive way an entity operates. Thus, families operate on the basis of love, intimacy, trust, and so forth, and tend to break apart when these are missing. Communities operate on the basis of shared norms, rituals, and practices, and break apart when these decline. Organisations may operate in part on
the basis of intimacy or shared culture, but they may not, without breaking apart. The basis on which all of them operate is formal authority to take decisions, without which they cannot function.

Putting together the three ways of defining entities, we may define organisations as collectivities that are created by humans to pursue specific purposes with the help of a formal structure and to provide goods and services to society that otherwise either cannot be produced or produced only at a very high cost, in which decisions are taken mainly on the basis of formally allocated authority to make decisions.

The essence of this definition is that people who work collectively with each other need a specific and defined system or structure through which they connect with each other and through which their efforts can be coordinated. Every organisation has goals or objectives for its existence. In the case of Personnel Management for optimization of effectiveness of human resources, the goals of an organisation can be achieved more suitably if the behaviour of workers and the composition of the organisation can be predicted and integrated cooperatively. The formal organisational structure attempts to give order and unity to the actions and efforts of those who work together. Organisations are social entities. It is very necessary for everyone who wants to work or manage to know how they function. We cannot present an all comprehensive definition of organisation. We are going hereunder some definition of organisation as a system:

- According to Pfiffiner and Sherwood, “Organisation is the pattern of ways in which large number of people, too many to have face to face contact with all others and engage in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes.”
- According to Sheim E.K., “The organisation is the rational coordination of the activities of number of people for the achievement of some common, explicit purpose and goal, through division of labour and functions through hierarchy of authority and responsibilities”.
- According to Bakke E.W., “A continuing system of differentiated and coordinated human activities utilising, transforming and wedding
together a specific set of human, material, capital, ideational, and natural resources into a unique problem solving whole engaged in satisfying particular human needs in interaction with other systems of human activities and resources in its environment.”

All the above definitions present the following characteristics of organisation:

(i) Too large in terms of number of people in employment and in terms of the amount of
(ii) Investment.
(iii) Direct contact between employer and employees is impossible.
(iv) Involvement of huge capital and complicated technology and their management and operation is a complex affair because it needs experts at all levels
(v) Mutually agreed purposes because all activities are goal oriented.
(vi) Need of system of working in all organisations that means well defined hierarchical levels, a chain of command, rules and procedures, and communication network in order to bring consistency and uniformity in behaviour.
(vii) Compulsory differentiation means a chain of systematic division of labour takes place by assessing authority and responsibilities to an individual who is supposed to be specialised in the job and this leads to differentiation.
(viii) Co-ordination among various activities of a department and of the organisation is necessary for the harmonious functioning of the organisation. Coordination is done by the divisional heads and organisational heads.
(ix) Interaction with other systems is also must. All systems are interdependent and exert influence on others and are influenced by others. Mutual dependence necessities interaction and consequently adaptation.

Thus the modern organisation is an ideal organisation coordination of the functions of a number of people for attaining the mutually agreed purposes through a well defined system of working i.e. hierarchical levels, chain of command, rules and procedures and communications and through the principles of division of labour. It influences and is influenced by other social systems.
Organisation Process:-
The organisation process is the forming of structural inter-personal relationship. This process involves following eight steps:-

(1) Determination of organisational goals or objectives.
(2) Determination of the task requirements which are necessary to achieve the goals (i.e. types of skills, efforts and knowledge)
(3) Division of task into different jobs to find out numbers of persons required to perform the related tasks.
(4) Integration of jobs into departments or other work groups to take advantage of the specialization and efficiency.
(5) Selection of personnel to fill jobs.
(6) Assignment or distribution of work to the individuals according to their dexterities and abilities.
(7) Delegating or granting the authority to the people to carry out the functions of their jobs.
(8) Determination of superior subordinate relationships for facilitating the performance evaluation.

An organisation is mechanism with which management directs, coordinates and controls the activities of man. It is distinct from an “administration”. As Sheldon has said, “An organisation is the formation of an effective machine, the management of an effective executive and administration of the effective direction. Administration determines the organisation; the management uses it. An organisation is a machine of management in its achievement of ends determined by its administration.

The Nature of Organisation
An organisation is a group of human beings having versatile skills and abilities. All of them being reasonably befitting for contribution and discharging its function to accomplish the established goal under combinations of varied objectives and structures. The same can produce a limitless supply of organisational forms. The existing constituent of texture of every organisation is also potentially capable of being modified for new tasks by tagging on to it or removing from it aspects by ameliorating the same. For example, a firm operating in India can also manage to operate in China by creating a Chinese division and tagging it on to the main
organisation. If the operations in China fail, the Chinese division can be dissolved. If a company is marketing auto parts, but now wants also to market electrical goods, it can do so by retraining its salesmen.

People in an organisation comes from different backgrounds and work on a common platform where they work together as a collective unit to achieve established or predetermined objectives and targets. The word organisation is a set up where more than one person joins hands to earn a living for themselves as well as earn profits for the organisation. An organisation consists of individuals with different specializations, educational qualifications and work experiences all working towards a common goal. These people are termed as employees.

Following are the definitions of ‘organisation’ provided by the eminent authors and management thinkers:

_A social unit of people that is structured and managed to meet a need or to pursue collective goals. All organisations have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks. Organisations are open systems--they affect and are affected by their environment._

An _organisation_ is a social entity that has a common goal and is affected by an external environment. The word “organisation” is derived from the Greek word _organon_, itself derived from the better-known word _ergon_ which means "organ" – a compartment for a particular task.

The various types of organisations, include corporations, governments, non-governmental organisations, international organisations, armed forces, charities, not-for-profit corporations, partnerships, cooperatives, and universities.

The organisations are the object of analysis for a number of disciplines in the social sciences, such as sociology, psychology, political science, economics, organisational communication and management. If we analyse the organisation broadly, that will be commonly referred to as organisational structure, organisational studies, organisational behavior, or organisation analysis. There are a number of different prevailing perspectives, some of which are compatible:
• **Organisation from a process point of view:** An organisation is viewed as an entity is being (re-)organized, and the concentration is on the organisation as a set of tasks or actions.

• **Organisation as a functional perspective:** The focus is on how units or entities like businesses or state authorities are used for accomplishment of a predetermined goal.

• **Organisation as an institutional point of view:** An organisation is viewed as a purposeful structure within a society.

Sociology can be defined as the science of the institutions of modernity; specific institutions serve a function, akin to the individual organs of a coherent body. In the social and political sciences in general, an "organisation" may be more commonly known as the planned, coordinated and purposeful action of human beings working together through collective action to reach a common goal. Such tasks are often performed according to formal rules and regulations. According to Sociology the term organisation is divided into two parts i.e. planned formal and unplanned informal organisations. In sociology the organisations are analyzed from the institutional perspectives in first line form. Accordingly, organisation is a permanent management of elements. These elements and their actions in a systematic manner are established by rules so that determined activities can be performed under a system of coordinated work force.

The division of work force in an organisation at initial stage is also considered as economic approaches to organisations. The division of manpower or work force is according to their specialization. The need of coordination depends upon the number of specializations, more numbers of specializations will require enhanced coordination and opposite to that less number of specializations will need less coordination. As coordinated mechanism for execution of transactions the word organisation and markets can be used as alternative for each other.

All the elements which become the parts of an organisation in its formation such as; who is connected to the organisation and who is not? What kind of system is adopted by the people for communicating to each other within the organisation? What are the elements used in the communication? How much liberty do the people of an organisation have in communicating with their colleagues working at all levels? How
much liberty or autonomy an organisation has to execute the changes in the elements and rules of action compared to outside events? Whether the organisation is able to complete tasks that lie beyond the abilities of the single elements through proper planning, coordination, collective efforts and cooperation of each element?

The organisation is a human tool of extraordinary versatility. Different combinations of goals and structures can produce a nearly limitless supply of organisational forms, each of which being reasonably appropriate for its particular task. Any particular organisation is also potentially capable of being modified for new tasks by tagging on to it or deleting from it aspects if structure or by modifying existing elements of structure. For example, a firm operating in India can also manage to operate in Indonesia by creating an Indonesian division and tagging it on to the main organisation. If the operations in Indonesia fail, the Indonesian division can be dissolved. If a company is marketing soaps, but now wants also to market bulbs, it can do so by retraining its salesmen.

The formal organisation may not be able to satisfactorily provide the more sublime things of life-love, peace, and bliss. And it often does sell to society some damaging goods and services-junk food, ostentation, greed, violence. The organisation can frustrate the people who work in it through its rules and regulations and controls. But it can be designed to provide an enormously varied range of goods and services for meeting human needs. It is also (potentially) enormously productive. It can produce millions of tons of steel, millions of cars, banking services for millions of customers and financial security for hundreds of millions of citizens. Without this amazing tool, civilization is impossible.

For nearly a century now, organisational researchers have been trying to peer into the nature of organisations. They have investigated organisations with a fascinating variety of methods. What they have uncovered so far is very interesting, and very useful for designing better organisations, although what we still do not know about organisations vastly exceeds what we do know. Before we launch an exploration of organisational designs for excellence it may be useful to survey briefly what we do know about organisations.
Throughout history individuals have had useful insights into organisations and their management. But systematic research on organisations began, however, in this century. Early insights came from economists, sociologists, and management practitioners. Economists developed interesting models of the behaviour of business firms in different market situations (competitive markets, markets dominated by a few big sellers called oligopolies, and monopolized markets). They assumed that all firms want to maximize profits, and given this goal they sought to determine the kinds of pricing, employment, and production decisions the firm would make. They, however offered virtually no insights into the sort of organisation the firm needed to have to be able to make- and implement- these decisions.

Sociologists- particularly Max Weber- did some interesting analysis of the different kinds of authority systems found in organisations. For instance, Max Weber identified three different types, which he labeled traditional (based on customs and conventions), rational- legal (based on laws, contracts and rational calculation of costs and gains), and  charismatic (based on the admiration of members of the organisation for the heroic qualities or ideas of a person). Weber impersonality, rules and regulations, hierarchy, meritocracy, and so forth- that he felt was a superior alternative to the highly personalized, owner dominated, intuitively managed business organisations of his day.

Management practitioners- managers and consultants- offered a number of insights into the functions of management, and the principles that should govern these. Henri Fayol, for instance, claimed that the management of any organisation, whether it is a business firm or not, must perform several functions, such as setting goals for the organisation and making plans for their achievement, setting up an organisation to be able to pursue these goals by recruiting staff and allocating them to various departments, controlling the operations through budgets and standards and personal supervision so that they proceed according to plan, coordinating the work of different sections and departments by setting up coordinating roles, committees, etc., and providing leadership and motivation to the staff through incentives, effective communications, setting a personal example, etc. A number of principles or guidelines were offered for performing these functions, such as that authority must
have equal responsibility, the span of control (the number of persons reporting to a superior) must not exceed seven, no one should have more than one boss, etc.

This early work on organisations was characterized by arm chair models and personal observations, not by systematic empirical work. It is quite naïve in retrospect, and has not stood the test of time or research, but it was useful for helping researchers to get started, because it offered interesting concepts and hypotheses. Research on organisations picked up steam when social scientists from various disciplines—psychology, sociology, anthropology, political science, economics, mathematics, biology, history, philosophy, and so on—entered the fray. The picture of the organisation that is emerging from their labours is a complex one. By and large, organisational researchers have looked more keenly at the medium sized and the large organisations, not the small one-man shows, for insights into organisational design. One reason is that the tiny organisation has management problems (e.g. overload on the chief) but not too many organisational problems since the structure is so small and simple. Also, through the tiny organisation is vastly more numerous than the larger organisation, its economic importance tends to be marginal. For instance, over 95% of U.S. firms in 1972 were small (they had less than $100,000 in assets), but they accounted for less than 2% of all corporate assets; on the other hand, 0.1% of the companies, each with assets exceeding $250 million, accounted for over 60% of such assets. The summary of organisational research attempted below outlines therefore mainly the nature of the sizeable rather than the tiny organisation.

**Organisation is a social system:**

Social Systems can be taken as a complicated set of human values and relations interacting one another in many ways. An organisation is a web of interrelationship. Each individual is linked with other individuals and groups in one way or the other and in turn, they are linked with others. These interactions develop without any limit. They work originally in small groups which are a part of the bigger group which in turn come as a part of even larger groups and this grouping encircles the whole population of the world. Thus a social organisation includes all people in it as they concern each other and to the outside world. They are interrelated to one another in a social system.
Social system influences jobs in many ways in an organisation. This ascertains the attitudes and values surrounding the job and influenced the way that people interacted mutually. These relationships are, many a time, the prescribed ones that the organisation chart provides for, but quite often, they tend to develop when people interact on a continuous basis. These relationships are, at times, free from all reservations, but at other times, they are constrained or restrained. They form informal groups with their colleagues, friends, etc and talk freely while to a few they talk with reservations and only on formal matters. It all depends on the status of persons concerned in the organisation and individual’s own status.

The linking of individuals is necessary for the proper integrated functioning of an organisation so that all individuals and groups may work towards the achievement of organisational goals and for this purpose all members of the organisation are grouped in divisions, units or sub units to perform apart of the total functions. Every individual specialises in a particular task and for that no individual or unit is wholly independent. They all are interdependent and the job of the organisation is to see that no one works in isolation and linkage is established. Under social system we have to deal with social equilibrium, culture, role, authority, power, and status. In this chapter, we shall discuss all these ingredients of social system.

**Every Organisation is a business:**

Organisations ranging from business firms to charitable institutions are economic entities. That is, they have to seek resources, and they have to economise on the use of their resources. This is because organisations seldom get all they want at zero cost. All organisations have to acquire space, workers, capital, and managers to get started and operate, and all these cost money. Some critical decisions have to be taken, ones that affect the size of the staff and the activities of the organisation. For example, should the organisation employ people with particular skills or contract these services from the market? If the decision is to employ, then the size of the organisation in terms of manpower strength goes up, and because people have to be allocated to departments, the structure becomes more complex. Similarly, decisions have to be taken to make or buy products, components, equipments, services, etc. If the organisation decides to
make some of these, its production apparatus and production management will get more complex, and the organisation will get more vertically integrated.
Besides the 'employ-not employ' and 'make-buy' types of decisions, the organisation has to develop strategies for acquiring and replenishing resources. Commercial organization do this by trying to market their products or services at a profit and using this profit to acquire or replenish resources. Not-for-profit organisations (such as charitable institutions, unions, political parties, many social welfare agencies, etc.) do not market goods and services in the way business firms do. They often have to appeal to people's altruism, or fight politically for budgetary allocations from the government on the basis of the social desirability of their activities, or seek funds from their members on the promise that they will further their interests, etc. Because of the scarcity of resources, organisations also need to watch their costs, and this translates into the use of such management tools as budgetary control, cost standards, performance reporting management information system, etc. Again because of limited resources, organisations need to priorities their activities, and determine which activities will get the lion's share of resources, which activities will continue on sufferance, and which activities will need to be dropped. Systems of planning and control come into existence in the wake of this concern.

Finally, barring some exceptions, most organisations face competition in some form or the other. This is because claims on resources in a society tend to far outstrip availability of resources. Thus, organisations need to develop strategies for competing, and this can take a wide variety of forms, ranging from competition in the market place to violent forms of inter-organisational rivalry (e.g. gang warfare during inter-union rivalry). Especially interesting are competitive strategies when the number of rivals is not too large, each organisation has to estimate how the others will react to its competitive move, and this greatly complicates competitive strategy.

Thus, economic imperatives shape every organisation, from the corner provisions store to the mightiest corporation, and the local police station to the Planning Commission.

**Every Organisation is a state:**
A state is a political entity, that is, processes involving the use of power determine what decisions are taken. Every organisation, even a purely commercial one, is a mini-state. True, the usual political processes of the state, such as elections, are often absent in organisation, but ideologies and systems of authority, and politics are present in most organisations in some form or the other. This is because individuals like to have power, for selfish reasons and/or also for promoting their ideals and ideas. In an organisation where members want to pursue their interests, struggle for power becomes inescapable. Whose will be done, whose priorities will prevail, who will benefit and at whose expense, become important issues. The very structure of organisations is such that conflicts and politics are promoted rather than contained. Powerful posts become scarcer as one ascends the organisational hierarchy, and therefore there tends to be fierce competition for coveted posts. Division of labour and functional specialization narrow down perspectives and reduce appreciation of the problems and needs of people working in other departments. This also foments conflicts and a 'we' versus 'they' attitude.

To prevent the struggle for power from degenerating into a bloody free for all and thus paralyse the functioning of the organisation, the latter develops several coping mechanisms. One is a political one: like-minded individuals, or individuals with complementary interests, form coalitions. Often forums for representing various interests and reconciling them get formed (such as the board of directors, the management committee, the bipartite union-management committee, etc.). The organisation is governed either by a powerful dominant coalition or a looser coalition of coalitions. Another coping mechanism is the evolution of procedures for coping with conflict. Thus grievance procedures may get evolved.

Attempts are made to reduce conflict by selecting only those persons for employment or membership who subscribe to the priorities, programs, or ideology of the 'organisation', in reality of the dominant coalition. Training and orientation programs are developed for personnel to mould them into thinking along 'proper' lines, a form of ideological control. Promotion and reward systems get weighted in favour of those who conform to the wishes of the dominant coalition. Systems of control and supervision are set up to ensure this sort of compliance. The organisation may identify
some overarching, goal or mission with which its members can identify strongly, and this can reduce conflict.

People use all sorts of power sources in the struggle for power. The most obvious source is the authority a person has by virtue of holding a certain position in the organisation. It becomes easy for a person to exercise power in the name of pursuing one's duties and responsibilities. Another, and often related power source, is the ability to reward or bribe or punish others. Proximity to a powerful individual (such as that of the secretary of the chief executive) also is power source, as also a position of intermediacy to a powerful individual (a relative or colleague of a powerful decision maker). Expertise, especially if someone has a monopoly of it, is another source of power. The power to disapprove, such as that of the finance chief or the internal auditor, is also a source of power, as is the power to approve. Ability to reduce uncertainties faced by the organisation confers much power, as do centrality within the network of decision makers, and in substitutability (that is, lack of a ready alternative to the person). When work in the organisation is highly specialized, even fairly low level staff who are specialized, can wield a great deal of power because if they go on strike the operations of the organisation may grind to a halt. And, of course, power resides in unity - the power of the clique, the group, the union. A source of power is charisma that comes from having a larger than life reputation (based on real or imaginary heroic deeds). Another source of power is ideological appeal - the propounding of an ideology or a vision of excellence or values that finds many followers.

Like states, every organisation is founded on some philosophy or the other of authority that is widely accepted in the organisation. We encountered three such philosophies earlier that Max Weber described: in the authority system based on tradition, such as a feudal monarchy; the system based on contract in which there is some attempt to build in rationality and meritocracy, the form most commonly used in business organisations and institutions of professionals; and the system in which headwields absolute power because of his or her charisma. But there are many others. Technocracy is a system in which authority is wielded by experts (as in a university or a hospital or a research lab). Democracy is a system in which decisions are collectively made, as in a cooperative society or a club or a political party.
Bureaucracy is a system in which authority is codified into detailed rules and regulations so that no matter who the decision maker the decision will tend to be the same because it will be governed by prescribed rules etc, a system widely used in the government. And, of course, there is dictatorship in which the person at the top wields all the power because of his power to punish. Then there is theocracy in which authority is derived from dogma or faith, a system used not only in religious organisations but also in ideology-oriented organisations like political parties of extreme right and left.

Power is not necessarily bad, although it does seem indecent in its vicious forms of bashing underdogs, intrigues and duplicity. Power clarifies relationships. Power enables the organisation to have a sense of direction and enables coordination of activities and control over performance. The use of power can lead to the emergence of countervailing power which then checks illegitimate use of power. Power satisfies an important human need and therefore is or can be used as a powerful motivator. So, power has many uses. The challenge in organisational design is to develop systems for the constructive, organisationally beneficial, socially useful expression and use of power.

Every organisation is a culture:

A community is a group of persons who live in close proximity, share some facilities and resources, interact actively, and depend substantially on one another for meeting their needs. In this process of living together, a culture tends to develop of shared beliefs, norms, values, practices, rituals etc. that bind the community together. Deviations from these are often permitted, but within limits.

There have been many definitions of culture. According to one view, culture is a community's solutions to some common human problems, such as what basically is human nature like (e.g. evil or good), how may man relate to nature (e.g. master nature or try to live in harmony with nature), how should man relate to time(e.g. give priority to the past, the present, or the future), how should man relate to activity (e.g. live with the current situations or strive for change), and how should people relate to one another (e.g. compete or cooperate). Another view is that culture is programmed
perception, thinking, and feeling. That is, it is a pattern of assumptions a community makes and transmits from one generation to another that enables members of the community to cope with external changes and create internal cohesion.

Organisations, too, tend to become cultures. Although their members seldom live together, they work together for years. In the process some distinctive beliefs, norms, values, practices, etc. tend to emerge that long standing organisational members internalize and like to indoctrinate newcomers into. Some of these norms, practices, etc. get so thoroughly internalized that nobody questions them – they taken for granted, that is they get institutionalized. This institutionalization is useful to the extent that it prevents endless bickering and questioning of actions, but harmful in excess because it leads to 'groupthink', collective blind-spots, and resistance to change and innovation.

Besides institutionalization, deification or glorification is another process that tends to occur in strongly developed organisational cultures. Heroes emerge, especially from among the founding fathers (or mothers) of the organisation, whose sacrifices, valorous deeds, and ingenuity in the difficult initial years of the organisation or during later crises periods are embellished into stories and sagas. The organisation itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organisational members begin to feel a strong bond with it that transcends material returns given by the organisation, and they begin to identify with it. The organisation turns into a sort of a clan.

Over the years a number of organisational cultures have been identified. The more interesting of these are briefly described below:

The mechanistic organisation culture exhibits the values of bureaucracy and feudalism. Organisation work is conceived as a system of narrow specialization, as among craft guilds. People think of their careers principally within these specializations. Authority is thought of as flowing down from the top of the organisation, and information and instructions follow formally prescribed channels. There is a great deal of departmental loyalty and inter-departmental animosity, a
strong 'we' versus 'they' perception. This sort of culture resists changes and innovations, and tends to be found in organisations operating in relatively stabilized conditions.

The organic organisational culture is a contrast to the mechanistic culture. Formal hierarchies of authority, departmental boundaries, rules and regulations and so forth are frowned upon. There is a great deal of emphasis on getting organisational tasks performed, and teamwork, free flow of information, ease of communication, both formal and informal, across departments and specialization and up and down the hierarchy, are strongly emphasized. In given problem situations, the person with expertise may wield far more influence than the formal boss, so that even juniors, if they have greater expertise, can prevail over their seniors. There is widespread understanding within the staff of the kinds of problems, threats, opportunities, etc, the organisation is facing, and organisational members spontaneously, on their own, take appropriate roles required in the situation- rather like the fielders in a cricket match. The culture stresses flexibility, consultation, change and innovation. This sort of culture tends to arise where a food deal of the work of the organisation is of a developmental nature (as on project sites and in R&D labs) or involves one-of-a-kind jobs as in organisations producing goods or services to the specifications of individual customers, or in organisations growing rapidly by innovating new products and processes.

Two other contrasting cultures are authoritarian and the participative. In the authoritarian culture, power is concentrated in the boss and obedience to orders and discipline are stressed. Any disobedience is punished severely to set an example to others. The basic assumption is that, as in the army during wartime, unquestioning obedience to orders is necessary if the organisation is to survive. There is also the assumption that persons issuing orders know what is best for the organisation and always act in these best interests. Also, people working in the organisation ate looked after, so that they can give their best to the organisation.

The participative culture is premised on the notion that people are more committed to decisions that are participatively made than to decisions that are imposed upon them. Also, group problem solving leads to better decisions so many new points of view and
so much information are shared during discussions. Another basic belief is that collaboration is better than conflict, and if there is conflict, bringing it out into the open during discussion can lead to better decisions. Participative cultures tend to emerge where most organisational members are professionals or otherwise see themselves as equals (as in cooperative societies).

The management systems culture believes in an engineering approach to management. Every operation is carefully analyzed to see how it could be done most efficiently, and in doing this heavy use is made of textbook tools of management such as sophisticated planning, budgetary control and information systems, sophisticated techniques of market research, activity scheduling, network analysis, investment analysis, professional selection and training of personnel, etc. This sort of an organisation is rife with 'system' that is, carefully frowns upon ad hoc decisions, lack of procedural clarity, intuitive decision making, and so forth, and extols the use of science in management. Technocrats rule the roost. This sort of culture is frequently found in highly professionally managed corporations or technology intensive organisation.

The entrepreneurial culture is one which favours growth, big deals and empire building, big vision, breakthroughs, being first, boldness in decision making, and going in where angels fear to tread. This sort of culture is frequently found in a new industry or in an old industry in which a new technology or product has come on the scene making current technologies or products obsolete. It is also somewhat common in the early years of mission-oriented organisations, that is, organisation that have adopted a major social change or social contribution goal.

A culture that is very common in societies undergoing a transition from traditionalism to modernity (19th century U.S. and Europe, contemporary India, Japan and Africa) is the paternalistic or familial organisational culture. In this culture the head of the organisation/department is looked upon as a father figure, strict but benevolent, and subordinates consider themselves members of the organisational or departmental family. Just as in a family, the employees are expected to identify themselves totally with the organisation and in return the organisation meets the personal as well as social needs of the employees. Employment is typically lifetime and there is often a sort of monarchy at the top, with the eldest son typically succeeding the retiring or
dying head of the organisation. This sort of culture is commonly found in family controlled enterprises and institutions.

The altruistic culture is commonly found in organisation that have dedicated themselves to doing social good. A number of Gandhian, missionary, religious and social service organisations tend to value this culture. The core idea is selfless social service or the pursuit of some great ideal. Ostentation, high pay, perks etc. are frowned upon and making sacrifices is emphasized.

Large organisations usually have multiple departments, each of which carries out a distinctive set of tasks. Often such organisations also offer multiple products or services, each of which requires a different technology, management system, etc. These organisations may also have multiple plants, branches, etc. located at different places. Thus, given this sort of internal differentiation it is not surprising that one may find differing cultures in different parts of a large organisation. Thus, such organisations are federations of cultures.

**Every organisation is sentient 'living' system:**

The organisation is not biologically alive in the sense in which plants, animals, and insects are alive. But it is a sentient system, that is, it is intelligent and conscious of its environment thanks to the fact that it is manned by sentient beings. Also, the organisation resembles a living organism insofar as the organisation is born, can grow, and can die also. Besides, the organisation has a symbiotic relationship with its environment: it draws upon the environment for resources and support in its struggle for existence, and is able to do this because it is able to contribute something to the environment.

Like living organisms, the organisation has different sorts of relationship with its fellow entities. With some the relationship is competitive (as in an industry in which there is competition between firms). With some others the relationship is one of dependence, as in the case of an organisation that seeks scarce inputs from an organisation that is a sole provider of those inputs. With still others the relationship is
one of dominance, as in the case where the organisation is the sole purveyor of inputs to others. With a few more organisations, the relationship is one of interdependence—the organisation provides one set of inputs to them and acquires another set from them. Another relationship is that of monitor and monitored, that is, the organisation is supervised or monitored by others such as law enforcement or regulatory agencies. Finally, there is the relationship of collaboration in which one organisation bands together with others to further their collective interests. Each of these relationships is important because the organisation has to respond to it through structural and other modifications that affect its design.

The organisation is sentient, not omniscient. Certainly it is potentially more sentient than its individual members because it can combine their intelligence, expertise and information and augment it with computers and other information processing equipments. Nonetheless, all organisations are afflicted with 'bounded rationality', although to varying extents. Bounded rationality means that in problems that have no clear cut best solution, the problem solver uses a trial and error process involving rules of thumb or heuristics to reach solutions that 'work' but cannot be demonstrated to be the best. The rules of thumb used for problem solving are learnt over a period of time. Some examples of these are: raise prices during a boom and lower them during a recession; reject investments that do not start earning returns within three years; for every investment proposal the organisation wants to implement, there should be two more in reserve; to increase market share do not match fully the price increase announced by the industry leader, etc. Heuristics or rules of thumb closely resemble proverbs and other forms of collective wisdom, and after they repeatedly tested and found to 'work', they may be formalized into organisational policies.

Bounded rationality is an important concept because it explains not only the process of problem solving and decision making in organisations, but also why organisations develop elaborate structures. Since no one in the organisation is omniscient and since the organisation needs to acquire and process a vast amount and variety of work related information, it has to divide up this work in functionally specialized units. Thus, the marketing department specializes in acquiring and processing marketing related information, the planning department specializes in acquiring and processing
information relating to the somewhat distant future, the research and development department specializes in acquiring and processing information relating to technological advances, and so forth. Bounded rationality also creates the need for integrator roles in the organisation, such as those played by general managers. These specialize in putting together variegated information to arrive at some overall views that can then facilitate strategic, long term decisions.

Bounded rationality also implies that the quality and magnitude of information that has to be acquired and processed may be an important sharper of organisational design. Where he needed information is easily available, is clear cut, or small in magnitude, less elaborate organisational structures and a less complex process of problem solving and decision making would be required. But where there is a lot of uncertainty or informational ambiguity, or a vast amount of variegated information needs to be procured and processed, quite elaborate and complex structures would be needed, with many specialized departments and sub-departments, and many generalist, integrator roles.

Another important consequence of bounded rationality is that organisations develop a number of routines and problem-solving and decision-making procedures. An organisational routine is a predetermined sequence of steps that is evoked every time a triggering cue is present. For example, a routine may be to pick at random a small batch of an incoming consignment of materials and so check whether it conforms to the quality, weight, packing, etc. instructions contained in the relevant purchase order. Organisations are full of routines and procedures because these cut down drastically the cost of problem solving and decision making. Once a routine or a procedure is formalized, no further thought need be given as to how to handle the class of problems for which the procedure has been created (except, of course, if the procedure is shown by experience to be defective). Procedures typically are developed for repetitive decision situations, such as what to do when to release payment to creditors, or what to do if a customer exceeds his credit limit, or how to record transactions, etc., etc. Routines tend to be fairly rigid for repetitive, 'standard' problems. But they tend to build in more and more discretionary content the more non-standard, infrequent, or novel the problem. For example, there may be very tight, standardized procedures for budgeting, but a lot more flexible, discretionary
procedure for what to do if a sizeable gap develops between the actual expenditure and the budgetary target.

Bounded rationality also has implications for organisational decision making. Information secured by the organisation is sought to be simplified and made digestible. Decision makers tend to search for solutions that are similar to solutions that worked in the past rather than look for radical, unfamiliar solutions. Complex problems tend to be broken up into easier-to-tackle sub-problems, and the effort is to seek a satisfactory or 'satisfying' solution than one that is 'optimal'. In solving problems, organisational goals are attended to sequentially rather than simultaneously. There is a tendency to push highly controversial or complex elements of a problem under the rug, and take up first the simpler or less contentious aspects. Goals and strategies tend to be extensions of past goals and strategies rather than fixed on the basis of a total review of all the factors. Simpler problems tend to be tackled first and there is a tendency to postpone the tackling of complex problems even if they are very important. In problems affecting many stakeholders, solutions tend to be compromises. While tackling complicated situations, there may initially be much fumbling and confusion over what the problem really is, and the problem may be re-defined several times before clarity or consensus emerges.

Organisations superficially resemble living organisms. For example, it has been argued that like species of organisms, organisational forms would thrive in congenial environmental niches and wither if the environment turns hostile. This hypothesis has led researchers to study the birth and death rates and population densities of different sorts of organisations like newspaper organisations, firms in the semi-conductor industry, wine firms in California, American labour unions, etc.

This sort of analysis, called the population ecology perspective, rests on several questionable assumptions: that organisations are not able to modify themselves enough to be able to adapt to unfavourable changes in their environments; that they are not able to move out of hostile environments; that they are not able to modify their environments to make them more congenial.
All three assumptions may be valid for tiny, vulnerable organisations, but not necessarily for larger, better endowed organisations or for organisations with less of a bounded rationality, that is, with brighter, more dynamic managements.

Another set of researchers have also drawn on the biological analogy to postulate life cycles, consisting of birth, growth, decline, and death, of the organisation. Here again, there are very many exceptions to this sort of organisational life cycle. Unlike living entities, which must grow, mature, and die due to genetic and biological reasons, there is nothing to compel organisations to function this way. Some organisations never grow, and remain small all their life. Others are born huge, especially government organisations or organisations with large economies of scale. Still others, especially in the public sector, keep on making losses without ever dying. Still others decay and then turnaround and prosper. Some are conservative and bureaucratic from the beginning, while some remain dynamic for decades. For living organisms, to be born, to grow, to mature, to die are not decision variables; for organisations ruled by sentient beings, they substantially are. Thus, organisational life cycles are not governed by inexorable laws of nature but by human sentience and human wills, modified, however, by environmental conditions.

**Every organisation is a social-rational system**

Every organisation is a human group in which subjective perceptions, personal beliefs, feelings, needs, friendships and enmities and so forth rule the roost. Every organisation is also formally a rational-technical system in which organisational goal oriented, efficiency related considerations may be paramount. In a sense the dichotomy between humanity and rationality is a false one because rationality is as human as feelings and emotions are human. Thus, the social rational approach essentially amounts to creating an organisation that responds to the full spectrum of human characteristics rather than one that overemphasises either human needs etc. or organisational rationality.

The social side of the social-rational organisation approach not only emphasises human feelings, beliefs, needs, etc. but also social forces that shape these. People in organisations come to believe what they do, or perceive what they do, or even need
what they do partly as a consequence of their personality make up, but partly also as a consequence of what cues their colleagues emit, what information they receive, what beliefs etc. are expressed by others that they respect. The organisation, therefore, must respond not only to the human attributes of its staff but also to the social forces impinging upon them, including those forces that may be outside the organisation, such as the family, the community, and society at large.

In response to the dual nature of organisations (the human and the technical-rational) several strands of research have been floated. One of these, organisational psychology, examines the needs, satisfactions, frustrations, perceptions, attitudes, etc. of the people who work in organisations. Another strand seeks to develop designs and tools that increase organisational efficiency- though 'scientific' management models of various organisational functions like finance, marketing, production; operations research, and efficiency oriented models of organisational design. A third strand of research seeks to develop tools and approaches for a better balance between the needs etc. of organisational members and the efficiency imperatives of the organisation. The attempt also is to harness the strengths of the human- creativity, resourcefulness, commitment and dedication to ideals and causes, leadership, capacity to work in teams, etc.- for organisational effectiveness, and to create organisational designs that facilitate the tapping of these strengths. These tools and approaches have been developed under the aegis of partially differing schools of thought, such as human relations, organisation development, and socio-technical systems.

The basic problem human relations, organisation development(OD), and socio-technical systems schools address is this: In its quest for efficiency the organisation usually opts for division of labour, specialisation, standardisation, tight supervision, depersonalised systems, strong emphasis on high productivity norms, budgetary control, audit, vigilance, etc. These take the fun out of work and tend to turn humans into robots. There is no sense of autonomy, challenge, or the feeling of growth and development left in lower level jobs. Even if the pay, perks, and working conditions are acceptable, the frustration of 'higher order needs' of self actualisation, autonomy, growth, responsibility etc. tend to alienate staff members. This alienation leads to apathy, immaturity, aggression and violence, sabotage, absenteeism and staff turnover, lack of commitment to the job and the organisation, etc. Besides, the
fragmentation of the work of the organisation into various departments and sections makes their members develop narrow perspectives and lack of appreciation of the organisation's overall perspective. This leads to factionalism and inter-departmental bickering. Necessary though organisational rationality is, the seeking of it by ignoring human imperatives imperils organisational effectiveness itself, that is, the organisation may end up being less efficient than it was without the vast apparatus of control and specialization.

Organisation development, human relations, socio-technical systems approach, and other miscellaneous strands of what has come to be known as behavioural science have attempted to find tools and approaches that seek to increase organisational effectiveness. That is, these tools seek to retain or increase high levels of organisational efficiency but at the same time increase fun and involvement at work and dispel the irritants of mechanised organisational existence.

Besides the more important tools and approaches of OD, human relations, and socio-technical systems, the so-called 'behavioural science' has thrown up a vast array of tools and techniques to increase organisational effectiveness. Job enrichment is one such tool, in which the job is carefully analysed and the attempt is made to graft onto it tasks that increase responsibility, autonomy, interest, etc. of the job holder. Brainstorming is a powerful technique of group problem solving, in which, by suspending all evaluation during the problem-solving phase, and encouraging the brainstormers to come up with unconventional ideas, a large number of creative solutions to a problem are assembled. Motivation training aims at strengthening in organisational members certain motives that are important for taking risky, entrepreneurial decisions, such as the achievement motive. Stress management techniques have been developed to understand stresses at work and to mitigate these stresses. Management by objectives is a set of tools and procedures aimed at increasing the autonomy of managers in setting goals and developing plans for reaching them without losing sight of the overall goals of the organisation. Quality circles are groups of organisational members, usually from within related functions, that get together periodically to brainstorm on improvements at work, solving work-related problems, etc.
It cannot be even imagined the modern life without the invention of the formal organisation. Just imagine the life without corporations, political parties, academic institutions, governmental agencies, voluntary organisations, clubs, cooperative societies, institutions of worship and so forth. We often think of huge difference between the per capita incomes of developed and the developing societies. But their material prosperity would quickly vanish without the rich network of various formal organisations in a developed society. The setting up and effective functioning of an immense varieties and number of formal organisations is inevitable for socio-economic development. If socio-economic development is to be brought to not only business enterprises, but every other form of organisation must bear fruit because the high degree of enterprises cannot be developed unless transport, communications, and energy supplying utilities are improved and provided to perform effectively. And all these cannot be successful without an honest and dedicated contribution of governmental regulatory agencies, financial institutions, training institutions, health institutions, etc.

Although, the living conditions in other social institutions like the family or the community are different than in any formal organisation. It is difficult for the people to adjust who are socialized into informality, environment free from any sort of restriction, expectations of warm interpersonal relationships with the people who are more disciplined, structured, and impersonal. There have very flexible time schedule according to their conveniences and too much liberty of movements. It is not always easy to manage any formal organisation effectively in developing society due to cultural, economic, social, and political reasons, and also due to unfamiliarity, but such kinds of organisations must work effectively for bringing the socio-economic development in the society. Let us first take a look at the nature of formal organisations before identifying their effective designs.

The meaning the word organisation can be discussed in two senses i.e. Literary Meaning and Functional Meaning. Literary meaning of the word organisation as provided in the dictionary is that an organisation is a group of people combined together for accomplishment of a common goal. Functional meaning of an organisation is a group of people working is systematic and coordinated manner with mutual cooperation and support to each other for a common and pre-determined objective. An organisation is a social entity by nature because this is formed by the
people for the people under their established norms and guidelines for their social benefit of all. Its nature is also a complex one due to involvement of multiple individuals who comes from different social, cultural and educational backgrounds and perform different roles on a common platform. An organisation usually constituted on the basis of distribution of work in various departments and sub-departments according their expertise and dexterities for performing each of every relevant function which is an integral part of the efforts being applied for accomplishment of the common and larger objectives of the organisation. The structures of different organisations are often different according to their nature of business and work culture as well as location and several other factors. Every organisation has its own hierarchy of positions exercising their powers and responsibilities according to the requirements of the business. An organisation is a group of people working together co-operatively, under authority towards achieving goals and objectives that mutually benefit the participants and the organisation. On the other hand, Allen has defined an organisation as, “The process of identifying and grouping the work to be performed, defined and delegating the responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in establishing of objectives.”

Social system is a complex set of human values and relationships affecting and depending on each other in a number of ways. The process of interaction is quite endless just as there are countless galaxies in the physical universe. The social system is divided in limitless sub-systems. Each sub-system works in a very small group which is a part of some larger group that in turn, is again a part of even larger group and the process goes on until it covers the whole population. Thus the social system in an organisation includes all people concerning it, and they relate to each other and to the outside world. They all are interrelated.

As we have discussed, there are so many parts of a social system and each one is interrelated, and has dynamic relationship with others. Social organisation are at all times changing but this change is in such a way that it keeps a working harmony and balance in the whole system. Maintaining the working harmony with in the various parts of a social system is called social equilibrium.

Changes in a social system may be minor or major. A minor change is absorbed by adjustments within the system and equilibrium remains undisturbed. On the contrary,
when major changes or a series of rapid changes take place, they may throw an organisation out of equilibrium and may reduce the strength and productivity of the organisation until a new equilibrium is maintained. In the state of disequilibrium, its parts are working against each other and there is no harmony among them.

**Functional and dysfunctional changes**

System is always changing. A change may be functional and dysfunctional. A change is said to be functional when it reinforces or improves the system. If a change weakens it, it is dysfunctional whenever a change is anticipated, it is the manager’s prime responsibility to make an evaluation of the possible change in terms of its possible functional and dysfunctional affects on the social system. Here responsibility of the manager is to evaluate and define the social system and that depends on the decision, he takes. The effects of such decision may be different for different parts or on the whole system. It may be good or favourable to sub-system, but it may be dysfunctional to other sub-system. Moreover it may be possible that it is functional to the whole system but dysfunctional to some of its parts, i.e., desirable to whole may not be desirable to all parts of the whole. Further decision may be imperfect as we are unable to understand the whole system and to foresee the future.

**Individual Adjustment.** Equilibrium in an organisational system does not necessarily mean that all employees are fit to the organisational environment and are well adjusted to it. They may or may not be adjusted. **Equilibrium is important to the system but for an individual, adjustment is necessary and important.** Adjustment of an individual means the employee’s state of harmony with the system. Adjustment is always dynamic and cannot be achieved once and for all. People who find difficulty in adjustment or are hardly adjusted or adjust in a way not approved turnover, labour agitation, insubordination, absenteeism and theft. Due to maladjustment in the organisation, many people leave it in the situation and later resign or are dismissed.

**Interaction of economic and psychological contracts**

When an individual joins an organisation or social system, he enters into an economic contract and a psychological contract. Economic contract may be referred to the
contract for wages and other monetary benefits and is an important motivator for the people at work.

Psychological contract is an unwritten and unconscious contract with the organisation and everyman when he enters the organisation, makes his mind agree with some kind of his psychological needs to be fulfilled by the organisation. Psychological contract defines the conditions of each employees psychological involvement with the system. Employees agree to dedicate themselves with loyalty to the organisation but in return they demand, in addition to their agreed economic rewards, security, human treatment, good relationship with people and support in fulfilling expectations. If the organisation honours only the contract, the labour force will tend to lose interest in their job and cannot be further motivated.

The psychological contract is governed by exchange theory which states that in order for people to join and remain with the organisation, the benefits they receive must be more than their cost. If it is not so or they feel that the exchange relationship is not rewarding, they will like to withdraw from it. The more rewarding it is, other things being equal, the more they will be attached to the organisation and support it.

**Functions of an Organisation:**
An organisation tries to establish an effective behavioural relationship among selected employees and in selected work place in order that a group may work together effectively. There are three kinds of work which must be performed whenever an organisation comes into being viz. Division of labour, combination of labour, and coordination of labour i.e. the work, the people and the relationship between them. These are known as the fundamentals in every successful organisation. These are now briefly dealt with:

1. **Division of Labour:** Since an organisation is a structure of human association for the achievement of common goals, it involves individuals and groups of individuals. When two or more individuals join together to perform certain tasks, it follows that some divisions of work is done. Properly or improperly, fairly or unfairly work is divided among those who participate in a productive organisation. With effective planning and organisation in an enterprise the division of labour leads to fixing of responsibilities. The delegation of
authority, specialization and other conceptual schemes which are frequently called the principles of an organisation.

2. **Combination of Labour:** with work divided and assigned to the members of an organisation, their activities are grouped together, forming operations; and operations are arranged to establish systems and procedures. From a structural point of view, this grouping of activities results in units, departments and division of an organisation. The basis for this grouping of activities may be the skills of workers, the tools and machinery used, the nature of the product, the material employed or some other element. Whether it is logical or not, there is always some reason for the arrangement of tasks in a work place.

3. **Coordination:** This all-inclusive principle emerges because of the need in every organisation for the integration of activities and the coordination of individuals and group of individuals performing their tasks. Coordination is achieved through leadership; in the structural sense the fixing of responsibilities and delegation of authorities. It establishes controls which provide for an efficient scheduling and performance of activities.

**Meaning of Climate:** The literary meaning of the word climate is the meteorological conditions that includes temperature, precipitation and wind which characteristically exist in a particular region. In other words the general or average weather conditions of a certain region, including temperature, rainfall and blowing of wind. **Climate:** Climate is defined as long-term weather patterns of a specific geographical area. The simplest way to describe a climate is to look at average temperature and precipitation over time. Other useful elements for describing climate include the type and the timing of precipitation, amount of sunshine, average wind speeds and directions, number of days above freezing, weather extremes, and local geography.

In the term the organisational climate the meaning of the word “climate” is not being interpreted in connection with natural weather, but it is a weather which prevails within an organisation where temperament of people is considered as main factor instead of weather’s temperature. The temperament of people at the workplace is directly affected by their leader’s temperament, behavior and other working conditions.
Organisational Climate: The word Organisational Climate has been formed with combination of above mentioned two different words i.e. Organisation and Climate. In spite of distinct meanings of these two words when spelled distinctly the meaning of one single word constituted with combination of another word which can be spelled as “Organisational Climate” is giving completely different meaning. Every individual is different from others in his attitude behaviour and culture and so he requires a different kind of social and organisational environment to line in. When a person joins any organisation, he brings to it his individuality that affects the other members of the organisation and is also affected by their behaviour and culture. So, each organisation has its separate or individual climate in which its members develop. People who are fit in that climate or who make themselves fit in that climate continue with the organisation that environment are forced to quit the organisation as early as possible.

As each individual is different, so needs of each individual also differ. Every member of the organisation will like to fulfil his individual needs and will help the organisation to get its goods achieved in consideration. But fulfilment of needs and the achievement of organisational goals are possible only in an attractive organisational climate.

When a person works according to the wishes of others, his behaviour may be called social. A man is always influenced by social environment which we call culture or social culture. Culture is an environment of man-made beliefs, customs, knowledge, and working methods and procedures. Change in culture is very slow that provides safety and stability in society. Any sudden or revolutionary change is resisted on the pretext of their culture. Culture affects the behaviour.

Behaviour of a social group creates social environment or climate. A sound climate in an asset for the organisation which must be protected by the organisation. It is climate that attracts the people but it is a long run preposition, climate can be improved with sincere efforts of all parties-workers and management. A good climate may improve the productivity and job satisfaction and it motivate the people. Climate represents the entire social system. Social system much maintain equilibrium among its various parts because systems may change and change may have positive or negative effects. A man is to adjust himself within the system according to that change.
We shall discuss in this chapter meaning or organisational climate, its importance and measurement, social equilibrium and various models of organisational behaviour.

Every organisation in this universe is unique like finger-prints. Each one is different from others in its culture, traditions and methods of action and they all constitute climate for its people. Everyone at the time of entering the organisation, make a psychological contract with his organisation and expect a supportive needs.

An organisation tends to attract people who are fit for its climate just like a good geographical climate attracts people to a right. Each organisation is different. Some are bustling and efficient while others are easy going. Some are human while some others are hard and cold. If, suppose, management of an organisation stresses seniority, controlised control and cautions decisions, the young new entrants in that organisation will not fare well with the company. They will, very soon, move to some other organisation where merit is counted for promotions and where there are bright opportunities to advance. It means, the organisational climate does not suit them.

A sound climate is an asset for the organisation and good management must protect it for betterment of the organisation. Climatic aspect is a long run proposition and change in it is very slow. It takes a long period to create a sound climate and people recognise the organisation with its climate past. It can improve the climate by making sincere efforts. Non-intelligent discipline and pressuring people may yield better productivity for a short while but at the cost of its climatic asset, so the organisation eventually will suffer from its depleted asset.

According to an eminent author and thinker Keith Davis Organisational Climate is just as people move to certain weather climate of sea, mountains or desert, they will also choose an organisational climate. Every individuals is different from others in his attitude, behaviour and culture as well as he needs different kinds of social and organisational environment to line in. When a person joins any organisation he brings to it his individuality that affects the other members or the organisation and is also affected by their behaviour and culture, so each organisation has its separate or individual climate in which its members develop. People who are fit in that climate or who make themselves fit to adapt in that climate continue with the organisation and the rest who are quite unfit or fail to adjust themselves in that environment are forced to quit the organisation as early as possible.
As each individual is different in nature so the needs of each individual also differ from each other. Every member of the organisation will like to fulfil his individual needs and will help the organisation to get its goods achieved in consideration. But fulfilment of needs and the achievement of organisational goals are possible only in an attractive organisational climate.

When a person works according to the wishes of others, his behaviour may be called social. A man is always influenced by social environment which we call as social culture culture is an environment of manmade beliefs, customs, knowledge and working methods and procedures. Change in the culture is very slow that provides safety and stability in the society. Any sudden or revolutionary change is resisted on the pretext of their culture. Culture affects the behaviour of people.

Behaviour of the social group creates the social environment or climate. A sound climate is an asset of the organisation which must be protected and maintained by the organisation. It is the climate that attracts the people but it is long run preposition, climate can be improved with sincere efforts of all parties, workers and management. A good climate may improve the productivity and job satisfaction and it motivates the people. Climate represents the entire social system. Social system much maintain equilibrium among its various parts because system may change and change may have positive or negative effects. A man is to adjust himself within the system according to that changed culture.

Culture is an environment of human created beliefs, customs, knowledge and practices. It is a conventionalised behaviour of one’s society which influences all actions of a person without taking a conscious thought of it. All parts of culture develop in each person certain motivational patterns which determine the course of action in job and in life. Motivational patterns develop especially from a person’s family background, education and national culture. As because there are different natural cultures of different countries, so workers of different countries have one or two predominant motivational patterns. There are four motivational patterns as follows:

(a) **Achievement Motivation.** This is a desire of a person or a country to overcome challenges, advance and grow. Countries where Achievement Motivation is a predominant culture have made the most socio-economic
progress. It leads to higher level of aspiration among people so they work harder and make much more progress. Prof. Mc Clelland of Harvard University made some interesting research in this field one of his studies covered a number of countries, comparing motivational patterns as emphasised in the story books of children of that country with the actual motivational patterns of adults in the same country. Again a few years later, he did experiments when children grew adults. He found the two patterns similar to each other. People of such countries make commendable progress in their lives. Achievement motivated persons are the best source of competent leadership in a nation’s organisations. Such persons work harder not because for the sake of money but for their own sake. They are not money hungry although they get money for their work. They feel satisfied in accomplishing their duties, they woke because of the sense of challenges, accomplishment and service to others. Monetary rewards are lure to those who are low in achievement motivation.

(b) **Affiliation Motivation.** Person having affiliation motivation do not work harder or better because of their inner drives to accept challenges as in achievement motivation but they work better when they are praised for their attitude and co-operation favourably. If suppose, they are not complimented. Affiliation motivated people select friends to surround them and to admire. They relate to people and the achievement.

(c) **Competence Motivation.** This is a drive to do quality work. Competence motivated persons are interested in showing their competency to the work. They go so deeply down to the technical aspect of the work that they do not care for the human factors at work. They seek job mastry and professional growth. Such competence motivated persons are successful leaders in their field in this age of specialisation.

(d) **Power Motivation.** Power or authority may be admire for some powers. It relates to control. Power-motivated persons are interested in having power to control the whole organisation or a group of people. Such persons are power-hungry. If they have power, they are satisfied but it does not mean that such persons are always interested in the progress of the organisation or people. It depends on how he uses his power. He may use his power constructively or destructively in relation to the organisation and people. If he uses it
constructively, organisation and people will progress and if he choose a
destructive use of the power he may ruin the organisation and its people. Apart
from the above four motivational patterns there are some other patterns which
dominate the behaviour of people at work such as autonomy, security and
status. All motivational patterns cannot be used exclusively. An ordinary
person has some of the most accepted motivational patterns but one or two
only tend to predominate in job motivation. McClelland concluded that less
developed countries need a substantial number of people having achievement
motivation in order to achieve the socio-economic development. Achievement
motivational pattern can be developed in such less developed countries by
impacting training. India is deficient in achievement motivation climate and
here training is necessary to augment the rate of enterpreneurial activity. The
study of motivational patterns helps the management recognise the drives of
people working in the organisation. Drives may be different for different
people. Persons who are self-motivated or say having achievement motivation
patterns need not much external incentives while others met them. So,
management may give different behavioural treatment to different people.

**Role:** The term has been borrowed from sociology. In the words of Keith Davis,
“Role is the pattern of actions expected of a person in activities involving others”. It
includes rights and duties or obligations, power and responsibilities. It arises from the
particular position of a person as viewed by others in the society. Role performs the
function of interacting people in order to anticipate others behaviour in the social
system. A man’s behaviour is judged from his role in the society. A man performs
many roles at a time in the society. He may perform his occupational role of a worker,
family role of a parent or of a child, social role of an office bearer of an institution or
club. He may a buyer, a seller, a subordinate, a supervisor, a manager, a leader at the
same time and each role has a different behaviour. Roles may be on-the-job or off-
the-job and he may perform more than one role at a time.

The role is the most complicated organised response patterns of which a human being
is capable. The role perception, i.e., how they think what others except from them in a
given situation, guides the activities of a person.
A role set is the combination of surrounding roles which affect a particular role. For example, a supervisor in an organisation comes across with other persons—officials and subordinates, educated and uneducated, skilled or unskilled. All these different persons expect a particular role, different for each one from a supervisor. They expect a way in which the supervisor should act. We may say it role expectations. Different expectations collectively make up the role set for the job. This role set arises partly from the nature or work itself.

A manager (or other person), interacting with someone else needs to perceive three role values: (i) job perception, i.e., perception or own role as required by the function being performed. In other words, what he expects from himself. (ii) perception of others role, i.e., what he expects from others, and (iii) others’ perception, i.e., what role others expect from him as a manager. It is very clear that one cannot satisfy the needs of others till he realises what others expect from him. If the manager thinks of role perception of the job in a different way than what workers think of role expectation of that job, the motivation will be poor and may lead o inefficiency. Communication between them may become difficult because there are not talking about the same thing in the same way. For example, a manager think the autocratic mannera the best way of performing the job, while others expect participative role.

A person is said to be in role conflict if expectations of a role are materially different or opposite because one expectation cannot be met without rejecting the other. Where role expectations are not clearly defined, there is a role ambiguity. In such situation people are not sure how he should act. Where role conflict and role ambiguity exist these is dysfunctional results which shows a decline job satisfaction, and unfulfilment of needs.

Employees, generally are satisfied with their jobs when their roles are defined clearly, i.e., there does not exist role ambiguity. It helps the person to understand what others expect from him or that he should act. It also helps to understand others with whom he is to interact.

Social rank or status: The social rank of a person in comparison with others is referred to as Status, i.e., it requires ranking and comparison of persons in the social system.
Some may have higher status or lower status as compared with others. Individuals are bound together in a Status System or Status hierarchy which define their relative ranks in the system. Everybody in the society makes serious efforts to raise his status. Some lose their status or ‘lose face’ in the society and its seriousness is widely recognised. Sometimes people are very much disturbed about their status and when they are not able to change it inspite of their best efforts, they are said to have status-anxiety. Loss of status is a very serious even for a person and everyone must try to develop or maintain his status. It may be called a sense of general responsibility.

Status may be formal or informal. A formal status refers to the rank assigned to a person by an authority in an organisational structure. Informal status refers to social rank accorded to people because of their feelings towards them. Informal social system towards the informal status.

Status is an important drive for a person to work hard to achieve it sometimes without asking for any extra remuneration or other tangible benefits. When status is attached to some actions that further the company’s goals, strong incentives are offered for their accomplishment.

Status tends to be important only in a particular social group where the status is accorded.

**Behavioural and Organisational Climate:**

Production, in modern industrial system, is the result of the joint efforts of all the factors of production. According to classical economists, there are five factors of production, i.e land, labour, capital, organisation and entrepreneur. Labour, unlike other factors of production, is an active factor and controls all other factors of production, co-ordinates them to get the maximum output at minimum cost. The modern theory emphasises the best use of this human factor of production to achieve the greater industrial productivity. Industrial productivity depends mainly on the productivity of labour because it is not possible to raise the overall productivity of the industry in spite of the high quality material and modern machines if labour-force is inactive or inefficient. This approach of human relation in industry has been developed in recent years and human approach to labour has been regarded as one of
the important factors of production. Now, a worker is not simply a worker, he is regarded as a man at work, and therefore, is influenced and controlled by other social and physical factors. His complete personality is influenced by fears, frustrations, needs, motivations, attitudes, etc.

Recent research studies reveal that the managers in an organisation devote 50% to 75% of his time in resolving the problems relating to human behaviour at work. He, therefore, must lead the labour force and motivate it to achieve the organisational goals.

Behaviour is a way of action. It is basically goal oriented. In other words our behaviour is generally motivated by a desire to attain a goal. The specific goal is not always consciously known by the individual. Many times we wonder “why did I do that?” The reason for our action is not always apparent to the conscious mind. The drives that motivate distinctive individual behavioural patterns are to a considerable degree subconscious and therefore not easily susceptible to examination and evaluation.

The basic unit of behaviour is an activity. In fact, all behaviour is a series of activities. As a human being, we always do something: walking, talking, sleeping, etc. and sometimes we do more than one activity at a time. Sometimes, we decide to change from one activity to another. Why do we do so? or why do people engage in one activity and not another? A manager must understand, predict and control the activities of a person at a given moment. To predict behaviour manager must know which motives or needs of people evoke a certain action at a particular time.

Almost in every type of organisation such as business, schools, government, etc, interaction of people over organisation exists. How people behave in a formal organisation in given circumstances is the subject matter of organisational behaviour. In an organisation, people join together in some sent of formal structure to achieve an objective and in order to achieve the objective, they use some sent of technology. So, there is an interaction of people, technology and structure. All these three elements (people, technology, and structure) influenced by it. A mix of these four elements is the scope of organisational behaviour. Some people stress on the internal organisational elements, i.e., people, technology, and structure, and they ignore the external social systems. But these cannot be left altogether because it influences
people’s values and it contains other influential organisations like labour unions and minority groups. Now, we will discuss these four elements of organisational behaviour in brief.

1. People: The people constitute the internal social system of the organisation. They consist of individuals and groups. Groups may be large or small, formal or informal, official or unofficial. They are dynamic. They form, change and disband. Human organisation changes everyday. Today, it is not the same as it was yesterday. It may change further in the coming days. People are living, thinking and feeling beings who created the organisation and try to achieve the objectives and goals. Thus, organisations exist to serve the people and not the people exist to serve the organisation.

2. Structure: Structure defines the sole relationship of people in an organisation. Different people in an organisation are given different roles and they have certain relationship with others. It leads to division of labour so that people can perform their duties or work to accomplish the organisational goal. Thus, everybody cannot be an accountant or a clerk. Work is complex and different duties are to be performed by different people. Some may be accountants, others may be managers, clerks, peons or workers. All are so related to each other to accomplish the goal in a co-ordinated manner. Thus structure relates to power and duties. One has the authority and the others have a duty to obey him.

3. Technology: Technology imparts the physical and economic conditions within which people work. With their bare hands people can do nothing so they are given assistance of buildings, machines, tools, processes and resources. The nature of technology depends very much on the nature of the organisation and influences the work or working conditions. Thus, technology brings effectiveness and at the same time restricts people in various ways.

4. Social Systems: Social systems provides external environment within which the organisation operates. A single organisation cannot exist also. It is a part of the whole. One organisation cannot give everything and therefore there are many other organisations. All these organisations influence each other. It influences the attitudes of people, their working conditions and above all provides competition for resources and power.
Thus, organisational behaviour in the words of Keith Davis may be defined as-

“Organisational behaviour is the study and application of knowledge about human behaviour in organisations as it relates to other system elements, such as structure, technology and the external social system.”

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Administration and organisational behaviour

Organisational Behaviour studies the behaviour of people in an organisation. Everybody in the organisation is concerned with improving organisational behaviour. All interact each other and influence behavioural quality of life in the organisation. Managers, however, have greater responsibility because they take decisions concerning all in the organisation. Managers constitute the administrative system and in organisational behaviour, it is their responsibility to integrate the social system with the technical system, just to improve the people-organisation relationship in order to accomplish the human benefits for which it is made. ‘From the administrative point of view organisation behaviour seeks to improve the people organisation relationship in such a way that people are motivated to develop teamwork that
effectively fulfils their needs and achieves organisational objectives. (Keith Davis).

The administrative view of organisational behaviour contains a number of ideas as follows:

(i) Organisational behaviour focuses mainly on people and technical, economic and structural elements are all related to people.

(ii) People are in organisational environment rather than in unorganised social contacts. Thus, it attempts to improve people organisation relations.

(iii) The environment is developed in such a way as to motivate the people to work hard to accomplish the organisation goal. Managers motivate the people because only they unlike other factors can have greater output than the sum of their input through their creativity.

(iv) The direction of motivation is towards teamwork, that requires both co-ordination of work and co-operation of people. Co-ordination means effective time and sequence in performing activities while co-operation means the willingness of people to perform the work for attaining the organisational goal.

(v) The organisational behaviour seeks to fulfil both employees needs and organisational objectives. Every employee in the organisation wants to fulfil his needs through organisational activities and the organisation’s responsibility is to provide behavioural climate in the organisational so that people can gain need satisfaction and the organisation attains the objective. Thus both- people and the organisation- are benefitted in this manner.

(vi) Both employees and the organisation gain effectively by getting higher benefits with minimum costs. Organisational behaviour attempts to reduce the wasteful activities through economic and psychological means and thus increasing the effectiveness of the people and the organisation.

Every organisation in its universe is unique like its finger prints. Each one is different from other and its culture, traditions, methods of action and they all constitute the climate for its people. Everyone at the time of entering the organisation make a
Psychological contract his organisation and expect supportive climate to help to meet his economical, social and psychological needs.

An organisation tends to attract people who are fit for its climate just like a good geographical climate attracts people to right, each organisation is different from other, some are bustling and efficient while others are easy going, some are humane while other are hard and cold.

Sound climate is an asset for the organisation and good management must protect it for betterment of the organisation. Climate aspect is long run proposition and change in it is very slow. It takes a long time to create a sound climate and people recognise the organisation by the organisational climate prevailing in the past. It can improve the climate by making the sincere efforts. Non-intelligent, disciplined and pressuring people may yield better productivity for short but at the cost of its climate asset, so the organisation will eventually suffer from its depleted asset.

**Measurement of organisational climate:-**

A number of instruments have been developed to measure the organisational behavioural climate. Generally these instruments try to measure the totality of psychological environment in which the people of an organisation work. In order to measure the organisational behavioural climate, Litwin and Stringer have developed a nine point questionnaire covering following areas:-

(i) Structure  
(ii) Responsibility  
(iii) Reward  
(iv) Risk  
(v) Warmth  
(vi) Support  
(vii) Standard  
(viii) Conflict  
(ix) Identity

By the use these questionnaire, both the above authors concluded that different management approaches do create different organisational climate that does affect the motivation, performance, and job satisfaction to a great extent. Likert, an another
authority developed an instrument known as Likert Scale that focuses mainly on behavioural conditions and management style used. Likert Scale covered seven characteristics which are as mentioned below:

(i) Leadership process
(ii) Motivational forces
(iii) Communication
(iv) Interaction influence process
(v) Decision making
(vi) Goal setting and
(vii) Control

Respondents to Likert questionnaire check along continuum for each item to show the degree to which the organisation tends towards an autocratic, highly structured climate compared with a more participative human oriented climate. The organisation by studying its own climate can think of its effectiveness and can make necessary changes, if desired. Thus the organisational climate has three main points to think over which are as mentioned below:-

(i) It is a system concept
(ii) It has supportive approach
(iii) It is related to situational variables

In this way all organisations are different from each other.

The Climate of an Organisation is the constituted with the help of following ingredients:

- Behavior and working methods adopted by leaders of the organisation.
- Learning through practical and personal experiences at Individual Level.
- Group behavior of the employees.
- Formulation and implementation of Policies and Standard Operating Procedures
- Rituals and Traditions
- Vision and Mission of the Organisation
- Work Environment and Working Conditions
**Origin of organisational climate:**

The organisational climate takes birth from the perception and feeling which each individual matures of the organisational environment as it is actually generated by the culture developmental process.

Although the first reference to organisational climate dates back to a study carried out, in 1939, by Lewin, Lippitt and White, a first more comprehensive definition of organisational climate was later provided by Argyris in a study aiming to investigate group dynamics in a bank.

The concept was, then, further developed by McGregor who more specifically referred to the idea of “managerial climate”. Stressing the importance of the role played by the relationship between managers and their team members over organisational climate, McGregor actually represents the first Author to directly associating and linking organisational climate to organisations’ management and leadership styles.

There are today a number of definitions of organisational climate, however it can basically be said that, as suggested by Ivancevitch et al, organisational climate is very much concerned with the influence exerted on individuals' behaviour by some elements, characteristics and/or qualities of the work environment. The effects of organisational climate on staff behaviour are determined by the way each individual perceives, directly or indirectly, those qualities and characteristics of the internal environment.

Taking as axiomatic, then, that organisational climate is concerned with individual’s perceptions and feeling, it could be worth trying to find out which is the impact produced by these perceptions and the extent of their practical implications.

Burton et al claim that climate can be considered as a “relatively enduring quality of the organisation which is experienced by its members”. Similarly, Field and Abelson, Dailey and French et al define organisational climate as a (relatively) persistent and enduring quality. In general, it can be said that since organisational climate depends on organisational culture, individuals should not be likely to frequently change their
interpretation of the work environment, unless some relevant changes do not occur within the organisation’s culture.

Indeed, climate is associated with perceptions and feelings which sometimes could also be determined and caused by misunderstanding, bias and/or misjudgment of some events occurred to them. Employees join organisations, but leave their managers; sometimes a “simple” change of Line Managers can effectively and rather suddenly contribute to change individuals’ perceptions of the overall organisation's environment and of its practices and policies. So that, although in general climate can, by and large, be considered as a rather enduring and persistent quality, it is also important to consider that individuals’ perceptions can, at times, be influenced and distorted by the behaviour of single individuals working within the organisation who, to some extent, prevent other individuals to really understand and appreciate organisational climate as it really stands. As stressed by Schneider, in fact, organisational climate is concerned with employees’ perceptions about formal and informal practices, procedures and policies executed within an organisation. Someone could argue that it is up to employers to do what it takes in order to avoid that such situations actually occur, which is true but which actually represents another and different aspect of the subject. Such episodes would clearly result to be irrelevant and insignificant at organisational-culture level were all of the employees are concerned and a few “exceptions” (provided they are a few) will not affect and impact an organisation’s culture. But climate is not concerned with staff and workforce considered as a whole, but rather with each individual and his personal feeling, appreciation, understanding and perceptions.

Communication specialists always say that when the recipient of a communication message has not understood the real content of the communication, the sender should ask himself if the message was actually clear (and not immediately think that the recipient did not understand the message). To some extent it could be said that organisational climate is what individuals understand of the culture message. So that, if sometimes the problem can actually lie in the way culture is understood, in many other cases the problem can lie in the way the message has been communicated. Whatever the case, employers should try to do their utmost to ascertain that everybody, especially their managers, effectively and consistently participate to the process and that everybody is singing from the same hymn sheet.
Other two points which seem to gather a wide consent about organisational climate relate to the circumstance that a) climate can be measured and b) that it has a clear and relevant impact on the way people perform.

The role of Taylor and Fayol has been very much significant to the development of the philosophy of classical theory of management. The essence of classical theory has been helpful in costs cutting by using unskilled repetitive labour by providing them intensive training to do small tasks efficiently and effectively which used to be the parts of a job.

This theory relies on (i) optimum division of labour, (ii) rigid hierarchy and (iii) standardization of labour to achieve its objectives.

Nevertheless, the introduction of classical theory in management thinking resulted in a substantial increase in productivity but only at a heavy human cost. In the sense, that excessive division of labour and standardization resulted in alienation separation of works and it led to higher labour turnover, absenteeism and decline in the quality of products.

Management thinkers and parishioners spent considerable time and energy to recognize the nature and severity of the problem and also to understand the magnitude of the damage caused by it, to the organisation in human cost.

Till the first half of the twentieth century, classical organisation theories, which lay emphasis on productivity, dominated the management thinking and practices. For instance, in an early study, Smith described in his book titled, ‘wealth of nations’, how productivity of pin-makers could be improved a hundred fold or more through division of labour.

Hawthorne studies by Roethlisberger Dickson emphasized the importance of individual differences, group collaborations, social interactions and participation in decision making.

A few years later McGregor in his study of human nature and motivation, made and early warning that the personnel policies practiced during his time were devoid of any of the job satisfaction or benefits. He cautioned the management that practically all the means of need satisfaction which worker today obtains from their employment can
be utilized only after they leave their job and he concluded the study saying that a participative and supportive approach towards workers by the management was likely to produce better results.

A little later, Argyris averred that the formal organisational structure, directive leadership and rigid managerial controls frustrated the mature employees. He concluded in his studies that organisations ignored the potential of workers and failed to encourage self-development in areas that were meaningful to them. He also said that organisations failed to develop and to make use of full potential of the workers by not encouraging responsibility and innovation.

Every organisation functions in terms of a set of policies, rules and procedures and members in that organisation perceive and make sense of organisational policies and procedures in psychologically meaningful terms. These policies, and standard operating procedures are considered to existing in lasting patterns. In course of time, these standard operating procedures acquire an enduring quality and result in creating unique organisational culture or climate. As defined by Baumgartel, organisational climate is a product of leadership practices, communication practices and enduring and systematic characteristics of working relationship among persons and divisions of any particular organisation. All organisations have their own unique identify or personality, which is according to Insel and Moos exerts directional influences on behaviour.

The focus of climate research as well as the definition of climate research have changed over the past 25 years. Early researchers suggested that individual behaviour could be more meaningfully understood if it was related to the environment arising out of behaviour as perceives and reacted to by the members. In other words, the organisational climate was defines as situational characteristics which is an enduring organisational element as perceived by the members. Similarly all measurement efforts focused on objective organisational characteristics that members perceived.

A shift in thinking occurred during the coming period of time and researchers started to give or pay more attention to individual perceptions than to organisational characteristics. For instance Schneider and Hall (1992) have noted that perceptions are significant and discussed information by which perception are formed through processing as the mechanism. Further, the organisational climate was viewed and
perceived as a phenomenon that represents and interaction between personal and organisational characteristics. During the time period after the research by behavioral scientists, the interactionist observed the schemes to have been lost sight instead of the opinion of individual differences has received far greater attention in explaining productivity, performance, motivation and other organisational behaviour. Although the industrial psychologists have traditionally viewed behaviour as jointly determined by the characteristics of the individual and the organisation. The researches in industrial psychology have been heavily loaded towards the individuals.

The interactionist view gained its importance again in climate researches from mid-sixties with the use of the concept – organisational climate.

After a short period, a reverse phenomenon was experienced and the importance of organisational characteristic existed once again in the researches of industrial psychologists. As explained by Payne and Pergh, the traditional belongingness of studying organisational behaviour from the point of view of the individual are slowly getting transformed into the study of organisational environment setting as this can influence the behaviour of an individual as well group of people of an organisation. During this period, in organisational environment psychological meaningfulness became an exclusive part of climate definitions. More recently, it has been discussed how to make meaning and sense in order to make climate. For instance, Joan Rentsch points out that organisational standard operating procedures in psychologically meaningful terms. These standard operating procedures are considered to be objective properties of the organisation and they tend to exit in lasting patterns.

During the last three decades, there have been intensive and diverse efforts to conceptualize, measure and utilize the organisational climate construct, which has been concerned with a description of the forms or styles of behaviour in organisation. In nearly all instances mentioned, research from a number of vantage points has assumed that on the basis of the perception of organisational policies and procedures, individual develop a global or summary perception of their organisations.

The number of different vantage points referred to above, different researchers conceptualize concerns the way of climate construct. A few researchers have treated organisational climate as dependent variable being influenced by leadership, technology etc. where the focus has been on understanding of the cause of climate
perception. “Relationship of organisational climate as dependent variable being influenced by organisational structures and management assumptions and practices, but they failed to label the above sets of practices and procedures with climate label.

However, when Litwin and Stringer treated climate as an independent variable, influencing employee satisfaction, performance etc., and manipulated organisational practices and procedures, they labeled different manipulation as representing different kinds of climate and found, for the different climate, different kinds of behavior. Andrews, Lewin et al., Pritchhard and Karasick have also treated climate as a independent variable and labeled different set of practices and procedures as representing different climates. As independent variable, then climate has clearly been a macro construct.

The climate has also been analyzed as an intervening variable. For instance, between leadership style and employee performance or satisfaction. Researchers who used climate, as an intervening variable, also label various sets of practices and procedures with climate names. Hall and Schneider speak of a climate for psychological success. In all these studies climate was assumed as an intervening variable. In a number of above instances, climate has been assessed most typically by having people in the situation describe the perceived situational practices and procedures.

Most measure of organisational climates is based on the perception of member of the organisation. Payne and Pugh have examined the validity of climate measures by comparing objectives and subjective measures. There are, however, some studies of educational institutions, in which sizable correlation were found between perceptual ad objectives climate measures Stern also pointed out that there was a little overlap between a person needs and his perception of climate through a joint factor analysis of a personality measure and climate measure using Murray's need press theory. These researchers, nevertheless, show that there is a significant relationship between the perceptual description of the organisation and the objective reality.

Diversity and variety in organisational environment make it impossible for anyone to understand it fully. However, every member in an organisation has some knowledge about environment, which is bound to very from one person to another since each member perceives organisational climate from his own position and point of view. This perception, a member, has about his organisation is a measure of organisational
climate. This perception, in turn, influences a person's motivation and behaviour within the organisation.

It is, by now, well established that the human conduct is influenced more directly by subjective perception of reality than by reality itself. In other words, behaviour is influenced not so much the objective environment as by the subjective meaning it has for the members. Under this circumstances the organisational climate is neither entirely objective nor entirely subjective but the mid-way between the two. Having discussed the evolution or organisational climate. Let us look at some important definitions of organisational climate.
Definitions

**Forehand and Gilmer** define organisational climate as a set of characteristics that (a) describe the organisation and distinguish it from other organisations (b) are relatively enduring over the time and (c) influence the behaviour of people in the organisation.

Georgepoules defines organisational climate as a normative structure of attitudes and behavioural standards which provides a basis for interpreting the situations and act as a source of pressure for directing activities.

**Litwin and Stringer** define organisational climate as a set of measurable properties of the work environment, perceived directly or indirectly by the people who live and work in that environment, which influence their motivation and behavior.

**Tagiuri and Litwin** define organisational climate as a relatively enduring quality of the internal environment that is experienced by its members, influences their behaviour and can be described in terms of the values of a particular set of characteristics of the organisation.

**Friedlander and Margulies** define organisational climate as a relatively stable or ongoing property of the organisation, which may release, channel, facilitate or constrain an organisation's technical as well as human resources.

**Taylor and Bowers** define organisational climate as the perceived traits of organisational stimuli, which become a group property through interpersonal interactions, which modify overt behaviour of people within the organisation.

**Campbell et al.** define organisational climate as a set of attributes specific to a particular organisation that may be induced from the way the organisation deal with its members and its environment. For the individual member within the organisation, organisational climate takes the form of a set of attributes and expectancies which describe the organisation in terms of both static characteristics (such as degree of autonomy) and dynamic characteristics (such as behaviour outcomes).

**Payne** defines organisational climate as a moral concept, reflecting the content and strength of the present values, norms, attributes, behaviour and feelings of the members of a social system, which can be operationally measured through the perception of system members or observational and other objectives means.
**Prichard and Karusick** define organisational climate as a relatively enduring quality of an organisation's internal environment distinguishing it from other organisation which (a) results from the behaviour and policies of members of the organisation, especially in top management, (b) is perceived by members of the organisation, (c) serves as a basic for interpreting the situation and (d) acts as a source of pressure for directing activity.

**Hellriegel and Slocum** define organisational climate as a set of attributes which can be perceived about a particular organisation and/or its subsystems and which may be induced from the way that organisation deals with its members.

Common elements found in various definitions mentioned above are:

a) Though subject to change, organisational climate is enduring over time.

b) Despite differences in individual perceptions, there can be a broad overall agreement in describing organisational climate.

c) Organisational climate influences the behaviour of members of the organisation.

The term organisations climate as used in the present study, has all of these three sets of qualities and meanings.

**Theoretical Background**

In tune with other social science researchers, climate research was also done on the basis of certain assumptions. Schneider states that these assumptions may be classified as (1). Human attempt to apprehend order in their environment and to create order through, (2) humans apprehend and/or attempt to create order in their environment so that they can effectively adopt their behaviour to the work environment. Broadly speaking, the first assumption is associated with the Gestalt school of psychology, while the second assumption is associated with the school of functionalism.

The major contribution of Gestalt psychology was its emphasis on the organisation of climate perception and this climate perception represent meaningful apprehension of order in the perceiver's world, basen on cues in that world and inferences regarding the presence of psychological equivalent cues. Gestalt tradition not only stressed the
drive to create order but to behave on the basis of apprehended order. The apprehension of order, then, has a direct implication for behavior. As suggested by Heider, people do have theories about the way the world is ordered and they used these theories as a framework for their behaviour. Thus, it may be concluded that people apprehend order in their work world based on perceived and inferred cues as behave in ways that fit the order they apprehend.

While Gestalt, psychologist assumed that people apprehend and create order because they have no choice. Functionalist proposed that order is apprehended and created so that people can function adaptively in their world. Schneider has quoted evidences from different studies to prove that people have a fundamental need or desire for information about their status vis-a-vis their environment so that they can adapt to be in homeostatic balances with their environment The desire on the part of individuals to adapt to their environment tends to depress the display of individuals differences unless their such differences.

Fleishmen, in an early paper on organisational climate reported results suggesting how foreman adapted their behaviour to the prevailing climate in a factory by behaving not as they were taught in human relations programme but in a style that fit their work climate that means the way their supervisors behaved. Frederikson also found that people behaved differently in solving problems as a function of climate, under which they worked. In a way functionalist view implies that situational characteristics rather than individual attributes are than main determinants of behaviour in an organisation.

Litwin and Stringer manipulated different leadership styles to produce different climates, which, in turn aroused a particular motive based on the leadership style This experimental study shows how climate can be created or altered to arouse motive appropriate for its demand, changing the prevailing climate to suit the emerging needs of the organisation is the primary objective of many programmes of organisational change and development implemented by the organisation development experts. There is always a need to introduce planned changes in organisation from time to time in order to enhance their effectiveness and the well being of those who work in them. Planned change or organisational development can take one or more of the following forms.
1. Modifying the specific structure or systems of the organisation.

2. Modifying the individuals who work in the organisation and

3. Modifying the overall climate of the organisation.

Effective use of multiple systems normally brings about the desired level of organisational change.

Planned change in an organisation may be directed at organisational structure, job design, policies and procedures. The purpose here, is to create conditions to motivate and reward employee behaviour to facilitates the achievement or organisational objectives and reduces resistance to change. This approach to change is based on the assumption that behaviour in organisation is influenced by the characteristics of the organisational situation.

The next approach to planned change is directed at individuals working in the organisation with a view to improving their attitudes, skills and behaviour. This can be done through education, training and socialization. The underlying assumption of this approach is that behaviour in an organisation is influenced by the characteristics and attitude of the people who work in those organisations.

Lastly, the change in organisation may be directed at organisational climate or style of management at the organisation wide level. The objective here is reduce dysfunctional effects of excessive social conflicts and competitiveness by creating a climate, which is characterize the relations among the member of the organisation.

Due to inadequate attention given to the existing climate or culture, many organisational development efforts have miserable failed to bring about the fact that organisational climate cannot be introduced in vacuum.

Every existing organisation advertently or inadvertently develops and maintains culture or climate, which must form the basis for any future change, and this will have a vital impact on the degree of success of any effort to alter or improve the organisation.

Ginsberg in his article on strategic planning of work climate modifications vividly outlined how changes in climate can be planed in a systematic fashion The approach
is based on objective method for assessing and evaluating performance in the area of human resource management. The strategy consists for clearly laid down objectives, identification of programmes of fulfills the objectives and the specific action plan for achieving the various steps envisaged in the programmes. The climate could, then be surveyed on a regular basis in order to monitor the progress against plan and to assess the effectiveness of the chosen programmes. Scores in particular facets of the surveys can be used in formulating a future strategy for improving organisational climate.

Aspects of organisation that stimulate behaviour are received and interpreted by a member of the organisation. Therefore, the member's perception of consequences that may follow his action acts as a moderating variable between organisational stimuli and resultant behaviour. Thus the knowledge of perception of members of an organisation leads to a greater understanding of their behaviour and this is because that organisational climate is an indirect determinant of behaviour in an interactive sense.

**Dimension of organisational climate**

Even after three decades of considerable research effort, there is as yet agreement about a common set of dimension of organisational climate for different situations. As explained by Schneider, many climate researches have indeed assessed the specific climate in which they were interested rather than attempting to develop some omnibus measures. For instance, Fleishman worked leadership climate. Litwin and Stringer developed a climate for motivation. Schneider and Bartlett explored climates for new employees, while Taylor examined climates for creatively and Renwick speaks about a climate for conflict resolution. The point here is that these researches were attempting to assess the organisational climate in a specific situation, from their own point of views, which cannot be generalized. However, the research works of a few important climate analysts have been presented here to facilitate the better understanding of the diversities in the field of climate researches.

**Importance or interpretation of organisational climate:** The study of organisational climate has the following impacts on the organisational behaviour.

1. **It affects Motivation, Productivity and Job Satisfaction.** Organisational climate can have a major influence on motivation, productivity and job satisfaction. Climate
determines the action and it creates few expectancies as to consequence. Employees can expect certain rewards, penalties, satisfaction or frustrations based on the organisational climate and their expectations tend to lead to motivation as shown by expectancy theory.

2. **Contingency Relationship.** There is a contingency relationship between climate and the organisation. It means climate of an organisation is contingent upon the type of employees, it has the type of technology workers’ education and the other like variables. For example, a research institute or department would certainly want a climate different from that of a workshop or an office.

3. **It Represents Entire Social System.** Organisational climate represents the entire social system of a work-group. It is clearly a system concept. There are two important aspects of climate: (i) Work-place itself, and (ii) treatment to personnel from management. If employees feel satisfied while at work and if climate provides a sense of personal worth, it can be assumed that climate in that organisation is favourable. As far as treatment from management is concerned, they will like to be listened to and treated as they are someone of value. They want that management should really feel and care about their needs and problems. If these two are favourable, there prevails a good climate in that organisation.

Thus a good organisational climate is necessary for the development of organisation. Good climate attracts good and efficient people to the organisation, who, if satisfied, may contribute to the productivity of the organisation.

4. **Difference between organisational culture and climate:**

Although the concepts of organisational culture and organisational climate are quite different one another, for a long period of time a certain degree of confusion has been dominating.

In a bid to avoid any possible kind of mix-up, Denison suggested to refer to organisational culture as to the deep structure of an organisation, which is based on the assumptions, beliefs and values held by its staff, whereas to refer to organisational
climate as to those elements of the internal environment as they are consciously perceived by each individual.

A more straightforward approach to organisational climate is to consider it as the way individuals perceive, see and feel about organisational climate. Although we are looking at two different concepts and ideas, the link between culture and climate is evident in that climate is essentially identifiable with individuals’ perceptions about organisational culture’s quality and characteristics. French et al suggest that culture represents the actual situation, whereas climate represents individuals’ perceptions, although it is quite difficult to identify the traits and features of the actual situation especially when individuals’ perceptions virtually represent it differently from what it is supposed to be.

It could basically be said that organisational culture is concerned with the macro vision of an organisation life-style, meant as “the way we do things around here”, whereas organisational climate is very much concerned with the micro image each individual has formed of organisational culture and the way each single member of staff actually considers and appreciates organisational culture. As such organisational climate becomes particularly important for employers, in that it is just on the basis of, and according to, the feeling and perceptions which individuals generate that they will behave and develop their attitudes towards their work and their working environment.

As for the aspect related to the presence within an organisation of different cultures, Saffold concedes that although multiple subcultures coexist within an organisation as a matter of course, strong culture investigations seem to support the importance of single, unitary cultures. As suggested by Armstrong, nonetheless, it clearly makes sense that, even though maintaining common values, beliefs and norms, within the same organisation, the “outward-looking” culture developed within a marketing division can be sensibly different from that developed within an “internally-focused” manufacturing department of the same organisation.

In the case of climate the phenomenon is clearly even more widespread and it is obviously much more likely, or rather certain, that individuals will develop different ideas of organisational climate even within the same function, department or division.
It must be said that some Authors have stressed further the meaning associated with individuals perceptions of the work environment referring to a two-level scale based on a clear distinction between “psychological climate” and “organisational climate”. More in particular, psychological climate would be identified with individual-level perception, whilst organisational climate would be considered with reference to the broader unit or organisational level perception. The latter case occurs when people within the same unit share the same perception and feeling about the work environment.

The main difference between organisational culture and climate is that the culture doesn’t not change easily by the temporarily changing circumstance in the organisation due to change in leadership, business strategy etc., but the climate of an organisation gets affected very easily with changing circumstances i.e. change in leadership, behavior of people in leading position, changes in the market business scenario and business strategy as well as social occurrences.

**Quality of organisational culture and its impact organisational climate:**

Organisational climate is a product of organisational culture the and the quality of organisational climate is accordingly affected by the culture of organisation i.e. if the culture of an organisation is good the organisational climate will be good and opposite to that bad organisational culture will have the inevitably bad climate at workplace in an organisation.

As for strategy it cannot be said that an organisation’s culture is better than another, so that the comparison between different cultures of different businesses would be a pointless exercise. Additionally what can be considered good for an organisation cannot be necessarily considered as good for another. Moreover, as suggested by Alvesson, “Some things that may be seen as good may be less positive from another angle”.

Broadly speaking, it can be said that usually good, valuable or strong cultures are those cultures which are seen as effective means to an end, not considering and assessing if good is equal to usefulness and the likely multidimensional implication goodness might have.
Although the subject is much less mundane than it might apparently seem, it can in general be said that as long as an organisation’s culture is inspired and based on, and practically fostering and endorsing, fairness, consistency and integrity, an organisation’s culture can definitely be considered adequate. Without a doubt this is the case in which the best fit approach, rather than the best practice one, applies.

Rather than referring to organisational culture in terms of how good or bad it is, it could possibly be much more appropriate, instead of, referring to how effective or ineffective organisational culture reveals to be on actually helping and supporting an organisation to achieve its intended aim and objectives. As suggested by Armstrong, in fact, organisational culture has to be “relevant to the needs and circumstances” of an organisation and its ultimate scope has to be the one of favouring good levels of performance rather than hampering efficiency.

The quality of an organisation’s climate is clearly strictly dependent on the level of fairness, consistency and integrity an organisational culture will be able to inspire and foster in each individual concerned. Differently from culture, in fact, individual perceptions will not be immediately and directly influenced by the level of performance a culture will be able to foster within the organisation, but rather by some other aspects as fairness, equity, consistency and integrity. Organisational climate, seen from the individual perspective, is subject, then, to be both negatively and positively perceived.

**Formation of organisational climate:**

1. **Infrastructure:** The infrastructure includes the way how a building of office has been constructed, whether the rooms are spacious, airy and adequately ventilated. These are the very significant factors which contributes a lot in constituting a workplace environment and organisational climate. The infrastructure affects the working conditions and work environment of an organisation. Infrastructure includes basic resources which are essentially required to establish and run an organisation which includes the following things:
   a. **Building and availability of space along with required facilities:** The geographical location of the building where the premises of an organisation is located is a factor which inevitably affects the organisational climate. Numbers and size of rooms and
cabins, availability of seating arrangement, space available at particular place and number of people using that place, number of equipments available at a place for how many number of people and how many people are practically using the same. Availability of other facilities like lighting, cooling and warming equipments to maintain the temperature at workable level, number of persons working at a place and facilities of drinking water, urinals, lavatories, rest rooms, canteen and lunch rooms etc. provided in the premises contributes a lot in formation of the organisational climate and has significant impact on inter-personal relationship as well as performance of employees at their work places.

b. **Location of interdependent departments**: The distance between one department to another and consequently time and energy of employees consumed to perm a task when the inter-departmental support is needed in that case how and what kinds of circumstances take place that also affect the quality of organisational climate as well as contribute in the work output of an the employees.

c. **Machines, material and technology**: What kinds of machines and instruments needed as per business needs and what has been provided to the employees to perform their duties will also have an impact on the quality of organisational climate and performance of manpower. If the machines and material with latest technology has been provided then the employees would be able to give required output through their work performance which will certainly be helpful to create a congenial work environment consequently resulting into the organisational climate.

d. **Human Resources and their skill level**: The climate of an organisation is inevitably affected by the level of Human Resources working in it. The Educational level and background, their cultural back ground affect their general behavior at workplace and general behavior of every human being affects the surrounding environment and the other people available there, hence the organisational climate is formulated with such elements such as behavior of the people at their workplace consequently circumstances arising thereof.
e. **Training of the employees:** In every organisation manpower is recruited from various parts of the world with different family background, culture, educational standard as well as their professional skills, but after joining the organisation everybody has to work at a common platform for accomplishment of common objectives of the organisation for which they have to be trained and made acquainted with the cultural norms of the organisation in which they have been employed so that everyone can behave in a similar way. If the employees have been trained in such way they organisational climate shall be certainly favourable and if the training is not provided to the employees in that case there are chances that the claimate of the organisation may be affected adversely which would affect the other factors of the employees which are directly affecting the performance of every employees. Training related to tools, technology and instruments is also necessary to be provided according to latest innovation available in the market, otherwise the inferiority complex will always be available in the minds of the employees of the organisation which will give birth to such climate which will also affect adversely the performance of employees.

2. **Nature of Business:** The conditions required for a business of an organisation in which it deals in play a vital role in forming the organisational climate. The organisational climate is constituent of working conditions prevailing at workplace of the employees according to which their perceptions and behavior take place which give birth to a particular climate called organisational climate (for example working conditions in a hotel are different than in a factory similarly the in an educational institution and in a hospital).

3. **Prevailing Competition in the Market:** The prevailing competition in the market and desire to grab maximum business and earn profit from the market impacts on behavior of leaders of an organisation who formulates business strategies and the behavior of any leader influences the subordinates’ work environment which becomes a working climate. Impact of workplace climate on employees’ efficiency and performance will be negative, if the competition is tough and the employees have to work always under pressure that will lead to frustration, low morale and increased manpower turnover as well as poor performance level.
4. **Management’s Expectations and Work Pressure:** The pressure of work performance on employees of an organisation depends upon expectations of top management from their employees. If the management’s expectations are high then the work pressure on employees will be high and if the expectations are low consequently work pressure will also be low.

5. **Availability of Resources and Customers Expectation:** The customers’ expectations is the significant factor affecting the current business scenario across the globe, but the satisfaction of customers’ expectations by any service provider or supplier of goods or services affected by the availability of resources with service providers. Availability of required resources with the service providers is always helpful to satisfy the expectations of customers resulting into a healthy working environment. Opposite to that dissatisfaction of customers always have negative impact on the work environment of service providing organisation creating bad climate in the organisation. Adequate resources availability makes the employee comfortable and morally stable, so they work hard in order to keep their customers satisfied but in opposite circumstances the impact on employees’ performance and efficiency will be negative.

6. **Quality and Aptitude Level of Human Resources:** The work environment at the place of work is created by the behavior of employees who work there and behavior of workforce is always a reflection of their aptitude level or mental quality development. If the mental level of workforce of any organisation is high the culture and climate of that organisation will always be good and if that is low the organisational climate will not be good. Accordingly the work performance of employees will be affected by the existing climate at their workplace.

7. **Behaviour and Mutual Relationship Between Top Leaders:** The organisational climate is the outcome of the behavior of the people working in an organisation. The general behavior of the top leaders in routine circumstances i.e. Directors, Chairmen or the members of Board of Directors of any organisation is always observed by the employees working under them.

8. **Management Philosophy:** It is the work force who creates a climate in an organisation with day to day behavior and work style which are completely affected by the Human Resources Policies of the organisation. The behavior of workforce of any organisation always reacts to the actions of the management. In this case the management must be very clear what kind of culture and climate they
want to create in the organisation and how they want to keep their employees, either the employees working in any organisation should be happy, self-dependent and satisfied or the principle which believes that the employees should never be with full belly, otherwise he will not work with full zeal. In the both the cases according to management’s thinking the behavior of employees differ and workplace climate is formulated accordingly. If the management feels that the employees working with them should be happy human beings and treat them accordingly the reaction of the employees will also be supportive and peace providing. Opposite to this if the management’s Philosophy is to keep the employees always in financial scarcity in that case the employees will be disloyal to the organisation and their work, their behaviour will be totally selfish, self-centered and careless. These things will develop a different kind of environment and organisational climate which is never good for the management as well as employees. It has been observed during the study by the scholar that several employers feels that divide and rule principle amongst the employees is always beneficial for the organisation and they start creating difference amongst their own employees in order to obtain all good and bad information about the employees through themselves only by dividing them. Although, sometimes it is felt good but this type of practices give birth to bad working environment and spoil entire organisational climate which in long term results into a great loss to the organisation, employees, society and ultimately loss the nation and humanity.

9. **Human Resources Management Policies of the Organisation**: Organisational policies and Standard Operating Procedures formulated for human resources in an organisation give the shape to employees’ behavior at workplace and their perceptions and mindset develop accordingly. If the policies are formulated in such a way that those are beneficial for both the management as well as employees the employees will accept and follow them voluntarily as well as happily, if the policies and rules of the company are formulated in such a way that those are only for the management and against the workers interest, the employees will always resist implementation of such policies and their behavior towards the members of management will always non-cooperative, disrespectful and whatever work they will perform that will be only to do their duty in order to get money for their survival. This type of attitude and behavior of the employees of an organisation will give birth to an uncongenial and unsuitable work environment
affecting the organisational climate adversely and affecting on the output of the employees leading to low profitability and growth of an organisation. The scholar has experienced that the managers of several organisations follow the laws when those are speaking in favour of the management but deny and violate all the rules when they speaks about giving benefits or facilities to the workers such as when any worker wants to leave early from the work place, in that case the managers remind them that everybody must work not less than 8 hours a day, but when the managers want the workers to work more than 8 hours in that case they do not follow the law of providing over time payment equal to double of a worker’s wages. So, it is a significant factor in formation of organisational climate, an annoyed person will always make others also unhappy even without interacting to any and spoil the environment of surroundings.

Meaning of Performance: The meaning of performance is work output at individual or group of employees against pre-established target. The organisational climate or the prevailing working conditions and atmosphere existing at workplace always affect the performance of the employees engaged therein.
Importance or Interpretation of Organisational Climate and its Impact on Employees’ Behavior, Efficiency and Performance:

(1) Impact on employees’ motivation, job satisfaction and productivity: The organisation climate can have a major influence on motivation level of the employees, their morale, job satisfaction and overall performance on productivity. The climate determines the action and it creates few expectancies as to consequences employee can exert certain rewards, penalties, satisfaction or frustration based on the organisational climate. According the expectancy theory the expectations of the employees always affect the organisational climate.

(2) Contingency relationship: There is a contingency relationship between the climate and the organisation it means the climate of an organisation is contingent upon the types of employees of the organisation that it has the type of technology, workers’ education and other like variables.

(3) It represents entire social system of the organisation: Organisation’s climate represents the entire social system of the work group and it is certainly a system concept. There are two important aspects of the climate:-

a. Workplace itself
b. Treatment to personnel from the management

Organisations where study has been carried out:
1. Barkha Plastic Industry, Bhiwani
2. Mittal Plastic Industry, Bhiwani
3. Vijay Plastic Industry, Bhiwani
5. Shree Kamakhya Industry, Bhiwani

All the above mentioned organisations are located in Industrial Area of Bhiwani City which is also one of the oldest districts of Haryana State which has been separated from the District Hissar in the year 1971. This city is also known as CHHOTTI KASHI due to availability of abundance of temples in the city. The Bhiwani is a world famous place for its Textile Manufacturing before the birth of Haryana State. The Haryana State came into existence in the year 1966 before that this place was the part of Punjab State and the Bhiwani was world famous place for manufacturing work.
of textile. Those days Bhiwani Cloth Mill was the biggest manufacturing industry of Bhiwani which is now known as The Technological Institute of Textile & Sciences Mill, Bhiwani. Another large scale industries situated in this city are Bhiwani Textile Mill and Hindustan Gum and Chemicals Limited, Bhiwani.

All the companies of Plastic Industry are located in the Industrial Area of the city. Although, the maximum industries existing in the Industrial Area are of small scale yet they have their significance and contribution in the society in which the Plastic Industry plays a vital role. The Plastic Industry of Bhiwani has provided employment to thousands of people of this city and neighbouring villages. In this study the scholar has collected data from all the above mentioned eight organisations through the employees working there at the Workman, Supervisory and Managerial levels. Emphasis of the study has been to know about the prevailing working conditions, environment at work place and work culture contributing to the Organisational Climate of each organisation.