Chapter XI
An organization operates in a particular environment with a definite structure. Unless a fit between its design and the context in which it is operating is established, the performance is not likely to be high. The present study aims at studying organizational effectiveness with reference to the structural as well as contextual variables. The major structural variables considered are the size of the organization and the capital structure of the organization (whether private or public) and the contextual variable is rural/urban environment of the organization. Besides there should be internal consistency among the elements of the organizational design. In this light, organizational climate and communication pattern have also been taken as major structural/process variables.

The differences between small and large organizations (size of the organization) between private and public sector organizations (capital structure) and between organizations located in rural and urban areas (rural/urban environment) with respect to their organizational climate, communication pattern and organizational effectiveness are analyzed considering the organization as a unit of analysis. The effect of size, capital structure, rural/urban, organizational climate, communication pattern and organizational effectiveness on productivity is also assessed at the organizational level. The influence of climate and communication pattern on effectiveness for sample organizations and also for different categories, viz.,
small/large, public/private and rural/urban are examined considering individual as unit of analysis.

The results show that the structural variable, size of the organization is associated with certain dimensions of another structural/processes variable, organizational climate. In large organizations there is greater autonomy in exercising role responsibilities and interpersonal relationships are better. However, risk taking behaviour and identity as characteristics of organizational climate are prevalent rather in small than in large organizations. There is no significant difference between small and large organizations in other aspects of organizational climate. Taken all the dimensions together on the whole, similar organizational climate prevail in both types of organizations. Thus, except for four dimensions, there is no relationship between size of the organization and organizational climate.

As for the variable capital structure there is more autonomy in exercising role responsibilities in the private sector than in the public sector organizations. However, risk taking behaviour is more encouraged in the public sector than in the private sector organizations. While there is no significant difference between public and private sector organizations in other aspects, the overall climate is better in the public sector organizations. As in the case of size, there is no difference between public and private sector organizations in communication pattern.
The contextual variable rural/urban environment does not have any bearing on organizational climate or communication pattern or any of their dimensions.

When organizational effectiveness is taken into consideration small and large organizations differ in certain aspects. Both individual job performance and organizational performance are better in large organizations than in small organizations. However, the members of the small organizations are able to adapt better to the conditions of the organizations. Other aspects of organizational effectiveness, job satisfaction, job involvement, commitment and group processes, do not significantly differ.

Capital structure is associated with certain components of organizational effectiveness. Job satisfaction is found to be more in the public sector than in the private sector organizations. Better individual and organizational performance prevail only in the public sector organizations. Relatively public sector organizations are more effective than the private sector organizations.

Organizational effectiveness is not associated with the rural/urban environment of the organization. The contextual variable, rural/urban environment and one of the structural variables, communication pattern, are not associated with any other variable. Only size and capital structure are associated with organizational climate and organizational effectiveness in certain respects. The public sector
organizations have relatively favourable climate and are more effective.

As far as the relationship between organizational climate and organizational effectiveness is concerned, regardless of other variables, they are positively associated with each other in many of their aspects. The influence of organizational climate on organizational effectiveness is more pronounced in job satisfaction, group processes, commitment and job involvement. Similar results have been revealed by Forehand and Gilmer, 1964; Friedlander and Margulies, 1969; Schneider and Hall, 1972; Pritchard and Karasick, 1973; Schneider, 1973; Lawler et al., 1974 and Lyon and Ivancevich, 1974. When the specific dimensions of organizational climate are taken into account, conflict resolution and identity positively influence commitment, job satisfaction and group processes. Performance expectation is positively related only with commitment and job satisfaction. Autonomy in role responsibilities is positively affecting job satisfaction and group processes. Structure, i.e., clarity in rules and regulations pertaining to one's role, is positively associated only with job satisfaction (Downey et al., 1975). Among the dimensions of organizational effectiveness, job involvement and organizational adaptability are also considerably influenced by climate dimensions. Job involvement is positively related with risk taking behaviour, support and conflict resolution; organizational adaptability is positively associated with
risk taking behaviour, conflict resolution and autonomy in role responsibilities. It is evident that the most influencing factor among the climate dimensions on organizational effectiveness is conflict resolution. Identity and autonomy in role responsibilities are also found to be more influencing in that order (Pennings, 1976; Zahri, 1984; Reichers, 1985). It is clear from the above that the factors with considerable effect among the climate dimensions are conflict resolution, autonomy in role responsibilities and identity. The more influenced factors of organizational effectiveness are job satisfaction, commitment, group processes, job involvement and organizational adaptability. Of these, the most influenced factor is job satisfaction.

The relationship between communication pattern and organizational effectiveness reveals that communication pattern has exercised more influence on job satisfaction, commitment and group processes than on the other dimensions of organizational effectiveness. Similar results are observed in Lodhal and Kajner, 1965; Downey et al., 1975; Schuler, 1979; Marks et al., 1986; Eisenberg and Witten, 1987; Koiko et al., 1988; Trombatta and Roger, 1988; Srivastava, 1991.

The individual level effectiveness - comprising of commitment, job satisfaction, job involvement, group processes and job performance - as a whole is positively related with the dimensions of climate, except for reward and
warmth, of which it has a negative association with the latter. Communication pattern and its dimensions are positively influencing individual level effectiveness.

The organizational level effectiveness - composed of organizational performance and organizational adaptability - is positively influenced by organizational climate (similar results are found in Litwin and Stringer, 1968; Friedlander and Margulies, 1969; Lawler et al., 1974). While considering the dimensions of climate only, structure, responsibility and reward are positively contributing to the organizational level effectiveness. Communication pattern and its dimension are positively related to organizational level effectiveness. The effect of organizational climate and communication on individual effectiveness is greater than on organizational effectiveness.

The influence of organizational climate, communication pattern and their dimensions on the dimensions of organizational effectiveness have been discussed above. These relationships are further analyzed in terms of size, capital structure and rural/urban environment of the organization. That is, any particular relationship is analyzed for particular category of organizations on these variables. In other words, these three variables are controlled.

Inspite of the prevalence of almost similar climate in small and large organizations, the influence of climate on
effectiveness differs for different components of effectiveness. It is observed that climate is exercising higher influence on job satisfaction, job involvement, group processes, organizational performance and organizational adaptability in small organizations whereas its effect is higher on commitment and job performance in large organizations.

The influence of communication pattern on all components of effectiveness, except commitment and job involvement, is greater in small organizations than in large.

Though more favourable organizational climate prevails in public than in private sector organizations there are differential effects on effectiveness components. The influence of climate on job satisfaction, job involvement, organizational performance and organizational adaptability is more in public sector organizations while its influence on group processes and job performance is higher in private sector organizations. There is no difference between public and private sector organizations with respect to climate and commitment relationship.

The influence of communication pattern is high on job involvement and job performance in public sector whereas its effect is more on other (commitment, job satisfaction, group processes, organizational performance and organizational adaptability) dimensions of effectiveness in private sector organizations.
Though there is no significant difference between rural and urban organizations in terms of overall climate and communication pattern, the influence of climate on effectiveness components varies distinctly in each. In rural organizations the influence of climate is more on job involvement, group processes, organizational performance and organizational adaptability whereas in the urban organizations climate has a greater influence on commitment, job satisfaction and job performance.

The influence of communication is more on all effectiveness components except job satisfaction in rural organizations.

The influence of climate on both the levels of effectiveness indicate that its influence on individual effectiveness is more in large organizations whereas its effect on organizational effectiveness is greater in small organizations. The effect of communication on both the levels of effectiveness is greater in small organizations.

The effect of climate on individual effectiveness is more in private than the public sector organizations while its effect on organizational effectiveness is greater in public sector organizations. Both the levels of effectiveness is highly influenced by communication pattern in private compared to the public sector.
The influence of climate on individual effectiveness is more or less the same for rural and urban organizations while its influence on organizational effectiveness is greater in rural organizations. Regarding the communication pattern its influence is more on individual effectiveness in urban whereas its influence on organizational effectiveness is greater in rural organizations.

Though there is no significant difference between small and large organizations in the organizational effectiveness dimension, commitment, the influencing dimensions of climate in both the types of organizations are conflict resolution, identity and autonomy in role responsibilities. However, reward with a negative relationship with commitment in small organizations and no relationship in large organizations may account for the difference between them.

There is no difference between the public and private sector organizations in their level of commitment. The climate dimensions, autonomy in role responsibilities, standards, conflict resolution and identity are positively and support is negatively related with commitment only in the private organizations; reward has a positive relationship with commitment only in the public sector organizations. This implies that in the private sector greater autonomy in role responsibilities, high expected standards, more identity and better conflict resolution are required for the employees to have commitment. In the public sector organizations reward has greater say in developing commitment.
Though there is no significant difference between the rural and urban organizations in their levels of commitment, the dimensions support and conflict resolution influence commitment for both the types of organizations. Conflict has a positive association in both the types of organizations whereas support has positive influence in rural and negative in urban organizations. Standards and identity have positive relationship with commitment only in the urban organizations. Autonomy in role responsibilities has different kinds of relationship with commitment for both the types of organizations. While the relationship is positive for urban it is negative for rural organizations.

Whether the organization is small or large communication pattern has a positive effect on commitment. This is so for communication openness for both public and private organizations as well as rural and urban organizations. However, communication accuracy has a positive relationship with commitment only in the private sector organizations. Also such a positive relationship is found only in the urban organizations and not in the rural organizations.

There is no significant difference between small and large organizations in job satisfaction. The relationship of standards and identity with job satisfaction is more or less same for both small and large organizations. However, structure and responsibility have influence on job
satisfaction only in small organizations. Reward also has, but a negative relationship. Risk taking behaviour and conflict resolution have a positive association with job satisfaction only in large organizations.

Job satisfaction is found to be more in the public sector than in the private sector organizations. Responsibility and warmth have positive relationship with job satisfaction only in public sector organizations. Conflict resolution and identity have positive relationship with job satisfaction only in the private sector organizations. Risk taking behaviour has negative relationship with job satisfaction in the private sector organizations. While standards has a positive association with job satisfaction in the private sector organizations, it has a negative association in the public sector organizations.

There is no significant difference between rural and urban organizations in job satisfaction. However, the climate dimensions, standards, conflict resolution and identity, have positive relationship with job satisfaction only in the urban organizations. While risk taking behaviour is positively associated with job satisfaction in the rural organizations, the relationship is negative in the urban organizations.

Communication accuracy is positively associated with job satisfaction in both small and large organizations whereas communication openness has such a relationship only
in the small organizations. The relationship between communication accuracy and job satisfaction also varies for the public and private sector organizations in that it is not found in the public sector organizations. Both communication openness and accuracy are positively associated with job satisfaction in the urban organizations alone.

There is no significant difference between the small and large organizations in job involvement. However, certain dimensions of organizational climate have different kinds of relationship with job involvement for both types of organizations. Support has a positive relationship with job involvement in both the types of organizations and risk taking behaviour has a positive relationship with job involvement singly in small organizations whereas conflict resolution has a positive effect in large organizations alone. Reward has a negative influence on job involvement in large organizations and not so in small organizations. While warmth has a positive effect in large organizations, it has a negative influence in small organizations.

No significant difference is observed between public and private sectors, rural and urban organizations in terms of job involvement. However, the climate dimensions of structure, responsibility, risk taking behaviour and standards influence job involvement, of which risk influences negatively in the public sector organizations. While warmth and support are the only two dimensions which influence job involvement in the private sector organizations, support
influences positively and warmth influences negatively. With regard to the rural and urban organizations, responsibility and risk taking behaviour influence positively in the rural organizations, support influences positively in the urban organizations. While reward influences negatively in the rural organizations, warmth influences negatively in the urban organizations. Job involvement is influenced by communication pattern only in the large organizations. There is no relationship between communication pattern and job involvement in both the public and private sector organizations, neither so in the rural and urban organizations.

There is no difference between small and large, public and private, and rural and urban organizations in terms of group processes. Nevertheless the climate dimension, identity has a positive influence with group processes in both small and large organizations. While standards has a positive effect in the small organizations, conflict resolution has a positive influence in the large organizations. With respect to influence of climate dimensions on group processes in public and private sector organizations, identity, conflict resolution, standards and responsibility are positively related and support is negatively related with group processes in the private sector organizations, none of the climate dimensions have any significant relationship with group processes in the public sector organizations. The effect of climate dimensions on group processes in rural and
urban organizations reveals that identity and responsibility have positive influence on group processes in both the types of organizations, standards and conflict resolution have positive influence only in the urban organizations. Support has a positive effect in the rural organizations whereas it has negative effect in the urban organizations.

Communication openness has positive relationship with group processes in both the small and large organizations, communication accuracy has only in the small organizations. Both the dimensions of communication pattern have a positive relationship with group processes only in the private sector organizations. Communication openness has a positive relationship with group process in both rural and urban organizations whereas communication accuracy has in the urban organizations alone.

Job performance is comparatively better in large and public sector organizations than the small, and private sector organizations whereas no difference is observed in rural and urban organizations. The climate dimension, support is positively influencing job performance only in the large organizations, other dimensions of climate do not have any relationship with job performance in both small and large organizations. While none of the climate dimensions has any significant relationship with job performance in the public sector organizations, support has a positive and responsibility and warmth have negative relationship in the
private sector organizations. With respect to effect of climate dimensions on job performance, it is found that support has a positive and responsibility and warmth have a negative influence only in the urban organizations whereas none of the dimensions has any significant relationship in the rural organizations.

Communication openness has a positive effect on job performance only in the small organizations and communication accuracy has in large organizations. While communication openness has a positive association only in the private sector organizations, communication accuracy has a negative effect in public sector organizations. Communication accuracy does not have any relationship with job performance in both the rural and urban organizations. Communication openness has a positive relationship with job performance only in the urban organizations.

Organizational performance is better in large and public sector organizations than the small and private sector organizations. While no difference is found between rural and urban organizations, the climate dimensions, structure, responsibility and reward, have positive effect only in the large organizations. Support and standards have a positive effect singly in small organizations and conflict has negative influence in small organizations alone. With regard to public and private the dimensions, identity, conflict resolution and warmth are positively influencing organizational performance in the public sector
organizations. Other climate dimensions do not have any significant relationship with organizational performance in both the types of organizations. In the case of rural and urban, among the climate dimensions, only support has a positive relationship in the rural organizations.

Communication openness has a positive influence both in the small and large organizations, communication accuracy has positive relationship only in small organizations. Communication openness has a positive effect only in the public sector organizations whereas communication accuracy does not have any significant relationship in both public and private sector organizations. While communication openness has a positive influence only in the urban organizations, accuracy has a positive effect in the rural organizations alone.

Members of small organizations are able to adapt better to the needs of the organizations than that of large organizations, whereas such differences are not found between public and private, and rural and urban organizations. In the case of small and large, the climate dimensions, risk taking behaviour, support, standards and identity do not have any significant relationship with organizational adaptability in both the types of organizations, the other dimensions of climate influence adaptability either in one type of organizations. While structure and reward have a positive association only in small organizations, responsibility and
conflict resolution have such a relationship in the large organizations alone. Warmth has a negative association singly in the small organizations.

While considering the effect of climate dimensions on organizational adaptability in public and private, none of the dimensions has any significant influence on adaptability in the public sector organizations. Warmth and conflict resolution make a difference for both the types of organizations in their relationship with adaptability. In that warmth has a negative effect, conflict resolution has a positive effect only in the private sector organizations.

Regarding rural and urban organizations, responsibility has a positive influence only in the rural organizations, conflict resolution has such a relationship only in the urban organizations. While warmth is positively related to adaptability in the rural organizations, it is negatively related in the urban organizations. Other dimensions of climate do not have any relationship with adaptability in both the types of organizations.

Both the dimensions of communication pattern are positively influencing adaptability singly in small organizations. While communication accuracy has no significant relationship with adaptability in both public and private organizations, communication openness has a positive effect in the private sector organizations alone. Accuracy is positively related with adaptability only in the
rural organizations whereas openness is positively related in the urban organizations.

When the individual effectiveness is considered, its relationship with the dimensions of climate varies for both small and large organizations. While risk, support and identity have positive influence on individual effectiveness in both the types of organizations, structure and responsibility have positive effect only in the small organizations and standards and conflict resolution have positive relationship in the large organizations alone. Warmth and reward have negative relationship only in the small organizations.

The climate dimensions structure, responsibility and reward have positive relationship with the individual effectiveness only in the public sector organizations, support, standards, conflict and identity are positively related and warmth is negatively influencing only in the private sector organizations.

While climate dimensions, support and identity have a positive effect on individual level effectiveness in both rural and urban organizations, responsibility and risk have positive influence only in the rural organizations and conflict has positive relationship in urban organizations alone. Reward and standards have negative effect in rural organizations and standards has positive influence in urban organizations.
Both the dimensions of communication pattern, openness and accuracy are positively related with individual level effectiveness in both small and large organizations. While openness is positively influencing in both public and private sectors, accuracy is positively related only in the private sector. Communication openness is positively related in both the rural and urban organizations whereas accuracy is positively influencing only in the urban organizations.

When the organizational effectiveness is taken into consideration, the reward, risk and warmth do not have any significant relationship with organizational effectiveness in both small and large organizations, its relationship with dimensions of climate, structure, responsibility and conflict resolution are only in large organizations and with support, standards and identity are in the small organizations alone.

As for the role of capital structure, the dimensions warmth and identity are positively affecting organizational level effectiveness in the public sector alone. The other dimensions of climate do not have any significant influence on organizational level effectiveness in both the sectors.

The climate dimensions individually do not have any significant relationship with organizational effectiveness in both rural and urban organizations.
The communication variable, openness is positively related in both small and large organizations whereas accuracy has positive influence only in small organizations. While accuracy does not have any significant relationship with organizational effectiveness in both the sectors, openness is positively related only in the private sector. The communication openness has a positive effect in the urban organizations whereas accuracy has only in the rural organizations.

An important outcome variable that has been considered in the analysis of the present study is the productivity index of the twenty five organizations studied. While data on organizational effectiveness have been collected from individual respondents belonging to the twenty five organizations, which might vary from respondent to respondent within an organization as a subjective measure, data on productivity as an objective measure or outcome of organizational effectiveness, have also been collected for each organization. As such, for the data on organizational effectiveness the unit of analysis is an individual in the organization whereas for the data on productivity the unit is an organization. Hence to analyze the relationship between organizational effectiveness and productivity, which have been measured at different levels, it is necessary to convert the individual level indicators of effectiveness in to organizational level indicators of effectiveness. The organizational level
effectiveness of a particular variable is arrived by averaging their individual scores in an organization.

At the organizational level of analysis, size of the organization, capital structure and rural/urban environment do not have any significant relationship with organizational climate or communication pattern or any of their dimensions. The organizational climate positively influences individual and organizational levels of effectiveness which indicates that favorable climate promotes individual as well as organizational level effectiveness (Frederiksen, 1966; Kaczka and Kirk, 1968; Friedlander and Margulies 1969; Watson, et al., 1971; Cawsey, 1973; Dunnete, 1973; Lawler, et al., 1974; Sayeed, 1984).

Neither individual effectiveness nor organizational effectiveness is significantly influenced by communication openness, while communication accuracy positively contributes for organizational effectiveness. Size, capital structure and rural/urban environment do not influence individual effectiveness or organizational effectiveness.

Organizational climate positively contributes to productivity (Frederiksen, 1966; Marrow et al., 1967; Litwin and Stringer, 1968). Openness in communication rather than accuracy contributes positively to productivity. Size has a negative influence on productivity, that is, small organizations perform better. Productivity is low in the public sector compared to the private sector whereas it
does not vary with rural/urban environment. It is rather organizational effectiveness than individual effectiveness that contributes to higher productivity. The explanatory variables—size, public/private, rural/urban environment, climate, communication, effectiveness, together explain 92.73 per cent of variance in productivity.

To reiterate the major findings, better organizational climate leads to organizational effectiveness. The major contributing factors of organizational climate are conflict resolution and identity. The influenced aspects of organizational effectiveness are commitment, job satisfaction, job involvement and group processes. When the dimensions of organizational effectiveness are grouped into individual effectiveness and organizational effectiveness, individual effectiveness is more influenced by organizational climate. As organizational climate is more a subjectively perceived phenomenon it exercises more influence on the individual effectiveness than the organizational level effectiveness.

Though small and large, public and private differences are pertinent in the relationship of climate, communication and effectiveness, the rural and urban differences are less pronounced. Firm inferences could be drawn only if the design is based on rural-urban location.

The more contributing dimensions for both individual level and organizational level effectiveness in public sector
are structure, responsibility, reward, warmth and identity. In private sector it is standards and conflict resolution. A plausible explanation may be that in the private sector more emphasis is laid on maintaining the standard whereas in the public sector the reward system, job security and rules and regulations are more formal. Generally in the private sector the management is more powerful than the workers whereas in the public sector workers are more powerful especially because of job security. Under these conditions the best strategy for the management in the public sector would be to deal with the workers as cordially as possible. This explains why warmth plays a major role in the public sector. As a result there prevails a better organizational climate in the public sector compared to the private sector organizations. As organizational climate and organizational effectiveness are positively associated with each other, organizational effectiveness is also higher in the public sector. However, productivity is more in the private sector than in the public sector as revealed by productivity index. It is noteworthy that organizational effectiveness rather than individual level effectiveness is closely associated with productivity. As it is seen, better organizational climate leads to individual effectiveness rather than organizational level effectiveness in the public sector organizations. This explains why productivity is closely associated with organizational level effectiveness rather than individual level effectiveness. However, organizational climate and individual level effectiveness as a result of
better organizational climate are not directly related to productivity. It may be noted that productivity can not be solely an outcome of organizational climate. Other structural variables of organizations, formalization, centralizational and task-routineness also have important role in determining productivity. Moreover, maintaining the standards in producing the goods is also important. We have already seen that maintaining standards is more emphasized in private sector.

The study results also indicate that size, public/private, rural/urban, climate, communication and effectiveness to a large extent contribute for productivity. However, this result has to be viewed with caution since the number of organizations considered is small, moreover the sample organizations in terms of public and private, rural and urban are not evenly distributed.

The demographic variables like age, education and socio-economic background etc., have not been controlled in the study. These variables are significant predictors of dependent variables like job satisfaction, organizational commitment and job involvement. Therefore it is likely that such variables would have influenced the relationship between independent and dependent variables.

Only production organizations, that too textile, have been included. Hence results cannot be generalized to other types of organizations.