CHAPTER - 4

ORGANISATIONAL CLIMATE
Organizational Climate

Organizational climate (sometimes known as Corporate Climate) is the process of quantifying the “culture” of an organization. It is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior. Organizational climate refers to a set of measurable properties of the work environment, that are perceived by the people who live and work in it, and that influence their motivation and behavior. Climate characteristics that have been determined to significantly impact a company’s bottom line are: flexibility, responsibility, standards, rewards, clarity and team commitment.

4.1 The characteristics of organizational climate are:

1. **Individual Initiative**: The degree of responsibility, freedom and independence that individuals have.

2. **Risk Tolerance**: The degree to which employees are encouraged to be aggressive, innovative and risk-seeking.

3. **Direction**: The degree to which the organization creates clear objectives and performance expectations.

4. **Integration**: The degree to which units within the organization are encouraged to operate in a coordinated manner.

5. **Management Support**: The degree to which managers provide clear communication, assistance and support to their subordinates.

6. **Control**: The number of rules and regulations and the amount of direct supervision that is used to oversee and control employee behavior.

7. **Identity**: The degree to which members identify with the organization as a whole rather than with their particular workgroup or field of professional expertise.
8. Reward System: The degree to which reward allocations are based on employee performance.

9. Conflict Tolerance: The degree to which employees are encouraged to air conflicts and criticisms.

10. Communication Patterns: The degree to which organizational communications are restricted to the formal hierarchy of authority.

4.2 Communicating with the Employees

Both formal as well as informal communication channels are used to communicate with the employees. In addition to following written communication, oral and nonverbal communication should be relied upon. In addition to downward communication to communicate rules, procedures and programs of the organization to employees, employees should also be encouraged to communicate to their superiors.

In order to make use of teamwork, all channels of communication or star communication pattern should be encouraged. Interpersonal communication should be encouraged with a view to develop interpersonal relations. Employees should also be encouraged to develop effective and active listening skills.

4.3 Climate and culture

Climate and culture are both important aspects of the overall context, environment or situation. Organizational culture tends to be shared by all or most members of some social group; is something that older members usually try to pass on to younger members; shapes behavior and structures perceptions of the world. Cultures are often studied and understood at a national level, such as the American or French culture. Culture includes deeply held values, beliefs and assumptions, symbols, heroes, and rituals. Culture can be examined at an organizational level as well. The main distinction between organizational and national culture is that people can choose to join a place of work, but are usually born into a national culture.
Organizational climate, on the other hand, is often defined as the recurring patterns of behavior, attitudes and feelings that characterize life in the organization, while an organization culture tends to be deep and stable. Although culture and climate are related, climate often proves easier to assess and change. At an individual level of analysis the concept is called individual psychological climate. These individual perceptions are often aggregated or collected for analysis and understanding at the team or group level, or the divisional, functional, or overall organizational level.

### 4.4 Approaches to defining organization climate

There are two related difficulties in defining organization climate: how to define climate, and how to measure it effectively on different levels of analysis. Furthermore, there are several approaches to the concept of climate. Two in particular have received substantial patronage: the cognitive schema approach and the shared perception approach.

The cognitive schema approach regards the concept of climate as an individual perception and cognitive representation of the work environment. From this perspective climate assessments should be conducted at an individual level.

The shared perception approach emphasizes the importance of shared perceptions as underpinning the notion of climate. Organizational climate has also been defined as “the shared perception of the way things are around here”. There is great deal of overlap in the two approaches.

#### 4.4.1 Cognitive schema approach

Cognitive representations of social objects are referred to as schemas. These schemas are a mental structure that represents some aspect of the world. They are organized in memory in an associative network. In these associative networks, similar schemas are clustered together. When a particular schema is activated related schemas may be activated as well. Schema activation may also increase the accessibility of related schemas in the associative network. When a schema is more accessible this means it can more quickly be activated and used in a particular situation. When related schemas are
activated, inferences beyond the information given in a particular social situation may influence thinking and social behavior, regardless of whether those inferences are accurate or not. Lastly, when a schema is activated a person may or may not be aware of it.

Two processes that increase the accessibility of schemas are salience and priming. Salience is the degree to which a particular social object stands out relative to other social objects in a situation. The higher the salience of an object the more likely those schemas for that object will be made accessible. For example, if there is one female in a group of seven males, female gender schemas may be more accessible and influence the group’s thinking and behavior toward the female group member. Priming refers to any experiences immediately prior to a situation that caused a schema to be more accessible. For example watching a scary movie at a theatre late at night might increase the accessibility of frightening schemas that affect a person’s perception of shadows and background noises as potential threats.

4.4.2 Shared perception approach

Some researchers have pursued the shared perception model of organizational climate. Their model identifies the variables which moderate an organization’s ability to mobilize its workforce in order to achieve business goals and maximize performance.

One of the major users of this model is departments of the Queensland State Government Australia. These departments use this model of climate to survey staff in order to identify and measure those aspects of a workplace which impact on: stress, morale, quality of work life, wellbeing, employee engagement, absenteeism/presenters, turnover and performance.

While an organization and its leaders cannot remove every stressor in the daily life of its employees, Organizational Climate studies have identified a number of behaviours of leaders which have a significant impact on stress and morale. For instance, one Queensland state government employer, Queensland Transport, has found that increasing
managers’ awareness of these behaviours has improved quality of work life employees and the ability of QT’s to deliver its organisational goals.

4.5 Climate surveys

Theories of Cognitive and Neurophysiology and Emotional Intelligence provide additional scientific rationale for why leaders should improve stress and morale in the workplace to achieve maximum performance. Climate surveys can provide concrete evidence of how this works in action.

Organisational climate surveying enables the impact of Human Resource (HR) strategies to be evaluated to create HR Return on Investment (HRROI) calculations. This data has been found to be highly effective in changing the perspective of people-based initiatives as being an “investment” rather than a “cost” and transforming HR into a “mission-critical strategic partner” from its perception of “personnel administration”.

A number of studies by Dr Dennis Rose and colleagues between 2001-2004 have found a very strong link between Organisational Climate and employee reactions such as stress levels, absenteeism and commitment and participation.

A study has found that Hart, Griffin et al.’s (1996) Organisational Climate model accounts for at least 16% single-day sick leave and 10% separation rates in one organisation. Other studies support the links between organizational climate and many other factors such as employee retention, job satisfaction, well-being, and readiness for creativity, innovation and change. Hunter, Bedell and Mumford have reviewed numerous approaches to climate assessment for creativity. They found that those climate studies that were based on well-developed, standardized instruments produced far higher effect sizes than did studies that were based on locally developed measures.
4.6 Why are climate and culture important?

The success of Human Services organizations generally depends on the relationships and interactions between service providers and service recipients. These relationships are central to the quality and outcome of services.

4.7 Organizational Climate Study

Organisational Climate studies the employees' perceptions and perspectives of an organization. The surveys address attitudes and concerns that help the organization work with employees to instill positive changes. Organisational climate surveys increase productivity. Climate surveys give employees a voice to assist in making desired transitions as smooth as possible. It also serves as a basis for quality improvements. By identifying areas of inefficiency and acting on performance barriers identified by employees of all levels, an organization gains a fresh and different perspective. Survey analysis identifies areas of employee satisfaction and dissatisfaction to facilitate management in the creation of greater workplace harmony and, therefore, increased productivity. Conclusions are drawn from the data, and recommendations are made to the management team. Additionally, climate surveys can set benchmarks for future surveys, which will allow more in-depth and time series analysis.

4.8 How We Measure Organizational Climate

The Organizational Climate Survey (OCS) is based on the empirical studies of Litwin & Stringer and their systems model developed at Harvard University in 1968. This tool has been enhanced and validated through extensive studies by the Hay Group over the past 35 years. The survey consists of two parts in which the individual indicates the climate as it now exists, and then again as it should be. The actual climate has been shown to reliably differentiate high and low performing organizations from one another. The climate gap is used as a diagnostic index to identify problem areas within an organization that can then be explored and addressed for corrective action by the work unit leaders. The survey is administered online to both leaders and their direct reports. The OCS provides leaders
with a valuable window into the functioning of a team, work unit, or even the entire organization. In addition, the diagnostic information provided by the OCS is readily usable to develop more effective approaches to address motivational and organizational problems.

4.9 THEIR ARE VARIOUS DIMENSIONS OF ORGANISATION

Likert has proposed six dimensions of organisational climate: leadership, motivation, communication, decisions, goals, and control. Litwin and Stringer have proposed seven dimensions of organisational climate: conformity, responsibility, standards, rewards, organisational clarity, warmth and support, and leadership. They have also emphasized motivational framework of organisational climate. Motivational framework of climate includes motives of:

- **Achievement**: concern for excellence;
- **Expert Influence**: concern for making impact on others;
- **Control**: concern for power and orderliness;
- **Extension**: concern for others, and for macro issues;
- **Dependency**: concern for being in close touch with others in a significant way;
- **Affiliation**: concern for building and maintaining close personal relationships.

On the basis of review of various studies and discussions with managers, Pareek has identified twelve processes of organisational climate. Let us learn them briefly.

- **Orientation**: Priority of members may range between concern to adhere to established rules, to concern for excellence and achievement.
- **Interpersonal Relationships**: Depending on the pattern of relationship it may lead to climate of clique formation, or climate of control, or a climate of dependency etc.
- **Supervision**: Depending on supervisory style, the climate may be of extension or it may be of affiliation, or even leq Manage alienation.
• **Problems**: Problems may be taken as an opportunity or irritants; manager may solve problems alone or jointly by the superior and the subordinates.

• **Management of Mistakes**: Attitudes towards mistakes may be of tolerance or of annoyance; such attitudes contribute to organisational climate.

• **Conflict Management**: Conflict may be perceived as opportunity or as threat; such perceptions influence organisational climate.

• **Communication**: Direction, dispersement, mode and type of communication influence climate of an organisation.

• **Decision Making**: Levels at which decisions are taken, degree of participation in decision making are the issues, which influence organisational climate.

• **Trust**: Degree of trust or its absence influence organisational climate.

• **Management of Rewards**: Perception about what is rewarded in the organisation influences the organisational climate.

• **Risk Taking**: It is an important determinant of climate.

• **Innovation and Change**: Styles of managing change and innovations are critical in establishing climate.

### 4.10 Factors Influencing Organization Climate

Various aspects of organizational climate influencing learning in firms are:

1. **Organizational Context**: The climate is said to be highly favorable when the existing organizational techniques are such that workers' objectives are absolutely harmonized to the principles of the company.

2. **Structure**: It is the framework that establishes formal relationships and defines power as well as functional responsibility.

3. **Process**: Communication, decision making and control are some of the significant procedures through which the organization carries out its goals.

4. **Physical Environment**: The external conditions of environment, the size and location of the building in which the staff works, the size of the town, climate conditions, noise in the work place, etc., affect the organizational climate.
5. **System Values & Norms**: Every firm has apparent and fairly evident formal value system where certain types of behavior are rewarded as well as motivated and certain kinds of behaviour compels a person to formal sanctions.

### 4.11 Factors Affecting Organizational Climate and Retention

1. **Organizational Change**: Change refers to new reporting relationships, responsibilities, procedures, policies, equipment, tools, and/or software used on the job. Think about how an organization or work unit responds to change as a whole, rather than how individuals respond.

2. **Communication**: Communication addresses how information flows in an organization.

3. **Service**: Service is defined as meeting the needs and expectations of the persons (children, youth and families) for whom you are performing your work. This does not refer to the management, but the persons who benefit from the work.

4. **Compensation**: Monetary compensation is an employee’s gross payroll pay rate and benefits programs funded by an organization or agency. Flextime and benefits like agency-based childcare are closely related to compensation.

5. **Organizational Culture**: Culture describes how things are done in an organization or agency.

6. **Decision-making**: Decision-making is the process used in selecting a solution to a problem, deciding how to allocate funds or resources and how to reorganize work.

7. **Individual Competencies**: Competencies refer to work related skills and knowledge.

8. **Morale**: Morale is how an employee feels about him or herself. How good or bad do they feel about their self-image in relationship to what they do where they work and how they are doing at their place of employment?
9. **Performance Evaluation**: Performance evaluations are formal, written appraisals of an employee's work as well as informal verbal feedback given to employees about work by supervisors or by team members in self-directed work teams.

10. **Quality**: Quality refers to doing things right the first time. Quality services means meeting the needs, standards, and expectations of clients being served.

11. **Supervision**: Relate to the employee's relationship with the person to whom they report in an organization.

12. **Training and Development**: Training and development refers to work related educational experiences offered by the organization to its employees to increase their skills and knowledge.

13. **Mission**: The organization’s mission is its purpose for providing services to its clients (children, youth and families)