

**ORGANIZATIONAL CLIMATE AND
JOB REACTIONS**

CHAPTER II

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This chapter attempts to discuss the concept of organizational climate. Attention is focussed in this chapter on the constructs of classification of climate into different categories. The methodological issues and etiology of climate are also discussed. The findings of various studies revealing relationship between organizational climate and job reactions have also been briefly reviewed in the concluding section of this chapter.

The Concept of Climate

The concept of organizational climate succinctly summarises the phenomenal perception of the complex interaction occurring in the mundane organization. Scientific management over emphasizes the individual while Hawthorne movement overemphasizes informal groups in organizations. Climate provides a linkage between the organizational and individual levels of analysis (Taguiri and Litwin, 1968 ; Pheysey et al., 1971).

Organizational climate describes an organization and distinguishes it from others, and exercises relatively long enduring influences in time on behaviour (Forehand and Gilmer, 1964). Climate construct is expected to distinguish among organizations and also to have organizations specific variance (Taguiri, 1968 ; Campbell et al., 1970). Climate, as a normative structure of attitudes and behavioral standards provides a basis for interpreting the situation and also acts as a source of pressure for directing activities

(Georgopoulos, 1965). Climate represents measurable properties of work environment perceived directly or indirectly by workers which influenced their motivation and behaviour (Litwin and Stringer, 1968). Similarly, organizational climate is regarded as an element of organizational environments (Drexler, 1977). Climate may be regarded as a stable or ongoing property of the organization, it releases, channelizes, facilitates, or constrains the organizations technical and human resources (Friedlander and Margulies, 1969).

Climate stands for the enduring quality of the internal environment experienced by its members which influences the behaviour and the characteristics of the organization (Taguiri and Litwin, 1968). The perceived traits of the organizational stimuli become a group property and interpersonal interaction modifies the overt behavior of people in the organization (Taylor and Bowers, 1970). Climate is a molar concept which reflects the content and strength of the prevalent values, norms, attitudes, behavior and feeling; it connotes measurable perceptions of the system members (Payne, 1971). According to Joyce and Slocum (1979) climate also stands for a summary perception of the organizational environment and the perception being abstract, non evaluative and multidimensional.

The literature on climate has been well reviewed and documented (Campebell et al., 1970 ; Hellriegel and Slocum, 1974 ; James and Jones, 1974 ; Jones and James, 1979 ; Joyce and Slocum 1979 ; Naylor et al., 1980 ; Payne and Pugh, 1976 ; Powell and Butterfly, 1978; Schneider and Reichers, 1983; Dunnette, 1976; Milton, 1981). The origin of interest on climate may be traced

back to the influential work of Lewin et al. (1939). The pioneering experiments just cited have demonstrated that by manipulating the dimension of leadership, different climates could be generated, and further, democratic condition is characterized by less fighting more cooperation and a greater 'we-feeling' while autocratic condition by a tendency for forming cliques.

Another work cited in literature on climate is that of Litwin and Stringer (1968). The experiments of Litwin and Stringer (1968) sufficiently demonstrate that climate could be created through simulation or altered and a climate could arouse a motive that is appropriate for its demand. Further, the leadership style which is controlling and based on authority produces a climate with a high structure low reward, high punishment and low risk taking, and arouses the power motive. Member satisfaction is reported to be higher under leaders with a strong need for affiliation and achievement, but not power ; under leaders with a high need for affiliation, the groups exhibit warmth and regard ; Under leaders with a high need for achievement, groups exhibit much conflict.

Other multifarious studies reported in literature are adum-berated with references to a set of continuums that describe work related and person related behavior. As many as 26 bipolar continuums that describe interaction in groups have been explicitly identified by an investigator (Bass, 1981). The continuums identified include Autocratic-Democratic (Lewin and Lippitt, 1939) ; Production oriented - Employee oriented (Katz et al., 1950) ; Initiating structure - considerate (Hemphill et al., 1951) ; Production emphasis -

Employee emphasis (Fleishman, 1957), Path-goal structuring-Direct need satisfaction (Khan, 1958); Group achievement - oriented - Group maintenance oriented (Cartwright and Zander, 1960) ; Theory X-Theory Y (McGregor, 1960); Coercive - Permissive (Bass, 1960) ; employee centered - Production centered (Blacke and Mouton, 1964) ; Punitive - Nonpunitive (Day & Hamblin, 1964) close in supervision - General in supervision (Likert, 1961) ; Distant - close (Blau and Scott, 1962); Administrative - Human relations oriented (Mann, 1965), work facilitate - Interaction facilitative (Bowers and Seashore, 1966); Directive - Nondirective (Burke, 1966); Self oriented - Interaction oriented (Bass, 1967); Task oriented - Relations oriented (Fielder, 1967); System I, II - System III - System II, IV (Likert, 1967); coercive - Joint decision making (Heller, 1969); order, achievement - personal attraction (Wofford, 1970); Decision centralization - considerate (Yukl, 1971); Prescriptive - people centered (Anderson, 1974); Directive - people centered (Bass and Valenzi, 1974); Decisions - Decisional (Vroom & Yetton, 1974); Closed - open (Flowers, 1976); Nonrewarding - Rewarding (Keller and Szilagyi, 1976).

A number of large US corporations have created management systems that use some typical Japanese techniques and achieve an outstanding record of innovation and rapid growth. The characteristics of these organizations have been considered and a theory of Z organization has been forwarded by a few investigations. The key characteristics of the theory Z organization include long-term employment, slow evaluation and promotion, moderately specialized careers, consensual decision making, individual responsibility, implicit informal control (but explicit measures) and wholistic concern for the employees. In organizations following the theory Z responsibility is definitely individual, measures of performance are explicit, careers are actually moderately specialized. The popularity of Z organization emphasizes that the management paradigm of concern for human resources blends

the hopes of humanistic thinkers with the paradigms of those who need to show a return on investment (Hatvany, 1984).

Of all the systems studied, the systems of management proposed by Likert have remained most influential in literature. As cited in Bass (1978), more than 500 studies have been completed by 1977 involving more than 20,000 managers at all hierarchical levels and more than 2000,000 nonsupervisory employees in petroleum, automotive, pharmaceuticals, investment banking, insurance, delivery service, publishing, utilities, textiles, office equipment, heavy equipment, packing, paper making, and railroad companies. The upshot of these findings suggest that system 4 climate has more positive effects on employee motivation. It is reported that under System 3 and 4 supervisors and subordinates trust each other in a great deal and supervisors are very supportive, very easy to talk to and virtuously always get the subordinates ideas to try to make constructive use of them.

Autocratic system is reported to produce immediate reduction in cost, but at the expense of deteriorating employee motivation, satisfaction with company policy, and leadership as reflected in increasing grievances, turnover, work stoppages, failure to meet delivery dates, decrease quality. In a study, the immediately savings of money actually had produced less due to less motivated, more hostile and less individually productive employee as a result of autocratic imposition (Likert, 1977b). In another study it is reported that the employees in the plants resulted the pressure and the same kinds of adverse trends occurred in the measurements of the human consequences under system 2, 3. Yet, it is found that employees whose particular supervisors who were more democratic showed much less resentment of the work standards than did employees whose supervisors were more autocratic supervisors contributes to less resentful feelings because

the democratic supervisors were more likely to try to do something if an employee complained that work standards were unreasonable (Dunnington et al., 1963).

Results similar to the ones cited above have been reported in a number of studies (Likert, 1967 ; Likert and Likert, 1976 ; Marrow, Bowers and Seashore, 1968 ; McCullough, 1975; Mohr, 1971; Roberts et al., 1968 and Toronto, 1972). The superiority of system 4 has been found to be sustained in a number of studies on business organizations (Likert, 1961a; Likert, 1967; Likert and Likert, 1976 and Likert and Fisher 1977) ; On governmental agencies (Heslin, 1966 ; Lepkowsky, 1970; Smith, 1971; Gardner, 1971; Lasher, 1975; Javier, 1972); and on non-for-profit organizations (White, 1971b and 1971c).

Organizational and Psychological Climate

A few investigators have attempted to investigate the correlates of discrepancy between a person's psychological climate and the organizational climate of which he/she a member (Joyce and Slocum, 1982). It is suggested that the 'fit' between a person's psychological climate and the prevailing organizational climate represents a potentially important source of influence on job performance and satisfaction. The discrepancy between psychological and organizational climate represents the extent to which the individuals perceptions of organizational practices and procedures differ from, or inconsistent with the common perception of the practices held by others in the organization.

Psychological climate has been investigated in early climate researches by Koffka (1935) and Lewin (1936). Organizational climate

and climate discrepancy have been studied by Murray (1938), Stern et al. (1956) and Stern (1950). Stern (1950) has recognized that there is a point at which the private world merges with that of others and people who share a common ideology also tend to share common interpretation of the events in which they are participating, a further distinction between truly idiosyncratic private beta press and a mutually shared consensual beta press. Joyce and Slocum contend that climate discrepancy corresponds to private beta press and organizational climate to consensual. It is emphasized that agreement or consensus represents the justifiable distinctions between organizational and psychological climate (James and Jones, 1974).

It is reasoned that researchers who averaged individual psychological climate scores used to derive organizational climate scores used as predictors, might have treated a position of systematic variance in climate perceptions (Climate discrepancy) as if it were error, and researchers who used only psychological climate scores might have confounded climate discrepancy and organizational climate within a single measure (Joyce and Slocum, 1982).

It is suggested that studies which have not explicitly included climate discrepancy may unintentionally have suppressed relationships between predictors and criteria by failure to recognize the predictive potential of climate discrepancy, by treating it as error, or by confounding discrepancy and organizational climate within a single summative psychological score. A few studies have examined the relationship among climate discrepancy, job performance and satisfaction and personal characteristics including needs,

task characteristics (Hackman and Oldham, 1974; Lawler and Hackman, 1973).

Stern (1970, 1978) has examined correlates of discrepancy between psychological and organizational climates. Climate discrepancy scores are reported to be not correlated with individual evaluation of organizational performance in educational settings. Climate analysis of a single student reveals that a female student who experienced extreme problems adopting to a college ultimately left the University following suicide attempts had climate perception scores which were far removed from those after freshman classmates ; the source of difficulty of the student is attributed to the discrepancy between psychological climate and organizational climate (Stern, 1970).

Schneider (1975b) has developed another discrepancy score construing the difference between the newly contracted agent's climate expectations and the average organizational climate of the agency he/she had agreed to join. He reports that such discrepancy is negatively associated with performance. The study further shows computation of discrepancy on overall climate, confounds several potentially important discrepancies within a summative measure ; positive and negative relationships between criteria and discrepancies with multiple climates may tend to cancel one another when overall climate discrepancy is used. It is reported that discrepancy from particular climates was important while discrepancy with other climates had no consequences for performance. Specifically, Schneider's Theory Y/System's score, climate is reported to be negatively related to performance whereas discre-

pancy with his theory X climate was potentially related to performance and in the aggregate analysis the effects cited cancelled one another.

Joyce and Slocum (1982) have examined the performance and satisfaction correlates of discrepancies between individuals psychological climate and multiple aggregate organizational climates present in their work settings. The findings reveal that climate discrepancy is the better predictor of work satisfaction, whereas membership in aggregate organization climates was the better predictor of job performance.

Methodological Issues

In recent researches climate is measured before an attempt is made to investigate its relationship to other constructs. Climate is also differentiated from such attitudinal measures as job satisfaction.

A few researches have shown that climate is not demonstrably different from job satisfaction (Guion, 1973 ; Johanneson, 1973). Failure to demonstrate a distinction between climate and job satisfaction occurs when climate perceptions are considered both evaluative and descriptive in nature. Other investigators (Joyce and Slocum, 1979; Lajolette and Sims, 1975 ; Newman, 1977 ; Schneider and Synder, 1975) argue and have also shown that when climates are conceptualized descriptively (as believes), climate and job satisfaction emerge as divergent concepts. Climate is not an omnibus construct, measures of climate should be specific.

Emergence of Organizational Climate

Payne and Pugh (1976) suggest that organizational setting influences people's attitudes, values and perceptions of organizational events and climates arise from the objective aspects of work contexts such as the organizational size, centrality or decentrality of the decision making authority, the number of levels in authority hierarchy, the type of technology used in production and the degree to which rules and policies constrain individual behavior i.e, the organization structure. It has been shown that findings are not consistent to sustain structural approach to explain the etiology of climates. All types of correlations are reported with reference to various structure/climate relationships (Berger and Cummings, 1979). At conceptual level structural approaches do not successfully account for the differences that arise in climate across work groups within the same organizations and could only differentiate one organization from another (Schneider and Reichers, 1983).

Another attempt to explain the etiology of climate suggests that organizational process such as selection into organization and individual process such as attraction to the organization and attrition from the organization combine to produce relatively homogenous membership in any one organization. Climate is considered to emerge out of the interactions that the members of the work group have with each other (Schneider and Reichers, 1983).

Likert (1961, 1967) suggests that policies and behaviors of highest level managers set the climate for conditions and procedures within an organization. The conditions and procedures followed

by highest level managers influence or constrain the behavior of managers of the next lower level. The next level managers behaviors may influence conditions and procedures for succeeding lower levels of management adding to the constraints imposed from above.

The findings of a study suggests that the physical characteristics of the work environment can have an impact on the behavioral and attitudinal reactions of the employees. The independent and joint effects of the work space characteristics viz., social density, darkness, enclosures, and interpersonal distance had 24% of the variance in employee turnover ; 34% of the variance in the withdrawal during discretionary periods and 31% in work satisfactions. The work space characteristics is reported to have contributed significantly to each of the reaction measures involved by the four way interaction term. The office was rated as dark, if simultaneously few enclosures surrounded employees' work areas and seated close to one another and when many employees occupied, the employees were likely to withdraw from office and experience dissatisfaction with their work (Oldham and Fried, 1987).

Person - Situation - Interaction ; Models

Psychological climate typically refers to an individual's description of the work environment ; involves a cognitive processing of specific perceptions into more abstract depictions of psychologically meaningful influences in the situations; relates closely to environmental characteristics that have relatively direct and immediate ties to an individual's work experience, and is multi-dimensional (Joyce and Slocum, 1979; 1982; James and Jones,

1979; Payne, Fineman and Wall, 1976; Schneider, 1975; 1981).

It is suggested that psychological climate may best be approached from an interactional psychological perspectives (Ekehammar, 1974; Schneider, 1981; Terborg, 1981). The interactional perspective attempts to explain behavior by focusing on continuous and multi-directional interactions between personal and situational characteristics. Since situations vary in cues, rewards and opportunities and people vary in cognition, abilities and motivation, accurate measurement of individual differences and accurate measurement of situational differences both become necessary (Terborg, 1981).

Individuals tend to respond to features of work situations that are psychologically meaningful to them (Schneider, 1975; 1981; James et al., 1978 and Joyce and Slocum, 1979). Outcomes such as satisfaction and performance may be regarded as a function of the 'fit' between an individual's personality and the environment in which the person performs. The precise nature of the function and its meaning still remains unclear.

Interaction models offer use of person - situation interaction. One of the models stress characteristics of both the situation and the individual on important influences on behavior and assumes that variance explained will continue to improve as additional independent variables reflecting the attributes of both the situation and the individual are considered (Griffin, 1980; Robinowitz, Hall and Goodale, 1977).

Another model suggests inline with Lewin's (1936) thinking

that behavior is a function and environmental characteristics and congruency exist when conceptually similar dimensions of Persons and situations are correspondingly high or low. Congruency is determined by the fit between the Independent variables and may be assessed without reference to any specific criterion (Griffin, 1980; Porter et al., 1975 ; Pierce et al., 1979). It is suggested by the functional congruency model that either an achievement oriented person or a motivating task may be sufficient to produce high performance but the joint congruence of both may do little to improve satisfaction or performance. The results of the researches generally suggest that interactions among the variables influence individual outcome in complex ways (James et al., 1979; Hackman and Oldham, 1980; Griffin, 1980; Pierce et al., 1979; Von Glinow, 1982).

Organizational Climate and Job Reactions

Interesting findings revealing the nature of organizational climate and the relationship with a number of variables have been reported in a series of studies done at the Bharathiar University (erstwhile Madras University Post Graduate Centre), Coimbatore. These findings are important for deriving hypotheses in the present study since these studies pertain to the same region where the present investigation is undertaken.

An extensive study of higher educational institutions in the Bharathiar University region suggests that the profile of the organizational characteristics could be validly used for studying organizational climate in Coimbatore and its neighbouring regions (Thirunavu-

kkarasu, 1986. The pattern of intercorrelations among the dimensions of climate reveals that all the dimensions are fairly correlated to each other. Item-sum correlations for each of the dimensions are also high and significant. All the scales of the profile of organizational characteristics are reported to have high reliability. The findings of the study support the condition of Likert (1961) that organizational climate in different organizations could be measured by his profile.

Findings of a study suggest that the dimensions of leadership assessed in Likert is not the same as the one assessed in terms of task and human relation orientation (Narayanan and Venkatachalam, 1980). The results further show that the two sets of 48 correlations worked out between leadership styles and climate dimensions, only two-one in the case of employers and another the worker-emerged significantly. Further, adaptability has been found to be significantly correlated with leadership, communication and negatively related to goals in the case of workers. The relationships are not replicated in the case of employers.

Another investigation has attempted to identify organizational climate for creativity (Ganesan, 1985). It is suggested that organizational flexibility, stimulation of creativity, non-evaluative climate, conflict tolerance, allowance for risk taking, freedom from pressure, autonomy, recognition, enriching climate, organizational anxiety and climate for identify attribute to organizational climate for creativity.

Organizational climate of hosiery units is not perceived in the same manner by their workers and the employers (Narayanan and Venkatachalam, 1982). The employers perceive the climate of their units to be more human oriented (System II). The workers perceive the climate of the same units to be more task oriented (System III). While both the workers and the employers agree markedly in their perception of nascent bureaucratic structures, their perception differs with regard to perceiving personnel environment. The difference in the perception pertains more to items about climate which describe the environment emotionally.

Membership in high or low productivity group does not differentially colour the perception of organizational climate and Leadership Effectiveness Adaptability (Narayanan and Venkatachalam, 1982). The high and low creative individuals do not differ in their climate perception in general (Ganesan, 1985). High and low on work commitment, alienation, probabilistic orientation, and role conflict differ in their perception of organizational climate and differences are more qualitative than quantitative (Indumathi, 1986).

The findings of another study show that the variations in task-relationship orientations and the Likerts climate dimensions do not appreciably correlate to each other. Further, adaptability is significantly correlated with leadership and communication and negatively correlated with goals in the case of workers, the findings are replicated in the case of entrepreneurs (Narayanan and Venkatachalam, 1980).

The relationship between climate and job reactions is reportedly

complex (Indumathi, 1986; Thirunavukkarasu, 1986; Ganesan, 1985). Groups identified to represent high and low levels of work commitment, alienation, probabilistic orientation and role conflict seem to perceive the structure and climate of their organization in the same manner (Indumathi, 1986). Similar findings are reported with reference to the relationship between the perception of Likert's climate dimensions and groups representing high and low levels of alienation, anxiety, job related tension and probabilistic orientation (Thirunavukkarasu, 1986). The study last reported also reveals that the pattern of relationship between organizational climate and job reactions is more complex.

Another study relating leadership styles adaptability, effectiveness and job reactions shows that one of the correlation among the correlations pertaining to the four styles of leadership identified in terms of task orientation and leadership and satisfaction, alienation, drive, hand steadiness and stress (Systolic BP) is found to be significant. Of the job reactions studied, only stress is found to be significantly and negatively related to adaptability in the case of employers ; in the case of workers, adaptability is positively and significantly related to drive and negatively related to job satisfaction (Narayanan and Venkatachalam, 1979).

Workers are reported to enter or withdraw psychologically from groups as a function of their ability to make decisions in their respective groups (Katz, 1951). The exclusive task orientation is reported to be detriment to employee commitment growth and morale (Oaklender and Fleishman, 1964). Job satisfaction is reported

to be higher under considerate foreman who is described as high in initiation and low in consideration. Further, both high consideration and initiation structure endorsed by hospital administrators are found to be related to low stress in the units they supervised (Flieshman, 1964).

The review of literature presented in this part suggest that organizational climate is a crucial variable required for understanding the behavior of individuals in organizational settings. The pattern of interactions between individuals and individuals, individuals and groups and groups to groups make up the fabric of climate in organizations which inturn further interacts with the members of the organization. Researchers have attempted to conceptualize the different patterns of interactions going on in organizations interms of continuums. In general, these continuums are comparable and it is possible to generalise from findings of studies using one continuum to studies committed to another continuum. Of all the continuums considered, the continuum of interaction conceptualized by Likert seems to have exercised great influence on thinking of the researchers. Findings of several studies reveal that a strong link exists between systems of management and members functioning under different systems. The upshot of the findings reviewed in this chapter is that it is plausible that organizational climate and job reactions would mutually interact and that at a given point of time. Their mutual influences in an organization could be traced and empirically studied.